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

FORM 10-K/A

[X] ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2002

[ ] TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

COMMISSION FILE NUMBER: 1-14116
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 NO.)
16355 LAGUNA CANYON ROAD, IRVINE, CALIFORNIA (ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)	92618 (ZIP CODE)

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE: (949) 753-6800

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

Title of each class:	Name of each exchange on which registered:
10.50% Participating Equity Notes due 2004	New York Stock Exchange
Rising Interest Subordinated Redeemable Securities due 2006	New York Stock Exchange

SECURITIES REGISTERED PURSUANT TO SECTION 12(G) OF THE ACT:
Common Stock, No Par Value

Indicate by check mark whether the registrant (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

Indicate by check mark whether the registrant is an accelerated filer (as defined in Exchange Act Rule 12b-2). Yes [ ] No [x]

The aggregate market value of voting stock held by non-affiliates of the registrant as of the last business day of the registrant's most recently completed second fiscal quarter (June 28, 2002) was $23,273,922, based upon the $2.65 per share closing price of the Common Stock on that date, as reported by The Nasdaq Stock Market. The number of shares of the registrant's Common Stock outstanding on April 25, 2003, was 20,245,976.

DOCUMENTS INCORPORATED BY REFERENCE: NONE

This Amendment is filed to disclose the information required to be included in Part III of the annual report on Form 10-K of Consumer Portfolio Services, Inc. (the "registrant" or the "Company") for the year ended December 31, 2002, and to file additional exhibits.

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS

The information appearing in Part I of this report under the caption "Executive Officers" is incorporated herein by reference.

Information regarding the directors of the Company appears below:

NAME	AGE	POSITION(S) WITH THE COMPANY
Charles E. Bradley, Jr.	43	President, Chief Executive Officer, and Chairman of the Board of Directors
Thomas L. Chrystie	70	Director
E. Bruce Fredrikson	65	Director
John E. McConnaughy, Jr.	74	Director
John G. Poole	60	Vice Chairman of the Board of Directors
William B. Roberts	65	Director
John C. Warner	55	Director
Daniel S. Wood	44	Director

CHARLES E. BRADLEY, JR. has been the President and a director of the Company since its formation in March 1991, and was elected Chairman of the Board of Directors in July 2001. In January 1992, Mr. Bradley was appointed Chief Executive Officer of the Company. From April 1989 to November 1990, he served as Chief Operating Officer of Barnard and Company, a private investment firm. From September 1987 to March 1989, Mr. Bradley, Jr. was an associate of The Harding Group, a private investment banking firm. Mr. Bradley does not currently serve on the board of directors of any other publicly-traded companies.

THOMAS L. CHRYSTIE has been a director of the Company since April 1995. He has been self-employed as an investor, through Wycap Corporation, since 1988. His previous experience includes 33 years at Merrill Lynch & Co. in various capacities including heading Merrill Lynch's investment banking, capital markets and merchant banking activities. In addition, he served as Merrill Lynch & Co.'s Chief Financial Officer.

E. BRUCE FREDRIKSON has been a director of the Company since March 2003. He is a Professor of Finance at the Syracuse University School of Management, where he has taught since 1966. Mr. Fredrikson has published numerous papers on topics on the theory and practice of corporate finance. He is also a director of Track Data Corp.

JOHN E. MCCONNAUGHY, JR. has been a director of the Company since 2001. He is the Chairman and Chief Executive Officer of JEMC Corporation. From 1981 to 1992 he was the Chairman and Chief Executive Officer of GEO International Corp, a company in the business of nondestructive testing, screen-printing and oil field services. Mr. McConnaughy was previously and concurrently Chairman and Chief Executive Officer of Peabody International Corp., from 1969 to 1986. He currently serves as a director of Levcor International, Inc., Varsity Brands, Inc., Wave Systems, Inc., Fortune Natural Resources and Overhill Farms, Inc. Mr. McConnaughy is also Chairman of the Board of Trustees of the Strang Clinic and is the Chairman Emeritus of the Board of the Harlem School of the Arts.

