As filed with the Securities and Exchange Commission on May 20, 2005

Reg. No. 333-121913

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

POST-EFFECTIVE AMENDMENT NO. 1 TO
FORM S-2

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

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

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

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

copies to:

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

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

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

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

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

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

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

CALCULATION OF REGISTRATION FEE

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

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

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

This Registration Statement shall become effective on such date as the Commission, acting pursuant to Section 8(c) of the Securities Act of 1933, may determine.

$100,000,000

CONSUMER PORTFOLIO SERVICES, INC.

THREE AND SIX MONTH RENEWABLE UNSECURED SUBORDINATED NOTES

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

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

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

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

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

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

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

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

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

SUMNER HARRINGTON LTD.

The date of this Prospectus is May 19, 2005

TABLE OF CONTENTS

PROSPECTUS SUMMARY

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

CPS

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

We started purchasing, originating and servicing motor vehicle contracts in October 1991. Through March 31, 2005, we have purchased approximately $5.5 billion of motor vehicle contracts from dealers.

In 2002 and 2003, we also obtained a total of approximately $530 million of motor vehicle contracts in our acquisition by merger of MFN Financial Corporation and its subsidiaries in March 2002 and TFC Enterprises, Inc. and its subsidiaries in May 2003. Both of the acquired companies were engaged in businesses similar to ours. MFN ceased to purchase motor vehicle contracts shortly after we acquired it; TFC continues to purchase motor vehicle contracts as our subsidiary. Additionally, in April 2004, we purchased approximately $72.3 million of motor vehicle contracts, gross of discount, then held by SeaWest Financial Corporation and were appointed the servicer of approximately $111.8 million of motor vehicle contracts that SeaWest had previously securitized. CPS reported a loss in the amount of $15.9 million for the year ended December 31, 2004, and a loss in the amount of $239,000 for the quarter ended March 31, 2005.

As of March 31, 2005, we had a total servicing portfolio, net of unearned interest on pre-computed installment contracts, of approximately $926.3 million, including the remaining outstanding balance of motor vehicle contracts acquired in the TFC and MFN acquisitions, acquired in the Seawest purchase and serviced under the SeaWest securitizations.

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

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

THE OFFERING

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

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

CONSOLIDATION, MERGER OR SALE	Upon any consolidation, merger or sale of our company, we will either redeem all of the notes or our successor will be required to assume our obligations to pay principal and interest on the notes pursuant to the indenture for the notes. For a description of these provisions see "Description of the Notes - Consolidation, Merger or Sale."
RANKING; NO SECURITY	The notes: o are unsecured; o rank junior to our existing and future secured debt, including the debt of our special purpose entities; o rank junior to our existing and future senior unsecured debt, including debt we may incur under our existing and future credit facilities; and o rank junior to our existing and future subordinated debt, except for $15 million of outstanding unsecured subordinate debt and offerings of additional renewable unsecured subordinated notes, all of which will rank PARI PASSU with the notes. As of March 31, 2005, we had approximately $747.1 million of debt outstanding that is senior to the notes, of which approximately $686.4 million was issued by our consolidated special purpose entities. Including an additional approximately $189.9 million of debt that does not appear on our consolidated financial statements (which was issued by our off-balance sheet special purpose entities), we had approximately $937.0 million of debt outstanding that is senior to the notes. See "Capitalization."
RESTRICTIVE COVENANTS	The indenture governing the notes contains limited restrictive covenants. These covenants: o require us to maintain a positive net worth, which includes stockholders' equity and any debt that is subordinated to the notes; and o prohibit us from paying dividends on our capital stock if there is an event of default with respect to the notes or if payment of the dividend would result in an event of default. The covenants set forth in the indenture are more fully described under "Description of Notes -- Restrictive Covenants." These covenants have significant exceptions. We do not plan to issue any debt that is subordinate to the notes.
USE OF PROCEEDS	If all the notes are sold, with original or aggregate maturities of three years or more, we would expect to receive approximately $96.7 million of net proceeds from this offering after deducting the selling agent's commissions and estimated offering expenses payable by us. The exact amount of net proceeds may vary considerably depending on how long the notes are offered and other factors. We intend to use the net proceeds to fund the purchase of motor vehicle contracts and for other general corporate purposes, which may include the payment of general and administrative expenses. See "Use of Proceeds."

ABSENCE OF PUBLIC MARKET AND RESTRICTIONS ON TRANSFERS	There is no existing market for the notes. Sumner Harrington Ltd. has advised us that it does not intend to make a market in the notes after the completion of this offering and we do not anticipate that a secondary market for the notes will develop. We do not intend to apply for listing of the notes on any securities exchange or for quotation of the notes in any automated dealer quotation system, including without limitation Nasdaq or any over-the-counter market. You will be able to transfer or pledge the notes only with our prior written consent. See "Description of the Notes - Transfers."
BOOK ENTRY	The notes will be issued in book entry or uncertificated form only. Except under limited circumstances, the notes will not be evidenced by certificated securities or negotiable instruments. See "Description of the Notes -- Book Entry Registration and Transfers."

RISK FACTORS

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

RISK FACTORS RELATING TO THE NOTES

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

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

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

Your right to receive payments on the notes is junior to substantially all of our existing indebtedness and future borrowings (including debt of our special purpose entities). Your notes will be subordinated to the prior payment in full of all of our other debt obligations, other than $14 million of debt issued in 1995, as to which your notes will rank PARI PASSU. As of March 31, 2005, we had approximately $747.1 million of debt outstanding, including indebtedness held by our special purpose entities, which will rank senior to your notes. Including an additional approximately $189.9 million of indebtedness issued by our off-balance sheet special purpose entities, we had approximately $937.0 million of debt outstanding that is senior to your notes. We may also incur substantial additional indebtedness in the future that would also rank senior to your notes. Because of the subordination provisions of the notes, in the event of our bankruptcy, liquidation or dissolution, our assets would be available to make payments to you under the notes only after all payments had been made on all of our secured and unsecured indebtedness and other obligations that are senior to the notes. Sufficient assets may not remain after all such senior payments have been made to make any payments to you under the notes, including payments of interest when due or principal upon maturity.

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

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

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

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

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

THE NOTES WILL AUTOMATICALLY RENEW UNLESS YOU REQUEST REPAYMENT.

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

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

We have now and, after we sell these notes, will continue to have a substantial amount of indebtedness. At March 31, 2005, we had approximately $951.0 million of debt outstanding, comprising (in thousands):

Warehouse lines of credit (1)	50,535	
Notes payable	861	
Residual interest financing	16,411	
Securitization trust debt (1)	619,430	
Senior secured debt	59,829	
Subordinated debt (2)	14,000	
Total on balance sheet debt	761,066	
Off-balance sheet securitization trust debt (1)(3)		189,932
Total on and off-balance sheet debt		950,998

(1) Debt obligations of our special purpose entities
(2) Existing debt, issued in 1995, which will rank PARI PASSU with the notes
(3) Debt obligations of our special purpose entities where the securitization transactions were structured as sales for accounting purposes

Our debt to net worth ratio at March 31, 2005 was 10.9 (including all debt issued by off-balance sheet special purpose entities our debt to net worth ratio was 13.6 and excluding all securitization trust debt, our debt to net worth ratio was 2.0), and our ratio of earnings to fixed charges, including interest expense on the above-mentioned debt, was 0.98.

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

- increasing our vulnerability to general adverse economic and industry conditions;
- requiring us to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness, thereby reducing amounts available for working capital, capital expenditures and other general corporate purposes;
- limiting our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;
- placing us at a competitive disadvantage compared to our competitors that have less debt; and

- limiting our ability to borrow additional funds.

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

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

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

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

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

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

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

- incurring or guaranteeing additional indebtedness;
- making capital expenditures in excess of agreed upon amounts;
- paying dividends or other distributions to our stockholders or redeeming, repurchasing or retiring our capital stock or subordinated obligations;
- making investments;
- creating or permitting liens on our assets or the assets of our subsidiaries;
- issuing or selling capital stock of our subsidiaries;
- transferring or selling our assets;
- engaging in mergers or consolidations;
- permitting a change of control of our company;
- liquidating, winding up or dissolving our company;
- changing our name or the nature of our business, or the names or nature of the business of our subsidiaries; and
- engaging in transactions with our affiliates outside the normal course of business.

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

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

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

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

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

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

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

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

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

RISK FACTORS RELATING TO CPS

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

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

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

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

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

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

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

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

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

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

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

Our primary source of day-to-day liquidity is our warehouse lines of credit, in which we sell or pledge motor vehicle contracts, as often as once a week, to special-purpose affiliated entities where they are "warehoused" until they are securitized. We depend substantially on two warehouse lines of credit; (i) a $125 million warehouse line of credit with Paradigm Funding LLC, which was renewed in April 2005 and, unless earlier terminated upon the occurrence of certain events, will expire in April 2006 and (ii) a $100 million warehouse line of credit with UBS Real Estate Securities Inc., which was executed in June 2004 and, unless earlier terminated upon the occurrence of certain events, will expire in June 2007. These warehouse facilities will remain available to us only if, among other things, we comply with certain financial covenants contained in the documents governing these facilities. These warehouse facilities may not be available to us in the future and we may not be able to obtain other credit facilities on favorable terms to fund our operations. See "Recent Developments".

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Several factors affect our ability to manage interest rate risk. Specifically, we are subject to interest rate risk during the period between when motor vehicle contracts are purchased from dealers and when such contracts are sold and financed in a securitization. Interest rates on our warehouse credit facilities are adjustable while the interest rates on the contracts are fixed. Therefore, if interest rates increase, the interest we must pay to the lenders under our warehouse credit facilities is likely to increase while the interest realized by us under those warehoused contracts remains the same, and thus, during the warehousing period, the excess spread cash flow received by us would likely decrease. Additionally, contracts warehoused and then securitized during a rising interest rate environment may result in less excess spread cash flow realized by us under those securitizations as, historically, our securitization facilities pay interest to securityholders on a fixed rate basis set at prevailing interest rates at the time of the closing of the securitization, which may be several months after the contracts securitized were originated and entered the warehouse, while our customers pay fixed rates of interest on the contracts. A decrease in excess spread cash flow could adversely affect our earnings and cash flow and our ability to make payments on the notes.

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

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

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

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

We are dependent upon establishing and maintaining relationships with a large number of unaffiliated automobile dealers to supply us with motor vehicle contracts. During the year ended December 31, 2004, no dealer accounted for more than 1.0% of the contracts we purchased. The agreements we have with dealers to purchase contracts do not require dealers to submit a minimum number of contracts for purchase. The failure of dealers to submit contracts that meet our underwriting criteria could result in reductions in our revenues or the cash flows available to us, and, therefore, could have an adverse effect on our ability to make payments on the notes.

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

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

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

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

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

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

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

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

- the loss of our servicing rights under the sale and servicing agreements for our warehouse facilities with Paradigm Funding and UBS;
- the loss of our servicing rights under the applicable sale and servicing agreement relating to motor vehicle contracts which we have sold in our securitizations or service on behalf of third parties, including servicing rights acquired from Seawest; or

- the occurrence of certain trigger events under our insurance agreements with FSA, XL or Radian or with any other credit enhancer in each of our securitizations that would block the release of excess spread cash flows or cash releases from the spread accounts in those securitizations.

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

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

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

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

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

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

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

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

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

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

Unfavorable outcomes in any of our current or future litigation proceedings could materially and adversely affect our results of operations, financial conditions and cash flows and our ability to make payments on the notes. As a consumer finance company, we are subject to various consumer claims and litigation seeking damages and statutory penalties based upon, among other things, disclosure inaccuracies and wrongful repossession, which could take the form of a plaintiff's class action complaint. We, as the assignee of finance contracts originated by dealers, may also be named as a co-defendant in lawsuits filed by consumers principally against dealers. We are also subject to other litigation common to the motor vehicle industry and businesses in general. The damages and penalties claimed by consumers and others in these types of matters can be substantial. The relief requested by the plaintiffs varies but includes requests for compensatory, statutory and punitive damages.

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

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

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

FORWARD-LOOKING STATEMENTS

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

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

The risk factors discussed above could cause our actual results to differ materially from those expressed in any forward-looking statements.

RATIOS OF EARNINGS TO FIXED CHARGES

	Year Ended					Quarter Ended
	December 31, 2000	December 31, 2001	December 31, 2002	December 31, 2003	December 31, 2004	March 31, 2005
Ratio of earnings to fixed charges(1)	-0.77	1.02	1.00	0.88	0.52	0.98
Deficiency(2) ($000s)	32,403			3,039	15,888	239

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

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

(2) The deficiency is the amount by which the sum of earnings plus fixed charges, as calculated above, fell short of fixed charges. It is thus equal to our pre-tax loss recorded in the years ended December 31, 2000,2003 and 2004, and the three-month period ended March 31, 2005.

USE OF PROCEEDS

If all of the notes are sold with maturities of three years or more, we would expect to receive approximately $96.7 million of net proceeds from this offering after deducting the selling agent commissions and estimated offering expenses payable by us. Although we have no specific plan to allocate the proceeds, the general purpose of the offering is to raise capital to purchase motor vehicle contracts and for other general corporate purposes, which may include payment of general and administrative expenses.

CAPITALIZATION

The following table sets forth our capitalization, as of March 31, 2005. For a description of the application of the net proceeds, assuming all of the notes are sold with maturities of two years or more, see "Use of Proceeds" and "Risk Factors - Risk Factors Relating to the Notes - Our management has broad discretion over the use of proceeds from the offering."

	As of March 31, 2005 (in 000's)	
	Actual	As adjusted
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES		
Accounts payable and accrued expenses	$ 16,836	$ 16,836
Warehouse lines of credit	50,535	50,535
Tax liabilities, net	2,823	2,823
Notes payable	861	861
Residual interest financing	16,411	16,411
Securitization trust debt	619,430	619,430
Senior secured debt	59,829	59,829
Subordinated debt	14,000	114,000
	780,725	880,725
SHAREHOLDERS' EQUITY		
Preferred stock, $1 par value; authorized 5,000,000 shares; none issued	--	--
Series A preferred stock, $1 par value; authorized 5,000,000 shares; 3,415,000 shares issued; none outstanding	--	--
Common stock, no par value; authorized 30,000,000 shares; 21,598,378 shares issued and outstanding at March 31, 2005	66,521	66,521
Retained earnings	4,865	4,865
Comprehensive loss - minimum pension benefit obligation, net	(1,202)	(1,202)
Deferred compensation	(376)	(376)
Total Shareholders' Equity	69,808	69,808
Total capitalization	$ 850,533	$ 950,533

RECENT DEVELOPMENTS

2004 FINANCIAL RESULTS.

We reported a loss in the amount of $15.9 million for the year ended December 31, 2004, a loss in the amount of $12.2 million for the quarter ended December 31, 2004 and a loss in the amount of $239,000 for the quarter ended March 31, 2005. Our financial results for the fourth quarter of 2004 included two significant non-cash charges: a $9.1 million impairment loss on our residual interest in our securitizations and a $4.5 million provision for credit losses related to the portfolio of receivables that we purchased from SeaWest Financial Corporation in 2004. Further information concerning our results of operations for 2004 is contained in our Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 31, 2005.

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

SHARE REPURCHASE PROGRAM

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

AMENDMENT OF PARADIGM FUNDING WAREHOUSE CREDIT FACILITY

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

DESCRIPTION OF THE NOTES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

RENEWAL OR REDEMPTION ON MATURITY. Approximately 15, but not less than 10 days prior to maturity of your note, our servicing agent will send you a notice at your registered address indicating that your note is about to mature and whether we will allow automatic renewal of your note. If we allow you to renew your note, our servicing agent will also send to you a current interest rate supplement and, if the prospectus has changed since the delivery of this prospectus in connection with your original subscription or any prior renewal, a current prospectus or prospectus supplement. The interest rate supplement will set forth the interest rates then in effect. The notice will recommend that you review the prospectus and any prospectus supplement, along with the interest rate supplement, prior to exercising one of the below options. If we do not send you a new prospectus because the prospectus has not changed since the delivery of this prospectus in connection with your original subscription or any prior renewal, we will send you a new prospectus upon your request. Unless the election period is extended as described below, you will have until 15 days after the maturity date to exercise one of the following options:

- You can do nothing, in which case your note will automatically renew for a new term equal to the original term at the interest rate in effect at the time of renewal. If your note pays interest only at maturity, all accrued interest will be added to the principal amount of your note upon renewal. For notes with other payment options, interest will be paid on the renewed note on the same schedule as the original note.
- You can elect repayment of your note, in which case the principal amount will be repaid in full along with any accrued but unpaid interest. If you choose this option, your note will not earn interest on or after the maturity date.

- You can elect repayment of your note and use all or part of the proceeds to purchase a new note with a different term or principal amount. To exercise this option, you will need to complete a subscription agreement for the new note and mail it along with your request to our servicing agent. The issue date of the new note will be the maturity date of the old note. Any proceeds from the old note that are not applied to the new note will be sent to you.
- If your note pays interest only at maturity, you can receive the accrued interest that you have earned during the note term just ended while allowing the principal amount of your note to roll over and renew for the same term at the interest rate then in effect. To exercise this option, you will need to call, fax or send a written request to our servicing agent.

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

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

We will be required from time to time to file post-effective amendments to the registration statement of which this prospectus is a part to update the information it contains. If you would otherwise be required to elect to have your notes renewed or repaid following their stated maturity at a time when we have determined that a post-effective amendment must be filed with the Securities and Exchange Commission, but such post-effective amendment has not yet been declared effective, the period during which you can elect renewal or repayment will be automatically extended until ten days following the postmark date of a notice that will be sent to you at your registered address by the servicing agent that the post-effective amendment has been declared effective. In the event that a holder's regularly scheduled interest payment date falls after the maturity date of the note but before the date on which the holder requests repayment, the holder may receive an interest payment that includes interest for periods after the maturity date of the note. If this occurs, the excess interest will be deducted from our final payment of the principal amount of the note to the holder. All other provisions relating to the renewal or redemption of notes upon their stated maturity described above shall remain unchanged.

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

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

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

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

LIMITATIONS ON REQUIREMENTS TO REPURCHASE. Our obligation to repurchase notes prior to maturity for any reason will be subject to a calendar quarter limit equal to the greater of $1 million of aggregate principal amount for all holders or 2% of the total principal amount of all notes outstanding at the end of the previous calendar quarter. This limit includes any notes we repurchase upon death or total permanent disability of the holder and any notes that we repurchase pursuant to the holders' right to elect repurchase. Repurchase requests will be honored in the order in which they are received, to the extent possible, and any repurchase request not honored in a calendar quarter will be honored in the next calendar quarter, to the extent possible, since repurchases in the next calendar quarter are also subject to the same calendar quarter limitation. For purposes of determining the order in which repurchase requests are received, a repurchase request will be deemed made on the later of the date on which it is received by us or, if applicable, the date on which the death or total permanent disability is established to our reasonable satisfaction.

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

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

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

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

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

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

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

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

The indenture does not prevent holders of senior debt from disposing of, or exercising any other rights with respect to, any or all of the collateral securing the senior debt. As of March 31, 2005, we had approximately $747.1 million of debt outstanding that is senior to the notes, of which approximately $686.4 million was issued by our consolidated special purpose entities. Including an additional approximately $189.9 million of debt that does not appear on our consolidated financial statements (which was issued by our off-balance sheet special purpose entities), we had approximately $937.0 million of debt outstanding that is senior to the notes.

Except for certain limited restrictions, the terms of the notes or the indenture do not impose any limitation on the amount of senior debt or other indebtedness we may incur, although our existing senior debt agreements may restrict us from incurring new senior debt. See "Risk Factors - Risk Factors Relating to the Notes - Because the notes rank junior to substantially all of our existing and future debt and other financial obligations, your notes will lack priority in payment."

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

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

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

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

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

NO SECURITY; NO SINKING FUND. The notes are unsecured, which means that none of our tangible or intangible assets or property, nor any of the assets or property of any of our subsidiaries, has been set aside or reserved to make payment to the holders of the notes in the event that we default on our obligations to the holders. In addition, we will not contribute funds to any separate account, commonly known as a sinking fund, to repay principal or interest due on the notes upon maturity or default. See "Risk Factors - Risk Factors Relating to the Notes - Because the notes will have no sinking fund, security, insurance or guarantee, you may lose all or a part of your investment in the notes if we do not have enough cash to pay the notes."

