

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**SCHEDULE 13D**

Under the Securities Exchange Act of 1934  
(Amendment No. 8)\*

**CONSUMER PORTFOLIO SERVICES, INC.**

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(Name of Issuer)

**Common Stock, no par value per share**

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(Title of Class of Securities)

**210502 100**

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(CUSIP Number)

**Arthur E. Levine**  
**Levine Leichtman Capital Partners II, L.P.**  
335 N. Maple Drive, Suite 240  
Beverly Hills, CA 90210  
(310) 275-5335

**Mitchell S. Cohen, Esq.**  
**Irell & Manella LLP**  
1800 Avenue of the Stars, Suite 900  
Los Angeles, California 90067  
(310) 277-1010

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

**May 28, 2004**

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(Date of Event which Requires Filing of this Statement)

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

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

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

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

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1. Names of Reporting Persons. I.R.S. Identification Nos. of above persons (entities only).  
Levine Leichtman Capital Partners II, L.P.

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2. Check the Appropriate Box if a Member of a Group (See Instructions)  
(a)   
(b)

---

3. SEC Use Only

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4. Source of Funds (See Instructions)

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5. Check if Disclosure of Legal Proceedings is Required Pursuant to Items 2(d) or 2(e)

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6. Citizenship or Place of Organization  
State of California

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7. Sole Voting Power: — 0 — Shares

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Number of  
Shares  
Beneficially  
Owned by  
Each Reporting  
Person With

8. Shared Voting Power: 4,553,500 Shares (See Item 5)

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9. Sole Dispositive Power: — 0 — Shares

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10. Shared Dispositive Power: 4,553,500 Shares (See Item 5)

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11. Aggregate Amount Beneficially Owned by Each Reporting Person  
4,553,500 Shares (See Item 5)

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12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)

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13. Percent of Class Represented by Amount in Row (11)  
21.8% (See Item 5)

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14. Type of Reporting Person  
PN

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1. Names of Reporting Persons. I.R.S. Identification Nos. of above persons (entities only).

LLCP California Equity Partners II, L.P.

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2. Check the Appropriate Box if a Member of a Group (See Instructions)

(a)

(b)

---

3. SEC Use Only

---

4. Source of Funds (See Instructions)

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5. Check if Disclosure of Legal Proceedings is Required Pursuant to Items 2(d) or 2(e)

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6. Citizenship or Place of Organization

State of California

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7. Sole Voting Power: — 0 — Shares

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Number of  
Shares Beneficially  
Owned by  
Each Reporting  
Person With

8. Shared Voting Power: 4,553,500 Shares (See Item 5)

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9. Sole Dispositive Power: — 0 — Shares

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10. Shared Dispositive Power: 4,553,500 Shares (See Item 5)

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11. Aggregate Amount Beneficially Owned by Each Reporting Person

4,553,500 Shares (See Item 5)

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12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)

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13. Percent of Class Represented by Amount in Row (11)

21.8% (See Item 5)

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14. Type of Reporting Person

PN

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1. Names of Reporting Persons. I.R.S. Identification Nos. of above persons (entities only).

Levine Leichtman Capital Partners, Inc.

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2. Check the Appropriate Box if a Member of a Group (See Instructions)

(a)

(c)

---

3. SEC Use Only

---

4. Source of Funds (See Instructions)

---

5. Check if Disclosure of Legal Proceedings is Required Pursuant to Items 2(d) or 2(e)

---

6. Citizenship or Place of Organization

State of California

---

7. Sole Voting Power: — 0 — Shares

---

Number of  
Shares  
Beneficially  
Owned by  
Each Reporting  
Person With

8. Shared Voting Power: 4,553,500 Shares (See Item5)

---

9. Sole Dispositive Power: —0— Shares

---

10. Shared Dispositive Power: 4,553,500 Shares (See Item 5)

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11. Aggregate Amount Beneficially Owned by Each Reporting Person

4,553,500 Shares (See items 5)

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12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)

---

13. Percent of Class Represented by Amount in Row (11)

21.8% (See Items)

---

14. Type of Reporting Person (See Instructions)

CO

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1. Names of Reporting Persons. I.R.S. Identification Nos. of above persons (entities only).

Arthur E. Levine

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2. Check the Appropriate Box if a Member of a Group (See Instructions)

(a)

(d)

---

3. SEC Use Only

---

4. Source of Funds (See Instructions)

---

5. Check if Disclosure of Legal Proceedings is Required Pursuant to Items 2(d) or 2(e)

---

6. Citizenship or Place of Organization

United States of America

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7. Sole Voting Power: — 0 — Shares

---

Number of  
Shares  
Beneficially  
Owned by  
Each Reporting  
Person With

8. Shared Voting Power: 4,553,500 Shares (See Item 5)

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9. Sole Dispositive Power: — 0 — Shares

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10. Shared Dispositive Power: 4,553,500 Shares (See Item 5)

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11. Aggregate Amount Beneficially Owned by Each Reporting Person

4,553,500 Shares (See Item 5)

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12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)

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13. Percent of Class Represented by Amount in Row (11)

21.8% (See Item 5)

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14. Type of Reporting Person

IN

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1. Names of Reporting Persons. I.R.S. Identification Nos. of above persons (entities only).

Lauren B. Leichtman

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2. Check the Appropriate Box if a Member of a Group (See Instructions)

(a)

(e)

---

3. SEC Use Only

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4. Source of Funds (See Instructions)

---

5. Check if Disclosure of Legal Proceedings is Required Pursuant to Items 2(d) or 2(e)

---

6. Citizenship or Place of Organization

United States of America

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7. Sole Voting Power: — 0 — Shares

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Number of  
Shares  
Beneficially  
Owned by  
Each Reporting  
Person With

8. Shared Voting Power: 4,553,500 Shares (See Item 5)

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9. Sole Dispositive Power: — 0 – Shares

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10. Shared Dispositive Power: 4,553,500 Shares (See Item 5)

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11. Aggregate Amount Beneficially Owned by Each Reporting Person

4,553,500 Shares (See Item 5)

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12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)

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13. Percent of Class Represented by Amount in Row (11)

21.8% (See Item 5)

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14. Type of Reporting Person

IN

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## SCHEDULE 13D

Pursuant to Rule 13d-2(a) promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), Levine Leichtman Capital Partners II, L.P., a California limited partnership (the "Partnership"), LLC California Equity Partners II, L.P., a California limited partnership (the "General Partner"), Levine Leichtman Capital Partners, Inc., a California corporation ("Capital Corp."), Arthur E. Levine ("Mr. Levine") and Lauren B. Leichtman ("Ms. Leichtman") and, together with the Partnership, the General Partner, Capital Corp. and Mr. Levine, the "Reporting Persons"), hereby file this Amendment No. 8 to Schedule 13D (this "Amendment") with the Securities and Exchange Commission (the "Commission").

This Amendment amends and supplements the Schedule 13D originally filed by or on behalf of the Reporting Persons with the Commission on November 25, 1998 (the "Original Schedule 13D"), as amended by Amendment No. 1 to Schedule 13D filed with the Commission on April 21, 1999 ("Amendment No. 1"), Amendment No. 2 to Schedule 13D filed with the Commission on June 2, 1999 ("Amendment No. 2"), Amendment No. 3 to Schedule 13D filed with the Commission on March 24, 2000 ("Amendment No. 3") Amendment No. 4 to Schedule 13D filed with the Commission on February 11, 2003 ("Amendment No. 4"), Amendment No. 5 to Schedule 13D filed with the Commission on June 3, 2003 ("Amendment No. 5"), Amendment No. 6 to Schedule 13D filed with the Commission on January 15, 2004 ("Amendment No. 6"), and Amendment No. 7 to Schedule 13D filed with the Commission on February 3, 2004 ("Amendment No. 7"). The Original Schedule 13D, as amended by Amendment No. 1, Amendment No. 2, Amendment No. 3, Amendment No. 4, Amendment No. 5, Amendment No. 6 and Amendment No. 7, is referred to herein as "Amended Schedule 13D." The Amended Schedule 13D relates to the Common Stock, no par value per share, of Consumer Portfolio Services, Inc., a California corporation (the "Issuer").

This Amendment is being filed pursuant to a Joint Reporting Agreement dated November 19, 1998, a copy of which is attached as Exhibit 1 to the Original Schedule 13D, among and on behalf of the Reporting Persons. Capitalized terms used in this Amendment and not otherwise defined herein have the meanings set forth in the Amended Schedule 13D. The item numbers and responses thereto below are in accordance with the requirements of Schedule 13D. All Rule citations used in this Amendment are to the rules and regulations promulgated under the Exchange Act.

**Item 4. Purpose of Transaction.**

Item 4 of Amended Schedule 13D is hereby amended by adding the following to the end of such Item:

On May 28, 2004, the Partnership purchased from the Issuer an 11.75% Secured Senior Note Due 2006 dated May 28, 2004, made payable to the Partnership in the original principal amount of \$15,000,000 (the "Term E Note"). The source of funds used to purchase the Term E Note was capital contributions made by the partners of the Partnership in the aggregate amount of \$15,000,000 in response to capital calls from the Partnership.

The Partnership acquired the Term E Note, and holds all other securities of the Issuer owned by it, in the ordinary course of business for investment purposes and not with the purpose of changing or influencing control of the Issuer. As with other investments held by the Reporting Persons, the Reporting Persons consider various alternatives to increase the value of their equity securities in the Issuer and may from time to time consider implementing such alternatives. The Reporting Persons retain the right, depending on market conditions and/or other factors, to change their investment intent, to acquire from time to time additional shares of Common Stock (or debt or other equity or equity-linked securities of the Issuer), to exercise all or a portion of the Restated Warrant or any other warrants owned, held or acquired by them and/or to sell or otherwise dispose of from time to time, in open market transactions, private transactions, transactions with affiliates of the Issuer or otherwise, all or any part of the Common Stock, the Restated Warrant, the Common Stock issuable upon exercise of the Restated Warrant and/or any other securities of the Issuer beneficially owned by them in any manner permitted by law. In the event of a material change in the present plans or intentions of the Reporting Persons, the Reporting Persons will amend this Schedule 13D to reflect such change.

**Item 5. Interest in Securities of the Issuer.**

Item 5 of Amended Schedule 13D is hereby amended and restated to read as follows:

- (a) Each Reporting Person is deemed to be the beneficial owner (within the meaning of Rule 13d-3(a) of the Exchange Act) of an aggregate of 4,553,500 shares of Common Stock, including 1,000 shares which may be acquired by the Partnership upon exercise of the Restated Warrant. Such aggregate number of shares beneficially owned by the Reporting Persons constituted, as of May 11, 2004, approximately 21.8% of the shares of such class (calculated in accordance with Rule 13d-3(d)(1)(i) of the Exchange Act), assuming that 20,932,236 shares of Common Stock were outstanding as of such date as reported by the Issuer in the Form 10-Q for the quarterly period ended March 31, 2004, filed by the Issuer with the Commission on May 14, 2004.

In addition, the Reporting Persons may be deemed to be the beneficial owners, solely for purposes of electing or appointing the LLC Representative to the Board under the Second Amended and Restated Investor Rights Agreement as described in Items 4 and 6, of the shares of Common Stock beneficially owned by the Bradleys. The Reporting Persons have no pecuniary interest in the shares of Common Stock beneficially owned by the Bradleys and disclaim beneficial ownership of such shares.



(b) The Partnership may be deemed to have (i) sole and dispositive voting power with respect to no shares of Common Stock and (ii) shared voting and dispositive power with all other Reporting Persons with respect to 4,553,500 shares of Common Stock. In addition, pursuant to the Second Amended and Restated Investor Rights Agreement, solely for purposes of electing or appointing the LLC Representative to the Board, the Partnership may be deemed to have shared voting power with all other Reporting Persons and the Bradleys with respect to their shares of Common Stock.

By virtue of being the sole general partner of the Partnership, the General Partner may be deemed to have (i) sole and dispositive voting power with respect to no shares of Common Stock and (ii) shared voting and dispositive power with all other Reporting Persons with respect to 4,553,500 shares of Common Stock. In addition, pursuant to the Second Amended and Restated Investor Rights Agreement, solely for purposes of electing or appointing the LLC Representative to the Board, the General Partner may be deemed to have shared voting power with all other Reporting Persons and the Bradleys with respect to their shares of Common Stock.

By virtue of being the sole general partner of the General Partner, Capital Corp. may be deemed to have (i) sole and dispositive voting power with respect to no shares of Common Stock and (ii) shared voting and dispositive power with all other Reporting Persons with respect to 4,553,500 shares of Common Stock. In addition, pursuant to the Second Amended and Restated Investor Rights Agreement, solely for purposes of electing or appointing the LLC Representative to the Board, Capital Corp. may be deemed to have shared voting power with all other Reporting Persons and the Bradleys with respect to their shares of Common Stock.

By virtue of being the sole directors and shareholders, and executive officers, of Capital Corp., each of Mr. Levine and Ms. Leichtman may be deemed to have (i) sole and dispositive voting power with respect to no shares of Common Stock and (ii) shared voting and dispositive power with all other Reporting Persons with respect to 4,553,500 shares of Common Stock. In addition, pursuant to the Second Amended and Restated Investor Rights Agreement, solely for purposes of electing or appointing the LLC Representative to the Board, each of Mr. Levine and Ms. Leichtman may be deemed to have shared voting power with all other Reporting Persons and the Bradleys with respect to their shares of Common Stock.

- (c) None of the Reporting Persons has effectuated any transactions in the Common Stock during the past sixty days.
- (d) Not applicable.
- (e) Not applicable.

**Item 6. Contracts, Arrangements, Understandings or Relationships with Respect to Securities of the Issuer.**

Item 6 of Amended Schedule 13D is hereby amended by adding the following to the end of such Item:

On or about March 25, 2004, the Issuer and the Partnership entered into a March 25 Amendment to Securities Purchase Agreement dated as of March 25, 2004, a copy of which is attached as Exhibit 99.22 hereto (the "First SPA Amendment"), which amended the Third Amended and Restated Securities Purchase Agreement.