JOHN G. POOLE has been a director of the Company since November 1993 and its Vice Chairman since January 1996. He is now a private investor, having previously been a director and Vice President of Stanwich Partners ("SPI") until July 2001. SPI, which Mr. Poole co-founded in 1982, acquired controlling interests in companies in conjunction with their existing management. Mr. Poole is a director of Reunion Industries, Inc. and Sanitas, Inc.

WILLIAM B. ROBERTS has been a director of the Company since its formation in March 1991. Since 1981, he has been the President of Monmouth Capital Corp., an investment firm that specializes in management buyouts. Mr. Roberts does not currently serve on the board of directors of any other publicly-traded companies.

JOHN C. WARNER was elected a director of the Company in April 2003. Mr. Warner is president and chief executive officer of O'Neill Clothing, a manufacturer and marketer of apparel and accessories. He has held those positions since 1996. Mr. Warner does not currently serve on the board of directors of any other publicly-traded companies.

DANIEL S. WOOD has been a director of the Company since July 2001. Mr. Wood is president and chief executive officer of CTP Carrera, a manufacturer of custom injection moldings. Previously, from 1988 to September 2000, he was the chief operating officer and co-owner of CTP Carrera Corporation. Mr. Wood does not currently serve on the board of directors of any other publicly-traded companies

BANKRUPTCY PROCEEDINGS. In December 2001 Mr. Bradley resigned from his position as chairman of the board of LINC Acceptance Company, LLC ("LINC"). LINC was a limited liability company organized under the laws of Delaware, and its board of members has certain management authority. The operating agreement of LINC designated the chairman of the board of members as LINC's chief executive officer. LINC was a majority-owned subsidiary of the Company, which engaged in the business of purchasing retail motor vehicle installment purchase contracts, and selling such contracts to the Company or other affiliates. LINC ceased operations in the second quarter of 1999. On October 29, 1999, three former employees of LINC filed an involuntary petition in the United States Bankruptcy Court for the District of Connecticut seeking LINC's liquidation under Chapter 7 of the United States Bankruptcy Code. Mr. McConnaughy was the Chairman of the Board of the Excellence Group, LLC, which on January 13, 1999, filed a voluntary petition for in the United States Bankruptcy Court for the District of Connecticut for reorganization under Chapter 11 of the United States Bankruptcy Code. The Excellence Group's subsidiaries produced labels for a variety of customers.

SECTION 16 (a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Directors, executive officers and holders of in excess of 10% of the Company's common stock are required to file reports concerning their transactions in and holdings of equity securities of the Company. Based on a review of reports filed by each such person, and inquiry of each regarding holdings and transactions, the Company believes that all reports required with respect to the year 2002 were timely filed, except that Mr. Bradley filed four reports late, relating to a total of 21 transactions.

ITEM 11. EXECUTIVE COMPENSATION

EXECUTIVE COMPENSATION

The following table summarizes all compensation earned during the three fiscal years ended December 31, 2002, 2001, and 2000 by the Company's chief executive officer and by the four most highly compensated individuals (such five individuals, the "named executive officers") who were serving as executive officers at December 31, 2002.

SUMMARY COMPENSATION TABLE

		Compensation for period shown		Long Term Compensation Awards (1)	All Other Compensation ($) (2)
Name and Principal Position	Year	Salary ($)	Bonus ($)	Options/SARs	
CHARLES E. BRADLEY, JR.	2002	600,000	850,000	185,000	450
President & Chief	2001	565,000	1,100,000	166,666	846
Executive Officer	2000	525,000	750,000	333,333	1,446
NICHOLAS P. BROCKMAN	2002	222,000	174,792	25,000	450
Senior Vice President -	2001	206,000	117,000	20,000	692
Collections	2000	165,000	116,000	10,000	1,292
CURTIS K. POWELL	2002	222,000	154,734	25,000	450
Senior Vice President -	2001	206,000	124,000	20,000	830
Originations	2000	191,000	105,000	10,000	1,430
WILLIAM L. BRUMMUND, JR.	2002	196,000	144,452	25,000	450
Senior Vice President -	2001	172,000	100,000	20,000	702
Administration	2000	161,000	89,000	10,000	1,302
ROD RIFAI	2002	190,000	117,990	48,000	450
Senior Vice President -	2001	335,000	44,000	52,500	183
Marketing (3)	2000	373,000	-	2,500	-

(1) Number of shares that might be purchased upon exercise of options that were granted in the period shown.