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

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

- we will maintain a positive net worth, which includes stockholder's equity and any of our debt that is subordinate to the notes; and
- we will not declare or pay any dividends or other payments of cash or other property solely in respect of our capital stock to our stockholders (other than a dividend paid in shares of our capital stock on a pro rata basis to all our stockholders) unless no default and no event of default with respect to the notes exists or would exist immediately following the declaration or payment of the dividend or other payment.

See "Risk Factors - Risk Factors Relating to the Notes - Because there are limited restrictions on our activities under the Indenture, you will have only limited protection under the indenture."

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

- the resulting or acquiring entity, if other than us, is a United States corporation, limited liability company or limited partnership and assumes all of our responsibilities and liabilities under the indenture, including the payment of all amounts due on the notes and performance of the covenants in the indenture; and
- immediately after the transaction, and giving effect to the transaction, no event of default under the indenture exists.

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

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

- failure to pay interest on a note within 15 days after the due date for such payment (whether or not prohibited by the subordination provisions of the indenture);
- failure to pay principal on a note within 15 days after the due date for such payment (whether or not prohibited by the subordination provisions of the indenture);
- our failure to observe or perform any material covenant, condition or agreement or our breach of any material representation or warranty, but only after we have been given notice of such failure or breach and such failure or breach is not cured within 60 days after our receipt of notice;
- defaults in certain of our other payment obligations that result in such payment obligations becoming or being declared immediately due and payable and such declaration is not rescinded or annulled within 60 days after our receipt of notice of such declaration; and
- certain events of bankruptcy or insolvency with respect to us.

If any event of default occurs and is continuing (other than an event of default involving certain events of bankruptcy or insolvency with respect to us), the trustee or the holders of at least a majority in principal amount of the then outstanding notes may by notice to us declare the unpaid principal of and any accrued interest on the notes to be due and payable immediately. So long as any senior debt is outstanding, however, and a payment blockage on the notes is in effect, a declaration of this kind will not be effective, and neither the trustee nor the holders of notes may enforce the indenture or the notes, except as otherwise set forth above in "- Subordination". In the event senior debt is outstanding and no payment blockage on the notes is in effect, a declaration of this kind will not become effective until the later of:

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

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

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

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

- a continuing default or event of default in the payment of interest on, or the principal of, a note held by a non-consenting holder; or
- a waiver that would conflict with any judgment or decree.

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

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

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

- reduces the aggregate principal amount of notes whose holders must consent to an amendment, supplement or waiver;
- reduces the principal of or changes the fixed maturity of any note or alters the repurchase or redemption provisions or the price at which we shall offer to repurchase or redeem the note;
- reduces the rate of or changes the time for payment of interest, including default interest, on any note;
- waives a default or event of default in the payment of principal or interest on the notes, except a rescission of acceleration of the notes by the holders of at least a majority in aggregate principal amount of the then outstanding notes and a waiver of the payment default that resulted from such acceleration;.
- makes any note payable in money other than that stated in this prospectus;
- makes any change in the provisions of the indenture relating to waivers of past defaults or the rights of holders of notes to receive payments of principal of or interest on the notes;
- makes any change to the subordination provisions of the indenture that has a material adverse effect on holders of notes;
- modifies or eliminates the right of the estate of a holder or a holder to cause us to repurchase a note upon the death or total permanent disability of a holder; or
- makes any change in the foregoing amendment and waiver provisions.

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

- to cure any ambiguity, defect or inconsistency;
- to provide for assumption of our obligations to holders of the notes in the case of a merger, consolidation or sale of all or substantially all of our assets;
- to provide for additional uncertificated or certificated notes;
- to make any change that does not adversely affect the legal rights under the indenture of any such holder, including but not limited to an increase in the aggregate dollar amount of notes which may be outstanding under the indenture;
- to modify our policy regarding repurchases elected by a holder of notes prior to maturity and our policy regarding repurchase of the notes prior to maturity upon the death or total permanent disability of any holder of the notes, but such modifications shall not materially adversely affect any then outstanding notes; or
- to comply with requirements of the SEC in order to effect or maintain the qualification of the indenture under the Trust Indenture Act.

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

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

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

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

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

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

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

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

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

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

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

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

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

MATERIAL FEDERAL INCOME TAX CONSEQUENCES

The following discussion is our counsel's opinion of the material federal income tax consequences relating to the ownership and disposition of the notes. The discussion is based upon the current provisions of the Internal Revenue Code of 1986, as amended, regulations issued under the Internal Revenue Code and judicial or ruling authority, all of which are subject to change that may be applied retroactively. The discussion assumes that the notes are held as capital assets and does not discuss the federal income tax consequences applicable to all categories of investors, some of which may be subject to special rules such as banks, tax-exempt organizations, insurance companies, dealers in securities or currencies, persons that will hold notes as a position in a hedging, straddle or conversion transactions, or persons that have a functional currency other than the U.S. dollar. If a partnership holds notes, the tax treatment of a partner will generally depend on the status of the partner and on the activities of the partnership. In addition, it does not deal with holders other than original purchasers. You are urged to consult your own tax advisor to determine the specific federal, state, local and any other tax consequences applicable to you relating to your ownership and disposition of the notes.

INTEREST INCOME ON THE NOTES

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

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

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

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

TREATMENT OF DISPOSITIONS OF NOTES

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

NON-U.S. HOLDERS

Generally, if you are a nonresident alien individual or a non-U.S. corporation and do not hold the note in connection with a United States trade or business, interest paid and OID accrued on the notes will be treated as "portfolio interest" and therefore will be exempt from a 30% United States withholding tax. In that case, you will be entitled to receive interest payments on the notes free of United States federal income tax provided that you periodically provide a statement on applicable IRS forms certifying under penalty of perjury that you are not a United States person and provide your name and address. In addition, in that case you will not be subject to United States federal income tax on gain from the disposition of a note unless you are an individual who is present in the United States for 183 days or more during the taxable year in which the disposition takes place and certain other requirements are met. Interest paid and accrued OID paid to a non-U.S. person are not subject to withholding if they are effectively connected with a United States trade or business conducted by that person and we are provided a properly executed IRS Form W-8ECI. They will, however, generally be subject to the regular United States income tax.

REPORTING AND BACKUP WITHHOLDING

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

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

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

PLAN OF DISTRIBUTION

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

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

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

Under the distribution and management agreement, we have also agreed to pay Sumner Harrington Ltd. an annual portfolio management fee equal to 0.25% of the weighted average principal balance of the notes outstanding for its services as servicing agent. In exchange for the annual portfolio management fee, Sumner Harrington Ltd. will manage all customer service functions concerning the notes and act as an agent between us and the purchasers of the notes. The annual portfolio management fee also covers all costs relating to maintenance of the investor relationship after the purchase of notes. This includes, among other things, addressing all investor inquiries regarding the notes, the preparation of all confirmations, notices and statements, the coordination of interest payments with us and the paying agent, the establishment and maintenance of records relating to the notes, the preparation of all reports, statements and analyses regarding the notes, and all out-of-pocket expenses for the printing and mailing of confirmations, notices and statements to the investors. See "Description of the Notes - Servicing Agent." The amount of this fee will depend upon a number of variables, including the pace at which notes are sold, the terms of the notes sold and whether the notes are redeemed or repurchased.

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

The selling agent and we have engaged Sumner Harrington Agency, Inc., an advertising and marketing subsidiary of Sumner Harrington Ltd., to directly provide or manage the advertising and marketing functions related to the sale of the notes, which fee will be limited to 1% of the aggregate principal amount of the notes. These services include media planning, media buying, creative and copy development, direct mail services, literature fulfillment, commercial printing, list management, list brokering, advertising consulting, efficiency analyses and other similar activities. Sumner Harrington Agency, Inc. is compensated directly by us or its sub-service providers for these advertising and marketing services. This compensation is consistent with accepted normal advertising and marketing industry standards for similar services.

The selling agent and its affiliate will only be compensated to the extent that notes are sold in the offering. The table below summarizes the maximum possible amounts of compensation or reimbursement that we will pay the selling agent and its affiliate for services rendered in offering and selling the notes, serving as the servicing agent, and providing and managing the advertising and marketing functions related to the sale of the notes. In no event will the total commission plus the total cost of the remaining line items exceed 6.425% of the aggregate principal amount of the notes.

Compensation and Reimbursement	% of Offering	Amount(1)
Total commissions	3.000%	$ 3,000,000(2)
Selling agent's legal counsel fees	0.075%	$ 75,000
Document fulfillment expenses	0.100%	$ 100,000
Annual portfolio management fee	2.250%	$ 2,250,000
Media placement and management fee	1.000%	$ 1,000,000

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

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

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

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

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

INCORPORATION OF CERTAIN INFORMATION BY REFERENCE

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

- Our Annual Report on Form 10-K for the year ended December 31, 2004, including an amendment thereto filed May 2, 2005;
- Our Quarterly Report on Form 10-Q for the quarter ended March 31, 2005; and
- Our Current Reports on Form 8-K filed with the SEC on March 29, April 6, May 3 and May 6, 2005.

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

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

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

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

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

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

WHERE YOU CAN FIND MORE INFORMATION

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

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

LEGAL MATTERS

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

EXPERTS

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

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

GLOSSARY

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

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

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

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

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

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

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

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

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

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

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 14. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION

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

Securities and Exchange Commission registration fee	$ 11,770
NASD filing fee	3,500
Accounting fees and expenses	50,000
Blue Sky fees and expenses	1,000
Legal fees and expenses	50,000
Printing expenses	75,000
Trustee's fees and expenses	15,000
Selling agent's counsel fees	75,000
Miscellaneous	50,000
TOTAL	$ 331,270

ITEM 15. INDEMNIFICATION OF DIRECTORS AND OFFICERS

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

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

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

ITEM 16. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) Exhibits

EXHIBIT NO.	DESCRIPTION
*1.1	Form of Distribution and Management Agreement (Previously filed as Exhibit 1.1 to Amendment No. 1 to Registration Statement No. 333-121913)
*3.1	Restated Articles of Incorporation (Previously filed as Exhibit 3.1 to Amendment No. 1 to Registration Statement No. 333-121913)
*3.2	Amended and Restated Bylaws (Previously filed as Exhibit 3.2 to Amendment No. 1 to Registration Statement No. 333-121913)
**4.1	Indenture
*4.2	Form of Notes (Previously filed as Exhibit 24.1 to Registration Statement No. 333-121913)
*4.3	Form of Note Confirmation (Previously filed as Exhibit 4.3 to Amendment No. 1 to Registration Statement No. 333-121913)
*4.4	Form of Subscription Agreement (Previously filed as Exhibit 4.4 to Amendment No. 1 to Registration Statement No. 333-121913)
*5.1	Opinion of Andrews Kurth LLP with respect to legality of Notes (Previously filed as Exhibit 5.1 to Amendment No. 1 to Registration Statement No. 333-121913)
*8.1	Opinion of Andrews Kurth LLP with respect to tax matters (Previously filed as Exhibit 8.1 to Amendment No. 1 to Registration Statement No. 333-121913)
*10.1	Indenture re: Rising Interest Subordinated Redeemable Securities (RISRS) (see Exhibit 4.1 to Registration Statement No. 33-99652)
*10.2	First Supplemental Indenture re: RISRS (see Exhibit 4.2 to Registration Statement No. 33-99652)
*10.5	Third Amended and Restated Securities Purchase Agreement dated as of January 29, 2004, between the registrant and Levine Leichtman Capital Partners II, L.P. (LLCP) (see Exhibit 99.16 to the Schedule 13D filed by LLCP with respect to the registrant on February 3, 2004)
*10.6	Amendment to Agreement filed as Exhibit 10.5, dated as of March 25, 2004 (see Exhibit 99.22 to the Schedule 13D filed by LLCP with respect to the registrant on June 4, 2004)
*10.7	Amendment to Agreement filed as Exhibit 10.5, dated as of April 2, 2004 (see Exhibit 99.23 to the Schedule 13D filed by LLCP with respect to the registrant on June 4, 2004)
*10.8	Amendment to Agreement filed as Exhibit 10.5, dated as of May 28, 2004 (see Exhibit 99.25 to the Schedule 13D filed by LLCP with respect to the registrant on June 4, 2004)
*10.9	Amendment to Agreement filed as Exhibit 10.5, dated as of June 25, 2004 (see Exhibit 99.29 to the Schedule 13D filed by LLCP with respect to the registrant on June 29, 2004)
*10.10	Secured Senior Note due February 28, 2003 issued by the registrant to LLCP (see Exhibit 4.2 to registrant's Form 8-K filed on March 25, 2002)
*10.11	Second Amended and Restated Secured Senior Note due November 30, 2003 issued by the registrant to LLCP (see Exhibit 4.3 to registrant's Form 8-K filed on March 25, 2002)
*10.12	12.00% Senior Secured Note due 2008 issued by the registrant to LLCP (see Exhibit 4.4 to registrant's Form 8-K filed on March 25, 2002)

*10.13	Sale and Servicing Agreement, dated as of March 1, 2002, among the registrant, CPS Auto Receivables Trust 2002-A, CPS Receivables Corp., Systems and Services Technologies, Inc. and Bank One Trust Company, N.A. (see Exhibit 4.5 to registrant's Form 8-K on March 25, 2002)
*10.14	Indenture, dated as of March 1, 2002, between CPS Auto Receivables Trust 2002-A and Bank One Trust Company, N.A. (see Exhibit 4.6 to registrant's Form 8-K on March 25, 2002)
*10.15	Third Amended and Restated Secured Senior Note Due 2005 (see Exhibit 99.17 to Schedule 13D filed by LLCP with respect to the registrant on February 3, 2004)
*10.16	Amended and Restated Secured Senior Note (see Exhibit 99.18 to Schedule 13D filed by LLCP with respect to the registrant on February 3, 2004)
*10.17	11.75% Secured Senior Note Due 2006 (see Exhibit 99.26 to Schedule 13D filed by LLCP with respect to the registrant on June 4, 2004)
*10.18	11.75% Secured Senior Note Due 2006 (see Exhibit 99.30 to Schedule 13D filed by LLCP with respect to the registrant on June 29, 2004)
*10.19	1991 Stock Option Plan (Previously filed as Exhibit 10.19 to Amendment No. 1 to Registration Statement No. 333-121913)
*10.20	1997 Long-Term Incentive Stock Plan, as amended to date (Previously filed as Exhibit 10.20 to Amendment No. 1 to Registration Statement No. 333-121913)
*10.22	Lease Agreement re Chesapeake Collection Facility (see Exhibit 10.11 to registrant's Form 10-K filed March 31, 1997)
*10.23	Lease of Headquarters Building (see Exhibit 10.22 to registrant's Form 10-Q filed November 14, 1997)
*10.26	Warrant to Purchase 1,335,000 Shares of Common Stock (see Exhibit 6 to the Schedule 13D filed by LLCP with respect to the registrant on April 21, 1999)
*10.28	Amendment to Master Spread Account Agreement (see Exhibit 10.32 to registrant's Form 10-K filed March 30, 2000)
*10.29	Second Amended and Restated Sale and Servicing Agreement dated April 13, 2005 by and among CPS Warehouse Trust (CPSWT), CPS, Wells Fargo Bank, National Association (WFBNA) and WestLB AG (WLBAG) (Previously filed as Exhibit 10.29 to Amendment No. 2 to Registration Statement No. 333-121913)
*10.30	Second Amended and Restated Annex A to Agreement filed as Exhibit 10.29 (Previously filed as Exhibit 10.30 to Amendment No. 2 to Registration Statement No. 333-121913)
*10.31	Second Amended and Restated Indenture dated as of April 13, 2005 by and among CPSWT, WLBAG and WFBNA (Previously filed as Exhibit 10.31 to Amendment No. 2 to Registration Statement No. 333-121913)
*10.33	Second Amended and Restated Note Purchase Agreement dated April 13, 2005 by and among CPSWT, CPS, Paradigm Funding LLC and WLBAG (Previously filed as Exhibit 10.33 to Amendment No. 2 to Registration Statement No. 333-121913)
*10.35	Sale and Servicing Agreement dated June 30, 2004 by and among Page Funding LLC (PFLLC), CPS and WFBNA (Previously filed as Exhibit 10.35 to Amendment No. 1 to Registration Statement No. 333-121913)
*10.36	Annex A to Agreement filed as Exhibit 10.35 (Previously filed as Exhibit 10.36 to Amendment No. 1 to Registration Statement No. 333-121913)
*10.37	Indenture dated as of June 30, 2004 by and among PFLLC, UBS Real Estate Securities, Inc. (UBSRES) and WFBNA (Previously filed as Exhibit 10.37 to Amendment No. 1 to Registration Statement No. 333-121913)

*10.38	Note Purchase Agreement dated as of June 30, 2004 by and among PFLLC, UBSRES and WFBNA (Previously filed as Exhibit 10.38 to Amendment No. 1 to Registration Statement No. 333-121913)
*10.39	Variable Funding Note dated June 30, 2004 by PFLLC (Previously filed as Exhibit 10.39 to Amendment No. 1 to Registration Statement No. 333-121913)
**12	Statement re Computation of Ratios
*16.1	Letter of KPMG LLP to the Securities and Exchange Commission pursuant to Item 304(a)(3) of Regulation S-K (previously filed as Exhibit 16.1 to registrant's Form 8-K dated November 15, 2004)
*21.1	Subsidiaries of the Registrant (Previously filed as Exhibit 21.1 to Amendment No. 1 to Registration Statement No. 333-121913)
*23.1	Consent of Andrews Kurth LLP (included in Exhibits 5.1 and 8.1)
**23.2	Consent of McGladrey & Pullen LLP
**23.3	Consent of KPMG LLP
*24.1	Power of Attorney (Previously filed as Exhibit 24.1 to Registration Statement No. 333-121913)
*25.1	Statement of Eligibility of Trustee (Previously filed as Exhibit 25.1 to Registration Statement No. 333-121913)

- ----------

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

** Filed herewith.

ITEM 17. UNDERTAKINGS

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

The undersigned registrant hereby undertakes:

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

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

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

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

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

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

The undersigned registrant undertakes that it will:

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

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

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

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-2 and has duly caused this Post-Effective Amendment No. 1 to Registration Statement on Form S-2 to be signed on its behalf by the undersigned, thereunto duly authorized, in Irvine, State of California, on May 19, 2005.

Consumer Portfolio Services, Inc.