On or about April 2, 2004, the Issuer and the Partnership entered into a Consent and First Amendment to Third Amended and Restated Securities Purchase Agreement dated as of April 2, 2004, a copy of which is attached as Exhibit 99.23 hereto (the "Second SPA Amendment"), pursuant to which, among other things, the Partnership consented to certain transactions to be entered into by the Issuer and the Issuer and the Partnership amended further the Third Amended and Restated Securities Purchase Agreement, as previously amended. In connection therewith, the Issuer and the Partnership amended further the Pledge Agreement pursuant to a Sixth Amendment to Stock Pledge and Control Agreement dated as of April 2, 2004, a copy of which is attached as Exhibit 99.24 hereto (the "Sixth Amendment to Pledge Agreement").

On May 28, 2004, the Issuer and the Partnership entered into a Third Amendment to Third Amended and Restated Securities Purchase Agreement dated as of such date, a copy of which is attached as Exhibit 99.25 hereto (the "Third SPA Amendment"), pursuant to which, among other things, the Issuer issued and sold to the Partnership the Term E Note, a copy of which is attached as Exhibit 99.26 hereto, and the parties amended further the Third Amended and Restated Securities Purchase Agreement, as previously amended.

In connection with the purchase of the Term E Note by the Issuer, (i) the Issuer and the Partnership entered into a First Amendment to Second Amended and Restated Security Agreement dated as of May 28, 2004, a copy of which is attached as Exhibit 99.27 hereto (the "First Amendment to CPS Security Agreement"), which amended the CPS Security Agreement, and (ii) the "Grantors" (as defined therein) and the Partnership entered into a First Amendment to Amended and Restated Security Agreement (MFN) dated as of May 28, 2004, a copy of which is attached as Exhibit 99.28 hereto (the "First Amendment to MFN Security Agreement"), which amended the Amended and Restated Security Agreement (MFN) dated as of January 29, 2004 (the "MFN Security Agreement"), between the Grantors and the Partnership.

The foregoing descriptions of the First SPA Amendment, the Second SPA Amendment, the Sixth Amendment to Pledge Agreement, the Third SPA Amendment, the Term E Note, the First Amendment to CPS Security Agreement and the First Amendment to MFN Security Agreement are not, and do not purport to be, complete and are qualified in their entirety by reference to copies of the same filed as Exhibits 99.22 through 99.28 hereto, respectively, and are incorporated herein in their entirety by this reference.

**Item 7. Material to be Filed as Exhibits.**

<u>Exhibit</u>	<u>Description</u>
99.22	March 25 Amendment to Securities Purchase Agreement dated as of March 25, 2004, between Consumer Portfolio Services, Inc. and Levine Leichtman Capital Partners II, L.P.
99.23	Consent and First Amendment to Third Amended and Restated Securities Purchase Agreement dated as of April 2, 2004, between Consumer Portfolio Services, Inc. and Levine Leichtman Capital Partners II, L.P.
99.24	Sixth Amendment to Stock Pledge and Control Agreement dated as of April 2, 2004, between Consumer Portfolio Services, Inc. and Levine Leichtman Capital Partners II, L.P.
99.25	Third Amendment to Third Amended and Restated Securities Purchase Agreement dated as of May 28, 2004, between Consumer Portfolio Services, Inc. and Levine Leichtman Capital Partners II, L.P.
99.26	11.75% Secured Senior Note Due 2006 dated May 28, 2004, issued by Consumer Portfolio Services, Inc. in the original principal amount of \$15,000,000.
99.27	First Amendment to Second Amended and Restated Security Agreement dated as of May 28, 2004, between Consumer Portfolio Services, Inc. and Levine Leichtman Capital Partners II, L.P.
99.28	First Amendment to Amended and Restated Security Agreement (MFN) dated as of May 28, 2004, between the "Grantors" (as defined therein) and Levine Leichtman Capital Partners II, L.P.

SIGNATURE

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

June 3, 2004

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

By: LLCP California Equity Partners II, L.P.,  
a California limited partnership, its General Partner

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

By: /s/ Arthur E. Levine

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Arthur E. Levine  
President

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

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

By: /s/ Arthur E. Levine

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Arthur E. Levine  
President

LEVINE LEICHTMAN CAPITAL PARTNERS, INC.,  
a California corporation

By: /s/ Arthur E. Levine

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Arthur E. Levine  
President

/s/ Arthur E. Levine

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ARTHUR E. LEVINE

/s/ Lauren B. Leichtman

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LAUREN B. LEICHTMAN

**EXHIBIT INDEX**

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99.27	First Amendment to Second Amended and Restated Security Agreement dated as of May 28, 2004, between Consumer Portfolio Services, Inc. and Levine Leichtman Capital Partners II, L.P.
99.28	First Amendment to Amended and Restated Security Agreement (MFN) dated as of May 28, 2004, between the "Grantors" (as defined therein) and Levine Leichtman Capital Partners II, L.P.

MARCH 25 AMENDMENT TO  
SECURITIES PURCHASE AGREEMENT

THIS MARCH 25 AMENDMENT TO SECURITIES PURCHASE AGREEMENT is entered into as of the 25<sup>th</sup> day of March 2004 (this “**Amendment**”), by and between CONSUMER PORTFOLIO SERVICES, INC., a California corporation (the “**Company**”), and LEVINE LEICHTMAN CAPITAL PARTNERS II, L.P., a California limited partnership (the “**Purchaser**”).

R E C I T A L S

A. The Company and the Purchaser are parties to that certain Third Amended and Restated Securities Purchase Agreement dated as of January 29, 2004 (the “**Securities Purchase Agreement**”). Unless otherwise indicated, all capitalized terms used and not otherwise defined herein have the respective meanings ascribed to them in the Securities Purchase Agreement.

B. The Company has requested, and the Purchaser has agreed, to amend Section 7.6 of the Securities Purchase Agreement on the terms set forth herein.

A G R E E M E N T

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

1. Amendment to Securities Purchase Agreement. Pursuant to Section 11.1 of the Securities Purchase Agreement, Section 7.6(b) is hereby deleted in its entirety and is replaced by the following:

“(b) In addition, the Company shall continue to maintain key man life insurance coverage, with terms, other than the death benefit, no less favorable to the Company than those existing as of the Closing Date (as defined in the Second Amended and Restated Securities Purchase Agreement) on the life of Charles E. Bradley, Jr., the President and Chief Executive Officer of the Company, with a death benefit of not less than \$9,000,000, until the Obligations to Purchaser have been indefeasibly paid in full. Such key man life insurance policy shall continue to name the Company as the owner and name the Purchaser as the irrevocable beneficiary thereunder. Each of the insurance policies required to be maintained under this Section 7.6 shall provide for at least thirty (30) days’ prior written notice to the Purchaser of the cancellation or substantial modification thereof.”

2. Effective Date and Confirmation; Full Force and Effect. The amendment set forth in Section 1 above shall amend the Securities Purchase Agreement on and as of the Third Amended and Restated Effective Date, and the Securities Purchase Agreement shall otherwise remain in full force and effect, as amended thereby. The Company hereby ratifies, approves and affirms in all respects the Securities Purchase Agreement, as amended hereby, the Notes (including the Term B Note and the Term D Note), the Collateral Documents (including the Liens granted in favor of the Purchaser under the Collateral Documents) and each of the other Related Agreements, the terms and other provisions hereof and thereof and the Obligations hereunder and thereunder.

3. Entire Agreement; Successors and Assigns. This Amendment, together with the agreements, instruments and other documents to be executed and delivered in connection herewith, constitute the entire understanding and agreement with respect to the subject matter hereof and supersede all prior oral and written, and all contemporaneous oral, agreements and understandings with respect thereto. This Amendment shall inure to the benefit of, and be binding upon, the parties and their respective successors and permitted assigns.

4. Governing Law. IN ALL RESPECTS, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE, THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF CALIFORNIA APPLICABLE TO CONTRACTS MADE AND PERFORMED IN THAT STATE (WITHOUT REGARD TO THE CHOICE OF LAW OR CONFLICTS OF LAW PROVISIONS THEREOF).

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

*[SIGNATURE PAGE TO FOLLOW]*

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

COMPANY

CONSUMER PORTFOLIO SERVICES, INC.,  
a California corporation

By: \_\_\_\_\_

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

By: \_\_\_\_\_

Robert Riedl  
Senior Vice President and Chief Financial Officer

PURCHASER

LEVINE LEICHTMAN CAPITAL PARTNERS,  
INC., a California corporation

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

By: \_\_\_\_\_

Steven E. Hartman  
Vice President



ACKNOWLEDGMENT, CONSENT AND AFFIRMATION  
OF SUBSIDIARY GUARANTY

The undersigned hereby acknowledge that each has read the foregoing First Amendment to Securities Purchase Agreement and hereby consents to the terms thereof. Further, each of the undersigned hereby (a) confirms that it is a party to the Subsidiary Guaranty and that, among other things, the payment and performance of the Notes is guaranteed by it under the Subsidiary Guaranty, (b) ratifies, approves and reaffirms in all respects the terms and other provisions of, and its obligations under, the Subsidiary Guaranty, the Collateral Documents and the other Related Agreements to which it is a party or which it has consented to or acknowledged and (c) confirms that the Subsidiary Guaranty, the Collateral Documents and the other Related Agreements to which it is a party remain in full force and effect in accordance with their respective terms.

SUBSIDIARY GUARANTORS

CPS LEASING, INC., a Delaware corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

CPS MARKETING, INC., a California corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

MFN FINANCIAL CORPORATION, a Delaware corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

MERCURY FINANCE COMPANY LLC, a  
Delaware limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

MERCURY FINANCE CORPORATION OF  
ALABAMA, an Alabama corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

MERCURY FINANCE COMPANY OF ARIZONA,  
an Arizona corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

MERCURY FINANCE COMPANY OF  
COLORADO, a Delaware corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

MERCURY FINANCE COMPANY OF  
DELAWARE, a Delaware corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

MERCURY FINANCE COMPANY OF FLORIDA,  
a Delaware corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

MERCURY FINANCE COMPANY OF GEORGIA,  
a Delaware corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

MERCURY FINANCE COMPANY OF ILLINOIS,  
a Delaware corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

MERCURY FINANCE COMPANY OF INDIANA,  
a Delaware corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

MERCURY FINANCE COMPANY OF  
KENTUCKY, a Delaware corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

MERCURY FINANCE COMPANY OF  
LOUISIANA, a Delaware corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

MERCURY FINANCE COMPANY OF MICHIGAN,  
a Delaware corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

MERCURY FINANCE COMPANY OF  
MISSISSIPPI, a Delaware corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

MERCURY FINANCE COMPANY OF MISSOURI,  
a Missouri corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

MERCURY FINANCE COMPANY OF NEVADA,  
a Nevada corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

MERCURY FINANCE COMPANY OF NEW YORK,  
a Delaware corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

MERCURY FINANCE COMPANY OF NORTH CAROLINA,  
a Delaware corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

MERCURY FINANCE COMPANY OF OHIO, a Delaware  
corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

MFC FINANCE COMPANY OF OKLAHOMA, a Delaware  
corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

MERCURY FINANCE COMPANY OF PENNSYLVANIA, a  
Delaware corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

MERCURY FINANCE COMPANY OF SOUTH  
CAROLINA, a Delaware corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

MERCURY FINANCE COMPANY OF  
TENNESSEE, a Tennessee corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

MFC FINANCE COMPANY OF TEXAS,  
a Delaware corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

MERCURY FINANCE COMPANY OF VIRGINIA,  
a Delaware corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

MERCURY FINANCE COMPANY OF  
WISCONSIN, a Delaware corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

GULFCO INVESTMENT INC., a Louisiana corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

GULFCO FINANCE COMPANY, a Louisiana corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

MIDLAND FINANCE CO., an Illinois corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

MFN INSURANCE COMPANY, a company organized and existing under the laws of Turks and Caicos

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

TFC ENTERPRISES, INC., a Delaware corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

THE FINANCE COMPANY, a Virginia corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

FIRST COMMUNITY FINANCE, INC., a Virginia corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

RECOVERIES, INC., a Virginia corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

PC ACCEPTANCE.COM, INC., a Virginia corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

THE INSURANCE AGENCY, INC., a Virginia corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_



CONSENT AND FIRST AMENDMENT TO THIRD  
AMENDED AND RESTATED SECURITIES PURCHASE AGREEMENT

THIS CONSENT AND FIRST AMENDMENT TO THIRD AMENDED AND RESTATED SECURITIES PURCHASE AGREEMENT (this "**Amendment**") is entered into as of the 2nd day of April, 2004 by and between CONSUMER PORTFOLIO SERVICES, INC., a California corporation (the "**Company**"), and LEVINE LEICHTMAN CAPITAL PARTNERS II, L.P., a California limited partnership (the "**Purchaser**").

R E C I T A L S

A. The Company and the Purchaser are parties to that certain Third Amended and Restated Securities Purchase Agreement dated as of January 29, 2004 (the "**Securities Purchase Agreement**"). Unless otherwise indicated, all capitalized terms used and not otherwise defined herein have the respective meanings ascribed to them in the Securities Purchase Agreement.

B. The Company has informed Purchaser that it intends (i) to create newly organized subsidiaries 71270 Corp. ("71270") and Pacific Coast Receivables Corp. ("PCRC"), (ii) to purchase, through 71270 and PCRC, certain automobile finance receivables and other miscellaneous assets pursuant to Receivables Purchase Agreements and an Asset Purchase Agreement dated as of April 2, 2004, (iii) to cause PCRC to borrow up to \$50 million, secured by Liens on such automobile finance receivables, (iv) to invest in 71270 and in PCRC, (v) to lend money, or to cause 71270 to lend money, pursuant to a Subordinated Promissory Note dated as of April 2, 2004, and (vi) in connection therewith, to enter into such other related agreements, copies of substantially final drafts of which have been provided to the Purchaser, as are useful in effectuating such purchases and borrowings (all of the foregoing transactions being collectively referred to herein as the "Transaction").

C. The Securities Purchase Agreement currently prohibits the consummation of the Transaction by the Company and its wholly owned subsidiaries. The Purchaser is willing to consent and amend the Securities Purchase Agreement to permit the Transaction, all on the terms and subject to the conditions set forth herein.