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

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

SIGNATURE	TITLE	DATE
/s/ Charles E. Bradley, Jr. Charles E. Bradley, Jr.	Chairman of the Board of Directors, President, and Chief Executive Officer (Principal Executive Officer)	May 19, 2005
/s/ Robert E. Riedl Robert E. Riedl	Chief Financial Officer (Principal Financial and Accounting Officer)	May 19, 2005
/s/ E. Bruce Fredrikson * E. Bruce Fredrikson	Director	May 19, 2005
/s/ John E. McConnaughy * John E. McConnaughy	Director	May 19, 2005
/s/ John G. Poole * John G. Poole	Director	May 19, 2005
/s/ William B. Roberts * William B. Roberts	Director	May 19, 2005
/s/ John C. Warner * John C. Warner	Director	May 19, 2005
/s/ Daniel S. Wood * Daniel S. Wood	Director	May 19, 2005

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

INDEX TO EXHIBITS

EXHIBIT NO.	DESCRIPTION
*1.1	Form of Distribution and Management Agreement (Previously filed as Exhibit 1.1 to Amendment No. 1 to Registration Statement No. 333-121913)
*3.1	Restated Articles of Incorporation (Previously filed as Exhibit 3.1 to Amendment No. 1 to Registration Statement No. 333-121913)
*3.2	Amended and Restated Bylaws (Previously filed as Exhibit 3.2 to Amendment No. 1 to Registration Statement No. 333-121913)
**4.1	Indenture
*4.2	Form of Notes (Previously filed as Exhibit 24.1 to Registration Statement No. 333-121913)
*4.3	Form of Note Confirmation (Previously filed as Exhibit 4.3 to Amendment No. 1 to Registration Statement No. 333-121913)
*4.4	Form of Subscription Agreement (Previously filed as Exhibit 4.4 to Amendment No. 1 to Registration Statement No. 333-121913)
*5.1	Opinion of Andrews Kurth LLP with respect to legality of Notes (Previously filed as Exhibit 5.1 to Amendment No. 1 to Registration Statement No. 333-121913)
*8.1	Opinion of Andrews Kurth LLP with respect to tax matters (Previously filed as Exhibit 8.1 to Amendment No. 1 to Registration Statement No. 333-121913)
*10.1	Indenture re: Rising Interest Subordinated Redeemable Securities (RISRS) (see Exhibit 4.1 to Registration Statement No. 33-99652)
*10.2	First Supplemental Indenture re: RISRS (see Exhibit 4.2 to Registration Statement No. 33-99652)
*10.5	Third Amended and Restated Securities Purchase Agreement dated as of January 29, 2004, between the registrant and Levine Leichtman Capital Partners II, L.P. (LLCP) (see Exhibit 99.16 to the Schedule 13D filed by LLCP with respect to the registrant on February 3, 2004)
*10.6	Amendment to Agreement filed as Exhibit 10.5, dated as of March 25, 2004 (see Exhibit 99.22 to the Schedule 13D filed by LLCP with respect to the registrant on June 4, 2004)
*10.7	Amendment to Agreement filed as Exhibit 10.5, dated as of April 2, 2004 (see Exhibit 99.23 to the Schedule 13D filed by LLCP with respect to the registrant on June 4, 2004)
*10.8	Amendment to Agreement filed as Exhibit 10.5, dated as of May 28, 2004 (see Exhibit 99.25 to the Schedule 13D filed by LLCP with respect to the registrant on June 4, 2004)
*10.9	Amendment to Agreement filed as Exhibit 10.5, dated as of June 25, 2004 (see Exhibit 99.29 to the Schedule 13D filed by LLCP with respect to the registrant on June 29, 2004)
*10.10	Secured Senior Note due February 28, 2003 issued by the registrant to LLCP (see Exhibit 4.2 to registrant's Form 8-K filed on March 25, 2002)
*10.11	Second Amended and Restated Secured Senior Note due November 30, 2003 issued by the registrant to LLCP (see Exhibit 4.3 to registrant's Form 8-K filed on March 25, 2002)
*10.12	12.00% Senior Secured Note due 2008 issued by the registrant to LLCP (see Exhibit 4.4 to registrant's Form 8-K filed on March 25, 2002)

*10.13	Sale and Servicing Agreement, dated as of March 1, 2002, among the registrant, CPS Auto Receivables Trust 2002-A, CPS Receivables Corp., Systems and Services Technologies, Inc. and Bank One Trust Company, N.A. (see Exhibit 4.5 to registrant's Form 8-K on March 25, 2002)
*10.14	Indenture, dated as of March 1, 2002, between CPS Auto Receivables Trust 2002-A and Bank One Trust Company, N.A. (see Exhibit 4.6 to registrant's Form 8-K on March 25, 2002)
*10.15	Third Amended and Restated Secured Senior Note Due 2005 (see Exhibit 99.17 to Schedule 13D filed by LLCP with respect to the registrant on February 3, 2004)
*10.16	Amended and Restated Secured Senior Note (see Exhibit 99.18 to Schedule 13D filed by LLCP with respect to the registrant on February 3, 2004)
*10.17	11.75% Secured Senior Note Due 2006 (see Exhibit 99.26 to Schedule 13D filed by LLCP with respect to the registrant on June 4, 2004)
*10.18	11.75% Secured Senior Note Due 2006 (see Exhibit 99.30 to Schedule 13D filed by LLCP with respect to the registrant on June 29, 2004)
*10.19	1991 Stock Option Plan (Previously filed as Exhibit 10.19 to Amendment No. 1 to Registration Statement No. 333-121913)
*10.20	1997 Long-Term Incentive Stock Plan, as amended to date (Previously filed as Exhibit 10.20 to Amendment No. 1 to Registration Statement No. 333-121913)
*10.22	Lease Agreement re Chesapeake Collection Facility (see Exhibit 10.11 to registrant's Form 10-K filed March 31, 1997)
*10.23	Lease of Headquarters Building (see Exhibit 10.22 to registrant's Form 10-Q filed November 14, 1997)
*10.26	Warrant to Purchase 1,335,000 Shares of Common Stock (see Exhibit 6 to the Schedule 13D filed by LLCP with respect to the registrant on April 21, 1999)
*10.28	Amendment to Master Spread Account Agreement (see Exhibit 10.32 to registrant's Form 10-K filed March 30, 2000)
*10.29	Second Amended and Restated Sale and Servicing Agreement dated April 13, 2005 by and among CPS Warehouse Trust (CPSWT), CPS, Wells Fargo Bank, National Association (WFBNA) and WestLB AG (WLBAG) (Previously filed as Exhibit 10.29 to Amendment No. 2 to Registration Statement No. 333-121913)
*10.30	Second Amended and Restated Annex A to Agreement filed as Exhibit 10.29 (Previously filed as Exhibit 10.30 to Amendment No. 2 to Registration Statement No. 333-121913)
*10.31	Second Amended and Restated Indenture dated as of April 13, 2005 by and among CPSWT, WLBAG and WFBNA (Previously filed as Exhibit 10.31 to Amendment No. 2 to Registration Statement No. 333-121913)
*10.33	Second Amended and Restated Note Purchase Agreement dated April 13, 2005 by and among CPSWT, CPS, Paradigm Funding LLC and WLBAG (Previously filed as Exhibit 10.33 to Amendment No. 2 to Registration Statement No. 333-121913)
*10.35	Sale and Servicing Agreement dated June 30, 2004 by and among Page Funding LLC (PFLLC), CPS and WFBNA (Previously filed as Exhibit 10.35 to Amendment No. 1 to Registration Statement No. 333-121913)
*10.36	Annex A to Agreement filed as Exhibit 10.35 (Previously filed as Exhibit 10.36 to Amendment No. 1 to Registration Statement No. 333-121913)
*10.37	Indenture dated as of June 30, 2004 by and among PFLLC, UBS Real Estate Securities, Inc. (UBSRES) and WFBNA (Previously filed as Exhibit 10.37 to Amendment No. 1 to Registration Statement No. 333-121913)

*10.38	Note Purchase Agreement dated as of June 30, 2004 by and among PFLLC, UBSRES and WFBNA (Previously filed as Exhibit 10.38 to Amendment No. 1 to Registration Statement No. 333-121913)
*10.39	Variable Funding Note dated June 30, 2004 by PFLLC (Previously filed as Exhibit 10.39 to Amendment No. 1 to Registration Statement No. 333-121913)
**12	Statement re Computation of Ratios
*16.1	Letter of KPMG LLP to the Securities and Exchange Commission pursuant to Item 304(a)(3) of Regulation S-K (previously filed as Exhibit 16.1 to registrant's Form 8-K dated November 15, 2004)
*21.1	Subsidiaries of the Registrant (Previously filed as Exhibit 21.1 to Amendment No. 1 to Registration Statement No. 333-121913)
*23.1	Consent of Andrews Kurth LLP (included in Exhibits 5.1 and 8.1)
**23.2	Consent of McGladrey & Pullen LLP
**23.3	Consent of KPMG LLP
*24.1	Power of Attorney (Previously filed as Exhibit 24.1 to Registration Statement No. 333-121913)
*25.1	Statement of Eligibility of Trustee (Previously filed as Exhibit 25.1 to Registration Statement No. 333-121913)

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

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

** Filed herewith.

EXHIBIT 4.1

INDENTURE

Dated as of May __, 2005,

by and between

CONSUMER PORTFOLIO SERVICES, INC., as obligor

and

WELLS FARGO BANK, NATIONAL ASSOCIATION,
a national banking association, as trustee

$100,000,000.00

Renewable Unsecured Subordinated Notes

TABLE OF CONTENTS

CROSS REFERENCE TABLE

*Trust Indenture Act Section	Indenture Section
310(a)(1)	7.10
(a)(2)	7.10
(a)(3)	N.A.
(a)(4)	N.A.
(a)(5)	N.A.
(b)	7.8; 7.10
(c)	N.A.
311(a)	7.11
(b)	7.11
(c)	N.A.
312(a)	2.5
(b)	11.3
(c)	11.3
313(a)	7.6
(b)(1)	N.A.
(b)(2)	7.6
(c)	7.6; 11.2
(d)	7.6
314(a)	4.3; 4.4; 11.2
(b)	N.A.
(c)(1)	11.4
(c)(2)	11.4
(c)(3)	11.4; 1.1
(d)	N.A.
(e)	11.5
(f)	N.A.
315(a)	7.1(b)
(b)	7.5; 11.2
(c)	7.1(a)
(d)	7.1(c)
(e)	6.11
316(a)(last sentence)	2.9
(a)(1)(A)	6.5
(a)(1)(B)	6.4
(a)(2)	N.A.
(b)	6.7
(c)	N.A.
317(a)(1)	6.8
(a)(2)	6.9
(b)	2.4
318(a)	11.1

N.A. means not applicable
* This Cross Reference Table is not part of the Indenture

THIS INDENTURE is hereby entered into as of May ___, 2005, by and between Consumer Portfolio Services, Inc., a California corporation (the "COMPANY"), as obligor, and Wells Fargo Bank, National Association, a national banking association, as trustee (the "TRUSTEE").

The Company and the Trustee agree as follows for the benefit of each other and for the equal and ratable benefit of the Holders of the renewable, unsecured, subordinated debt securities of the Company issued pursuant to the Company's registration statement on Form S-2, declared effective by the Securities and Exchange Commission on or about May 12, 2005 (the "REGISTRATION STATEMENT"):

ARTICLE I
DEFINITIONS AND INCORPORATION BY REFERENCE

SECTION 1.1 DEFINITIONS.

"ACCOUNT" means the record of beneficial ownership of a Security maintained by the Registrar.

"AFFILIATE" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "control" (including, with correlative meanings, the terms "controlling," "controlled by" and "under common control with"), as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise.

"AGENT" means any Registrar, Paying Agent or co-registrar of the Securities or any Person appointed and retained by the Company to perform certain of the duties or obligations, or exercise certain of the rights and discretions, of the Company hereunder, on behalf of the Company pursuant to Section 2.15 hereof.

"BOARD OF DIRECTORS" means the Board of Directors of the Company or any authorized committee of the Board of Directors.

"BUSINESS DAY" means any day other than a Legal Holiday.

"COMPANY" means Consumer Portfolio Services, Inc., a California corporation, unless and until replaced by a successor in accordance with Article V hereof and thereafter means such successor.

"CORPORATE TRUST OFFICE" means the office of the Trustee at which the corporate trust business of the Trustee shall, at any particular time, be principally administered, which office is, at the date as of which this Indenture is originally dated, located at Sixth Street and Marquette Avenue, MAC N9303-120, Minneapolis, Minnesota, 55479, Attention: Consumer Portfolio Services, Inc. Administrator.

"DEFAULT" means any event that is or with the passage of time or the giving of notice or both would be an Event of Default.

"EXCHANGE ACT" means the Securities Exchange Act of 1934, as amended.

"FISCAL YEAR" means a year ending December 31.

"GAAP" means, as of any date, generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as approved by a significant segment of the accounting profession, which are in effect from time to time.

"GUARANTEE" means a guarantee (other than by endorsement of negotiable instruments for collection in the ordinary course of business), direct or indirect, in any manner (including, without limitation, letters of credit and reimbursement agreements in respect thereof), of all or any part of any Indebtedness.

"HOLDER" means a Person in whose name a Security is registered.

"INDEBTEDNESS" means, with respect to any Person and without duplication, any indebtedness of such Person, whether or not contingent, in respect of borrowed money or evidenced by bonds, notes, debentures or similar instruments or letters of credit (or reimbursement agreements in respect thereof) or representing the balance deferred and unpaid of the purchase price of any property (including capital lease obligations) or the expenditure for any services or representing any hedging obligations, including without limitation, any such balance that constitutes an accrued expense or an account or trade payable, if and to the extent any of the foregoing indebtedness (other than letters of credit and hedging obligations) would appear as a liability upon a balance sheet of such Person prepared in accordance with GAAP, and also includes, to the extent not otherwise included, (a) the Guarantee of items that would be included within this definition, and (b) liability for items that would arise by operation of a Person's status as a general partner of a partnership.

"INDENTURE" means this Indenture as amended or supplemented from time to time.

"INTEREST ACCRUAL PERIOD" means, as to each Security, the period from the later of the Issue Date of such Security or the last Payment Date upon which an interest payment was made until and including the day before the following Payment Date during which interest accrues on each Security with respect to any Payment Date.

"ISSUE DATE" means, with respect to any Security, the date on which such Security is deemed registered on the books and records of the Registrar, which shall be (i) the date the Company accepts funds for the purchase of the Security if such funds are received prior to 12:01 p.m. (Central Time) on a Business Day, or if such funds are not so received, on the next Business Day, or (ii) the date that the Security is renewed as of the Maturity Date pursuant to Section 2.1(e).

"MATURITY DATE" means, with respect to any Security, the date on which the principal of such Security becomes due and payable as therein provided.

"MATURITY RECORD DATE" means, with respect to any Security, as of 11:59 p.m. of the date 15 days prior to the Maturity Date or Redemption Date applicable to such Security.

"NOTICE OF MATURITY" means a written notice from the Company to a Holder (as further described in Section 2.1(d)) that the Holder's Securities will be maturing on the related Maturity Date occurring within 15 days but not less than 10 days of the delivery of such notice.

"OBLIGATIONS" means, with respect to any Indebtedness, any principal, premium, interest (including Post Petition Interest), penalties, fees, indemnifications, reimbursements, damages and other liabilities or amounts of whatever nature payable under the documentation governing, or with respect to, any such Indebtedness.

"OFFICER" means the Chairman of the Board or principal executive officer of the Company, the President or principal operating officer of the Company, the Chief Financial Officer or principal financial officer of the Company, the Treasurer, Controller or principal accounting officer of the Company, Secretary or any Executive or Senior Vice President of the Company.

"OFFICERS' CERTIFICATE" means a certificate signed by two Officers, one of whom must be the principal executive officer, principal operating officer, principal financial officer or principal accounting officer of the Company; provided, however, that if the opinion of an accountant is required pursuant to TIA ss. 314(c)(3), the certificate must be signed by an Officer who is an accountant.

"OPINION OF COUNSEL" means an opinion from legal counsel who is reasonably acceptable to the Trustee. The counsel may be an employee of or counsel to the Company or the Trustee.

"PARI PASSU DEBT" means any Indebtedness of the Company that is payable on a pari passu basis with the Securities, including without limitation the Indebtedness evidenced by the Company's Rising Interest Subordinated Redeemable Securities (RISRS).

"PAYMENT ACCOUNT" means the bank account designated by the Holder to receive payments of interest and/or principal due on such Holder's Securities, as may be amended by the Holder by written notice to the Registrar from time to time.

"PAYMENT DATE" means (i) with respect to any Security for which monthly interest payments are required to be made, the first day of the following calendar month or such other date as is designated by the Holder pursuant to subsection 2.1(c), (ii) with respect to any Security for which interest is required to be made quarterly, semi annually or annually, the same day of the month as the quarterly, semi annual or annual anniversary of the Issue Date of the Security (except in the case where the Issue Date of a Security is the 29th, 30th or 31st day of the month and there is no like date in the anniversary month, in which case the Payment Date for such month shall be the first day of the following month) and (iii) with respect to each Security, the Maturity Date (or such date following the Maturity Date on which payment is made pursuant to subsection 2.1(d) hereof), the Repurchase Date or the Redemption Date of the Security; provided, that if any such day in the preceding clauses (i) through (iii) is not a Business Day, the Business Day immediately following such day.

"PERSON" means any individual, corporation, partnership, limited liability company, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

"POST PETITION INTEREST" means interest accruing after the commencement of any bankruptcy or insolvency case or proceeding with respect to the Company or any receivership, liquidation, reorganization or other similar case or proceeding in connection therewith, at the rate applicable to the related Indebtedness, whether or not such interest is an allowable claim in any such proceeding.

"PROSPECTUS" means the prospectus included in the Registration Statement at the time it was declared effective by the SEC, as supplemented by any prospectus supplement (including interest rate supplements) relating to the Securities that are filed with the SEC pursuant to Rule 424(b) under the Securities Act. References herein to the Prospectus shall be deemed to refer to and include the documents incorporated therein by reference.

"QUALIFIED SALES AND FINANCING TRANSACTION" means any transaction or series of transactions (including without limitation the performance and liquidation or termination of such transactions) that may be entered into, sponsored or conducted by the Company or any of its Affiliates pursuant to which the Company or any of its Affiliates may sell, convey, finance, pledge or otherwise transfer to (a) a Special Purpose Entity (in the case of a transfer by the Company or any of its Affiliates) or (b) any other Person (in the case of a transfer by the Company or a Special Purpose Entity), or may grant a security interest in or pledge, any Receivables, any securities backed by or any interests in Receivables (whether now existing or arising or acquired in the future) and any assets related thereto including, without limitation, all collateral securing such Receivables, all contracts and contract rights and all guarantees or other obligations in respect of such Receivables, proceeds of such Receivables and other assets (including contract rights), which are customarily sold, transferred or pledged as security in connection with asset securitization, secured financing or other transactions involving Receivables, including the ability to finance and sell the residual cash flows retained from all such transactions.

"RECEIVABLES" means installment sale contracts, loans evidenced by promissory notes secured by assets, leases, mortgages or other finance receivables or instruments purchased, originated or owned by the Company or any of its Affiliates.

"REDEMPTION NOTICE" means a written notice from the Company to the Holders (as further described in Section 2.1(f)) stating that the Company is redeeming all or a specified portion of Securities pursuant to Section 3.1, with a copy to the Registrar and the Trustee.

"REDEMPTION PRICE" means, with respect to any Security to be redeemed, the principal amount of such Security plus the interest accrued but unpaid during the Interest Accrual Period up to and not including the Redemption Date for such Security.

"REGULAR RECORD DATE" means, with respect to each Payment Date, as of 11:59 p.m. of the date 15 days prior to such Payment Date.

"REPAYMENT ELECTION" means a written notice from a Holder to the Company (as further described in Section 2.1(d)) stating that repayment of the Holder's Securities is required in connection with the maturity of such Securities.

"REPURCHASE PRICE" means, with respect to any Security to be repurchased, the principal amount of such Security plus the interest accrued but unpaid during the Interest Accrual Period up to and not including the Repurchase Date for such Security, minus the Repurchase Penalty, if any.

"REPURCHASE REQUEST" means a written notice from a Holder to the Company (as further described in Section 2.1(g)) stating that such Holder is making an irrevocable request for the Company to repurchase such Holder's Securities pursuant to Section 3.2.

"RESPONSIBLE OFFICER" when used with respect to the Trustee, means any officer in its Corporate Trust Office, or any other assistant officer of the Trustee in its Corporate Trust Office customarily performing functions similar to those performed by the Persons who at the time shall be such officers, respectively, or to whom any corporate trust matter is referred because of his or her knowledge of and familiarity with the particular subject.

"SEC" means the U.S. Securities and Exchange Commission.

"SECURITIES ACT" means the Securities Act of 1933, as amended.

"SECURITY" or "SECURITIES" means, the Company's renewable, unsecured, subordinated notes issued under this Indenture pursuant to the Registration Statement.

"SENIOR DEBT" means any Indebtedness other than the Securities and any Pari Passu Debt (whether outstanding on the date hereof or thereafter created) incurred by the Company (including its subsidiaries) whether such Indebtedness is or is not specifically designated by the Company as being "Senior Debt" in its defining instruments. Without limiting the generality of the foregoing, the term "Senior Debt" shall include any and all Indebtedness and other liabilities and Obligations owed from time to time by the Company to Levine Leichtman Capital Partners II, L.P. (or any of its affiliates).

"SPECIAL PURPOSE ENTITIES" means Affiliates of the Company formed for the specific purpose of securitizing auto loan receivables or facilitating the Company's warehouse, residual and other financing facilities.

"SUBSCRIPTION AGREEMENT" means a Subscription Agreement entered into by a Person under which such Person has committed to purchase certain Securities as identified thereby and which is in substantially the form filed as Exhibit 4.4 to the Registration Statement.

"SERVICING AGENT" means Sumner Harrington Ltd., a Minnesota corporation.

"TIA" means the Trust Indenture Act of 1939 (15 U.S.C. ss.ss. 77aaa 77bbbb) as in effect on the date on which this Indenture is qualified under the TIA.

"TOTAL PERMANENT DISABILITY" means a determination by a physician approved by the Company that the Holder of a Security who is a natural person, who was gainfully employed on a full time basis at the Issue Date of such Security is unable to work on a full time basis during the succeeding twenty four months. For purposes of this definition, "working on a full time basis" shall mean working at least forty hours per week.

"TRUSTEE" means Wells Fargo Bank, National Association, a national banking association, until a successor replaces it in accordance with the applicable provisions of this Indenture and thereafter means the successor serving hereunder.

"U.S. GOVERNMENT OBLIGATIONS" means direct obligations of the United States of America, or any agency or instrumentality thereof for the payment of which the full faith and credit of the United States of America is pledged.

"WRITTEN CONFIRMATION" means a written confirmation of the acceptance of a subscription for, or the transfer or pledge of, a Security or Securities in the form of a transaction statement executed or issued by the Company or its duly authorized Agent and delivered to the Holder of such Security or Securities with a copy to the Registrar and the Trustee, which is in substantially the form of Exhibit 4.3 to the Registration Statement.

SECTION 1.2 OTHER DEFINITIONS.

TERM	DEFINED IN SECTION
"Bankruptcy Law"	6.1
"Custodian"	6.1
"Event of Default"	6.1
"Legal Holiday"	11.7
"Paying Agent"	2.3
"Payment Blockage Period"	10.3
"Payment Notice"	10.3
"Redemption Date"	2.1(f)
"Registrar"	2.3
"Registration Statement"	Introduction
"Repurchase Date"	3.2(d)
"Repurchase Penalty"	3.2(b)
"Securities Register"	2.3

SECTION 1.3 INCORPORATION BY REFERENCE OF TRUST INDENTURE ACT.

(a) Whenever this Indenture refers to a provision of the TIA, the provision is incorporated by reference in and made a part of this Indenture. The following TIA terms used in this Indenture have the following meanings:

"INDENTURE SECURITIES" means the Securities;

"INDENTURE SECURITY HOLDER" means any Holder of the Securities;

"INDENTURE TO BE QUALIFIED" means this Indenture;

"INDENTURE TRUSTEE" or "INSTITUTIONAL TRUSTEE" means the Trustee;

"OBLIGOR" on the Securities means the Company or any successor obligor upon the Securities.

(b) All other terms used in this Indenture that are defined by the TIA, defined by TIA reference to another statute or defined by a SEC rule under the TIA have the meanings so assigned to them.

SECTION 1.4 RULES OF CONSTRUCTION.

Unless the context otherwise requires: (a) a term has the meaning assigned to it; (b) an accounting term not otherwise defined has the meaning assigned to it in accordance with GAAP; (c) references to GAAP, as of any date, shall mean GAAP in effect in the United States as of such date; (d) "or" is not exclusive; (e) words in the singular include the plural, and in the plural include the singular; and (f) provisions apply to successive events and transactions.

ARTICLE II

THE SECURITIES

SECTION 2.1 SECURITY TERMS; AMOUNT; ACCOUNTS; INTEREST; MATURITY.

(a) UNLIMITED AMOUNT AND FORM OF SECURITY. The outstanding aggregate principal amount of Securities to be issued hereunder (absent an amendment to the Registration Statement) is limited to $100 million, provided, however, that the Company may, without the consent of any Holder, increase such aggregate principal amount of Securities which may be outstanding at any time. The Securities are unsecured obligations of the Company and shall be subordinate in right of payment to the Senior Debt of the Company as further described in Article X. The Securities are an obligation and liability of the Company, and not of any other Person, including, without limitation, any shareholder, director, Officer, employee, Affiliate or Agent of the Company. The Securities are not certificates of deposit or similar obligations of, and are not guaranteed or insured by, any depository institution, the Federal Deposit Insurance Corporation, any other governmental or private fund, any securities insurer or any other Person.

In the event issued in certificated form pursuant to Section 2.13(b): (i) the Securities, together with the Trustee's certificate of authentication, shall be in substantially the form set forth as EXHIBIT A to this Indenture, with any appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon as may be required to comply with the rules of any securities exchange or as may, consistently herewith, be determined by the officers executing such Securities, as evidenced by their execution of the Securities; (ii) any portion of the text of any Securities may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Securities; and (iii) the Securities may be subject to notations, legends or endorsements required by law, stock exchange rule, or agreements to which the Company is subject or usage.

(b) BOOK ENTRY; DENOMINATIONS; TERM. Except as provided in Section 2.13(b), each Security shall neither be issued as, nor evidenced by, a promissory note or certificated security, but rather each Security shall be issued in book entry or uncertificated form, in which the record of beneficial ownership of each such Security shall be established and maintained as Accounts by the Registrar pursuant to Section 2.13. In connection with the issuance of each Security in book entry form in accordance with Section 2.13, each such Security shall be deemed to be represented in an uncertificated form that includes the same terms and provisions as those set forth in the form of Security in EXHIBIT A to this Indenture, and the related Account for each such Security shall be deemed to include these same terms and provisions.

Each Security shall be in such denominations as provided by this Indenture and as may be designated from time to time by the Company, but in no event in an original denomination less than $1,000. Separate purchases may not be cumulated to satisfy the minimum denomination requirements. Each Security shall have a term of three or six months, or one, two, three, four, five or ten years, as designated by the Holder at the time of purchase, subject to the Company's acceptance thereof.

(c) INTEREST AND INTEREST PAYMENTS. Each Security shall bear interest from and commencing on its Issue Date at such rate of interest as the Company shall determine from time to time, which rate may vary from Holder to Holder depending upon the aggregate principal amount of Securities held by such Holder and all immediate family members, as set forth in the Prospectus; provided, however, that the interest rate of each Security will be fixed for the term of such Security upon issuance, subject to change upon the renewal of the Security at maturity. Interest on the Securities will compound daily based on a calendar year consisting of 365 days and the Holder thereof may elect to have interest paid monthly, quarterly, semi annually, annually, or upon maturity, which payments shall be made on the Payment Date, except that a Holder who elects monthly payments may select the day of the month on which to receive interest payments; provided that no interest shall be paid to a Holder until the expiration of the Holder's rescission right under Section 2.2(b) and, if the monthly interest payment date selected by the Holder is within five Business Days of the Issue Date of the Security, the first interest payment will be made in the following month and will include all of the interest earned since the Issue Date. If the Holder does not elect an interest payment option, interest will be paid on the Maturity Date of the Note. A Holder may change this election once during the term of the Security, subject to the Company's approval, which change shall be effective by the first Business Day following the 45th day after receipt of written notice from the Holder requesting such change.

(d) REPAYMENT ELECTION AT MATURITY. The Company will send each Holder of a Security (existing as of the applicable Maturity Record Date) a Notice of Maturity approximately 15 but not less than 10 days prior to the Maturity Date of the Security held by such Holder reminding such Holder of the pending maturity of the Security and reminding the Holder that the automatic renewal provision described in Section 2.1(c) will take effect, unless (i) the Company states in the Notice of Maturity that it will not allow the Holder to renew the Security (in which case the Company shall pay the Holder principal and accrued interest with regard to the Security on the Maturity Date), or (ii) the Holder delivers a Repayment Election to the Company for the payment of all principal and interest due on the Security as of the Maturity Date so that such Repayment Election is received by the Company within 15 days after the Maturity Date. Such Notice of Maturity shall also state that payment of principal of a Security shall be made upon presentation of a Repayment Election requiring payment of such Security and shall specify the place where such Repayment Election may be presented. Upon or following the delivery of a Notice of Maturity for a Security, the Holder thereof, in their discretion, may deliver to the Company a Repayment Election; provided that such Repayment Election must be delivered to the Company no later than 15 days after the Maturity Date. If a Holder delivers a Repayment Election requiring repayment on or prior to the 15th day following the Maturity Date, no interest will accrue after the Maturity Date and the Holder will be sent payment upon the later of the Maturity Date or five days following the date the Company receives such Repayment Election from the Holder; provided that if the Company has previously paid interest to the Holder for periods after the Maturity Date, such interest shall be deducted from such payment.

The Notice of Maturity also shall state that the Holder may, and the Holder may, submit a Repayment Election for the repayment of the maturing Security and use all or a portion of the proceeds thereof to purchase a new Security with a different term. To exercise this option, the Holder shall complete a new Subscription Agreement for the new Security and send it along with the Holder's Repayment Election to the Company. The Issue Date of the new Security shall be the Maturity Date of the maturing Security. Any proceeds from the maturing Security that are not applied to the purchase of the new Security shall be sent to the Holder of such maturing Security.

If a Security pays interest only on the Maturity Date, then the Notice of Maturity also shall state that the Holder may, and the Holder may, submit an "interest only" Repayment Election in which the Holder requires the payment of the accrued interest that such Holder has earned on the maturing Security up to the Maturity Date and allows the principal amount of such maturing Security to renew in the manner provided in subsection (e) below.

(e) AUTOMATIC RENEWAL. If a Holder of such Security has not delivered a Repayment Election for repayment of the Security on or prior to the 15th day following the Maturity Date, and the Company did not notify the Holder of its intention to repay the Security in the Notice of Maturity, then such maturing Security shall be extended automatically for an additional term equal to the original term, and shall be deemed to be renewed by the Holder and the Company as of the Maturity Date of such maturing Security. A maturing Security will continue to renew as described herein absent a Redemption Notice or Repurchase Request by the Holder or an indication by the Company that it will repay and not allow the Security to be renewed in the Notice of Maturity. Interest on the renewed Security shall accrue from the Issue Date thereof, which is the first day of such renewed term (i.e., the Maturity Date of the maturing Security). Such renewed Security will be deemed to have the identical terms and provisions of the maturing Security, including provisions relating to payment, except that the interest rate payable during the term of the renewed Security shall be the interest rate which is being offered by the Company on other Securities having the same term and to Persons holding the same aggregate principal amount of Securities (including holdings of immediate family members, as described in the Prospectus) as of the Issue Date of such renewal. If other Securities having the same term are not then being issued on the Issue Date of such renewal, the interest rate upon renewal will be the rate specified by the Company on or before the Maturity Date of such Security, or the then existing rate of the Security being renewed if no such rate is specified. If the maturing Security pays interest only on the Maturity Date, then, except as provided in subsection (d) above, all accrued interest thereon shall be added to the principal amount of the renewed Security upon renewal.

Notwithstanding the foregoing or anything in Section 2.1(d) to the contrary, if a Repayment Election is given or is due at a time when the Company has determined that a post effective amendment to the Registration Statement was required but not yet effective, the Company will provide notice to the Holder (including a copy of the post effective amendment to the Prospectus), and the Holder will be entitled to rescind his or her Repayment Election, if made, or to make a Repayment Election, if not previously made, by delivering a written rescission of the earlier Repayment Election, or a Repayment Election, as the case may be, to the Company no later than 10 days following the postmark date on the Company's notice of such post effective amendment.

(f) REDEMPTION NOTICE FROM COMPANY. Pursuant to Section 3.1, each Security shall be redeemable by the Company at any time, without penalty, upon the delivery of a Redemption Notice to the Holder of such Security. Such Redemption Notice shall set forth a date for the redemption of such Security (the "REDEMPTION DATE") that is at least 30 days after the date that such Redemption Notice has been delivered by the Company to the Holder hereunder.

(g) REPURCHASE REQUEST BY HOLDER. Pursuant to and subject to the limitations set forth in Section 3.2, each Security shall be subject to repurchase at the request of the Holder upon the delivery of a Repurchase Request to the Company. Subject to the limitations on repurchase and the Repurchase Penalties described in Section 3.2, the payment of interest and principal due upon the repurchase of a Security shall be made to the Holder on a Repurchase Date that is within 10 days of the delivery of such Repurchase Request to the Company or, in the case of a repurchase of a Security in connection with the death or Total Permanent Disability of a Holder, a Repurchase Date that is within 10 days after the Company's receipt of satisfactory establishment or such Holder's death or Total Permanent Disability.

(h) TERMS OF SECURITIES. The terms and provisions contained in the Securities shall constitute, and are hereby expressly made, a part of this Indenture and to the extent applicable, the Company and the Trustee, by their execution and delivery of this Indenture, and the Holders by accepting the Securities, expressly agree to such terms and provisions and to be bound hereby and thereby. In case of a conflict, the provisions of this Indenture shall control.

SECTION 2.2 WRITTEN CONFIRMATION; REJECTION; RESCISSION.

(a) Except with respect to an automatically renewed Security pursuant to Section 2.1(c), a Security shall not be validly issued to a Person until the following have occurred: (i) such Person has remitted good and available funds for the full principal amount of such Security to the Company or a duly authorized Agent of the Company; (ii) a Written Confirmation of the acceptance of the subscription is sent by the Company or a duly authorized Agent of the Company to such Person; and (iii) an Account is established by the Registrar in the name of such Person as the Holder of such Security pursuant to Section 2.13 hereof. The Company or a duly authorized Agent of the Company, in their sole discretion, may reject any subscription from a Person for the purchase of Securities, in which event any funds received from such Person pursuant to such subscription shall be promptly returned to such Person. No interest shall be paid on any funds returned on a rejected subscription.

(b) For a period of five Business Days following the mailing by the Company of (i) a Written Confirmation that evidences the valid issuance of a Security at the time of original purchase (but not upon transfer or automatic renewal of a Security), or (ii) notice from the Company that a Holder's purchase of a Security occurred at a time when a post effective amendment to the Registration Statement was required but not yet effective (which notice shall be accompanied by a copy of the post effective amendment to the Prospectus), such Holder shall have the right to rescind the Security and receive repayment of the principal by presenting a written request for such rescission to the Company. Such written request for rescission (A) if personally delivered or delivered via facsimile or electronic transmission, must be received by the Company on or prior to the 5th Business Day following the mailing of such Written Confirmation or post effective amendment notice by the Company or (B) if mailed must be postmarked on or before the 5th Business Day following the mailing by the Company of such Written Confirmation or post effective amendment notice. Repayment of the principal shall be made within 10 days of the Company's receipt of such request from the Holder. No interest shall be paid on any such rescinded Security.

SECTION 2.3 REGISTRAR AND PAYING AGENT.

(a) The Company shall maintain (i) an office or agency where Securities may be presented for registration of transfer or for exchange ("REGISTRAR") and (ii) an office or agency where Securities may be presented for payment ("PAYING AGENT"). The Registrar shall keep a register of the Securities and of their transfer and exchange, which shall include the name, address for notices and Payment Account of the Holder and the payment election information, principal amount, term and interest rate for each Security (the "SECURITIES REGISTER"). The Company may appoint one or more co registrars and one or more additional paying agents. The term "REGISTRAR" includes any co registrar, and the term "PAYING AGENT" includes any additional paying agent. The Company may change any Paying Agent or Registrar without prior notice to any Holder; provided that the Company shall promptly notify the Holders and the Trustee of the name and address of any Agent not a party to this Indenture. The Company may act as Paying Agent and/or Registrar. In the event the Company uses any Agent other than the Company or the Trustee, the Company shall enter into an appropriate agency agreement with such Agent, which agreement shall incorporate the provisions of the TIA or provide that the duties performed thereunder are subject to and governed by the provisions of this Indenture. The agreement shall implement or be subject to the provisions of this Indenture that relate to such Agent. The Company shall notify the Trustee of the name and address of any such Agent. If the Company fails to maintain a Registrar or Paying Agent, or fails to give the foregoing notice, the Trustee shall act as such, and shall be entitled to appropriate compensation in accordance with Section 7.7 hereof. In no event shall the Trustee be liable for the acts or omissions of any predecessor Paying Agent or Registrar.

(b) Pursuant to Section 2.15, the Company hereby appoints the Servicing Agent as the initial Registrar and as agent for service of notices and demands in connection with the Securities. The Servicing Agent shall act as Registrar and agent for service of notices and demands in connection with the Securities until such time as the Company gives the Trustee written notice to the contrary. Also pursuant to Section 2.15, the Company hereby appoints Wells Fargo Bank, National Association as the initial Paying Agent.

SECTION 2.4 PAYING AGENT TO HOLD MONEY IN TRUST.

Prior to each Payment Date, the Company shall deposit with the Paying Agent sufficient funds to pay principal and interest then so becoming due and payable in cash. The Company shall require each Paying Agent other than the Trustee to agree in writing that the Paying Agent will hold in trust for the benefit of Holders or the Trustee all money held by the Paying Agent for the payment of principal or interest on the Securities, and will notify the Trustee promptly in writing of any default by the Company in making any such payment. While any such default continues, the Trustee shall require a Paying Agent (if other than the Company) to pay all money held by it to the Trustee. The Company at any time may require a Paying Agent to pay all money held by it to the Trustee. Upon payment over to the Trustee, the Paying Agent (if other than the Company) shall have no further liability for the money delivered to the Trustee. If the Company acts as Paying Agent, then the Company shall segregate and hold in a separate trust fund for the benefit of the Holders all money held by it as Paying Agent. The Company shall notify the Trustee in writing at least five days before the Payment Date of the name and address of the Paying Agent if a person other than the Trustee is named Paying Agent at any time or from time to time.

SECTION 2.5 LIST OF HOLDERS.

The Trustee shall preserve in as current a form as is reasonably practicable the most recent list available to it of the names and addresses of Holders and shall otherwise comply with TIA ss. 312(a). If the Trustee is not the Registrar, the Registrar shall furnish to the Trustee within 10 days after the end of each fiscal quarter during the term of this Indenture and at such other times as the Trustee may request in writing, a copy of the current Securities Register as of such date as the Trustee may reasonably require and the Company shall otherwise comply with TIA ss. 312(a).

SECTION 2.6 TRANSFER AND EXCHANGE.

(a) The Securities are not negotiable instruments and cannot be transferred without the prior written consent of the Company (which consent shall not be unreasonably withheld). Requests to the Registrar for the transfer of any Security shall be:

(i) made to the Registrar in writing on a form supplied by the Registrar;

(ii) duly executed by the Holder of the Security, as reflected on the Registrar's records as of the date of receipt of such transfer request, or such Holder's attorney duly authorized in writing;

(iii) accompanied by the written consent of the Company to the transfer (which consent may not be unreasonably withheld); and

(iv) if requested by the Company or the Registrar, an opinion of Holder's counsel (which counsel shall be reasonably acceptable to the requesting party) that the transfer does not violate any applicable securities laws and/or a signature guarantee.

(b) Upon transfer of a Security, the Company, or the Registrar on behalf of the Company, will provide the new registered owner of the Security with a Written Confirmation that will evidence the transfer of the Security in the Securities Register and will establish a corresponding Account.

(c) The Company or the Registrar may assess reasonable service charges to a Holder for any registration or transfer or exchange, and the Company may require payment of a sum sufficient to cover any transfer tax or similar governmental charge payable in connection therewith (other than any such transfer taxes or similar governmental charge payable upon exchange pursuant to Section 9.5 hereof).

(d) With respect to the relevant Regular Record Date, the Company shall treat the individual or entity listed on each Account maintained by the Registrar as the absolute owner of the Security represented thereby for purposes of receiving payments thereon and for all other purposes whatsoever.

SECTION 2.7 PAYMENT OF PRINCIPAL AND INTEREST; PRINCIPAL AND INTEREST RIGHTS PRESERVED.