A G R E E M E N T

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

1. Consent to Transaction. Effective on and as of the First Amendment Effective Date (as defined below), the Purchaser consents to the consummation of the Transaction by the Company and its direct and indirect subsidiaries. The consent provided for in this Section 1 is being given solely with respect to the consummation of the Transaction and shall not be deemed to constitute a consent to any other transaction, or a waiver or an amendment of, or a supplement to, any term, representation, warranty, covenant, agreement or other provision of the Securities Purchase Agreement or any Related

Agreement, or a waiver of any past, present or future breach, violation, Default or Event of Default. The consent provided for in this Section 1 is limited to the specific instance in which it is given and does not give rise to any obligation on the part of the Purchaser whatsoever to grant any future consents, waivers or amendments.

2. Amendments to Securities Purchase Agreement. Effective on and as of the First Amendment Effective Date, pursuant to Section 11.1 of the Securities Purchase Agreement, the Securities Purchase Agreement shall be amended as follows:

(a) Section 1.1 of the Securities Purchase Agreement shall be amended by adding the following new definitions to Section 1.1 in alphabetical order:

**“First Amendment”** shall mean that certain Consent and First Amendment to Third Amended and Restated Securities Purchase Agreement dated as of April 2, 2004, between the Company and the Purchaser, as amended from time to time.”

**“First Amendment Effective Date”** shall have the meaning set forth in the First Amendment.”

(b) Section 1.1 of the Securities Purchase Agreement shall be amended by amending the following existing definitions to read in their entirety as follows, respectively:

**“Related Agreements”** shall mean, collectively, the Prior LLC Documents, the Notes, the Option Agreement, the Amended and Restated Registration Rights Agreement, the Amended and Restated Investor Rights Agreement, the Subsidiary Guaranty, the Collateral Documents, the Stanwich-Related Agreements, the BT Indemnity Side Letter, the side letter dated March 8, 2002, with respect to the Pardee Matter (as defined therein), the CPS A.R.T. 2001-A Class B Certificate Pledge Documents, consent letters, side letters, joinder agreements, acknowledgments and confirmations, waivers, all documents executed in connection with the Transaction (as defined in the First Amendment) and any and all other agreements, instruments, certificates, letters and documents executed or delivered in connection herewith or therewith or contemplated hereby and thereby, in each case as amended from time to time.

(c) Each of the Disclosure Schedules listed in Exhibit A attached hereto shall be amended by replacing such Disclosure Schedule with the corresponding Disclosure Schedule delivered to the Purchaser pursuant to Section 3(b) below (it being understood that such corresponding Disclosure Schedule shall update the Disclosure Schedules to which it relates effective as of the First Amendment Effective Date, including, among other things, giving effect to the Transaction and the fact that, immediately following the Transaction, 71720 Corp. and its subsidiaries will be direct and indirect Subsidiaries of the Company). Delivery of the amended Disclosure Schedules other than Schedules 3.2 and 3.11(a) may be postponed until no later than April 11, 2004.

3. **Conditions Precedent.** The effectiveness of the Purchaser's consent to the consummation of the Transaction as provided in Section 1 and the amendments to the Securities Purchase Agreement as provided in Section 2 shall be subject to the satisfaction, in the Purchaser's sole discretion, of each of the following conditions precedent (the date upon which the last of such conditions precedent to be so satisfied shall be referred to herein as the "**First Amendment Effective Date**"):

(a) **Effective Date.** The satisfaction of the last of the conditions precedent set forth in this Section 3 to be so satisfied shall occur not later than 5:00 PM PST April 2, 2004.

(b) **Disclosure Schedules.** The Purchaser shall have received true, correct and complete copies of amended Disclosure Schedules described in Section 2(c) above.

(c) **Amendment Documents.** The Purchaser shall have received the following documents, each dated as of the First Amendment Effective Date:

(i) A joinder agreement to the Subsidiary Guaranty, in form and substance satisfactory to the Purchaser, duly executed by 71270 Corp. pursuant to which 71270 Corp. becomes a Subsidiary Guarantor (and the Company hereby represents that 71270 Corp. has no Subsidiaries other than Subsidiaries that are Special Purpose Entities);

(ii) A joinder agreement to the Security Agreement (MFN), as amended, in form and substance satisfactory to the Purchaser, duly executed by 71270 Corp. and each of its subsidiaries (other than Subsidiaries that are Special Purpose Entities), pursuant to which 71270 Corp. and each of such subsidiaries grants to the Purchaser a valid first priority security interest in and to its assets and other properties as security for the payment and performance of the Guaranteed Obligations (as defined in the Subsidiary Guaranty);

(iii) A joinder agreement to the Intellectual Property Security Agreement (MFN), as amended, in form and substance satisfactory to LLC, duly executed by 71270 Corp. and each of its subsidiaries (other than Subsidiaries that are Special Purpose Entities), pursuant to which 71270 Corp. and each of such subsidiaries grants to the Purchaser a valid first priority security interest in and to Collateral (as defined in the Intellectual Property Security Agreement (MFN), as amended) as security for the payment and performance of the Secured Obligations (as defined therein);

(iv) A sixth amendment to the Pledge Agreement, in form and substance satisfactory to LLC, duly executed by the Company, together with original stock certificates representing the shares of Capital Stock being pledged thereunder, together with undated stock powers executed in blank;

(v) A Secretary's Certificate from 71270 Corp. and each of its subsidiaries, in form and substance satisfactory to the Purchaser, duly executed by its Secretary, together with true, correct and complete copies of its charter and bylaws, resolutions of its board of directors approving the execution, delivery and performance of the agreements and other documents being executed and delivered by it as contemplated hereunder and corporate and tax good standing certificates.

(d) Representations and Warranties. The Purchaser shall have received an Officers' Certificate, in form and substance satisfactory to the Purchaser, dated as of the First Amendment Effective Date and duly executed by the President and Chief Executive Officer and the Chief Financial Officer of the Company, to the effect that (i) after giving effect to the amendments to the Disclosure Schedules delivered to the Purchaser pursuant to Section 3(b) and the Transaction, each of the representations and warranties of the Company contained in the Securities Purchase Agreement and this Amendment was true and correct on and as of the date made and is true and correct on and as of the First Amendment Effective Date, with the same effect as if made on and as of the First Amendment Effective Date, (ii) each of the covenants and agreements of the Company required to be performed or satisfied under this Amendment on or before the First Amendment Effective Date has been performed or satisfied on or before the First Amendment Effective Date, (iii) the Company has satisfied or fulfilled each of the conditions set forth in this Section 3, (iv) after giving effect to this Amendment and the Transaction, no Default or Event of Default has occurred and is continuing or will result from the execution, delivery or performance of this Amendment or the consummation of the transactions contemplated by this Amendment (including the Transaction) and (v) since December 31, 2003, no Material Adverse Change has occurred.

(e) No Legal Prohibitions. The consummation of the transactions contemplated by this Amendment shall not be prohibited by or violate any Applicable Laws and shall not subject any party to any Tax, penalty or liability, under or pursuant to any Applicable Laws. Without limiting the generality of the foregoing, the consummation of the transactions contemplated hereby shall otherwise comply with all applicable requirements of federal securities and state securities or "blue sky" laws.

(f) Fees and Expenses. The Company shall have reimbursed the Purchaser for all actual and estimated fees, costs and expenses, including attorneys' fees and expenses, expended or incurred by the Purchaser in connection with the negotiation, preparation, execution and performance of this Amendment and the transactions contemplated hereby or relating hereto, that remain unreimbursed.

(g) Corporate Proceedings. All proceedings taken prior to or at the closing in connection with the execution, delivery and performance of this Amendment and the consummation of the other transactions contemplated hereby, and all papers and other documents relating thereto, shall be in form and substance satisfactory to the Purchaser and its legal counsel, and the Purchaser shall have received copies of such documents and papers, all in form and substance satisfactory to the Purchaser and its counsel, all such documents, where appropriate, to be counterpart originals and/or certified by proper authorities, corporate officials and other Persons.

4. **Representations and Warranties of the Company.** In order to induce the Purchaser to consent to the Transactions and amend the Securities Purchase Agreement as provided for herein, the Company represents and warrants to the Purchaser as follows:

(a) **Authorization; Binding Effect.** The Company has the full power and authority to enter into, deliver and perform its obligations under this Amendment and the other agreements contemplated by the Transaction. The execution, delivery and performance by the Company and the Subsidiary Guarantors of this Amendment and the consummation of the transactions contemplated hereby have been duly authorized by all necessary corporate action on the part of the Company and the Subsidiary Guarantors, as applicable. This Amendment has been duly executed and delivered by the Company (and duly acknowledged and consented to by the Subsidiary Guarantors), and this Amendment is the legal, valid and binding obligation of the Company and the Subsidiary Guarantors, enforceable against the Company and the Subsidiary Guarantors, respectively, in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer or conveyance or similar laws relating to or limiting creditors' rights generally or by equitable principles relating to enforceability and except as rights of indemnity or contribution may be limited by federal or state securities or other laws or the public policy underlying such laws.

(b) **No Conflict.** The execution, delivery and performance by the Company and the Subsidiary Guarantors of this Amendment and the consummation of the other transactions contemplated hereby do not and will not violate or conflict with, or cause a default under, or give rise to a right of termination under, (i) the charter or bylaws of the Company or any of its Subsidiaries, as in effect on the date hereof; (ii) any Applicable Laws; or (iii) any term of any Material Contract (including any Securitization Transaction Document and any Stanwich-Related Agreement), indenture, note, mortgage, instrument or other agreement to which the Company or any of its Subsidiaries is a party or by which any of its or their properties or assets are bound.

(c) **No Consents.** Neither the Company nor any of its Subsidiaries or other Affiliates is required to obtain any Consent in connection with execution, delivery or performance of this Amendment or the consummation of the transactions contemplated hereby, or for the purpose of maintaining in full force and effect any Licenses and Permits of the Company or any of its Subsidiaries, from (a) any Governmental Authority, (b) any trustee, Credit Enhancer, rating agency or other party to any Securitization Transaction in connection with the execution and delivery of this Amendment or (c) any other Person, except where the failure to obtain such consent or maintain any such License or Permit, as the case may be, could not have a Material Adverse Effect.

(d) **Representations and Warranties.** After giving effect to the amended the Disclosure Schedules delivered to the Purchaser pursuant to Section 3(b) above and the Transaction, each of the representations and warranties of the Company contained in Section 3 of the Securities Purchase Agreement is true and correct.

(e) **No Default.** No Default or Event of Default has occurred and is continuing or will result from the execution, delivery or performance of this Amendment or the consummation of the transactions contemplated hereby or thereby (including the Transaction).

(f) Collateral Security. The Liens granted in favor of the Purchaser under the Collateral Documents (including after giving effect to the execution and delivery of the joinder agreements and amendments contemplated in Sections 3(i) through (v) above) constitute valid, enforceable and continuing first priority security interests and liens in, on and to the Collateral and secure the payment and performance in full of all Obligations, including all Indebtedness and other Obligations under the Notes.

5. Post-Closing Deliveries.

(a) As soon as practicable, but not later than April 15, 2004, the Company shall deliver or cause to be delivered to the Purchaser the following:

(i) Original stock certificates, together with undated stock powers executed in blank, representing all of the outstanding Capital Stock of 71720, Corp.; and

(ii) Original stock certificates, together with undated stock powers executed in blank, representing all of the outstanding Capital Stock of Pacific Coast Receivables Corp.

(b) As soon as practicable, but not later than April 15, 2004, the Purchaser shall have received a Secretary's Certificate from the Company and each Guarantor, in form and substance satisfactory to the Purchaser, duly executed by the Secretary of the Company or such Guarantor, as the case may be, certifying as to the resolutions of the Board of Directors of the Company or such Guarantor, as the case may be, approving the execution and delivery of this Amendment and the consummation of the transactions contemplated hereby.

6. Confirmation; Full Force and Effect. The amendments set forth in Section 2 above shall amend the Securities Purchase Agreement on and as of the First Amendment Effective Date, and the Securities Purchase Agreement shall otherwise remain in full force and effect, as amended thereby, from and after the First Amendment Effective Date in accordance with its terms. The Company hereby ratifies, approves and affirms in all respects each of the Securities Purchase Agreement, as amended hereby, the Notes, the Collateral Documents (including the Liens granted in favor of the Purchaser under the Collateral Documents) and each of the other Related Agreements, the terms and other provisions hereof and thereof and the Obligations hereunder and thereunder.

7. No Other Amendments. This Amendment is being delivered without prejudice to the rights, remedies or powers of the Purchaser in connection with or under the Securities Purchase Agreement, the Notes, the Collateral Documents and the other Related Agreements, Applicable Laws or otherwise, and, except as expressly described in Section 2, shall not constitute or be deemed to constitute an amendment or other modification of, or a supplement to, the Securities Purchase Agreement, the Notes or any Related Agreement. In addition, nothing contained in this Amendment is intended to limit or impair any right, power or remedy of the Purchaser under the Securities Purchase Agreement or any Related

Agreement or shall be construed as a waiver of any breach, violation, Default or Events of Default, whether past, present or future, under the Securities Purchase Agreement or any Related Agreement, or a forbearance by the Purchaser of any of its rights, remedies or powers against the Company or the Collateral. The Purchaser hereby expressly reserves all of its rights, powers and remedies under or in connection with the Securities Purchase Agreement, the Notes, the Collateral Documents and the Related Agreements, whether at law or in equity, including, without limitation, the right to declare all Obligations to be due and payable.

8. Miscellaneous Provisions.

(a) Entire Agreement; Successors and Assigns. This Amendment, together with the agreements, instruments and other documents to be executed and delivered in connection herewith, constitute the entire understanding and agreement with respect to the subject matter hereof and supersede all prior oral and written, and all contemporaneous oral, agreements and understandings with respect thereto. This Amendment shall inure to the benefit of, and be binding upon, the parties and their respective successors and permitted assigns.

(b) Governing Law. IN ALL RESPECTS, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE, THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF CALIFORNIA APPLICABLE TO CONTRACTS MADE AND PERFORMED IN THAT STATE (WITHOUT REGARD TO THE CHOICE OF LAW OR CONFLICTS OF LAW PROVISIONS THEREOF).