(a) Each Security shall accrue interest at the rate specified for such Security in the Securities Register and such interest shall be payable on each Payment Date following the Issue Date for such Security, until the principal thereof becomes due and payable. Any installment of interest payable on a Security that is caused to be punctually paid or duly provided for by the Company on the applicable Payment Date shall be paid to the Holder in whose name such Security is registered in the Securities Register on the applicable Regular Record Date with respect to the Securities outstanding, by electronic deposit to such Holder's Payment Account as it appears in the Securities Register on such Regular Record Date. The payment of any interest payable in connection with the payment of any principal payable with respect to such Security on a Maturity Date shall be payable as provided below. In the event any payments made by electronic deposit are not accepted into the Holder's Payment Account for any reason, such funds shall be held in accordance with Sections 2.4 and 8.3 hereof. Any installment of interest not punctually paid or duly provided for shall be payable in the manner and to the Holders as specified in Section 2.10 hereof.

(b) Each of the Securities shall have stated maturities of principal as shall be indicated on such Securities or in the Written Confirmation and as set forth in the Securities Register. The principal of each Security shall be paid in full as of the Maturity Date thereof pursuant to Section 2.1(d), unless the term of such Security is renewed pursuant to Section 2.1(c) hereof or such Security becomes due and payable at an earlier date by acceleration, redemption, repurchase or otherwise. Interest on each Security shall be due and payable on each

Payment Date at the interest rate applicable to such Security for the Interest Accrual Period related to such Security and such Payment Date. Notwithstanding any of the foregoing provisions with respect to payments of principal of and interest on the Securities, if the Securities have become or been declared due and payable following an Event of Default, then payments of principal of and interest on the Securities shall be made in accordance with Article VI hereof. If definitive, certificated securities are issued, then the principal payment made on any Security on any Maturity Date (or the Redemption Price or the Repurchase Price of any Security required to be redeemed or repurchased, respectively), and any accrued interest thereon, shall be payable on or after the Maturity Date, Redemption Date or the Repurchase Date therefore at the office or agency of the Company maintained by it for such purpose pursuant to Section 2.3 hereof or at the office of any Paying Agent for such Security.

(c) All computations of interest due with respect to any Security shall be made, unless otherwise specified in the Security, based upon a 365 day year.

SECTION 2.8 OUTSTANDING SECURITIES.

(a) The Securities outstanding at any time are the outstanding principal balances of all Accounts representing the Securities maintained by the Company or such other entity as the Company designated as Registrar.

(b) If the principal amount of any Security is considered paid under Section 4.1 hereof, it ceases to be outstanding and interest on it ceases to accrue.

(c) Subject to Section 2.9 hereof, a Security does not cease to be outstanding because the Company or an Affiliate of the Company holds the Security.

SECTION 2.9 TREASURY SECURITIES.

In determining whether the Holders of the required principal amount of Securities have concurred in any direction, waiver or consent, Securities owned by the Company or any Affiliate of the Company shall be considered as though not outstanding, except that for purposes of determining whether the Trustee shall be protected in relying on any such direction, waiver or consent, only Securities that a Responsible Officer of the Trustee actually knows to be so owned shall be so disregarded.

SECTION 2.10 DEFAULTED INTEREST.

If the Company defaults in a payment of interest on any Security, it shall pay the defaulted interest plus, to the extent lawful, any interest payable on the defaulted interest, to the Holder of such Security on a subsequent special Payment Date, which date shall be at the earliest practicable date, but in all events within 15 days following the scheduled Payment Date of the defaulted interest, in each case at the rate provided in the Security. The Regular Record Date for the scheduled Payment Date shall be the record date for the special Payment Date. Prior to any such special Payment Date, the Company (or the Trustee, in the name of and at the expense of the Company) shall mail to Holder(s) a notice that states the special Payment Date and the amount of such interest to be paid.

SECTION 2.11 TEMPORARY NOTES.

If Securities are issued in certificated form in the limited circumstances contemplated under Section 2.13(b), pending the preparation of definitive Securities, the Company may execute, and direct that the Trustee authenticate and deliver, temporary Securities which are printed, lithographed, typewritten, mimeographed or otherwise produced, in any authorized denomination, substantially of the tenor of the definitive Securities, in lieu of which they are issued and with such appropriate insertions, omissions, substitutions and other variations as the officers executing such Securities may determine, as evidenced by their execution of such Securities.

If temporary Securities are issued, the Company will cause definitive Securities to be prepared without unreasonable delay. After the preparation of definitive Securities, the temporary Securities shall be exchangeable for definitive Securities upon surrender of the temporary Securities at any office or agency of the Registrar without charge to the Holder.

Upon surrender for cancellation of any one or more temporary Securities, the Company shall execute and the Trustee shall authenticate and deliver in exchange therefor a like principal amount of definitive Securities of authorized denominations. Until so exchanged the temporary Securities shall in all respects be entitled to the same benefits under this Indenture as definitive Securities.

SECTION 2.12 EXECUTION, AUTHENTICATION AND DELIVERY.

(a) Subject to subsection (b) below, the Securities shall be executed on behalf of the Company by an Officer and attested by its Secretary or Assistant Secretary. The signature of any of these officers on the Securities may be manual or facsimile. Securities bearing the manual or facsimile signatures of individuals who were at any time the proper Officers of the Company shall bind the Company, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the authentication and delivery of such Securities or did not hold such offices at the date of such Securities.

At the time of and from time to time after the execution and delivery of this Indenture, the Company will deliver definitive or certificated forms of Securities, if any, executed by the Company to the Trustee for authentication, together with a direction from the Company for the authentication and delivery of such Securities. The Trustee in accordance with such direction from the Company shall authenticate and deliver such Securities as in this Indenture provided and not otherwise. Securities issued hereunder shall be dated as of their Issue Date.

No Security shall be entitled to any benefit under this Indenture or be valid or obligatory for any purpose unless there appears on such Security an authentication executed by or on behalf of the Trustee by manual signature, and such authentication upon any Security shall be conclusive evidence, and the only evidence, that such Security has been duly authenticated and delivered hereunder and is entitled to the benefits of the Indenture.

(b) Notwithstanding the preceding subsection (a) of this Section, in connection with the issuance of each Security in book entry form pursuant to Section 2.13, each Security shall be deemed to be executed and attested to by the Company and authenticated and delivered by the Trustee, in the same manner as provided in the preceding subsection (a), upon the delivery by the Company (or the Company's duly authorized Agent) to the Holder of such Security of a Written Confirmation, with a copy of such Written Confirmation delivered to the Trustee, and the establishment by the Registrar of an Account for such Security in the name of the Holder pursuant to Section 2.13 hereof.

SECTION 2.13 BOOK ENTRY REGISTRATION.

(a) The Registrar shall maintain a book entry registration and transfer system through the establishment and maintenance of Accounts for the benefit of Holders of Securities as the sole method of recording the ownership and transfer of ownership interests in such Securities. The registered owners of the Accounts established by the Registrar in connection with the purchase or transfer of the Securities shall be deemed to be the Holders of the Securities outstanding for all purposes under this Indenture. The Company (or its duly authorized Agent) shall promptly notify the Registrar of the acceptance of a subscriber's order to purchase a Security by providing a copy of the accepted Subscription Agreement and the related Written Confirmation, and upon receipt of such notices, the Registrar shall establish an Account for such Security by recording a credit to its book entry registration and transfer system to the Account of the related Holder of such Security for the principal amount of such Security owned by such Holder and issue a Written Confirmation to the Holder, with a copy being delivered to the Trustee, on behalf of the Company. The Registrar shall make appropriate credit and debit entries within each Account to record all of the applicable actions under this Indenture that relate to the ownership of the related Security and issue Written Confirmations to the related Holders as set forth herein, with copies being delivered to the Trustee, on behalf of the Company. For example, the total amount of any principal and/or interest due and payable to the Holders of the Accounts maintained by the Registrar as provided in this Indenture shall be credited to such Accounts by the Registrar within the time frames provided in this Indenture, and the amount of any payments of principal and/or interest distributed to the Holders of the Accounts as provided in this Indenture shall be debited to such Accounts by the Registrar. The Trustee may review the book entry registration and transfer system as it deems necessary to ensure the Registrar's compliance with the terms of the Indenture.

(b) Book entry Accounts evidencing ownership of the Securities shall be exchangeable for definitive or certificated forms of Securities in denominations of $1,000 and any amount in excess thereof and fully registered in the names as each Holder directs only if (i) the Company at its option advises the Trustee and the Registrar in writing of its election to terminate the book entry system, or (ii) after the occurrence of any Event of Default, Holders of a majority of the aggregate outstanding principal amount of the Securities (as determined based upon the latest quarterly statement provided to the Trustee pursuant to Section 2.5 hereof) advise the Trustee in writing that the continuation of the book entry system is no longer in the best interests of such Holders and the Trustee notifies all Holders of the Securities, of such event and the availability of certificated forms of securities to the Holders of Securities.

SECTION 2.14 INITIAL AND PERIODIC STATEMENTS.

(a) Subject to the rejection of a Subscription Agreement pursuant to Section 2.2(a), the Registrar shall send Written Confirmations to initial purchasers, registered owners, registered pledgees, former registered owners and former pledgees, within two Business Days of its receipt of proper notice regarding the purchase, transfer or pledge of a Security, with copies of such Written Confirmations being delivered to the Trustee, on behalf of the Company.

(b) The Registrar shall send each Holder of a Security (and each registered pledgee) via U.S. mail not later than 10 Business Days after each quarter end in which such Holder had an outstanding balance in such Holder's Account, a statement which indicates as of the quarter end preceding the mailing: (i) the balance of such Account; (ii) interest credited for the period; (iii) repayments, redemptions or repurchases, if any, during the period; and (iv) the interest rates paid on the Securities in such Account during the period. The Registrar shall provide additional statements as the Holders or registered pledgees of the Securities may reasonably request from time to time. The Registrar may charge such Holders or pledgees requesting such statements a fee to cover the charges incurred by the Registrar in providing such additional statements.

SECTION 2.15 APPOINTMENT OF AGENTS.

The Company may from time to time engage Agents to perform its obligations and exercise its rights and discretion under the terms of this Indenture. In each such case, the Company will provide the Trustee with a copy of each agreement under which any such Agent is engaged and the name, address, telephone number and capacity of the Agent appointed. If any such Agent shall resign, or such Agent's engagement is terminated by the Company, subsequent to the Agent's appointment by the Company under this Section 2.15, the Company shall promptly notify the Trustee of such resignation or termination, along with the name, address, telephone number and capacity of any successor Agent. Notwithstanding any engagement of an Agent hereunder, the Company shall remain obligated to fulfill each of its obligations under this Indenture.

ARTICLE III

REDEMPTION AND REPURCHASE

SECTION 3.1 REDEMPTION OF SECURITIES AT THE COMPANY'S ELECTION.

(a) The Company may redeem, in whole or in part, any Security prior to the scheduled Maturity Date of the Security by providing pursuant to Section 2.1(f) a Redemption Notice to the Holder thereof listed on the records maintained by the Registrar, which notice shall include the Redemption Date and the Redemption Price to be paid to the Holder on the Redemption Date. No interest shall accrue on a Security to be redeemed under this Section 3.1 for any period of time after the Redemption Date for such Security, provided that the Company or the Paying Agent has timely tendered the Redemption Price to the Holder.

(b) The Company shall have no mandatory redemption or sinking fund obligations with respect to any of the Securities.

(c) In its sole discretion, the Company may offer certain Holders the ability to extend the maturity of an existing Security through the redemption of such Security and the issuance of a new Security. This redemption option shall not be subject to the 30 day notice of redemption described in Section 2.1(f).

SECTION 3.2 REPURCHASE OF SECURITIES AT THE HOLDER'S REQUEST.

(a) REPURCHASE UPON DEATH OR DISABILITY. Subject to subsection (c) below, within 45 days of the death or Total Permanent Disability of a Holder who is a natural person (including Securities held in an individual retirement account), the estate of such Holder (in the event of death) or such Holder (in the event of Total Permanent Disability) may request that the Company repurchase, in whole and not in part, without penalty, the Security held by such Holder, by delivering to the Company a Repurchase Request. If a Security is held jointly by natural persons who are legally married, then a Repurchase Request may be made when either registered Holder of such Security dies or becomes subject to a Total Permanent Disability, the surviving Holder or the disabled Holder may request that the Company repurchase in whole and not in part, without penalty, such Security as jointly held by the Holders by delivering to the Company a Repurchase Request. In the event a Security is held jointly by two or more natural persons that are not legally married, neither of these persons shall have the right to request that the Company repurchase such Security unless all joint holders of such Security have either died or suffered a Total Permanent Disability. If the Security is held by a Holder who is not a natural person, such as a trust, partnership, corporation or other similar entity, the right to request repurchase upon death or disability does not apply.

(b) REPURCHASE UPON HOLDER'S ELECTION. Subject to subsection (c) below, a Holder may request the Company to repurchase, in whole and not in part, the Security held by such Holder by delivering a Repurchase Request to the Company. Any such requested repurchase shall be made only at the Company's discretion and, if made, will be subject to an early Repurchase Penalty to be deducted from the payment of such Holder's Repurchase Price on the Repurchase Date. The early repurchase penalty (the "REPURCHASE Penalty") shall equal the following: (i) with respect to a Security with a three month maturity, the interest accrued on a simple interest basis on such Security from the Issue Date to the Repurchase Date at the existing interest rate thereof, but not to exceed three months of simple interest on such Security, or (ii) with respect to a Security with a maturity of six months or longer, the interest accrued on a simple interest basis on such Security from the Issue Date to the Repurchase Date at the existing interest rate thereof, but not to exceed six months of simple interest on such Security.

(c) LIMITATION ON REPURCHASES. The Company will only be required to repurchase Securities for which Repurchase Requests have been received pursuant to paragraph (a) above, and, if accepted by the Company, paragraph (b) above, to the extent that the aggregate Repurchase Price for all Securities for which Repurchase Requests are then outstanding in any calendar quarter would not exceed the greater of (i) two percent of the aggregate outstanding principal balance of all Securities as of the last day of the previous calendar quarter or (ii) $1 million. For the purposes of applying such limits on the aggregate Repurchase Price for outstanding Repurchase Requests, such outstanding Repurchase Requests will be honored in the order of the date received or, in the case of Repurchase Requests made in connection with a Holder's death or Total Permanent Disability, the later of the date received or the date such death or Total Permanent Disability is established to the reasonable satisfaction of the Company, and to the extent any Repurchase Request is not paid in the quarter received or so established due to such limitations, it will be honored in the subsequent quarter, to the extent possible, subject to the applicability of such limits on aggregate Repurchase Requests in each subsequent quarter. For the avoidance of doubt, in the event that the Company would otherwise be required to repurchase a Security hereunder in a given quarter by reason of the priority of the Repurchase Request (as established in this Section) but for the fact that the Repurchase Price exceeds the amount remaining under the forgoing limitations (after giving effect to all other Repurchase Requests having priority during such quarter), the Company may, at its option, effect a partial repurchase of such Security, up to the portion of the Repurchase Price covered by the amount remaining, and carry the Repurchase Request for the balance of such Security forward as provided above.

(d) REPURCHASE DATE. To the extent a Security for which a Repurchase Request has been received during the then current calendar quarter is determined not to be subject to the limitation in subsection (c) above and thus, will be repurchased during the current quarter, then the Company shall designate a date for the repurchase of such Security (the "REPURCHASE DATE"), which date shall not be more than 10 days after the Company's receipt of the Repurchase Request or, in the case of a Repurchase Request following the death or Total Permanent Disability of the Holder, 10 days after the Company's receipt of satisfactory establishment of such Holder's death or Total Permanent Disability. On the Repurchase Date, the Company shall pay the Repurchase Price to the Holder (or the estate of the Holder, in the case of a request following death) in accordance with Section 2.7. With respect to a Security for which a Repurchase Request has been received during a prior calendar quarter and for which the Repurchase Price was not paid during such prior calendar quarter, but rather the Repurchase Request has been carried over to and is still outstanding in the current calendar quarter (because of the limitation in subsection (c) above), the Company shall designate a Repurchase Date not later than the tenth (10th) day after the start of such calendar quarter, unless subsection (c) is again applicable, in which case such obligation shall be met not later than the tenth (10th) day after the start of the next calendar quarter during which such limitation is no longer applicable. No interest shall accrue on a Security to be repurchased under this Section 3.2 for any period of time on or after the Repurchase Date for such Security, provided that the Company or the Paying Agent has timely tendered the Repurchase Price to the Holder or the estate of the Holder, as the case may be.

(c) WAIVER AND MODIFICATION OF REPURCHASE POLICIES. The Company may waive or reduce any early Repurchase Penalty in its sole discretion and may modify at any time its policy on the repurchase of Securities at the request of Holders; provided that no such modification shall adversely affect the rights of Holders to the repurchase of Securities for which Repurchase Requests are then outstanding.

ARTICLE IV

COVENANTS

SECTION 4.1 PAYMENT OF SECURITIES.

(a) Subject to Article X, the Company shall duly pay the principal of and interest on each Security on the dates and in the manner provided under this Indenture. Principal and interest (to the extent such interest is paid in cash) shall be considered paid on the date due if the Paying Agent, if other than the Company, holds, at least one Business Day before that date, money deposited by the Company in immediately available funds and designated for and sufficient to pay all principal and interest then due; provided, however, that principal and interest shall not be considered paid within the meaning of this Section 4.1 if money is held by the Paying Agent for the benefit of holders of Senior Debt pursuant to the provisions of Article X hereof. Such Paying Agent shall return to the Company, no later than five days following the date of payment, any money (including accrued interest, if any) that exceeds such amount of principal and interest paid on the Securities in accordance with this Section 4.1.

(b) Subject to Article X, to the extent lawful, the Company shall pay interest (including Post Petition Interest in any proceeding under any Bankruptcy Law) on overdue principal at the rate borne by the Securities, compounded semi annually; it shall pay interest (including Post Petition Interest in any proceeding under any Bankruptcy Law) on overdue installments of interest (without regard to any applicable grace period) at the same rate, compounded semi annually.

SECTION 4.2 MAINTENANCE OF OFFICE OR AGENCY.

(a) The Company will maintain an office or agency (which may be an office of the Trustee, Registrar or co registrar) where Securities may be surrendered for registration of transfer or exchange and where notices and demands to or upon the Company in respect of the Securities and this Indenture may be served. The Company will give prompt written notice to the Trustee of the location, and any change in the location, of such office or agency. If at any time the Company shall fail to maintain any such required office or agency or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office of the Trustee.

(b) The Company may also from time to time designate one or more other offices or agencies where the Securities may be presented or surrendered for any or all such purposes and may from time to time rescind such designations. The Company will give prompt written notice to the Trustee of any such designation or rescission and of any change in the location of any such other office or agency.

(c) The Company hereby designates its office at 16355 Laguna Canyon Road, Irvine, California 92618, as one such office or agency of the Company in accordance with Section 2.3.

SECTION 4.3 SEC REPORTS AND OTHER REPORTS.

(a) The Company shall provide to the Trustee, within 45 days after filing with the SEC, paper copies or, if such documents are readily available on the SEC's website, notification of the availability of, the annual reports and of the information, documents, and other reports (or copies of such portions of any of the foregoing as the SEC may by rules and regulations prescribe) that the Company is required to file with the SEC pursuant to Section 13 or 15(d) of the Exchange Act. The Company shall otherwise comply with the periodic reporting requirements as set forth in TIA ss. 314(a), and the Company shall file with the Trustee and the SEC, in accordance with the rules and regulations prescribed by the SEC, such additional information, documents and reports with respect to compliance by the Company with the conditions and covenants of this Indenture as may be required from time to time by such rules and regulations. Notwithstanding anything to the contrary herein, the Trustee shall have no duty to review such documents for purposes of determining compliance with any provisions of the Indenture.

(b) The Company, or such other entity as the Company shall designate as Registrar, shall provide the Trustee at intervals of not more than six months with management reports which provide the Trustee with such information regarding the Accounts maintained by the Company for the benefit of the Holders of the Securities as the Trustee may reasonably request which information shall include at least the following for the relevant time interval from the date of the immediately preceding report: (i) the outstanding balance of each Account at the end of the period; (ii) interest credited for the period; (iii) repayments, repurchases and redemptions, if any, made during the period; and (iv) the interest rate paid on each Security in such Account maintained by the Registrar during the period.

(c) Notwithstanding any provision of this Indenture to the contrary, the Company shall not have any obligation to maintain any of its securities (other than the Securities hereunder), including without limitation its common stock, as securities registered under the Exchange Act or the Securities Act, as amended, or as securities listed and publicly traded on any national securities exchange.

SECTION 4.4 COMPLIANCE CERTIFICATE.

(a) The Company shall deliver to the Trustee, within 120 days after the end of each Fiscal Year, beginning in 2006, an Officers' Certificate stating that a review of the activities of the Company during the preceding fiscal year has been made under the supervision of the signing Officers with a view to determining whether the Company has kept, observed, performed and fulfilled its obligations under this

Indenture, and further stating, as to each such Officer signing such certificate, that to the best of their knowledge the Company has kept, observed, performed and fulfilled each and every covenant contained in this Indenture and is not in default in the performance or observance of any of the terms, provisions and conditions hereof (or, if a Default or Event of Default shall have occurred, describing all such Defaults or Events of Default of which he or she may have knowledge and what action the Company is taking or proposes to take with respect thereto) and that to the best of their knowledge no event has occurred and remains in existence by reason of which payments on account of the principal of or interest, if any, on the Securities are prohibited or if such event has occurred, a description of the event and what action the Company is taking or proposes to take with respect thereto.

(b) So long as not contrary to the then current recommendations of the American Institute of Certified Public Accountants, the annual financial statements delivered pursuant to Section 4.3 above shall be accompanied by a written statement of the Company's independent public accountants that in making the examination necessary for certification of such financial statements nothing has come to their attention which would lead them to believe that the Company has violated the provisions of Section 4.1 of this Indenture or, if any such violation has occurred, specifying the nature and period of existence thereof, it being understood that such accountants shall not be liable directly or indirectly to any Person for any failure to obtain knowledge of any such violation.

(c) The Company will, so long as any of the Securities are outstanding, deliver to the Trustee, forthwith upon any Officer becoming aware of any Default or Event of Default, an Officers' Certificate specifying such Default or Event of Default and what action the Company is taking or proposes to take with respect thereto.

SECTION 4.5 STAY, EXTENSION AND USURY LAWS.

The Company covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay, extension or usury law wherever enacted, now or at any time hereafter in force, which may affect the covenants or the performance of this Indenture; and the Company (to the extent that it may lawfully do so) hereby expressly waives all beneficial advantage of any such law, and covenants that it will not, by resort to any such law, hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law has been enacted.

SECTION 4.6 LIQUIDATION.

The Board of Directors or the stockholders of the Company shall not adopt a plan of liquidation that provides for, contemplates or the effectuation of which is preceded by (a) the sale, lease, conveyance or other disposition of all or substantially all of the assets of the Company, otherwise than (i) substantially as an entirety (Section 5.1 of this Indenture being the Section hereof which governs any such sale, lease, conveyance or other disposition substantially as an entirety), or (ii) and Qualified Sales and Financing Transaction, and (b) the distribution of all or substantially all of the proceeds of such sale, lease, conveyance or other disposition and of the remaining assets of the Company to the holders of capital stock of the Company, unless the Company, prior to making any liquidating distribution pursuant to such plan, makes provision for the satisfaction of the Company's Obligations hereunder and under the Securities as to the payment of principal and interest.

SECTION 4.7 FINANCIAL COVENANTS.

The Company covenants that, so long as any of the Securities are outstanding, the Company will maintain a positive net worth, which includes all equity held by the Company's common and preferred stockholders and any subordinated debt of the Company that is subordinate to these Securities.

SECTION 4.8 RESTRICTIONS ON DIVIDENDS.

The Company covenants that, so long as any of the Securities are outstanding, it shall not declare or pay any dividends or other payments of cash or other property solely on account of its capital stock to its common or preferred stockholders (other than any dividend payable in shares of or rights to acquire shares of the Company's capital stock on a pro rata basis to all stockholders), unless no Default or Event of Default specified under Section 6.1(a) or (b) then exists or would exist immediately following the declaration or payment of such dividend or other payment.

SECTION 4.9 SECURITIZATION TRANSACTIONS AND ADDITIONAL INDEBTEDNESS.

Notwithstanding any provision to the contrary within this Indenture, the Company shall not be prohibited, restricted or otherwise limited under this Indenture from entering into, sponsoring or conducting any Qualified Sales and Financing Transaction.

Except as otherwise provided in Section 4.8(b), the Company shall not be prohibited, restricted or otherwise limited from incurring or refinancing any Indebtedness subsequent to the date hereof, which Indebtedness will have such terms and provisions as the Company and the lender thereof may agree upon without any restriction or limitation hereunder and such Indebtedness will likely be senior in right of payment to the Securities.

ARTICLE V

SUCCESSORS

SECTION 5.1 WHEN THE COMPANY MAY MERGE, ETC.

(a) The Company may not consolidate or merge with or into (whether or not the Company is the surviving corporation), or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of its properties or assets in one or more related transactions to another corporation, Person or entity unless (i) the Company is the surviving corporation or the entity or the Person formed by or surviving any such consolidation or merger (if other than the Company) or to which such sale, assignment, transfer, lease, conveyance

or other disposition shall have been made is a corporation, limited liability company or limited partnership organized or existing under the laws of the United States, any state thereof or the District of Columbia; (ii) the entity or Person formed by or surviving any such consolidation or merger (if other than the Company) or the entity or Person to which such sale, assignment, transfer, lease, conveyance or other disposition will have been made assumes all the obligations of the Company pursuant to a supplemental indenture in a form reasonably satisfactory to the Trustee, under the Securities and this Indenture; and (iii) immediately after such transaction no Default or Event of Default exists.

(b) The Company shall deliver to the Trustee prior to the consummation of the proposed transaction an Officers' Certificate to the foregoing effect and an Opinion of Counsel stating that the proposed transaction and such supplemental indenture comply with this Indenture. The Trustee shall be entitled to conclusively rely upon such Officers' Certificate and Opinion of Counsel.

SECTION 5.2 SUCCESSOR ENTITY SUBSTITUTED.

Upon any consolidation or merger, or any sale, lease, conveyance or other disposition of all or substantially all of the assets of the Company in accordance with Section 5.1, the successor entity or Person formed by such consolidation or into or with which the Company, is merged or to which such sale, lease, conveyance or other disposition is made shall succeed to, and be substituted for, and may exercise every right and power of, the Company under this Indenture with the same effect as if such successor entity or Person has been named as the Company herein, and upon such succession and substitution, the Company shall be released from all of its obligations and liabilities under this Indenture and the Securities.

ARTICLE VI

DEFAULTS AND REMEDIES

SECTION 6.1 EVENTS OF DEFAULT.

An "EVENT OF DEFAULT" occurs if:

(a) the Company fails to pay interest on a Security when the same becomes due and payable and such failure continues for a period of 15 days, whether or not such payment is prohibited by the provisions of Article X hereof;

(b) the Company fails to pay the principal amount of any Security when the same becomes due and payable on any Payment Date, and such failure continues for a period of 15 days, whether or not prohibited by the provisions of Article X hereof;

(c) the Company fails to observe or perform any material covenant, condition or agreement on the part of the Company under this Indenture or the breach by the Company of any material representation or warranty of the Company under this Indenture, and such failure or breach continues unremedied for a period of 60 days after the Company's receipt of written notice of such failure or breach;

(d) the Company defaults in any other payment obligation of the Company (other than a payment obligation relating to a Qualified Sales and Financing Transaction) with an outstanding principal amount in excess of $1,000,000, such default results in such payment obligation becoming or being declared immediately due and payable and such declaration is not rescinded or annulled within a period of 60 days after the Company's receipt of written notice of such declaration;

(e) the Company pursuant to or within the meaning of any Bankruptcy Law (i) commences a voluntary case; (ii) consents to the entry of an order for relief against it in an involuntary case; (iii) consents to the appointment of a custodian of it or for all or substantially all of its property; (iv) makes a general assignment for the benefit of its creditors; or (v) admits in writing its inability to pay debts as the same become due; or

(f) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that (i) is for relief against the Company in an involuntary case; (ii) appoints a custodian of the Company or for all or substantially all of its property; (iii) orders the liquidation of the Company, and in each case the order or decree remains unstayed and in effect for 120 consecutive days.

The term "BANKRUPTCY LAW" means Title 11 of the U.S. Code or any similar federal or state law for the relief of debtors. The term "custodian" means any receiver, trustee, assignee, liquidator or similar official under any Bankruptcy Law.

A Default under clause (c) of this Section 6.1 (except for a Default with respect to Section 4.6 or 5.1) is not an Event of Default until the Trustee or the Holders of at least a majority in principal amount of the then outstanding Securities notify the Company in writing of the Default and the Company does not cure the Default or such Default is not waived within 60 days after receipt of the notice pursuant to Section 6.4. The notice must specify the Default, demand that it be remedied and state that the notice is a "Notice of Default."

SECTION 6.2 ACCELERATION.

If an Event of Default (other than an Event of Default specified in clauses (e) or (f) of Section 6.1) occurs and is continuing, the Trustee by notice to the Company or the Holders of at least a majority in principal amount of the then outstanding Securities by written notice to the Company and the Trustee may declare the unpaid principal of and any accrued interest on all the Securities to be due and payable. Upon such declaration, all unpaid principal of and accrued interest on all Securities shall be due and payable immediately; provided, however, that if any Indebtedness or Obligation is outstanding pursuant to, or with respect to, the Senior Debt, such a declaration of acceleration by the Holders shall not become effective until the later of (i) the day which is five Business Days after the receipt by each of the Company and the holders of Senior Debt of such written notice of acceleration or (ii) the date of acceleration of any Indebtedness under any Senior Debt; and provided, further, that, so long as any Senior Debt is outstanding, any such declaration by the Trustee or the Holders shall not become effective if any period during which the Company is not permitted to make payment on account of the Securities pursuant to Section 10.3 is then in effect. If an Event of Default specified in clause (e) or (f) of Section 6.1 occurs, all unpaid principal of and accrued interest on all Securities shall ipso facto become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holder.

SECTION 6.3 OTHER REMEDIES.

If an Event of Default occurs and is continuing, the Trustee may, after a declaration of acceleration under Section 6.2 above, pursue any available remedy to collect the payment of principal or interest on the Securities or to enforce the performance of any provision of the Securities or this Indenture. The Trustee may maintain a proceeding even if it does not possess any of the Securities or does not produce any of them in the proceeding. A delay or omission by the Trustee or any Holder in exercising any right or remedy accruing upon an Event of Default shall not impair the right or remedy or constitute a waiver of or acquiescence in the Event of Default. All remedies are cumulative to the extent permitted by law.

SECTION 6.4 WAIVER OF PAST DEFAULTS.

Holders of a majority in principal amount of the then outstanding Securities by notice to the Trustee may, on behalf of the Holders of all Securities, waive any existing Default or Event of Default and its consequences under this Indenture, including without limitation a rescission of an acceleration pursuant to Section 6.2, except for a continuing Default or Event of Default in the payment of interest on or the principal of any Security held by a non consenting Holder, or except for a waiver that would conflict with any judgment or decree. Upon actual receipt of any such notice of waiver by a Responsible Officer of the Trustee, such Default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other Default or Event of Default or impair any right consequent thereon.

SECTION 6.5 CONTROL BY MAJORITY.

The Holders of a majority in principal amount of the then outstanding Securities may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on it, provided, that indemnification for the Trustee's fees and expenses, in a form reasonably satisfactory to the Trustee, shall have been provided. However, the Trustee may refuse to follow any direction that conflicts with law or this Indenture, that the Trustee determines may be unduly prejudicial to the rights of other Holders, or that may involve the Trustee in personal liability.

SECTION 6.6 LIMITATION ON SUITS.

A Holder may pursue a remedy with respect to this Indenture only if:

(a) the Holder gives to the Trustee written notice of a continuing Event of Default;

(b) the Holders of at least a majority in principal amount of the then outstanding Securities make a written request to the Trustee to pursue the remedy;

(c) such Holder or Holders offer and, if requested, provide to the Trustee indemnity satisfactory to the Trustee against any loss, liability or expense;

(d) the Trustee does not comply with the request within 60 days after receipt of the request and the offer and, if requested, the provision of indemnity; and

(e) during such 60 day period the Holders of a majority in principal amount of the then outstanding Securities do not give the Trustee a direction inconsistent with the request.

A Holder may not use this Indenture to prejudice the rights of another Holder or to obtain a preference or priority over another Holder.

SECTION 6.7 RIGHTS OF HOLDERS TO RECEIVE PAYMENT.

Notwithstanding any other provision of this Indenture, but subject to Article X hereof, the right of any Holder of a Security to receive payment of principal and interest on the Security, on or after the respective due dates expressed in the Security, or to bring suit for the enforcement of any such payment on or after such respective dates, shall not be impaired or affected without the consent of the Holder.

SECTION 6.8 COLLECTION SUIT BY TRUSTEE.

If an Event of Default specified in Section 6.1(a) or (b) occurs and is continuing, the Trustee is authorized to recover judgment in its own name and as trustee of an express trust against the Company for the whole amount of principal and interest remaining unpaid on the Securities and interest on overdue principal and, to the extent lawful, interest and such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel.

SECTION 6.9 TRUSTEE MAY FILE PROOFS OF CLAIM.

(a) The Trustee is authorized to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and the Holders allowed in any judicial proceedings relative to the Company (or any other obligor upon the Securities), its creditors or its property and shall be entitled and empowered to collect, receive and distribute any money or other property payable or deliverable on any such claims and any custodian in any such judicial proceeding is hereby authorized by each Holder to make such payments to the Trustee, and in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay to the Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 7.7 hereof. To the extent that the payment of any such compensation, expenses,

disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 7.7 hereof out of the estate in any such proceeding, shall be denied for any reason, payment of the same shall be secured by a lien on, and shall be paid out of, any and all distributions, dividends, money, securities and other properties which the Holders of the Securities may be entitled to receive in such proceeding whether in liquidation or under any plan of reorganization or arrangement or otherwise. Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Securities or the rights of any Holder thereof, or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding.

(b) If the Trustee does not file a proper claim or proof of debt in the form required in any such proceeding prior to 30 days before the expiration of the time to file such claims or proofs, then any holder of Senior Debt shall have the right to demand, sue for, collect and receive the payments and distributions in respect of the Securities which are required to be paid or delivered to the holders of Senior Debt as provided in Article X hereof and to file and prove all claims therefor and to take all such other action in the name of the Holders or otherwise, as such holder of Senior Debt may determine to be necessary or appropriate for the enforcement of the provisions of Article X hereof.

SECTION 6.10 PRIORITIES.

If the Trustee collects any money pursuant to this Article, it shall, subject to the provisions of Article X hereof, pay out the money in the following order:

(a) FIRST: to the Trustee, its agents and attorneys for amounts due under Section 7.7, including payment of all compensation, expenses and liabilities incurred, and all advances made, if any, by the Trustee and the costs and expenses of collection;

(b) SECOND: to holders of Senior Debt to the extent required by Article X hereof;

(c) THIRD: to (i) Holders for amounts due and unpaid on the Securities for principal and interest, and (ii) holders of Pari Passu Debt for amounts due and unpaid on such Pari Passu Debt for principal and interest, ratably, without preference or priority of any kind, according to the amounts due and payable on the Securities and/or such Pari Passu Debt for principal and interest, respectively; and

(d) FOURTH: to the Company or to such party as a court of competent jurisdiction shall direct.

The Trustee may fix a record date and payment date for any payment to Holders.

SECTION 6.11 UNDERTAKING FOR COSTS.

In any suit for the enforcement of any right or remedy under this Indenture or in any suit against the Trustee for any action taken or omitted by it as a Trustee, a court in its discretion may require the filing by any party litigant in the suit of an undertaking to pay the costs of the suit, and the court in its discretion may assess reasonable costs, including reasonable attorneys' fees, against any party litigant in the suit, having due regard to the merits and good faith of the claims or defenses made by the party litigant. This Section does not apply to a suit by the Trustee, a suit by a Holder pursuant to Section 6.7, or a suit by Holders of more than ten percent (10%) in principal amount of the then outstanding Securities.

ARTICLE VII

TRUSTEE

SECTION 7.1 DUTIES OF TRUSTEE.

(a) If an Event of Default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

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

(i) The duties of the Trustee shall be determined solely by the express provisions of this Indenture and the Trustee need perform only those duties that are specifically set forth in this Indenture and no others, and no implied covenants or obligations shall be read into this Indenture against the Trustee.

(ii) In the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon resolutions, statements, reports, documents, orders, certificates, opinions or other instruments furnished to the Trustee and conforming to the requirements of this Indenture. However, in the case of any of the above that are specifically required to be furnished to the Trustee pursuant to this Indenture, the Trustee shall examine them to determine whether they substantially conform to the requirements of this Indenture.

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

(i) This paragraph does not limit the effect of paragraph (b)(i) and (b)(ii) of this Section.

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

(iii) The Trustee shall not be liable to the Holders with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to Section 6.5.

(d) Whether or not therein expressly so provided, every provision of this Indenture that in any way relates to the Trustee is subject to paragraphs (a), (b) and (c) of this Section.

(e) No provision of this Indenture shall require the Trustee to expend or risk its own funds or incur any liability. The Trustee may refuse to perform any duty or exercise any right or power unless it receives indemnity satisfactory to it against any loss, liability or expense.

(f) The Trustee shall not be liable for interest on any money received by it, except as the Trustee may agree in writing with the Company or, except with respect to any money held by the Trustee over a holiday or weekend, in which event the Trustee shall remit to the Company the interest earnings on such money at a rate equal to the then current rate for money market funds invested by the Trustee; provided that the Company has directed the Trustee to invest such money. Money held in trust by the Trustee need not be segregated from other funds except to the extent required by law.

SECTION 7.2 RIGHTS OF TRUSTEE.

(a) The Trustee may conclusively rely upon any document believed by it to be genuine and to have been signed or presented to it by the proper Person. The Trustee need not investigate any fact or matter stated in the document. The Trustee shall have no duty to inquire as to the performance of the Company's covenants in Article IV hereof. In addition, the Trustee shall not be deemed to have knowledge of any Default or any Event of Default except any Default or Event of Default of which the Trustee shall have received written notification or obtained actual knowledge.

Delivery of reports, information and documents to the Trustee under Sections 4.3(a), 4.3(b) and 4.4(b) is for informational purposes only and the Trustee's receipt of the foregoing shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including the Company's compliance with any of their covenants hereunder (as to which the Trustee is entitled to rely conclusively on Officers' Certificates).

(b) Before the Trustee acts or refrains from acting, it may require an Officers' Certificate or an Opinion of Counsel or both. The Trustee shall not be liable for any action it takes or omits to take in good faith in reliance on such Officers' Certificate or Opinion of Counsel. The Trustee may consult with counsel and the written advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection from liability in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(c) The Trustee may act through agents, attorneys, custodians or nominees and shall not be responsible for the misconduct or negligence or the supervision of any agents, attorneys, custodians or nominees appointed by it with due care.

(d) The Trustee shall not be liable for any action it takes or omits to take in good faith which it believes to be authorized or within the rights or powers conferred upon it by this Indenture.

(c) Unless otherwise specifically provided in this Indenture, any demand, request, direction or notice from the Company shall be sufficient if signed by an Officer of the Company.

(f) The Trustee shall not be deemed to have notice of an Event of Default for any purpose under this Indenture unless notified of such Event of Default by the Company, the Paying Agent (if other than the Company) or a Holder of the Securities.

SECTION 7.3 INDIVIDUAL RIGHTS OF TRUSTEE.

The Trustee in its individual or any other capacity may become the owner or pledgee of Securities and may otherwise deal with the Company or an Affiliate of the Company with the same rights it would have if it were not Trustee. Any Agent may do the same with like rights. However, the Trustee is subject to Sections 7.10 and 7.11.

SECTION 7.4 TRUSTEE'S DISCLAIMER.

The Trustee shall not be responsible for and makes no representation as to the validity or adequacy of this Indenture or the Securities, it shall not be accountable for the Company's use of the proceeds from the Securities or any money paid to the Company or upon the Company's direction under any provision hereof, it shall not be responsible for the use or application of any money received by any Paying Agent other than the Trustee and it shall not be responsible for any statement or recital herein or any statement in the Securities or any other document in connection with the sale of the Securities or pursuant to this Indenture other than its certificate of authentication.