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

*[SIGNATURE PAGE TO FOLLOW]*

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

COMPANY

CONSUMER PORTFOLIO SERVICES, INC.,  
a California corporation

By: \_\_\_\_\_

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

By: \_\_\_\_\_

David Kenneally  
Senior Vice President and Chief Financial  
Officer

PURCHASER

LEVINE LEICHTMAN CAPITAL PARTNERS,  
INC., a California corporation

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

By: \_\_\_\_\_

Steven E. Hartman  
Vice President



ACKNOWLEDGMENT, CONSENT AND AFFIRMATION  
OF SUBSIDIARY GUARANTY

The undersigned hereby acknowledge that each has read the foregoing Consent and First Amendment to Third Amended and Restated Securities Purchase Agreement and hereby consents to the terms thereof. Further, each of the undersigned hereby (a) confirms that it is a party to the Subsidiary Guaranty and that, among other things, the payment and performance of the Notes is guaranteed by it under the Subsidiary Guaranty, (b) ratifies, approves and reaffirms in all respects the terms and other provisions of, and its obligations under, the Subsidiary Guaranty, the Collateral Documents and the other Related Agreements to which it is a party or which it has consented to or acknowledged and (c) confirms that the Subsidiary Guaranty, the Collateral Documents and the other Related Agreements to which it is a party remain in full force and effect in accordance with their respective terms.

SUBSIDIARY GUARANTORS

THE FINANCE COMPANY, a Virginia corporation.  
THE INSURANCE AGENCY, INC., a Virginia corporation  
FIRST COMMUNITY FINANCE, INC., a Virginia corporation  
RECOVERIES, INC., a Virginia corporation  
PC ACCEPTANCE.COM, INC., a Virginia corporation  
CPS MERGERSUB, INC., a Delaware corporation  
CPS LEASING, INC., a Delaware corporation  
CPS MARKETING, INC., a California corporation  
MFN FINANCIAL CORPORATION, a Delaware corporation and the surviving corporation of the MFN Merger  
MERCURY FINANCE COMPANY LLC, a Delaware limited liability company  
MERCURY FINANCE CORPORATION OF ALABAMA, an Alabama corporation  
MERCURY FINANCE COMPANY OF ARIZONA, an Arizona corporation  
MERCURY FINANCE COMPANY OF COLORADO, a Delaware corporation  
MERCURY FINANCE COMPANY OF DELAWARE, a Delaware corporation  
MERCURY FINANCE COMPANY OF FLORIDA, a Delaware corporation  
MERCURY FINANCE COMPANY OF GEORGIA, a Delaware corporation  
MERCURY FINANCE COMPANY OF ILLINOIS, a Delaware corporation  
MERCURY FINANCE COMPANY OF INDIANA, a Delaware corporation  
MERCURY FINANCE COMPANY OF KENTUCKY, a Delaware corporation  
MERCURY FINANCE COMPANY OF LOUISIANA, a Delaware corporation  
MERCURY FINANCE COMPANY OF MICHIGAN, a Delaware corporation  
MERCURY FINANCE COMPANY OF MISSISSIPPI, a Delaware corporation  
MERCURY FINANCE COMPANY OF MISSOURI, a Missouri corporation  
MERCURY FINANCE COMPANY OF NEVADA, a Nevada corporation  
MERCURY FINANCE COMPANY OF NEW YORK, a Delaware corporation  
MERCURY FINANCE COMPANY OF NORTH CAROLINA, a Delaware corporation  
MERCURY FINANCE COMPANY OF OHIO, a Delaware corporation  
MERCURY FINANCE COMPANY OF OKLAHOMA, a Delaware corporation  
MERCURY FINANCE COMPANY OF PENNSYLVANIA, a Delaware corporation

MERCURY FINANCE COMPANY OF SOUTH CAROLINA, a Delaware corporation  
MERCURY FINANCE COMPANY OF TENNESSEE, a Tennessee corporation  
MFC FINANCE COMPANY OF TEXAS, a Delaware corporation  
MERCURY FINANCE COMPANY OF VIRGINIA, a Delaware corporation  
MERCURY FINANCE COMPANY OF WISCONSIN, a Delaware corporation  
GULFCO INVESTMENT INC., a Louisiana corporation  
GULFCO FINANCE COMPANY, a Louisiana corporation  
MIDLAND FINANCE CO., an Illinois corporation  
MFN INSURANCE COMPANY, a company organized and existing under the laws of Turks and Caicos

By:

\_\_\_\_\_

Name: Charles E. Bradley, Jr.  
Title: President, on behalf of each of the foregoing Subsidiary Guarantors

By:

\_\_\_\_\_

Name: Mark Creatura.  
Title: Secretary, on behalf of each of the foregoing Subsidiary Guarantors

**SIXTH AMENDMENT TO  
STOCK PLEDGE AND CONTROL AGREEMENT**

THIS SIXTH AMENDMENT TO STOCK PLEDGE AND CONTROL AGREEMENT is dated as of the 2<sup>nd</sup> day of April, 2004 (this "**Amendment**"), by and between CONSUMER PORTFOLIO SERVICES, INC, a California corporation (the "**Company**"), and LEVINE LEICHTMAN CAPITAL PARTNERS II, L.P., a California limited partnership (the "**Secured Party**").

**R E C I T A L S**

A. The Company and the Secured Party previously entered into the Third Amended and Restated Securities Purchase Agreement pursuant to which, among other things, the Company and the Secured Party amended and restated the Second Amended and Restated Securities Purchase Agreement between them.

B. In connection with the closing of the transactions contemplated by the Second Amended and Restated Securities Purchase Agreement, the parties entered into that certain Stock Pledge and Control Agreement dated as of March 8, 2002, as amended by an Amendment to Stock Pledge and Control Agreement effective as of March 8, 2002, by a Second Amendment to Stock Pledge and Control Agreement effective as of August 21, 2002, by a Third Amendment to Stock Pledge and Control Agreement effective as of April 4, 2003, by a Fourth Amendment to Stock Pledge and Control Agreement dated as of May 20, 2003, and by a Fifth Amendment to Stock Pledge and Control Agreement dated as of January 29, 2004 (as so amended, the "**Pledge Agreement**"), pursuant to which, among other things, the Company pledged, assigned and granted a valid first priority security interest in and control over, among other things, the Pledged Stock as security for the payment and performance in full of all Obligations to Purchaser.

C. Unless otherwise indicated, all capitalized terms used and not otherwise defined herein have the meanings ascribed to them in the Securities Purchase Agreement or the Pledge Agreement, as the case may be.

D. The Company has requested that the Secured Party consent to the consummation of the Transaction (as defined in the Consent and First Amendment (as defined below)), and the Secured Party is willing to consent to the consummation of the Transaction, and to the formation of a new subsidiary, 71270 Corp., a Delaware corporation (the "**New Subsidiary**") in connection therewith, all on the terms and subject to the conditions set forth in that certain Consent and First Amendment to Securities Purchase Agreement dated as of April 2, 2004 (the "**Consent and First Amendment**"), by and between the Company and the Secured Party;

E. In connection with the closing of the transactions contemplated by the Consent and First Amendment (the "**Transaction**"), the parties wish to amend further the Pledge Agreement. In particular, the parties wish to amend Schedule I (Pledged Stock) to the Pledge Agreement ("**Schedule I**") to clarify that at the First Amendment Effective Date (as defined in the Consent and First Amendment) of the Transaction, all of the issued and outstanding shares of Capital Stock of the New Subsidiary are pledged to the Secured Party under the Pledge Agreement, and constitutes Pledged Stock hereunder.

A G R E E M E N T

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

1. Amendment of Schedule I. Schedule I (Pledged Stock) to the Pledge Agreement is hereby amended by adding to such Schedule the additional information regarding the outstanding shares of Capital Stock of the New Subsidiary, attached hereto in Exhibit A. The parties agree that such Capital Stock of the New Subsidiary is Pledged Stock under the Pledge Agreement, and that the Company therefore grants to Secured Party a security interest therein, having all of the terms and conditions set forth in the Pledge Agreement, as amended to date. The Company represents and warrants that the shares of Capital Stock of the New Subsidiary identified on Exhibit A hereto constitute all of the outstanding shares of Capital Stock of the New Subsidiary.

2. Full Force and Effect. This Amendment amends the Pledge Agreement on and as of the date hereof, and the Pledge Agreement shall remain in full force and effect as amended hereby. The Pledge Agreement, as amended by this Amendment, is hereby ratified and affirmed in all respects.

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

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

[SIGNATURE PAGE FOLLOWS]

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

**COMPANY**

CONSUMER PORTFOLIO SERVICES, INC., a  
California corporation

By: \_\_\_\_\_

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

By: \_\_\_\_\_

Robert E. Riedl  
Senior Vice President and Chief Financial  
Officer

**SECURED PARTY**

LEVINE LEICHTMAN CAPITAL PARTNERS,  
INC., a California corporation

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

By: \_\_\_\_\_

Steven E. Hartman  
Vice President

## SCHEDULE I

Additional Pledged Stock

<u>Name of Issuer</u>	<u>Class</u>	<u>Certificate No.</u>	<u>No. of Shares</u>	<u>Applicable Percentage</u>
71270 Corporation., a Delaware corporation	Common Stock	1	—	100%

THIRD AMENDMENT TO  
THIRD AMENDED AND RESTATED  
SECURITIES PURCHASE AGREEMENT

THIS THIRD AMENDMENT TO THIRD AMENDED AND RESTATED SECURITIES PURCHASE AGREEMENT is dated as of May 28, 2004 (this "**Amendment**"), by and between CONSUMER PORTFOLIO SERVICES, INC., a California corporation (the "**Company**"), and LEVINE LEICHTMAN CAPITAL PARTNERS II, L.P., a California limited partnership (the "**Purchaser**").

R E C I T A L S

A. The Company and the Purchaser are parties to that certain Third Amended and Restated Securities Purchase Agreement dated as of January 29, 2004, as amended by a March 25 Amendment to Securities Purchase Agreement dated as of March 25, 2004, and a Consent and First Amendment to Third Amended and Restated Securities Purchase Agreement dated as of April 2, 2004 (as so amended, the "**Securities Purchase Agreement**"), pursuant to which, among other things, the parties amended and restated the Second Amended and Restated Securities Purchase Agreement, all on the terms and subject to the conditions set forth therein and in the Related Agreements. Unless otherwise indicated, all capitalized terms used and not otherwise defined herein have the meanings ascribed to them in the Securities Purchase Agreement. In addition, all rules of construction set forth in Sections 1.2 through 1.6 of the Securities Purchase Agreement are hereby incorporated herein by this reference.

B. The Purchaser has agreed to make an additional \$15,000,000 investment in the Company in the form of debt. Accordingly, the Company has agreed to issue and sell to the Purchaser, and the Purchaser has agreed to purchase from the Company, the Term E Note (as defined below), all on the terms and subject to the conditions set forth herein.

C. In connection with the foregoing, the parties also wish to amend further the Securities Purchase Agreement and certain Related Agreements as provided herein.

D. The Company has advised the Purchaser that it intends to pay to Stanwich on June 1, 2004, the amounts described in Sections 8.6(i) and (ii) of the Securities Purchase Agreement, subject to the terms and conditions set forth therein and in a Consent to Receipt of Certain Subordinated Payments (Stanwich Financial Services Corp.) dated January 29, 2004, between the Purchaser and Stanwich (and acknowledged by the Company), and that the Stanwich Payment Conditions have been, or will be prior to making such payments, fully satisfied.

## A G R E E M E N T

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

### 1. Purchase and Sale of Term E Note.

(a) Authorization. The Company has duly authorized the issuance, sale and delivery of a 11.75% Secured Senior Note Due 2006 in the principal face amount of \$15,000,000, in substantially the form attached as Exhibit A hereto (the "**Term E Note**"). The Indebtedness evidenced by the Term E Note, including the payment of principal, premium, if any, and interest thereon, shall constitute Senior Indebtedness of the Company and shall rank pari passu in right of payment and rights upon liquidation with all other Senior Indebtedness of the Company, including all Indebtedness evidenced by the Term B Note and the Term D Note.

(b) Purchase of Term E Note. Subject to the terms and conditions contained herein, and in reliance upon the representations, warranties, covenants and agreements contained herein, on the Third Amendment Date of Effectiveness (as defined below), the Company shall issue, sell and deliver to the Purchaser, and the Purchaser shall purchase from the Company, the Term E Note. The aggregate purchase price to be paid by the Purchaser for the Term E Note shall be \$15,000,000 (the "**Term E Note Purchase Price**"), payable in accordance with Section 1(c).

(c) Closing. The closing of the issuance, sale and delivery of the Term E Note and the other transactions contemplated by this Amendment shall take place at the offices of Irell & Manella LLP, 1800 Avenue of the Stars, Suite 900, Los Angeles, California 90067, on the Third Amendment Date of Effectiveness. At the closing, the Company shall deliver to the Purchaser the Term E Note, duly executed by the Company, against delivery by the Purchaser of the Term E Note Purchase Price (net of amounts permitted to be withheld pursuant to Sections 4(a)(vii) by wire transfer in immediately available funds to such bank as the Company may request in writing (which request shall be made in writing at least one (1) Business Day prior to the Third Amendment Date of Effectiveness) for credit to an account designated by the Company in such request.

(d) Use of Proceeds. The proceeds to be received by the Company from the issuance and sale of the Term E Note hereunder shall be used solely for the purpose of purchasing and carrying motor vehicle installment contracts.

2. Amendments to Securities Purchase Agreement. Effective on and as of the Third Amendment Date of Effectiveness, pursuant to Section 11.1 of the Securities Purchase Agreement, the Securities Purchase Agreement shall be amended as follows:

(a) Section 1.1 of the Securities Purchase Agreement shall be amended by adding the following new definitions to Section 1.1 in alphabetical order:

“**Second Amendment**” shall mean that certain Consent and First Amendment to Third Amended and Restated Securities Purchase Agreement dated as of April 2, 2004, as amended from time to time.”



“**Second Amendment Effective Date**’ shall mean the ‘First Amendment Effective Date’ as defined in the Second Amendment.”

“**Term E Note**’ shall mean a 11.75% Secured Senior Note Due 2006 in the principal amount of \$15,000,000, in substantially the form attached as Exhibit A to the Third Amendment.”

“**Third Amendment**’ shall mean that certain Third Amendment to Third Amended and Restated Securities Purchase Agreement dated as of May 28, 2004, as amended from time to time.”

“**Third Amendment Date of Effectiveness**’ shall have the meaning set forth in the Third Amendment.”

(b) Section 1.1 of the Securities Purchase Agreement shall be further amended by amending the following existing definitions to read in their entirety as follows, respectively:

“**First Amendment**’ shall mean that certain March 25 Amendment to Securities Purchase Agreement dated as of March 25, 2004, as amended from time to time.”

“**Intellectual Property Security Agreement (MFN)**’ shall mean that certain Intellectual Property Security Agreement (MFN) dated as of March 22, 2002, between the “Grantors” (as defined therein) and the Purchaser, as supplemented by a Joinder Agreement dated as of April 4, 2003, a Joinder Agreement dated as of May 20, 2003, and a Joinder Agreement dated as of April 2, 2004, as amended from time to time.”

“**Notes**’ shall mean, collectively, the Term B Note, the Bridge Note, the Term C Note, the Term D Note, the Term E Note and any other promissory note or notes purchased or otherwise acquired by the Purchaser from the Company, in each case as amended from time to time, and shall also include, where applicable, any additional note or notes issued by the Company in connection with any Assignments thereof. The term ‘**Note**’ shall refer to any of the foregoing individually, as applicable.”

“**Pledge Agreement**’ shall mean that certain Stock Pledge and Control Agreement dated as of March 8, 2002, by and between the Company and the Purchaser, as amended by an Amendment to Stock Pledge and Control Agreement effective as of March 8, 2002, as amended by a Second Amendment to Stock Pledge and Control Agreement effective as of August 21, 2002, as amended by a Third Amendment to Stock Pledge and Control Agreement effective as of April 4, 2003, as amended by a Fourth Amendment to Stock Pledge and Control Agreement effective as of May 20, 2003, as amended by a Fifth Amendment to Stock Pledge and Control Agreement dated as of January 29, 2004, a Sixth Amendment to Stock Pledge and Control Agreement dated as of April 2, 2004, and as further amended from time to time.”

“**Pledge Agreement (MFN)**” shall mean that certain Stock Pledge and Control Agreement (MFN) dated as of March 22, 2002, by and between the “Pledgors” (as defined therein) and the Purchaser, as amended by a First Amendment to Stock Pledge and Control Agreement (MFN) dated as of May 20, 2003, a Second Amendment to Stock Pledge and Control Agreement (MFN) effective as of April 2, 2004, and as further amended from time to time.”

“**Related Agreements**” shall mean, collectively, the Prior LLC Documents, the Notes, the Option Agreement, the Amended and Restated Registration Rights Agreement, the Amended and Restated Investor Rights Agreement, the Subsidiary Guaranty, the Collateral Documents, the Stanwich-Related Agreements, the BT Indemnity Side Letter, the side letter dated March 8, 2002, with respect to the Pardee Matter (as defined therein), the CPS A.R.T. 2001-A Class B Certificate Pledge Documents, consent letters, side letters, joinder agreements, acknowledgments and confirmations, waivers, all documents executed or delivered in connection with the Transaction (as defined in the Second Amendment) and any and all other agreements, instruments, certificates, letters and documents executed or delivered in connection herewith or therewith or contemplated hereby and thereby, in each case as amended from time to time.”

“**Security Agreement**” shall mean that certain Second Amended and Restated Security Agreement dated as of January 29, 2004, by and between the Company and the Purchaser (which amends and restates that certain Amended and Restated Security Agreement dated as of March 8, 2002, by and between the Company and the Purchaser), as amended by a First Amendment to Second Amended and Restated Security Agreement dated as of May 28, 2004, as further amended from time to time.”

“**Security Agreement (MFN)**” shall mean that certain Amended and Restated Security Agreement (MFN) dated as of January 29, 2004, between the “Grantors” (as defined therein) and the Purchaser (which amends and restates that certain Security Agreement (MFN) dated as of March 22, 2002, between the “Grantors” (as defined therein) and the Purchaser, as supplemented by a Joinder Agreement dated as of April 4, 2003, and by a Joinder Agreement dated as of May 20, 2003), as supplemented by a Joinder Agreement dated as of April 2, 2004, as amended by a First Amendment to Amended and Restated Security Agreement (MFN) dated as of May 28, 2004, and as amended further from time to time.”

“**Subsidiary Guaranty**” or “**Guaranty**” shall mean that certain Amended and Restated Joint and Several General and Continuing Guaranty dated as of March 8, 2002, duly executed by the Subsidiary Guarantors in

favor of the Purchaser, as supplemented by a Joinder Agreement dated as of March 22, 2002, a Joinder Agreement dated as of April 4, 2003, a Joinder Agreement dated as of May 20, 2003, and a Joinder Agreement dated as of April 2, 2004, as amended from time to time.”

“**Third Amended and Restated Effective Date**” shall have the meaning set forth in Section 2.3. When used herein, the term “**Third Amendment Effective Date**” shall also mean the Third Amended and Restated Effective Date.

(c) Section 1.1 of the Securities Purchase Agreement shall be further amended by deleting the definition of “First Amendment Effective Date” in its entirety.

(d) Clause (e) of Section 3.10 (Financial Statements; Disclosure) of the Securities Purchase Agreement shall be amended by deleting such Section in its entirety and replacing it with the following:

“(e) Schedule 3.10(e) sets forth a true, correct and complete copy of a consolidated balance sheet of the Company and its Subsidiaries as of April 30, 2004, as adjusted to give *pro forma* effect to the consummation of the transactions contemplated by the Third Amendment as if such transactions had occurred on such date (the “**Pro Forma Closing Balance Sheet**”), together with footnotes describing the *pro forma* adjustments and the assumptions underlying the *Pro Forma* Closing Balance Sheet. The *Pro Forma* Closing Balance Sheet presents fully and fairly in all material respects the *pro forma* consolidated financial position of the Company and its Subsidiaries as of April 30, 2004, and properly gives effect to the application of the *pro forma* adjustments described therein and contemplated herein. All assumptions underlying the *Pro Forma* Closing Balance Sheet were made in good faith and are reasonable under the circumstances.”

3. Amendments to Disclosure Schedules. Effective on and as of the Third Amendment Date of Effectiveness, pursuant to Section 11.1 of the Securities Purchase Agreement, each of the Disclosure Schedules to the Securities Purchase Agreement shall be amended by the corresponding Disclosure Schedule attached to Exhibit B (it being understood that such corresponding Disclosure Schedules shall update the existing Disclosure Schedules through the Third Amendment Date of Effectiveness).

#### 4. Closing; Conditions Precedent.

(a) Conditions to Purchaser’s Obligations. The obligations of the Purchaser to purchase the Term E Note, and the effectiveness of the amendments set forth in Sections 2 and 3, shall be subject to the satisfaction, in the Purchaser’s sole discretion, of each of the following conditions precedent (the date upon which the last of such conditions precedent to be so satisfied shall be referred to herein as the “**Third Amendment Date of Effectiveness**”):

(i) Effective Date. The last of the conditions precedent set forth in this Section 4(a) to be satisfied shall be satisfied not later than 1:00 p.m. (Los Angeles time) on Friday, May 28, 2004.

(ii) Representations and Warranties. The Purchaser shall have received an Officers' Certificate, in form and substance satisfactory to the Purchaser, dated as of the Third Amendment Date of Effectiveness and duly executed by the President and Chief Executive Officer and the Chief Financial Officer of the Company.

(iii) No Legal Prohibitions. The consummation of the transactions contemplated by this Amendment (including the purchase by the Purchaser of the Term E Note) shall not be prohibited by or violate any Applicable Laws and shall not subject any party to any Tax, penalty or liability, under or pursuant to any Applicable Laws. Without limiting the generality of the foregoing, the consummation of the transactions contemplated hereby shall otherwise comply with all applicable requirements of federal securities and state securities or "blue sky" laws.

(iv) Certain Amendment Documents. The Purchaser shall have received the following documents, in form and substance satisfactory to the Purchaser (collectively, together with this Amendment, the "**Amendment Documents**"):

(A) Term E Note. The Term E Note, dated the Third Amendment Date of Effectiveness, duly executed by the Company and acknowledged and consented to by the Subsidiary Guarantors;

(B) Amendment to Security Agreement. A First Amendment to Second Amended and Restated Security Agreement, dated as of the Third Amendment Date of Effectiveness, duly executed by the Company;

(C) Amendment to Security Agreement (MFN). A First Amendment to Amended and Restated Security Agreement (MFN), dated as of the Third Amendment Date of Effectiveness, duly executed by each of the Grantors (as defined therein) and the Company;

(D) Side Letter Agreement Re: Deposit Accounts. A side letter agreement, dated as of the Third Amendment Date of Effectiveness, duly executed by the Company, with respect to certain deposit, securities and similar accounts listed on updated Schedule 3.34 (Depository Accounts; Control Agreements) that are not currently subject to Control Agreements;

(E) Written Instructions Re: MFC. A Direction to Comply with Instructions, duly executed by each of the members of Mercury Finance Company and by Mercury Finance Company; and

(F) Poole. A Conversion Notice, duly executed by Poole, with respect to the conversion of the Poole Replacement Note into shares of Common Stock pursuant to the terms of such Note.

(v) Opinions of Counsel. The Purchaser shall have received (A) an opinion letter of Andrews & Kurth LLP, special counsel to the Company, dated the Third Amendment Date of Effectiveness and addressed to the Purchaser, in form and substance satisfactory to the Purchaser and its legal counsel, and (B) an opinion letter of Mark A. Creatura, Esq., General Counsel to the Company, dated the Third Amendment Date of Effectiveness and addressed to the Purchaser, in form and substance satisfactory to the Purchaser and its legal counsel.

(vi) Certified Board Resolutions. The Purchaser shall have received a Secretary's Certificate from the Company and each Subsidiary Guarantor, in form and substance satisfactory to the Purchaser and dated as of the Third Amendment Date of Effectiveness, duly executed by the Secretary of the Company or such Subsidiary Guarantor, as the case may be, certifying as to, among other things, (i) resolutions of the Board of Directors of the Company or such Subsidiary Guarantor, as the case may be, approving the execution and delivery of this Amendment and the Related Agreements to which it is a party, the issuance, sale and delivery of the Term E Note and the consummation of the other transactions contemplated by this Amendment, and (ii) the incumbency of the officers signing this Amendment and the other Amendment Documents on behalf of the Company and the Subsidiary Guarantors.

(vii) Fees and Expenses. The Company shall have reimbursed the Purchaser for all actual and estimated fees, costs and expenses, including attorneys' fees and expenses, expended or incurred by the Purchaser in connection with the negotiation, preparation, execution and performance of this Amendment, that remain unreimbursed (provided that such fees, costs and expenses may be withheld by the Purchaser from the payment of the Term E Note Purchase Price and, at the direction of the Purchaser, the Company shall pay directly to the Purchaser's third party service providers all such costs and expenses incurred by the Purchaser).

(viii) No Material Adverse Change. Since December 31, 2003, there shall not have occurred any Material Adverse Change.

(ix) Solvency Certificate. The Purchaser shall have received a Solvency Certificate, in form and substance satisfactory to the Purchaser and dated as of the Third Amendment Date of Effectiveness, duly executed by the President and Chief Executive Officer and the Chief Financial Officer of the Company.

(x) Certified Financial Projections. The Company shall have delivered to the Purchaser projected financial information, including projected annual balance sheets, income statements and statements of cash flows of the Company and its Subsidiaries, prepared on a consolidated basis in accordance with GAAP, for the four (4)-year period ending December 31, 2007, together with a list of

the key assumptions underlying such projections, all accompanied by an Officers' Certificate, in form and substance satisfactory to the Purchaser and dated as of the Third Amendment Date of Effectiveness, duly executed by the President and Chief Executive Officer and the Chief Financial Officer of the Company.

(xi) Insurance Certificates. The Purchaser shall have received certificates of insurance with respect to the insurance policies required to be maintained by the Company and its Subsidiaries pursuant to Section 7.6 of the Securities Purchase Agreement (including the directors and officers liability insurance and the key man life insurance policy on the life of Charles E. Bradley, Jr.), together with additional insured and lender's loss payable endorsements in favor of the Purchaser, all in form and substance satisfactory to the Purchaser.

(xii) Good Standing Certificates. The Purchaser shall have received a good standing certificate of the Company and each Subsidiary issued by the Secretary of State of its state or jurisdiction of incorporation or organization and a good standing tax certificate, issued by the Franchise Tax Board (if incorporated or organized under the laws of the State of California) or, if available, by a similar state taxing authority (if incorporated or organized in any other state or other jurisdiction), in each case dated as of a recent practicable date prior to the Third Amendment Date of Effectiveness.

(xiii) [Intentionally Omitted].

(xiv) Corporate Proceedings. All proceedings taken prior to or at the closing in connection with the issuance, sale and delivery of the Term E Note and the consummation of the other transactions contemplated hereby, and all papers and other documents relating thereto, shall be in form and substance satisfactory to the Purchaser and its legal counsel, and the Purchaser shall have received copies of such documents and papers, all in form and substance satisfactory to the Purchaser and its counsel, all such documents, where appropriate, to be counterpart originals and/or certified by proper authorities, corporate officials and other Persons.

(b) Conditions to Company's Obligations. The obligations of the Company to issue and sell the Term E Note to the Purchaser, and the effectiveness of the amendments set forth in Sections 2 and 3, shall be subject to the satisfaction of each of the following conditions precedent:

(i) Representations and Warranties. The representations and warranties of the Purchaser contained in Section 6 of this Amendment shall be true and correct in all material respects on and as of the Third Amendment Date of Effectiveness.

(ii) Term E Note Purchase Price. The Purchaser shall have delivered to the Company the Term E Note Purchase Price, less the fees, costs and expenses to be reimbursed by the Company under Section 4(a)(vii).