SECTION 7.5 NOTICE OF DEFAULTS.

If an Event of Default occurs and is continuing and if it is known to a Responsible Officer of the Trustee, the Trustee shall mail to Holders a notice of the Event of Default within 90 days after it occurs or as soon as practicable after it is known to a Responsible Officer of the Trustee. Except in the case of an Event of Default in payment on any Security, the Trustee may withhold the notice if and so long as the Responsible Officer of the Trustee in good faith determines that withholding the notice is in the interests of the Holders.

SECTION 7.6 REPORTS BY TRUSTEE TO HOLDERS.

(a) Within 60 days of the end of each Fiscal Year, commencing with the fiscal year ending December 31, 2006, the Trustee shall mail to Holders (with a copy to the Company) a brief report dated as of such reporting date that complies with TIA ss. 313(a) (but if no event described in TIA ss. 313(a) has occurred within the 12 months preceding the reporting date, no report need be prepared or transmitted). The Trustee also shall comply with TIA ss. 313(b). The Trustee shall also transmit by mail all reports as required by TIA ss. 313(c).

(b) Commencing at the time this Indenture is qualified under the TIA, a copy of each report mailed to Holders under this Section 7.6 (at the time of its mailing to Holders) shall be filed with the SEC and each stock exchange, if any, on which the Securities are listed. The Company shall promptly notify the Trustee if and when the Securities are listed on any stock exchange.

SECTION 7.7 COMPENSATION AND INDEMNITY.

(a) The Company shall pay to the Trustee from time to time reasonable compensation for its acceptance of this Indenture and its performance of the duties and services required hereunder. The Trustee's compensation shall not be limited by any law on compensation of a trustee of an express trust. The Company shall reimburse the Trustee promptly upon request for all reasonable disbursements, advances and expenses incurred or made by it in addition to the compensation for its services. Such expenses shall include the reasonable compensation, disbursements and expenses of the Trustee's agents and counsel.

(b) The Company shall indemnify the Trustee against any and all losses, liabilities or expenses incurred by it arising out of or in connection with the acceptance or administration of its duties under this Indenture, except as set forth in Section 7.7(d). The Trustee shall notify the Company promptly of any claim for which it may seek indemnity. Failure by the Trustee to so notify the Company shall not relieve the Company of its obligations hereunder, except to the extent the Company is prejudiced thereby. The Company shall defend the claim and the Trustee shall reasonably cooperate in such defense. The Trustee may have separate counsel and the Company shall pay the reasonable fees and expenses of one such counsel. The Company need not pay for any settlement made without its consent, which consent shall not be unreasonably withheld.

(c) The obligations of the Company to pay compensation under Section 7.7(a) through the date of termination, and for indemnification under Section 7.7(b) shall survive the satisfaction and discharge of this Indenture.

(d) The Company need not reimburse any expense or indemnify against any loss or liability incurred by the Trustee through its own negligence, bad faith or willful misconduct.

(e) To secure the Company's payment obligations in this Section, the Trustee shall have a lien prior to the Securities on all money or property held or collected by the Trustee, except that held in trust to pay principal and interest on the Securities or to pay Senior Debt. Such lien shall survive the satisfaction and discharge of this Indenture.

(f) When the Trustee incurs expenses or renders services after an Event of Default specified in Section 6.1(e) or (f) occurs, the expenses and the compensation for the services are intended to constitute expenses of administration under any Bankruptcy Law.

SECTION 7.8 REPLACEMENT OF TRUSTEE.

(a) A resignation or removal of the Trustee and appointment of a successor Trustee shall become effective only upon the successor Trustee's acceptance of appointment as provided in this Section 7.8.

(b) The Trustee may resign at any time and be discharged from the trust hereby created by so notifying the Company. The Holders of a majority of the aggregate principal amount of the outstanding Securities may remove the Trustee (including any successor Trustee) at any time by so notifying the Trustee and the Company in writing. The Company may remove the Trustee if:

(i) the Trustee fails to comply with Section 7.10;

(ii) the Trustee is adjudged a bankrupt or an insolvent or an order for relief is entered with respect to the Trustee under any Bankruptcy Law;

(iii) a Custodian or public officer takes charge of the Trustee or its property;

(iv) the Trustee becomes incapable of acting as Trustee under this Indenture, or

(v) the Company so elects, provided such replacement Trustee is qualified.

(c) If the Trustee resigns or is removed or if a vacancy exists in the office of Trustee for any reason, the Company shall promptly appoint a successor Trustee.

(d) If a successor Trustee does not take office within 30 days after notice that the Trustee has resigned or has been removed, the Company or the Trustee or the Holders of at least a majority in principal amount of the then outstanding Securities may petition any court of competent jurisdiction for the appointment of a successor Trustee.

(e) If the Trustee after written request by any Holder who has been a Holder for at least six months fails to comply with Section 7.10, such Holder may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

(f) A successor Trustee shall deliver a written acceptance of its appointment to the retiring Trustee and to the Company. Thereupon the resignation or removal of the retiring Trustee shall become effective, and the successor Trustee shall have all the rights, powers and duties of the Trustee under this Indenture. The successor Trustee shall mail a notice of its succession to all Holders. The retiring Trustee shall promptly transfer all property held by it as Trustee to the successor Trustee, provided all sums owing to the Trustee hereunder have been paid and subject to the lien provided for in Section 7.7. Notwithstanding replacement of the Trustee pursuant to this Section 7.8, the Company's obligations to pay compensation under Section 7.7(a) through the date of termination, and for indemnification under Section 7.7(b) hereof shall continue for the benefit of the retiring Trustee.

SECTION 7.9 SUCCESSOR TRUSTEE BY MERGER, ETC.

If the Trustee consolidates, merges or converts into, or transfers all or substantially all of its corporate trust business to, another corporation, the successor corporation without any further act shall be the successor Trustee.

SECTION 7.10 ELIGIBILITY; DISQUALIFICATION.

(a) There shall at all times be a Trustee hereunder which shall be a corporation organized and doing business under the laws of the United States of America or of any state or territory thereof or of the District of Columbia authorized under such laws to exercise corporate trustee power, shall be subject to supervision or examination by Federal, state, territorial or District of Columbia authority and shall have a combined capital and surplus of at least $5,000,000 as set forth in its most recent published annual report of condition.

(b) This Indenture shall always have a Trustee who satisfies the requirements of TIA ss. 310(a)(1) and (2). The Trustee shall be subject to TIA ss. 310(b).

SECTION 7.11 PREFERENTIAL COLLECTION OF CLAIMS AGAINST COMPANY.

The Trustee shall be subject to TIA ss. 311(a), excluding any creditor relationship listed in TIA ss. 311(b). A Trustee who has resigned or been removed shall be subject to TIA ss. 311(a) to the extent indicated therein.

ARTICLE VIII

DISCHARGE OF INDENTURE

SECTION 8.1 TERMINATION OF COMPANY'S OBLIGATIONS.

(a) This Indenture shall cease to be of further effect (except that the Company's obligations to pay compensation under Section 7.7(a) through the date of termination, and for indemnification under Section 7.7(b) and its obligations under Section 8.4, and the Company's, Trustee's and Paying Agent's obligations under Section 8.3 shall survive) when, without violating Article X hereof, all outstanding Securities have been paid in full and the Company has paid all sums payable by the Company hereunder. In addition, the Company may terminate all of its obligations under this Indenture if, without violating Article X hereof:

(i) the Company irrevocably deposits in trust with the Trustee or, at the option of the Trustee, with a trustee reasonably satisfactory to the Trustee and the Company under the terms of an irrevocable trust agreement in form and substance satisfactory to the Trustee, money or U.S. Government Obligations sufficient (as certified by an independent public accountant designated by the Company) to pay principal and interest on the Securities to maturity or redemption, as the case may be, and to pay all other sums payable by it hereunder, provided that (A) the trustee of the

irrevocable trust shall have been irrevocably instructed to pay such money or the proceeds of such U.S. Government Obligations to the Trustee and (B) the Trustee shall have been irrevocably instructed to apply such money or the proceeds of such U.S. Government Obligations to the payment of said principal and interest with respect to the Securities;

(ii) the Company delivers to the Trustee an Officers' Certificate stating that all conditions precedent to satisfaction and discharge of this Indenture have been complied with; and

(iii) no Default or Event of Default with respect to the Securities shall have occurred and be continuing on the date of such deposit.

Then, this Indenture shall cease to be of further effect (except as provided in this paragraph), and the Trustee, on demand of the Company, shall execute proper instruments acknowledging confirmation of and discharge under this Indenture. The Company may make the deposit only if Article X hereof does not prohibit such payment. However, the Company's obligations in Sections 2.3, 2.4, 2.5, 2.6, 2.7, 4.2, 7.7(c), 7.8, 8.3 and 8.4 and the Trustee's and Paying Agent's obligations in Section 8.3 shall survive until the Securities are no longer outstanding. Thereafter, only the Company's obligations to pay compensation under Section 7.7(a) through the date of termination, and for indemnification under Section 7.7(b), its obligations under Section 8.4 and the Company's, Trustee's and Paying Agent's obligations in Section 8.3 shall survive.

(b) After such irrevocable deposit made pursuant to this Section 8.1 and satisfaction of the other conditions set forth herein, the Trustee upon written request shall acknowledge in writing the discharge of the Company's obligations under this Indenture except for those surviving obligations specified above.

(c) In order to have money available on a payment date to pay principal or interest on the Securities, the U.S. Government Obligations shall be payable as to principal or interest at least one Business Day before such payment date in such amounts as will provide the necessary money. U.S. Government Obligations shall not be callable at the issuer's option.

SECTION 8.2 APPLICATION OF TRUST MONEY.

The Trustee or a trustee satisfactory to the Trustee and the Company shall hold in trust money or U.S. Government Obligations deposited with it pursuant to Section 8. 1. It shall apply the deposited money and the money from U.S. Government Obligations through the Paying Agent and in accordance with this Indenture to the payment of principal and interest on the Securities.

SECTION 8.3 REPAYMENT TO COMPANY.

(a) The Trustee and the Paying Agent shall promptly pay to the Company upon written request any excess money or securities held by them at any time.

(b) The Trustee and the Paying Agent shall pay to the Company upon written request any money held by them for the payment of principal or interest on the Securities that remains unclaimed for two years after the date upon which such payment shall have become due; provided, however, that the Company shall have either caused notice of such payment to be mailed to each Holder entitled thereto no less than 30 days prior to such repayment or within such period shall have published such notice in a newspaper of widespread circulation published in Orange County, California. After payment to the Company, Holders entitled to the money must look to the Company for payment as general creditors unless an applicable abandoned property law designates another Person, and all liability of the Trustee and such Paying Agent with respect to such money shall cease.

SECTION 8.4 REINSTATEMENT.

If the Trustee or Paying Agent is unable to apply any money or U.S. Government Obligations in accordance with Section 8.2 by reason of any legal proceeding or by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, the Company's obligations under this Indenture and the Securities shall be revived and reinstated as though no deposit had occurred pursuant to Section 8.1 until such time as the Trustee or Paying Agent is permitted to apply all such money or U.S. Government Obligations in accordance with Section 8.2; provided, however, that if the Company has made any payment of interest on or principal of any Securities because of the reinstatement of its obligations, the Company shall be subrogated to the rights of the Holders of such Securities to receive such payment, as long as no money is owed to the Trustee by the Company, from the money or U.S. Government Obligations held by the Trustee or Paying Agent.

ARTICLE IX

AMENDMENTS

SECTION 9.1 WITHOUT CONSENT OF THE HOLDERS.

The Company and the Trustee may amend this Indenture or the Securities without the consent of any Holder:

(a) to cure any ambiguity, defect or inconsistency;

(b) to comply with Section 5.1;

(c) to provide for the issuance of uncertificated Securities or certificated Securities in excess of an aggregate outstanding principal balance of $100 million;

(d) to make any change that does not adversely affect the legal rights hereunder of any Holder, including but not limited to, an increase in the aggregate dollar amount of Securities which may be outstanding under this Indenture;

(e) make any change in Section 3.2; provided, however, that no such change shall adversely affect the rights of any outstanding or issued Security; or

(f) to comply with any requirements of the SEC in connection with the qualification of this Indenture under the TIA.

SECTION 9.2 WITH CONSENT OF THE HOLDERS.

(a) The Company and the Trustee may amend this Indenture or the Securities with the written consent of the Holders of at least a majority in principal amount of the then outstanding Securities. The Holders of a majority in principal of the then outstanding Securities may also waive on behalf of all Holders any existing Default or Event of Default or compliance with any provision of this Indenture or the Securities. However, without the consent of the Holder of each Security affected, an amendment or waiver under this Section may not (with respect to any Security held by a nonconsenting Holder):

(i) reduce the aggregate principal amount of Securities whose Holders must consent to an amendment, supplement or waiver;

(ii) reduce the rate of or change the time for payment of interest, including default interest, on any outstanding Security;

(iii) reduce the principal of or change the fixed maturity of any Security or alter the redemption provisions or the price at which the Company shall offer to purchase such Security pursuant to Section 3.1 of Article III hereof;

(iv) make any Security payable in money other than that stated in the Prospectus;

(v) modify or eliminate the right of the estate of a Holder or a Holder to cause the Company to repurchase a Security upon the death or Total Permanent Disability of a Holder pursuant to Article III; provided, however, that the Company may not modify or eliminate such right, as it may be in effect on the Issue Date, of any Security which was issued with such right, and after an amendment under this subsection 9.2(a)(v) becomes effective, the Company shall mail to the Holders of each Security then outstanding a notice briefly describing the amendment;

(vi) make any change in Section 6.4 or 6.7 hereof or in this sentence of this Section 9.2;

(vii) make any change in Article X that materially adversely affects the rights of any Holders; or

(viii) waive a Default or Event of Default in the payment of principal of or interest on any Security (except a rescission of acceleration of the Securities by the Holders of at least a majority in aggregate principal amount of the Securities and a waiver of the payment default that resulted from such acceleration).

(b) It shall not be necessary for the consent of the Holders under this Section to approve the particular form of any proposed amendment or waiver, but it shall be sufficient if such consent approves the substance thereof.

(c) After an amendment or waiver under this Section becomes effective, the Company shall mail to the Holders of each Security affected thereby a notice briefly describing the amendment or waiver. Any failure of the Company to mail such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such supplemental indenture or waiver. Subject to Sections 6.4 and 6.7 hereof, the Holders of a majority in principal amount of the Securities then outstanding may waive compliance in a particular instance by the Company with any provision of this Indenture or the Securities.

SECTION 9.3 COMPLIANCE WITH TRUST INDENTURE ACT.

If at the time this Indenture shall be qualified under the TIA, every amendment to this Indenture or the Securities shall be set forth in a supplemental indenture that complies with the TIA as then in effect.

SECTION 9.4 EFFECT OF CONSENTS.

(a) Until an amendment or waiver becomes effective, a consent to it by a Holder of a Security is a continuing consent by the Holder and every subsequent Holder of a Security or portion of a Security that evidences the same debt as the consenting Holder's Security, even if notation of the consent is not made on any Security. An amendment or waiver becomes effective in accordance with its terms and thereafter binds every Holder.

(b) The Company may fix a record date for determining which Holders must consent to such amendment or waivers. If the Company fixes a record date, the record date shall be fixed at (i) the later of 30 days prior to the first solicitation of such consent or the date of the most recent list of Holders furnished to the Trustee prior to such solicitation pursuant to Section 2.5, or (ii) such other date as the Company shall designate.

SECTION 9.5 NOTATION ON OR EXCHANGE OF SECURITIES.

The Trustee may place an appropriate notation about an amendment or waiver on any Security, if certificated, or any Account statement. Failure to make any notation or issue a new Security shall not affect the validity and effect of such amendment or waiver.

SECTION 9.6 TRUSTEE TO SIGN AMENDMENTS, ETC.

The Trustee shall sign any amendment or supplemental indenture authorized pursuant to this Article IX if, in the Trustee's reasonable discretion, the amendment does not adversely affect the rights, duties, liabilities or immunities of the Trustee. If it does, the Trustee may, but need not, sign it. In signing or refusing to sign such amendment or supplemental indenture, the Trustee shall be entitled to receive, if requested, an indemnity reasonably satisfactory to it and to receive and, subject to Section 7.1, shall be fully protected in relying upon, an Officers' Certificate and an Opinion of Counsel (or written advice of counsel) as conclusive evidence that such amendment or supplemental indenture is authorized or permitted by this Indenture, that it is not inconsistent herewith, and that it will be valid and binding upon the Company in accordance with its terms. The Company may not sign an amendment or supplemental indenture until its Board of Directors approves it.

ARTICLE X

SUBORDINATION

SECTION 10.1 AGREEMENT TO SUBORDINATE.

(a) The Company agrees, and each Holder by accepting a Security consents and agrees, that the Indebtedness evidenced by the Securities and the payment of the principal of, and interest on and other amounts owing with respect to, the Securities is subordinated in right of payment, to the extent and in the manner provided in this Article, to the prior payment in full, in cash, cash equivalents or otherwise in a manner satisfactory to the holders of Senior Debt, of all Obligations due in respect of Senior Debt of the Company whether outstanding on the date hereof or hereafter incurred, and that the subordination is for the benefit of the holders of Senior Debt.

(b) For purposes of this Article X, a payment or distribution on account of the Securities may consist of cash, property or securities, by set off or otherwise, and a payment or distribution on account of any of the Securities shall include, without limitation, any redemption, purchase or other acquisition of the Securities.

SECTION 10.2 LIQUIDATION; DISSOLUTION; BANKRUPTCY.

(a) Upon any payment or distribution of assets of the Company of any kind or character, whether in cash, property or securities, to creditors upon (i) any dissolution or winding up or total or partial liquidation or reorganization of the Company whether voluntary or involuntary and whether or not involving insolvency or bankruptcy or (ii) any bankruptcy or insolvency case or proceeding or any receivership, liquidation, reorganization or other similar case or proceeding in connection therewith, relative to the Company or to its assets, (iii) any assignment for the benefit of creditors or any other marshaling of assets of the Company, all obligations due, or to become due, in respect of Senior Debt (including interest after the commencement of any such proceeding at the rate specified in the applicable Senior Debt) shall first indefeasibly be paid in full, or provision shall have been made for such payment, in cash, cash equivalents or otherwise in a manner satisfactory to the holders of Senior Debt, before any payment is made on account of the principal of

or interest on the Securities. Upon any such dissolution, winding up, liquidation or reorganization, any payment or distribution of assets of the Company of any kind or character, whether in cash, property or securities, to which the Holders of the Securities or the Trustee under this Indenture would be entitled, except for the provisions hereof, shall be paid by the Company or by any receiver, trustee in bankruptcy, liquidating trustee, agent or other Person making such payment or distribution, or by the Holders of the Securities or by the Trustee under this Indenture if received by them, directly to the holders of Senior Debt (in order of priority, and when of equal priority, pro rata to such holders of equal priority on the basis of the amounts of Senior Debt held by such holders) or their representative or representatives, or to the trustee or trustees under any indenture pursuant to which any of such Senior Debt may have been issued, as their interests may appear, for application to the payment of Senior Debt remaining unpaid until all such Senior Debt has been indefeasibly paid in full, or provisions shall have been made for such payment, in cash, cash equivalents or otherwise in a manner satisfactory to the holders of Senior Debt, after giving effect to any concurrent payment, distribution or provision therefor to or for the holders of Senior Debt.

(b) For purposes of this Article X, the words "cash, property or securities" shall be deemed to include securities of the Company or any other corporation provided for by a plan of reorganization or readjustment which are subordinated, to at least the same extent as the Securities, to the payment of all Senior Debt then outstanding or to the payment of all securities issued in exchange therefor to the holders of Senior Debt at the time outstanding. The consolidation of the Company with, or the merger of the Company with or into, another corporation or the liquidation or dissolution of the Company following the conveyance or transfer of its property as an entirety, or substantially as an entirety, to another corporation upon the terms and conditions provided in Article V shall not be deemed a dissolution, winding up, liquidation or reorganization for the purposes of this Section if such other corporation shall, as part of such consolidation, merger, conveyance or transfer, comply with the conditions stated in Article V.