5. Representations and Warranties of the Company. In order to induce the Purchaser to purchase the Term E Note and amend further the Securities Purchase Agreement as provided for herein, the Company represents and warrants to the Purchaser as follows:

(a) Authorization; Binding Effect. The Company and each Subsidiary Guarantor has the requisite power and authority to enter into, deliver and perform its obligations under this Amendment and the other Amendment Documents to which it is a party (or which it has consented to or acknowledged) and to consummate the transactions contemplated hereby and thereby. The Company has the requisite power and authority to issue, sell, deliver and perform its obligations under the Term E Note. The execution, delivery and performance by the Company and the Subsidiary Guarantors of this Amendment and each other Amendment Documents to which it is a party (or which it has consented to or acknowledged), the issuance, sale and delivery of the Term E Note and the consummation of the other transactions contemplated hereby and thereby have been duly authorized by all necessary corporate action on the part of the Company and the Subsidiary Guarantors, as applicable. This Amendment has been duly executed and delivered by the Company and the Subsidiary Guarantors (or consented to or acknowledged by the Subsidiary Guarantors) and, on the Third Amendment Date of Effectiveness, the Term E Note and each of the other Amendment Documents to which it is a party will be duly executed and delivered by the Company and the Subsidiary Guarantors (or duly consented to or acknowledged by the Subsidiary Guarantors). This Amendment is, and on the Third Amendment Date of Effectiveness the Term E Note and the other Amendment Documents will be, the legal, valid and binding obligations of the Company and each Subsidiary Guarantor (to the extent it is a party thereto), enforceable against the Company and each such Subsidiary Guarantor in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer or conveyance or similar laws relating to or limiting creditors' rights generally or by equitable principles relating to enforceability and except as rights of indemnity or contribution may be limited by federal or state securities or other laws or the public policy underlying such laws.

(b) No Conflict. The execution, delivery and performance by the Company and the Subsidiary Guarantors of this Amendment, the Term E Note and the other Amendment Documents, the issuance, sale and delivery of the Term E Note and the consummation of the other transactions contemplated hereby and thereby will not violate or conflict with, or cause a default under, or give rise to a right of termination under, (i) the charter or bylaws of the Company or any of its Subsidiaries, as in effect on the date hereof; (ii) any Applicable Laws; or (iii) any term of any Material Contract (including any Securitization Transaction Document and any Stanwich-Related Agreement), indenture, note, mortgage, instrument or other agreement to which the Company or any of its Subsidiaries is a party or by which any of its or their properties or assets are bound.

(c) Rank; Obligations. Each of the Term B Note and the Term D Note remains in full force and effect unamended hereby. The Indebtedness evidenced by the Term B Note and the Term D Note constitutes Senior Indebtedness and "Senior Indebtedness" (as such term is defined in the RISRS Indenture and the Stanwich Debt Documents). Immediately following the closing, the Indebtedness evidenced by the Term E

Note will also constitute Senior Indebtedness and "Senior Indebtedness" (as such term is defined in the RISRS Indenture and the Stanwich Debt Documents), and there will be no agreement, indenture, instrument or other document to which the Company or any of its Subsidiaries is a party or by which it or they are bound that requires the subordination in right of payment or rights upon liquidation of any Obligations to Purchaser (including Indebtedness under the Term B Note, the Term D Note or the Term E Note) to the repayment of any other existing or future Indebtedness of the Company or any of its Subsidiaries.

(d) No Consents. Neither the Company nor any Subsidiary Guarantor or other Affiliates is required to obtain any Consent in connection with execution, delivery or performance of this Amendment, the Term E Note or any other Amendment Document or the issuance, sale and delivery of the Term E Note, or for the purpose of maintaining in full force and effect any Licenses and Permits of the Company or any such Subsidiary Guarantor, from (a) any Governmental Authority, (b) any trustee, Credit Enhancer, rating agency or other party to any Securitization Transaction in connection with the execution and delivery of this Amendment or any Related Agreement or (c) any other Person, except where the failure to obtain such consent or maintain any such License or Permit, as the case may be, could not have a Material Adverse Effect.

(e) Representations and Warranties. After giving effect to the amendments to the Disclosure Schedules attached as Exhibit B to this Amendment, (i) each of the representations and warranties of the Company contained in this Amendment, the Securities Purchase Agreement, as amended by this Amendment, and each of the Related Agreements to which it is a party (including the Collateral Documents) that is qualified by materiality is true and correct in all respects and (ii) each of the representations and warranties of the Company contained in this Amendment, the Securities Purchase Agreement, as amended by this Amendment, and each of the Related Agreements to which it is a party (including the Collateral Documents) that is not qualified by materiality is true and correct in all material respects.

(f) No Default. No Default or Event of Default has occurred and is continuing or would result from the execution, delivery or performance of this Amendment or any other Amendment Document, the issuance, sale or delivery of the Term E Note or the consummation of the other transactions contemplated hereby or thereby.

(g) Collateral Security. The Liens granted in favor of the Purchaser under the Collateral Documents constitute valid, enforceable and continuing first priority, perfected security interests and liens in, on and to all Collateral and secure the payment and performance in full of all Obligations, including all Indebtedness and other Obligations under the Term B Note, the Term D Note and the Term E Note.

(h) PENS. All outstanding principal, accrued and unpaid interest and other amounts owing under or with respect to the PENS was finally and indefeasibly paid in full on April 15, 2004.



(i) Page Funding LLC. The Company formed Page Funding LLC, a Delaware limited liability company (“**Page**”), as a direct Subsidiary and a Special Purpose Entity for the sole purpose of effectuating the Company’s next Warehouse Financing Transaction. The Company expects to consummate its next Warehouse Financing Transaction on or before June 21, 2004. It is understood and agreed by the Company that if the Company’s next Warehouse Financing Transaction is not consummated on or before such date, the Company shall, with respect to Page, perform all of its obligations under Section 7.16 of the Securities Purchase Agreement as if Page were not a Special Purpose Entity (including, without limitation, causing Page to become a Subsidiary Guarantor and pledging all of the shares of Capital Stock of Page to secure the Obligations). The Company covenants and agrees not to transfer any assets to Page, or permit Page to conduct any activity, other than in connection with the terms of the Company’s next Warehouse Financing Transaction.

(j) Disclosure Schedules. On the Third Amendment Date of Effectiveness, the information contained in the Disclosure Schedules attached as Exhibit B to this Amendment will be true and correct in all material respects.

6. Representations and Warranties of the Purchaser. The Purchaser hereby represents and warrants to the Company that:

(a) The Purchaser is acquiring the Term E Note for its own account, for investment purposes, and not with a view to or for sale in connection with any distribution thereof in violation of federal or applicable state securities laws. The Purchaser understands that Term E Note has not been registered under the Securities Act or registered or qualified under any state securities law in reliance upon specific exemptions therefrom, which exemptions may depend upon, among other things, the bona fide nature of the Purchaser’s investment intent as expressed herein; and

(b) The Purchaser is an “accredited investor” (as such term is defined in Rule 501 of Regulation D under the Securities Act). By reason of its business and financial experience, the Purchaser has such knowledge, sophistication and experience in business and financial matters so as to be capable of evaluating the merits and risks of the investment in the Term E Note, has the capacity to protect its own interests and is able to bear the economic risk of such investment.

7. Post-Closing Covenants.

(a) Certification of Stanwich Payment Conditions. Pursuant to Section 8.6 of the Securities Purchase Agreement, the Purchaser hereby requests that the Company certify to the Purchaser in writing, prior to making any payments to Stanwich pursuant to clauses (i) or (ii) of such Section, that each of the Stanwich Payment Conditions have been fully satisfied.

(b) Control Agreements. On or prior to June 30, 2004, the Company and 71270 Corp. shall deliver to the Purchaser a Control Agreement, duly executed by 71270 Corp. and Bank of the West, with respect to each deposit, securities or other account

listed below (which accounts are set forth as Nos. 155 through 157 on updated Schedule 3.34 (Depository Accounts; Control Agreements)). In addition, until a Control Agreement is delivered to the Purchaser with respect to each such account, neither the Company nor 71270 Corp. shall permit the average daily cash account balance in any such account (as reported on the monthly bank statements) to exceed \$25,000 at any time.

<u>Account Holder</u>	<u>Financial Institution</u>	<u>Account No.</u>	<u>Account Reference</u>
71270 Corp.	Bank of the West 4400 MacArthur Blvd. Newport Beach, CA	748010733	71270 Corp. Concentration
71270 Corp.	Bank of the West 4400 MacArthur Blvd. Newport Beach, CA	748010717	71270 Corp. Operating
71270 Corp.	Bank of the West 4400 MacArthur Blvd. Newport Beach, CA	748010725	71270 Corp. Account

(c) Sterling National Bank. On or prior to September 30, 2004, the Company shall deliver to the Purchaser a file-stamped copy of a UCC termination statement terminating UCC-1 Financing Statement No. 000104 7815, naming PC Acceptance.com, Inc. as debtor and Sterling National Bank as secured party, filed in the State of Virginia.

8. Confirmation; Full Force and Effect. The amendments set forth in Sections 2 and 3 above shall amend the Securities Purchase Agreement on and as of the Third Amendment Date of Effectiveness, and the Securities Purchase Agreement shall otherwise remain in full force and effect, as amended thereby, from and after the Third Amendment Date of Effectiveness in accordance with its terms. The Company hereby ratifies, approves and affirms in all respects each of the Securities Purchase Agreement, as amended hereby, the Notes (including the Term B Note, the Term D Note and the Term E Note), the Collateral Documents (including the Liens granted in favor of the Purchaser under the Collateral Documents) and each of the other Related Agreements, the terms and other provisions hereof and thereof and the Obligations hereunder and thereunder.

9. No Other Amendments. This Amendment is being delivered without prejudice to the rights, remedies or powers of the Purchaser in connection with or under the Securities Purchase Agreement, the Notes, the Collateral Documents and the other Related Agreements, Applicable Laws or otherwise and, except as expressly provided in Sections 2 and 3 above, shall not constitute or be deemed to constitute an amendment or other modification of, or a supplement to, the Securities Purchase Agreement or any Related Agreement. In addition, nothing contained in this Amendment is intended to limit or impair any right, power or remedy of the Purchaser under the Securities Purchase Agreement or any Related Agreement or shall be construed as a waiver of any breach, violation, Default or Events of Default, whether past, present or future, under the Securities Purchase Agreement or any Related Agreement, or a forbearance by the Purchaser of any of its rights, remedies or powers against the Company or the Collateral. The Purchaser hereby expressly reserves

all of its rights, powers and remedies under or in connection with the Securities Purchase Agreement, the Notes, the Collateral Documents and the Related Agreements, whether at law or in equity, including, without limitation, the right to declare all Obligations to be due and payable.

10. Miscellaneous Provisions.

(a) Entire Agreement; Successors and Assigns. This Amendment constitutes the entire understanding and agreement with respect to the subject matter hereof and supersedes all prior oral and written, and all contemporaneous oral, agreements and understandings with respect thereto. This Amendment shall inure to the benefit of, and be binding upon, the parties and their respective successors and permitted assigns.

(b) Governing Law. IN ALL RESPECTS, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE, THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF CALIFORNIA APPLICABLE TO CONTRACTS MADE AND PERFORMED IN THAT STATE (WITHOUT REGARD TO THE CHOICE OF LAW OR CONFLICTS OF LAW PROVISIONS THEREOF).

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

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

COMPANY

CONSUMER PORTFOLIO SERVICES, INC., a California corporation

By: \_\_\_\_\_

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

By: \_\_\_\_\_

Robert E. Riedl  
Senior Vice President and Chief Financial Officer

PURCHASER

LEVINE LEICHTMAN CAPITAL PARTNERS, INC., a California corporation

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

By: \_\_\_\_\_

Steven E. Hartman  
Vice President

ACKNOWLEDGMENT, CONSENT AND AFFIRMATION  
OF SUBSIDIARY GUARANTY

The undersigned Subsidiary Guarantors hereby acknowledge that each has read the foregoing Third Amendment to Third Amended and Restated Securities Purchase Agreement and consents to its terms, including the issuance, sale and delivery of the Term E Note to the Purchaser. Further, each of the undersigned Subsidiary Guarantors hereby (a) confirms that it is a party to the Subsidiary Guaranty and that, among other things, the payment and performance of the Term E Note and all other Notes are guaranteed by it under the Subsidiary Guaranty in accordance with its terms, (b) ratifies, approves and reaffirms in all respects the terms and other provisions of, and its obligations under, the Subsidiary Guaranty, the Collateral Documents and the other Related Agreements to which it is a party or which it has consented to or acknowledged and (c) confirms that the Subsidiary Guaranty, the Collateral Documents and the other Related Agreements to which it is a party remain in full force and effect in accordance with their respective terms.