(c) The provisions of Section 10.2(a) and (b) shall not prohibit, restrict or otherwise limit the Company from entering into, sponsoring or conducting any Qualified Sales and Financing Transaction.

SECTION 10.3 DEFAULT OF SENIOR DEBT.

(a) In the event and during the continuation of any default in the payment of principal of (or premium, if any) or interest on any Senior Debt, or any amount owing from time to time under or in respect of Senior Debt or in the event that any nonpayment event of default with respect to any Senior Debt shall have occurred and be continuing and shall have resulted in such Senior Debt becoming or being declared due and payable prior to the date on which it would otherwise have become due and payable, or (b) in the event that any other nonpayment event of default with respect to any Senior Debt shall have occurred and be continuing permitting the holders of such Senior Debt (or a trustee on behalf of the holders thereof) to declare such Senior Debt due and payable prior to the date on which it would otherwise have become due and payable, then the Company shall make no payment, direct or indirect (including any payment which may be payable by reason of

the payment of any other Indebtedness of the Company being subordinated to the payment of the Securities) on account of any Securities unless and until (i) such event of default shall have been cured or waived or shall have ceased to exist or such acceleration shall have been rescinded or annulled, or (ii) in case of any nonpayment event of default specified in (b), during the period (a "PAYMENT BLOCKAGE PERIOD") commencing on the date the Company and the Trustee receive written notice (a "PAYMENT NOTICE") of such event of default (which notice shall be binding on the Trustee and the Holders as to the occurrence of such an event of default) from a holder of the Senior Debt to which such default relates and ending on the earliest of (A) 179 days after such date, (B) the date, if any, on which such Senior Debt to which such default relates is discharged or such default is waived by the holders of such Senior Debt or otherwise cured and (C) the date on which the Trustee receives written notice from the holder of such Senior Debt to which such default relates terminating the Payment Blockage Period. Notwithstanding the foregoing, during any Payment Blockage Period, the Company shall make payments for rescinded subscriptions under Section 2.2(b) (including subscriptions that occur at a time when a post effective amendment to the Registration Statement was required but not yet effective). The holders of the Senior Debt may deliver up to three (3) Payment Notices to the Company and the Trustee in any 360 day period, provided that in no event shall the cumulative Payment Blockage Periods exceed 179 days in a 360 day period.

(b) Subject to the provisions of Sections 6.9 and 10.7, neither the Trustee nor the Holders may take any action to assert, demand, sue for, collect, enforce or realize upon the Securities or the related Obligations or any part thereof in any period during which the Company is not permitted to make payment on account of the Securities pursuant to Section 10.3, unless and only to the extent that the commencement of a legal action may be required to toll the running of any applicable statute of limitations.

SECTION 10.4 WHEN DISTRIBUTION MUST BE PAID OVER.

(a) If the Trustee or any Holder receives any payment with respect to the Securities, whether in cash, property or securities, such payment shall be held by the Trustee or such Holder, in trust for the benefit of, and shall be paid forthwith over and delivered to, the holders of Senior Debt (in order of their priority, and when of equal priority, pro rata to such holders of equal priority on the basis of the amounts of Senior Debt held by such holders) for application to the payment of all Obligations with respect to Senior Debt remaining unpaid to the extent necessary to pay such Obligations in full, in cash, cash equivalents or otherwise in a manner satisfactory to the holders of Senior Debt, in accordance with the terms of such Senior Debt, after giving effect to any concurrent payment or distribution to or for the holders of Senior Debt.

(b) With respect to the holders of Senior Debt, the Trustee undertakes to perform only such obligations on the part of the Trustee as are specifically set forth in this Article X, and no implied covenants or obligations with respect to the holders of Senior Debt

shall be read into this Indenture against the Trustee. The Trustee shall not be deemed to owe any fiduciary duty to the holders of Senior Debt, and shall not be liable to any such holders if the Trustee shall pay over or distribute to or on behalf of Holders or the Company or any other Person money or assets to which any holders of Senior Debt shall be entitled by virtue of this Article X, except if such payment is made as a result of the willful misconduct or negligence of the Trustee.

SECTION 10.5 NOTICE BY COMPANY.

The Company shall promptly notify the Trustee and the Paying Agent in writing of any facts known to the Company that would cause a payment of any Obligations with respect to the Company to violate this Article, but failure to give such notice shall not affect the subordination of the Securities to the Senior Debt provided in this Article.

SECTION 10.6 SUBROGATION.

After all Senior Debt is paid in full, in cash, cash equivalents or otherwise in a manner satisfactory to the holders of such Senior Debt, and until the Securities are paid in full, Holders shall be subrogated (equally and ratably with all other Indebtedness pari passu with the Securities) to the rights of holders of Senior Debt to receive distributions applicable to Senior Debt to the extent that distributions otherwise payable to the Holders have been applied to the payment of Senior Debt.

SECTION 10.7 RELATIVE RIGHTS.

(a) This Article defines the relative rights of Holders and holders of Senior Debt. Nothing in this Indenture shall:

(i) impair, as between the Company and Holders, the obligations of the Company, which are absolute and unconditional, to pay principal of and interest on the Securities in accordance with their terms;

(ii) affect the relative rights of Holders and creditors of the Company other than their rights in relation to holders of Senior Debt; or

(iii) prevent the Trustee or any Holder from exercising its available remedies upon a Default or Event of Default, subject to the rights of holders and owners of Senior Debt to receive distributions and payments otherwise payable to Holders.

(b) If the Company fails because of this Article to pay principal of or interest on a Security on the due date, the failure is still a Default or Event of Default.

SECTION 10.8 SUBORDINATION MAY NOT BE IMPAIRED BY THE COMPANY OR HOLDERS OF SENIOR DEBT.

(a) No right of any present or future holder of Senior Debt to enforce the subordination of the Indebtedness evidenced by the Securities and the Obligations related thereto shall be prejudiced or impaired by any act or failure to act by any such holder or by the Company, the Trustee or any Agent or by the failure of the Company to comply with this Indenture, regardless of any knowledge thereof which any such holder may have or otherwise be charged with.

(b) Without limiting the effect of the preceding paragraph, any holder of Senior Debt may at any time and from time to time without the consent of or notice to any other holder or to the Trustee, without impairing or releasing any of the rights of any holder of Senior Debt under this Indenture, upon or without any terms or conditions and in whole or in part:

(i) change the manner, place or term of payment, or change or extend the time of payment of, renew or alter any Senior Debt or any other liability of the Company to such holder, any security therefor, or any liability incurred directly or indirectly in respect thereof, and the provisions of this Article X shall apply to the Senior Debt as so changed, extended, renewed or altered;

(ii) notwithstanding the provisions of Section 5.1 hereof, sell, exchange, release, surrender, realize upon or otherwise deal with in any manner and in any order any property by whomsoever at any time pledged or mortgaged to secure, or howsoever securing, any Senior Debt or any other liability of the Company to such holder or any other liabilities incurred directly or indirectly in respect thereof or hereof or any offset thereagainst;

(iii) exercise or refrain from exercising any rights or remedies against the Company or others or otherwise act or refrain from acting or, for any reason, fail to file, record or otherwise perfect any security interest in or lien on any property of the Company or any other Person; and

(iv) settle or compromise any Senior Debt or any other liability of the Company to such holder, or any security therefor, or any liability incurred directly or indirectly in respect thereof.

(c) All rights and interests under this Indenture of any holder of Senior Debt and all agreements and obligations of the Trustee, the Holders, and the Company under Article VI and under this Article X shall remain in full force and effect irrespective of (i) any lack of validity or enforceability of any agreement or instrument relating to any Senior Debt or (ii) any other circumstance that might otherwise constitute a defense available to, or a discharge of, the Trustee, any Holder, or the Company.

(d) Any holder of Senior Debt is hereby authorized to demand specific performance of the provisions of this Article X, whether or not the Company shall have complied with any of the provisions of this Article X applicable to it, at any time when the Trustee or any Holder shall have failed to comply with any of these provisions. The Trustee and the Holders irrevocably waive any defense based on the adequacy of a remedy at law that might be asserted as a bar to such remedy of specific performance.

SECTION 10.9 DISTRIBUTION OR NOTICE TO REPRESENTATIVE.

(a) Whenever a distribution is to be made or a notice given to holders of Senior Debt, the distribution may be made and the notice given to their representative.

(b) Upon any payment or distribution of assets of the Company referred to in this Article X, the Trustee and the Holders shall be entitled to rely upon any order or decree made by any court of competent jurisdiction in which bankruptcy, dissolution, winding up, liquidation or reorganization proceedings are pending or upon any certificate of any representative of any holder of Senior Debt or of the liquidating trustee or agent or other Person making any distribution, delivered to the Trustee or to the Holders, for the purpose of ascertaining the Persons entitled to participate in such distribution, the holders of the Senior Debt and other Indebtedness of the Company, the amount thereof or payable thereon, the amount or amounts paid or distributed thereon and all other facts pertinent thereto or to this Article X.

SECTION 10.10 RIGHTS OF TRUSTEE AND PAYING AGENT.

(a) Notwithstanding the provisions of this Article X or any other provision of this Indenture, the Trustee shall not be charged with knowledge of the existence of any facts which would prohibit the making of any payment or distribution by the Trustee, or the taking of any action by the Trustee, and the Trustee or Paying Agent may continue to make payments on the Securities unless it shall have received at its Corporate Trust Office at least five Business Days prior to the date of such payment written notice of facts that would cause the payment of any Obligations with respect to the Securities to violate this Article, which notice, unless specified by a holder of Senior Debt as such, shall not be deemed to be a Payment Notice. The Trustee may conclusively rely on such notice. Only the Company or a holder of Senior Debt may give the notice. Nothing in this Article X shall apply to amounts due to, or impair the claims of, or payments to, the Trustee under or pursuant to Section 7.7 hereof.

(b) The Trustee in its individual or any other capacity may hold Senior Debt with the same rights it would have if it were not Trustee. Any Agent may do the same with like rights.

SECTION 10.11 AUTHORIZATION TO EFFECT SUBORDINATION.

Each Holder of a Security by his acceptance thereof authorizes and directs the Trustee on his behalf to take such action as may be necessary or appropriate to effectuate, as between the holders of Senior Debt and the Holders, the subordination as provided in this Article X, and appoints the Trustee his attorney in fact for any and all such purposes.

SECTION 10.12 ARTICLE APPLICABLE TO PAYING AGENT.

In case at any time any Paying Agent (other than the Trustee or the Company) shall have been appointed by the Company and be then acting hereunder, the term "Trustee" as used in this Article X shall in such case (unless the context otherwise requires) be construed as extending to and including such Paying Agent within its meaning as fully for all intents and purposes as if such Paying Agent were named in this Article X in addition to or in place of the Trustee.

SECTION 10.13 MISCELLANEOUS.

(a) The agreements contained in this Article X shall continue to be effective or be reinstated, as the case may be, if at any time any payment of any of the Senior Debt is rescinded or must otherwise be returned by any holder of Senior Debt upon the insolvency, bankruptcy or reorganization of the Company or otherwise, all as though such payment had not been made.

(b) The Trustee shall notify all holders of Senior Debt (of whose identity the Trustee has received reasonable advance written notice) of the existence of any Default or Event of Default under Section 6.1 promptly after a Responsible Officer of the Trustee actually becomes aware thereof; provided, however, that at least five Business Days prior to the notification of any holder of Senior Debt under this Section 10.13, the Trustee shall provide the Company with notice of its intent to provide such notification, provided further, however, that no defect in the form or delivery of the Trustee's notice to the Company shall preclude the timely notice by the Trustee to the holders of Senior Debt.

ARTICLE XI

MISCELLANEOUS

SECTION 11.1 TRUST INDENTURE ACT CONTROLS.

If any provision of this Indenture limits, qualifies or conflicts with the duties imposed by TIA ss. 318(c), the imposed duties shall control.

SECTION 11.2 NOTICES.

(a) Any notice, instruction, direction, request or other communication by the Company, the Trustee or any other holder of Senior Debt to the others is duly given if in writing and delivered in person or mailed by first class mail (registered or certified, return receipt requested), telex, telecopier or overnight air courier guaranteeing next day delivery, to the other's address:

If to the Company:

Consumer Portfolio Services, Inc.
16355 Laguna Canyon Road
Irvine, CA 92618

Attention: Chief Financial Officer
Telecopier: 949 753 6897

With a copy to:

Andrews Kurth LLP
1717 Main Street, Suite 3700
Dallas, TX 75201..

Attention: Mark W. Harris
Telecopier: 214 659 4773

If to the Trustee:

Wells Fargo Bank, National Association
Sixth Street and Marquette Avenue
MAC N9303 120
Minneapolis, Minnesota, 55479

Attention: Consumer Portfolio Services, Inc, Administrator
Telecopier: (612) 667 9825

If to a holder of Senior Debt, such address as such holder of Senior Debt shall have provided in writing to the Company and the Trustee.

(b) The Company, the Trustee or a holder of Senior Debt by notice to the Company and the Trustee may designate additional or different addresses for subsequent notices or communications.

(c) All notices and communications (other than those sent to Holders) shall be deemed to have been duly given: at the time delivered by hand, if personally delivered; five Business Days after being deposited in the mail, postage prepaid, if mailed; when answered back, if telexed; when receipt acknowledged, if telecopied; and the next Business Day after timely delivery to the courier, if sent by overnight air courier guaranteeing next day delivery.

(d) Any notice or communication to a Holder shall be mailed by first class mail to his address shown on the register kept by the Registrar. Failure to mail a notice or communication to a Holder or any defect in it shall not affect its sufficiency with respect to other Holders.

(e) If a notice or communication is mailed in the manner provided above within the time prescribed, it is duly given, whether or not the addressee receives it.

(f) If the Company mails a notice or communication to Holders, it shall mail a copy to the Trustee and each Agent at the same time.

SECTION 11.3 COMMUNICATION BY HOLDERS WITH OTHER HOLDERS.

Holders may communicate pursuant to TIA ss. 312(b) with other Holders with respect to their rights under this Indenture or the Securities. The Trustee shall be subject to ss. 312(b). The Company, the Trustee, the Registrar and anyone else shall have the protection of TIA ss. 312(c).

SECTION 11.4 CERTIFICATE AND OPINION AS TO CONDITIONS PRECEDENT.

Upon any request or application by the Company to the Trustee to take any action under this Indenture, the Company shall furnish to the Trustee:

(a) an Officers' Certificate in form and substance reasonably satisfactory to the Trustee (which shall include the statements set forth in Section 11.5) stating that, in the opinion of the signers, all conditions precedent and covenants, if any, provided for in this Indenture relating to the proposed action have been complied with; and

(b) an Opinion of Counsel in form and substance reasonably satisfactory to the Trustee (which shall include the statements set forth in Section 11.5) stating that, in the opinion of such counsel, all such conditions precedent and covenants have been complied with.

SECTION 11.5 STATEMENTS REQUIRED IN CERTIFICATE OR OPINION.

Each certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture (other than a certificate provided pursuant to TIA ss. 314(a)(4)) shall include:

(a) a statement that the Person making such certificate or opinion has read such covenant or condition;

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

(c) a statement that, in the opinion of such Person, he has made such examination or investigation as is necessary to enable him to express an informed opinion whether such covenant or condition has been complied with; and

(d) a statement whether, in the opinion of such Person, such condition or covenant has been complied with.

SECTION 11.6 RULES BY TRUSTEE AND AGENTS.

The Trustee may make reasonable rules for action by or at a meeting of Holders. The Registrar or Paying Agent may make reasonable rules and set reasonable requirements for its functions.

SECTION 11.7 LEGAL HOLIDAYS.

A "Legal Holiday" is a Saturday, a Sunday or a day on which banking institutions in the State of Minnesota or at a place of payment are authorized or obligated by law, regulation or executive order to remain closed. If a payment date is a Legal Holiday at a place of payment, payment may be made at that place on the next succeeding day that is not a Legal Holiday, and no interest shall accrue for the intervening period.

SECTION 11.8 NO RECOURSE AGAINST OTHERS.

No director, officer, employee, agent, manager or stockholder of the Company as such, shall have any liability for any Obligations of the Company under the Securities or this Indenture or for any claim based on, in respect of or by reason of such Obligations or their creation. Each Holder by accepting a Security waives and releases all such liability.

SECTION 11.9 DUPLICATE ORIGINALS.

The parties may sign any number of copies of this Indenture. One signed copy is enough to prove this Indenture.

SECTION 11.10 GOVERNING LAW.

THE INTERNAL LAW OF THE STATE OF NEW YORK SHALL GOVERN THIS INDENTURE AND THE SECURITIES, WITHOUT REGARD TO THE CONFLICT OF LAWS PROVISIONS THEREOF.

SECTION 11.11 NO ADVERSE INTERPRETATION OF OTHER AGREEMENTS.

This Indenture may not be used to interpret another indenture, loan or debt agreement of the Company. Any such indenture, loan or debt agreement may not be used to interpret this Indenture.

SECTION 11.12 SUCCESSORS.

All agreements of the Company in this Indenture and the Securities shall bind its successors. All agreements of the Trustee in this Indenture shall bind its successors.

SECTION 11.13 SEVERABILITY.

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

SECTION 11.14 COUNTERPART ORIGINALS.

The parties may sign any number of copies of this Indenture. Each signed copy shall be an original, but all of them together represent the same agreement.

SECTION 11.15 TABLE OF CONTENTS, HEADINGS, ETC.

The Table of Contents, Cross Reference Table and Headings of the Articles and Sections of this Indenture have been inserted for convenience of reference only, are not to be considered a part hereof and shall in no way modify or restrict any of the terms or provisions thereof.

[REMAINDER OF PAGE BLANK]

SIGNATURES:

IN WITNESS WHEREOF, the parties hereto have caused to be duly executed as of the day and year first written above, this Indenture.

CONSUMER PORTFOLIO SERVICES, INC.

By:

Name:

Title:

WELLS FARGO BANK, NATIONAL ASSOCIATION,
a national banking association,
as Trustee

By:

Name:

Title:

Exhibit 12.1

CONSUMER PORTFOLIO SERVICES, INC.
RATIO OF EARNINGS TO FIXED CHARGES
(IN THOUSANDS)
2000 - MARCH 2005

	2000	2001	2002	2003	2004	1ST QUARTER 2005
FIXED CHARGES:						
Interest expensed and capitalized	17,240	14,335	23,925	23,861	32,147	10,384
Estimate of interest within rent expense (33% of rent exp.)	1,067	867	1,333	1,300	1,173	261
	18,307	15,202	25,258	25,161	33,320	10,645
EARNINGS:						
Pre tax income	(32,403)	320	62	(3,039)	(15,888)	(239)
Fixed charges	18,307	15,202	25,258	25,161	33,320	10,645
	(14,096)	15,522	25,320	22,122	17,432	10,406
RATIO	(0.77)	1.02	1.00	0.88	0.52	0.98
DEFICIENCY	32,403			3,039	15,888	239

EXHIBIT 23.2

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in this Post Effective Amendment No. 1 to Registration Statement (No. 333 121913) of Consumer Portfolio Services, Inc. on Form S 2 of our report, dated March 16, 2005, appearing in the Annual Report on Form 10 K of Consumer Portfolio Services, Inc. for the year ended December 31, 2004. We also consent to the reference of our firm under the caption "Experts" in the Prospectus, which is a part of this Registration Statement.

/s/ MCGLADREY & PULLEN, LLP

Irvine, CA
May 19, 2005

Exhibit 23.3

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors
Consumer Portfolio Services, Inc.

We consent to the incorporation by reference in the registration statement (No. 333 121913) on Form S 2 of Consumer Portfolio Services, Inc. of our report dated March 15, 2004, with respect to the consolidated balance sheet of Consumer Portfolio Services, Inc. as of December 31, 2003, and the related consolidated statements of operations, comprehensive income (loss), shareholders' equity, and cash flows for each of the years in the two year period ended December 31, 2003, which report appears in the December 31, 2004, annual report on Form 10 K of Consumer Portfolio Services, Inc. and to the reference to our firm under the heading "Experts" in the prospectus.

/S/ KPMG LLP

Orange County, California
May 19, 2005