SUBSIDIARY GUARANTORS

CPS LEASING, INC., a Delaware corporation

CPS MARKETING, INC., a California corporation

MFN FINANCIAL CORPORATION, a Delaware corporation

MERCURY FINANCE COMPANY LLC, a Delaware limited liability company

MERCURY FINANCE CORPORATION OF ALABAMA, an Alabama corporation

MERCURY FINANCE COMPANY OF ARIZONA, an Arizona corporation

MERCURY FINANCE COMPANY OF COLORADO, a Delaware corporation

MERCURY FINANCE COMPANY OF DELAWARE, a Delaware corporation

MERCURY FINANCE COMPANY OF FLORIDA, a Delaware corporation

MERCURY FINANCE COMPANY OF GEORGIA, a Delaware corporation

MERCURY FINANCE COMPANY OF ILLINOIS, a Delaware corporation

MERCURY FINANCE COMPANY OF INDIANA, a Delaware corporation

MERCURY FINANCE COMPANY OF KENTUCKY, a Delaware corporation

MERCURY FINANCE COMPANY OF LOUISIANA, a Delaware corporation

MERCURY FINANCE COMPANY OF MICHIGAN, a Delaware corporation

MERCURY FINANCE COMPANY OF MISSISSIPPI, a Delaware corporation

MERCURY FINANCE COMPANY OF MISSOURI, a Missouri corporation

MERCURY FINANCE COMPANY OF NEVADA, a Nevada corporation

MERCURY FINANCE COMPANY OF NEW YORK, a Delaware corporation

MERCURY FINANCE COMPANY OF NORTH CAROLINA, a Delaware corporation

MERCURY FINANCE COMPANY OF OHIO, a Delaware corporation

MFC FINANCE COMPANY OF OKLAHOMA, a Delaware corporation

MERCURY FINANCE COMPANY OF PENNSYLVANIA, a Delaware corporation

MERCURY FINANCE COMPANY OF SOUTH CAROLINA, a Delaware corporation

MERCURY FINANCE COMPANY OF TENNESSEE, a Tennessee corporation

MFC FINANCE COMPANY OF TEXAS, a Delaware corporation

MERCURY FINANCE COMPANY OF VIRGINIA, a Delaware corporation

MERCURY FINANCE COMPANY OF WISCONSIN, a Delaware corporation

GULFCO INVESTMENT, INC., a Louisiana corporation

GULFCO FINANCE COMPANY, a Louisiana corporation

MIDLAND FINANCE CO., an Illinois corporation

MFN INSURANCE COMPANY, a company organized and existing under the laws of Turks and Caicos

TFC ENTERPRISES, INC., a Delaware corporation (the surviving corporation of the TFC Merger)

THE FINANCE COMPANY, a Virginia corporation

FIRST COMMUNITY FINANCE, INC., a Virginia corporation

RECOVERIES, INC., a Virginia corporation

PC ACCEPTANCE.COM, INC., a Virginia corporation

THE INSURANCE AGENCY, INC., a Virginia corporation

71270 CORP., a Delaware corporation

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

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

**CONSUMER PORTFOLIO SERVICES, INC.**

**11.75% SECURED SENIOR NOTE DUE 2006**

\$15,000,000.00

Irvine, California  
May 28, 2004

**FOR VALUE RECEIVED**, CONSUMER PORTFOLIO SERVICES, INC., a California corporation (the “**Company**”), hereby promises to pay to the order of LEVINE LEICHTMAN CAPITAL PARTNERS II, L.P., a California limited partnership (“**LLCP**” or the “**Purchaser**”), and/or any registered assigns (including LLC, the “**Holder**”), the sum of FIFTEEN MILLION DOLLARS (\$15,000,000.00) in immediately available funds and in lawful money of the United States of America, all as provided below.

This 11.75% Secured Senior Note Due 2006 (this “**Note**”) is being issued by the Company in connection with the transactions contemplated by that certain Third Amendment to Third Amended and Restated Securities Purchase Agreement dated as of May 28, 2004 (the “**Third Amendment**”), which amends further that certain Third Amended and Restated Securities Purchase Agreement dated as of January 29, 2004, as amended by a March 25 Amendment to Securities Purchase Agreement dated as of March 25, 2004, and a Consent and First Amendment to Third Amended and Restated Securities Purchase Agreement dated as of April 2, 2004 (as so amended (including the Third Amendment), the “**Securities Purchase Agreement**”), by and between the Company and the Purchaser. This Note is the “**Term E Note**” referred to in the Securities Purchase Agreement and shall be deemed a “**Note**” under the Securities Purchase Agreement. The Holder is entitled to the rights and benefits of the Purchaser under the Securities Purchase Agreement, including the right to accelerate the outstanding principal balance of, premium, if any, accrued and unpaid interest on and all other amounts owing under this Note upon the occurrence and during the continuance of an Event of Default.

The Indebtedness evidenced by this Note, including the principal of, premium, if any, and interest on this Note, shall constitute Senior Indebtedness. Without limiting the generality of the foregoing, payment of all principal of, premium, if any, and interest on this Note shall be senior in right of payment and rights upon liquidation to all existing and future Indebtedness of the Company and shall rank pari passu in right of payment and rights upon liquidation to all other Senior Indebtedness of the Company, including all Indebtedness evidenced by the Term B Note and the Term D Note.

(Term E Note).



1. **Definitions.** Unless otherwise indicated, all capitalized terms used in this Note shall have the respective meanings ascribed to them in the Securities Purchase Agreement. The rules of interpretation and construction specified in Sections 1.2 through 1.6 of the Securities Purchase Agreement shall likewise govern the interpretation and construction of this Note.

2. **Payment of Interest; Default Rate.**

(a) Subject to Section 2(b), the Company shall pay interest in cash on the unpaid principal balance of this Note until fully paid at a rate per annum equal to eleven and three-quarters percent (11.75%). Interest on this Note shall be payable monthly in arrears on the last Business Day of each calendar month (or portion thereof), commencing on June 30, 2004 (each an “**Interest Payment Date**”). The last Interest Payment Date shall be on the Maturity Date (as defined below). Interest shall be computed on the basis of the actual number of days elapsed over a 360-day year, including the first day and excluding the last day.

(b) If any Event of Default shall occur and be continuing, then, in addition to the rights and remedies available to the Holder under the Securities Purchase Agreement, this Note, the other Notes, the other Related Agreements and Applicable Laws, the Company shall pay interest in cash on the unpaid principal balance of, premium, if any, and accrued and unpaid interest on this Note at a rate per annum equal to thirteen and three-quarters percent (13.75%) (the “**Default Rate**”) from the date upon which such Event of Default is deemed to have first occurred (as provided in Section 10.1 of the Securities Purchase Agreement) until such time as such Event of Default shall have been cured or waived.

3. **Maturity Date.** The Company shall pay in full the entire outstanding principal balance of this Note, together with all premium, if any, accrued and unpaid interest on, and all other amounts owing under this Note, on May 27, 2006 (the “**Maturity Date**”).

4. **Optional Prepayments.**

(a) The Company may voluntarily prepay the outstanding principal balance of this Note, in whole or in part, without premium or penalty, at any time. Any prepayment made under this Section 4 shall also include accrued and unpaid interest on this Note through and including the date of prepayment.

(b) The Company shall give the Holder written notice of each voluntary prepayment under this Section 4 not less than ten (10) nor more than forty-five (45) days prior to the date of prepayment. Such notice shall specify the principal amount of this Note that will be prepaid on such date and shall be irrevocable. Notice of prepayment having been given as aforesaid, a payment in an amount equal to the principal amount of this Note to be prepaid as specified in such prepayment notice shall become due and payable on such prepayment date, together with all premium, if any, and accrued and unpaid interest on the outstanding principal balance of this Note through and including the date of prepayment.

(Term E Note).

5. [Intentionally Omitted.]

6. Change in Control Prepayment. The Holder may require the Company to prepay the outstanding principal balance of, premium, if any, accrued and unpaid interest on and all other amounts owing under this Note, in whole or in part as requested by the Holder, at any time during the ninety (90)-day period following the consummation of any transaction which constitutes a Change in Control at the prepayment amounts set forth below.

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

7. Collateral Security. This Note is secured by the Collateral referred to in the Collateral Documents and is guaranteed by the Subsidiary Guarantors under the Guaranty.

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

9. Maximum Lawful Rate of Interest. The rate of interest payable under this Note shall in no event exceed the maximum rate permissible under applicable law. If the rate of interest payable on this Note is ever reduced as a result of this Section 9 and at any time thereafter the maximum rate permitted under applicable law exceeds the rate of interest

(Term E Note).

provided for in this Note, then the rate provided for in this Note shall be increased to the maximum rate provided for under applicable law for such period as is required so that the total amount of interest received by the Holder is that which would have been received by the Holder but for the operation of the first sentence of this Section 9.

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

11. Registration of Note. The Company shall maintain at its principal executive office a register in which it shall register this Note, any Assignments of this Note or any other notes issued hereunder and any other notes issued upon surrender hereof and thereof. At the option of the Holder, this Note may be exchanged for one or more new notes of like tenor in the principal denominations requested by the Holder, and the Company shall, within three (3) Business Days after the surrender of this Note at the Company's principal executive offices, deliver to the Holder such new note or notes. In addition, each Assignment of this Note, in whole or in part, shall be registered on the register immediately following the surrender of this Note at the Company's principal executive offices.

12. Persons Deemed Owners; Participations. Prior to due presentment for registration of any Assignment, the Company may treat the Person in whose name any Note is registered as the owner and Holder of such Note for all purposes whatsoever, and the Company shall not be affected by notice to the contrary. Subject to the preceding sentence, the Holder may grant to any other Person participations from time to time in all or any part of this Note on such terms and conditions as may be determined by the Holder in its sole and absolute discretion, subject to applicable federal and state securities laws. Notwithstanding anything to the contrary contained herein or otherwise, nothing in the Securities Purchase Agreement, this Note or any other Related Agreement or otherwise shall confer upon the participant any rights in the Securities Purchase Agreement or any Related Agreement, and the Holder shall retain all rights with respect to the administration, waiver, amendment, collection and enforcement of, compliance with and consent to the terms and provisions of the Securities Purchase Agreement, this Note or any other Related Agreement.

In addition, the Holder may, without the consent of the participant, give or withhold its consent or agreement to any amendments to or modifications of the Securities Purchase Agreement, this Note or any other Related Agreement, waive any of the provisions hereof or thereof or exercise or refrain from exercising any other rights or remedies which the Holder may have under the Securities Purchase Agreement, this Note or any other Related Agreement or otherwise. Notwithstanding the foregoing, the Holder will not agree with the Company, without the prior written consent of the participant (which consent shall be given or affirmatively withheld not later than three (3) Business Days after the Holder's written request therefor): (a) to reduce the principal of or rate of interest on this Note or (b) to postpone the date fixed for payment of principal of or interest on the Indebtedness evidenced by this Note. If the participant does not timely reply to the Holder's request for such consent, the participant shall be deemed to have consented to such agreement and the Holder may take such action in such manner as the Holder determines in the exercise of its independent business judgment.

(Term E Note)

13. Assignment and Transfer. Subject to Applicable Law, the Holder may, at any time and from time to time and without the consent of the Company, assign or transfer to one or more Persons all or any portion of this Note or any portion thereof (but not less than \$500,000 in principal amount in any single assignment (unless such lesser amount represents the entire outstanding principal balance hereof)). Upon surrender of this Note at the Company's principal executive office for registration of any such assignment or transfer, accompanied by a duly executed instrument of transfer, the Company shall, at its expense and within three (3) Business Days of such surrender, execute and deliver one or more new notes of like tenor in the requested principal denominations and in the name of the assignee or assignees and bearing the legend set forth on the face of this Note, and this Note shall promptly be canceled. If the entire outstanding principal balance of this Note is not being assigned, the Company shall issue to the Holder hereof, within three (3) Business Days of the date of surrender hereof, a new note which evidences the portion of such outstanding principal balance not being assigned. If this Note is divided into one or more Notes and is held at any time by more than one Holder, any payments of principal of, premium, if any, and interest or other amounts on this Note which are not sufficient to pay all interest or other amounts due thereunder, shall be made pro rata with respect to all such Notes in accordance with the outstanding principal amounts thereof, respectively.

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

15. Costs of Collection. The Company agrees to pay all costs and expenses, including the fees and expenses of any attorneys, accountants and other experts retained by the Holder, which are expended or incurred by the Holder in connection with (a) the administration and enforcement of this Note or the collection of any sums due hereunder, whether or not suit is commenced; (b) any actions for declaratory relief in any way related to this Note; (c) the protection or preservation of any rights of the Holder under this Note; (d) any actions taken by the Holder in negotiating any amendment, waiver, consent or release of or under this Note; (e) any actions taken in reviewing the Company's or any of its Subsidiaries' financial affairs if an Event of Default has occurred or the Holder has determined in good faith that an Event of Default may likely occur, including the following actions: (i) inspect the facilities of the Company and any of its Subsidiaries or conduct audits or appraisals of the financial condition of the Company and any of its Subsidiaries; (ii) have an accounting firm chosen by the Holder review the books and records of the Company and any of its Subsidiaries and perform a thorough and complete examination thereof; (iii) interview the Company's and each of its Subsidiaries' employees, accountants, customers and any other individuals related to the Company or its Subsidiaries which the Holder believes may have relevant information concerning the financial condition of the Company and any of its Subsidiaries; and (iv) undertake any other action which the Holder believes is necessary to assess accurately the financial condition and prospects of the Company and any of its Subsidiaries; (f) the Holder's participation in any refinancing.

(Term E Note).

restructuring, bankruptcy or insolvency proceeding involving the Company, any of its Subsidiaries or any other Affiliate of the Company; (g) verifying, maintaining, or perfecting any security interest or other Lien granted to the Holder in any collateral; (h) any effort by the Holder to protect, assemble, complete, collect, sell, liquidate or otherwise dispose of any collateral, including in connection with any case under Bankruptcy Law; or (i) any refinancing or restructuring of this Note, including any restructuring in the nature of a “work out” or in any insolvency or bankruptcy proceeding.

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

17. Notations. Before disposing of this Note or any portion thereof, the Holder may make a notation thereon (or on a schedule attached thereto) of the amount of all principal payments previously made by the Company with respect thereto.

18. Governing Law. IN ALL RESPECTS, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE, THIS NOTE SHALL BE GOVERNED BY, AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF CALIFORNIA APPLICABLE TO CONTRACTS MADE AND PERFORMED IN THAT STATE (WITHOUT REGARD TO THE CHOICE OF LAW OR CONFLICTS OF LAW PROVISIONS THEREOF) AND ANY APPLICABLE LAWS OF THE UNITED STATES OF AMERICA.

**19. WAIVER OF JURY TRIAL. EACH OF THE COMPANY AND THE HOLDER (BY ACCEPTANCE HEREOF) HEREBY KNOWINGLY, INTENTIONALLY AND VOLUNTARILY, WITH AND UPON THE ADVICE OF COUNSEL, WAIVES AND FOREVER FORGOES THE RIGHT TO A TRIAL BY JURY IN ANY ACTION, SUIT OR OTHER PROCEEDING BASED UPON, ARISING OUT OF, OR IN ANY WAY RELATING TO THIS NOTE, THE SECURITIES PURCHASE AGREEMENT, ANY OTHER RELATED AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY, REGARDLESS OF WHICH PARTY INITIATES SUCH ACTION, SUIT OR OTHER PROCEEDING.**

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(Term E Note).

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

**CONSUMER PORTFOLIO SERVICES, INC.**, a  
California corporation

By: \_\_\_\_\_

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

By: \_\_\_\_\_

Robert E. Riedl  
Senior Vice President and Chief Financial Officer

(Term E Note)

ACKNOWLEDGMENT AND CONSENT  
OF SUBSIDIARY GUARANTORS

Each of the undersigned Subsidiary Guarantors hereby acknowledges that it has read the foregoing 11.75% Secured Senior Note Due 2006 and consents to its terms. The undersigned further acknowledges and agrees that the foregoing 11.75% Secured Senior Note Due 2006, as well as the Term B Note and the Term D Note, each constitutes a Guaranteed Obligation and reaffirms its obligations under the Subsidiary Guaranty and the other Related Agreements to which it is a party, all of which shall remain in full force and effect.

SUBSIDIARY GUARANTORS

CPS LEASING, INC., a Delaware corporation

CPS MARKETING, INC., a California corporation

MFN FINANCIAL CORPORATION, a Delaware corporation

MERCURY FINANCE COMPANY LLC, a Delaware limited liability company

MERCURY FINANCE CORPORATION OF ALABAMA, an Alabama corporation

MERCURY FINANCE COMPANY OF ARIZONA, an Arizona corporation

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(Term E Note)

MERCURY FINANCE COMPANY OF MICHIGAN,  
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MERCURY FINANCE COMPANY OF  
PENNSYLVANIA, a Delaware corporation

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CAROLINA, a Delaware corporation

MERCURY FINANCE COMPANY OF TENNESSEE,  
a Tennessee corporation

MFC FINANCE COMPANY OF TEXAS,  
a Delaware corporation

MERCURY FINANCE COMPANY OF VIRGINIA,  
a Delaware corporation

MERCURY FINANCE COMPANY OF WISCONSIN,  
a Delaware corporation

GULFCO INVESTMENT, INC., a Louisiana corporation

GULFCO FINANCE COMPANY, a Louisiana  
corporation

MIDLAND FINANCE CO., an Illinois corporation

MFN INSURANCE COMPANY, a company organized  
and existing under the laws of Turks and Caicos

TFC ENTERPRISES, INC., a Delaware corporation (the  
surviving corporation of the TFC Merger)

THE FINANCE COMPANY, a Virginia corporation

(Term E Note)



FIRST COMMUNITY FINANCE, INC., a Virginia corporation

RECOVERIES, INC., a Virginia corporation

PC ACCEPTANCE.COM, INC., a Virginia corporation

THE INSURANCE AGENCY, INC., a Virginia corporation

71270 CORP., a Delaware corporation

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

(Term E Note)

**FIRST AMENDMENT TO  
SECOND AMENDED AND  
RESTATED SECURITY AGREEMENT**

THIS FIRST AMENDMENT TO SECOND AMENDED AND RESTATED SECURITY AGREEMENT is dated as of May 28, 2004 (this "**Amendment**"), by and between CONSUMER PORTFOLIO SERVICES, INC, a California corporation (the "**Company**"), and LEVINE LEICHTMAN CAPITAL PARTNERS II, L.P., a California limited partnership (the "**Secured Party**").

**R E C I T A L S**

A. The Company and the Secured Party have entered into a Third Amendment to Third Amended and Restated Securities Purchase Agreement dated as of May 28, 2004 (the "**Third Amendment**"), which amends further that certain Third Amended and Restated Securities Purchase Agreement dated as of January 29, 2004 (as amended by a March 25 Amendment to Securities Purchase Agreement dated as of March 25, 2004, a Consent and First Amendment to Third Amended and Restated Securities Purchase Agreement dated as of April 2, 2004 and the Third Amendment, the "**Securities Purchase Agreement**"). Pursuant to the Third Amendment, among other things, the Company is issuing and selling to the Secured Party, and the Secured Party is purchasing from the Company, the Term E Note.

B. The Company and the Secured Party are parties to that certain Second Amended and Restated Security Agreement dated as of January 29, 2004 (the "**Security Agreement**"), pursuant to which, among other things, the Company and the Secured Party amended and restated the First Amended and Restated Security Agreement which, in turn, amended and restated the Original Pledge and Security Agreement. Under the Security Agreement, the Company granted to the Secured Party a continuing first priority security interest in and to, and pledged and assigned to Secured Party, and affirmed, ratified and acknowledged the continuing validity, enforceability and perfection of the prior assignments, pledges and grants of first priority security interests to the Secured Party in and to, all Collateral as security for the full payment and performance of all Obligations. Unless otherwise indicated, capitalized terms used and not otherwise defined herein have the meanings ascribed to them in the Securities Purchase Agreement or the Security Agreement, as the case may be.

C. In connection with the closing of the transactions contemplated by the Third Amendment, the parties wish to amend the Security Agreement to clarify and memorialize their prior agreement that any Specified Securitization Transaction Collateral (or any interest therein) that is released by the Secured Party from its security interest pursuant to a Securitization Transaction Collateral Release Agreement and is thereafter acquired or re-acquired by the Company after the effective date of such release becomes automatically subject to the Secured Party's security interest under the Collateral Documents immediately upon the Company's acquisition or re-acquisition of such Specified Securitization Transaction Collateral (or such interest).

## A G R E E M E N T

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

1. Amendment of Section 2(a). The last paragraph of paragraph (a) of Section 2 (Grant of Security Interest) to the Security Agreement is hereby amended by replacing such last paragraph in its entirety with the following paragraph:

“Notwithstanding the foregoing, (A) the Collateral shall exclude those items of property which expressly comprise the Specified Securitization Transaction Collateral, but shall include all similar assets, properties and rights to the extent not specifically described in a Securitization Transaction Collateral Release Agreement, and (B) if any Specified Securitization Transaction Collateral (or any interest therein) that is released by the Secured Party pursuant to a Securitization Transaction Collateral Release Agreement is acquired or re-acquired by the Company at any time or from time to time after the effective date of such release (whether such effective date occurred prior to, on or after the date hereof), such Specified Securitization Transaction Collateral (or interest therein) shall become subject to the Secured Party’s security interest under this Agreement (and any other applicable Collateral Document) immediately upon the Company’s acquisition or re-acquisition of such Specified Securitization Transaction Collateral (or interest therein), regardless of the Secured Party’s prior release thereof.”

2. Full Force and Effect. This Amendment amends the Security Agreement on and as of the date hereof, and the Security Agreement shall remain in full force and effect as amended hereby. The Security Agreement, as amended by this Amendment, is hereby ratified and affirmed in all respects.

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

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

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

**COMPANY**

CONSUMER PORTFOLIO SERVICES, INC., a  
California corporation

By: \_\_\_\_\_

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

By: \_\_\_\_\_

Robert E. Riedl  
Senior Vice President and Chief Financial  
Officer

**SECURED PARTY**

LEVINE LEICHTMAN CAPITAL PARTNERS,  
INC., a California corporation

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

By: \_\_\_\_\_

Steven E. Hartman  
Vice President

**FIRST AMENDMENT TO  
AMENDED AND RESTATED  
SECURITY AGREEMENT (MFN)**

THIS FIRST AMENDMENT TO AMENDED AND RESTATED SECURITY AGREEMENT (MFN) is dated as of May 28, 2004 (this "**Amendment**"), by and between the Persons listed on the signature pages hereto as "Grantors" (individually a "**Grantor**" and, collectively, the "**Grantors**") and LEVINE LEICHTMAN CAPITAL PARTNERS II, L.P., a California limited partnership (the "**Secured Party**").

**R E C I T A L S**

A. CONSUMER PORTFOLIO SERVICES, INC., a California corporation (the "**Company**"), and the Secured Party have entered into a Third Amendment to Third Amended and Restated Securities Purchase Agreement dated as of May 28, 2004 (the "**Third Amendment**"), which amends further that certain Third Amended and Restated Securities Purchase Agreement dated as of January 29, 2004 (as amended by a March 25 Amendment to Securities Purchase Agreement dated as of March 25, 2004, a Consent and First Amendment to Third Amended and Restated Securities Purchase Agreement dated as of April 2, 2004 and the Third Amendment, the "**Securities Purchase Agreement**"). Pursuant to the Third Amendment, among other things, the Company is issuing and selling to the Secured Party, and the Secured Party is purchasing from the Company, the Term E Note.

B. The Grantors and the Secured Party are parties to that certain Amended and Restated Security Agreement (MFN) dated as of January 29, 2004 (as supplemented by a Joinder Agreement dated as of April 2, 2004, the "**Security Agreement (MFN)**"), pursuant to which, among other things, the Grantors granted in favor of the Purchaser valid first priority security interests and Liens (subject only to Permitted Liens) on all of its or their assets, properties and rights to secure the prompt and timely payment and performance of all Obligations (as defined therein). Unless otherwise indicated, capitalized terms used and not otherwise defined herein have the meanings ascribed to them in the Securities Purchase Agreement or the Security Agreement (MFN), as the case may be.

C. In connection with the closing of the transactions contemplated by the Third Amendment, the parties wish to amend the Security Agreement (MFN) to clarify and memorialize their prior agreement that any Specified Securitization Transaction Collateral (or any interest therein) that is released by the Secured Party from its security interest pursuant to a Securitization Transaction Collateral Release Agreement and is thereafter acquired or re-acquired by the Grantors (or any of them) after the effective date of such release becomes automatically subject to the Secured Party's security interest under the Collateral Documents immediately upon such Grantors' (or Grantor's) acquisition or re-acquisition of such Specified Securitization Transaction Collateral (or such interest).

## A G R E E M E N T

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

1. Amendment of Section 2(a). The last paragraph of paragraph (a) of Section 2 (Grant of Security Interest) to the Security Agreement (MFN) is hereby amended by replacing such last paragraph in its entirety with the following paragraph:

“Notwithstanding the foregoing, (A) the Collateral shall exclude those items of property which expressly comprise the Specified Securitization Transaction Collateral, but shall include all similar assets, properties and rights to the extent not specifically described in a Securitization Transaction Collateral Release Agreement, and (B) if any Specified Securitization Transaction Collateral (or any interest therein) that is released by the Secured Party pursuant to a Securitization Transaction Collateral Release Agreement is acquired or re-acquired by any Grantor at any time or from time to time after the effective date of such release (whether such effective date occurred prior to, on or after the date hereof), such Specified Securitization Transaction Collateral (or interest therein) shall become subject to the Secured Party’s security interest under this Agreement (and any other applicable Collateral Document) immediately upon such Grantor’s acquisition or re-acquisition of such Specified Securitization Transaction Collateral (or interest therein), regardless of the Secured Party’s prior release thereof.”

2. Representation. The Grantors represent and warrant that the Liens granted in favor of the Purchaser under the Security Agreement (MFN) and the other Collateral Documents to which the Grantors (or any of them) are a party constitute valid, enforceable and continuing first priority, perfected security interests and liens in, on and to all Collateral and secure the payment and performance in full of all Obligations (as defined in the Security Agreement (MFN)).

3. Full Force and Effect. This Amendment amends the Security Agreement (MFN) on and as of the date hereof, and the Security Agreement (MFN) shall remain in full force and effect as amended hereby. The Security Agreement (MFN), as amended by this Amendment, is hereby ratified and affirmed in all respects.

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

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

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

**GRANTORS**

MFN FINANCIAL CORPORATION, a Delaware corporation

MERCURY FINANCE COMPANY LLC, a Delaware limited liability company

MERCURY FINANCE CORPORATION OF ALABAMA, an Alabama corporation

MERCURY FINANCE COMPANY OF ARIZONA, an Arizona corporation

MERCURY FINANCE COMPANY OF COLORADO, a Delaware corporation

MERCURY FINANCE COMPANY OF DELAWARE, a Delaware corporation

MERCURY FINANCE COMPANY OF FLORIDA, a Delaware corporation

MERCURY FINANCE COMPANY OF GEORGIA, a Delaware corporation

MERCURY FINANCE COMPANY OF ILLINOIS, a Delaware corporation

MERCURY FINANCE COMPANY OF INDIANA, a Delaware corporation

MERCURY FINANCE COMPANY OF KENTUCKY, a Delaware corporation

MERCURY FINANCE COMPANY OF LOUISIANA, a Delaware corporation

MERCURY FINANCE COMPANY OF MICHIGAN, a Delaware corporation

MERCURY FINANCE COMPANY OF MISSISSIPPI, a Delaware corporation

MERCURY FINANCE COMPANY OF MISSOURI, a Missouri corporation

MERCURY FINANCE COMPANY OF NEVADA, a Nevada corporation

MERCURY FINANCE COMPANY OF NEW YORK, a Delaware corporation

MERCURY FINANCE COMPANY OF NORTH CAROLINA, a Delaware corporation

MERCURY FINANCE COMPANY OF OHIO, a Delaware corporation

MFC FINANCE COMPANY OF OKLAHOMA, a Delaware corporation

MERCURY FINANCE COMPANY OF PENNSYLVANIA, a Delaware corporation

MERCURY FINANCE COMPANY OF SOUTH CAROLINA, a Delaware corporation

MERCURY FINANCE COMPANY OF TENNESSEE, a Tennessee corporation

MFC FINANCE COMPANY OF TEXAS, a Delaware corporation

MERCURY FINANCE COMPANY OF VIRGINIA, a Delaware corporation

MERCURY FINANCE COMPANY OF WISCONSIN, a Delaware corporation

GULFCO INVESTMENT, INC., a Louisiana corporation

GULFCO FINANCE COMPANY, a Louisiana corporation

MIDLAND FINANCE CO., an Illinois corporation

MFN INSURANCE COMPANY, a company organized and existing under the laws of Turks and Caicos

TFC ENTERPRISES, INC., a Delaware corporation (the surviving corporation of the TFC Merger)

THE FINANCE COMPANY, a Virginia corporation

FIRST COMMUNITY FINANCE, INC., a Virginia corporation

RECOVERIES, INC., a Virginia corporation

PC ACCEPTANCE.COM, INC., a Virginia corporation



THE INSURANCE AGENCY, INC., a Virginia corporation

71270 CORP., a Delaware corporation

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

**SECURED PARTY**

LEVINE LEICHTMAN CAPITAL PARTNERS, INC., a California corporation

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

By: \_\_\_\_\_

Steven E. Hartman  
Vice President

**ACKNOWLEDGED:**

CONSUMER PORTFOLIO SERVICES, INC.,  
a California corporation

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_