(2) Amounts in this column represent (a) any Company contributions to the Employee Savings Plan (401(k) Plan), and (b) premiums paid by the Company for group life insurance, as applicable to the named executive officers. Company contributions to the 401(k) Plan were $600 per individual in 2000, and zero in 2001 and 2002.

(3) Mr. Rifai became an executive officer as Senior Vice President - Marketing, in July 2001. All of the salary amount for 2000 and $228,000 of the salary amount for 2001 represents salary and commissions earned while Mr. Rifai was serving as a regional vice president for CPS Marketing, Inc., a subsidiary of the Company.

OPTION AND SAR GRANTS

The Company in the year ended December 31, 2002, did not grant any stock appreciation rights to any of the named executive officers. The Company has from time to time granted options to substantially all of its management and marketing employees, and did so in July 2002. The grants approved in July 2002 would cause the limitations of the Company's 1997 Long-Term Incentive Plan to be exceeded. The grants from July 2002, therefore, with respect to an aggregate of 1,589,200 shares, were made contingent on shareholder approval of an increase in the maximum number of shares that may be issued under the Plan. All of the 2002 grants to the named executive officers are contingent on shareholder approval of such amendment. Messrs. Brockman. Powell and Brummund received contingent grants with respect to 25,000 shares, Mr. Rifai received a contingent grant with respect to 48,000 shares, and the chief executive officer received a contingent grant with respect to 185,000 shares. All such options are exercisable, if at all, at $1.50 per share, and all are scheduled to become exercisable in five equal annual increments, from 2003 through 2007.

	OPTIONS/GRANTS IN LAST FISCAL YEAR - INDIVIDUAL GRANTS				Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation for Option Term		
Name	Number of Shares Underlying Options Granted	Percent of Total Options Granted to Employees in 2002	Exercise or Base Price ($/Share)	Expiration Date	5% ($)	10% ($)	NOTES
Charles E. Bradley, Jr.	185,000	10.29%	$1.50	7/23/12	174,518	442,264	(1)
Nicholas P. Brockman	25,000	1.39%	$1.50	7/23/12	23,584	59,765	(1)
Curtis K. Powell	25,000	1.39%	$1.50	7/23/12	23,584	59,765	(1)
William L. Brummund, Jr.	25,000	1.39%	$1.50	7/23/12	23,584	59,765	(1)
Rod Rifai	48,000	2.67%	$1.50	7/23/12	45,280	114,749	(1)

(1) Becomes exercisable in five equal installments on each January 1, 2003-2007, provided however that these options have been granted subject to shareholder approval, which will be sought at the 2003 annual meeting of shareholders.

AGGREGATED OPTION EXERCISES AND FISCAL YEAR END OPTION VALUE TABLE

The following table sets forth, as of December 31, 2002, and for the year then ended, the number of unexercised options held by each of the named executive officers, the number of shares subject to then exercisable and unexercisable options held by such persons and the value of all unexercised options held by such persons. Each option referred to in the table was granted under the Company's 1991 Stock Option Plan, or under the 1997 Long-Term Incentive Stock Plan, at an option price per share no less than the fair market value per share on the date of grant.

	Number of Unexercised Options at December 31, 2002		Value of Unexercised In-the-Money Options at December 31, 2002 (1)	
Name	Exercisable	Unexercisable	Exercisable ($)	Unexercisable ($)
Charles E. Bradley, Jr.	283,334	285,399	96,334	199,986
Nicholas P. Brockman	4,000	54,900	1,360	51,804
Curtis K. Powell	71,000	67,000	99,515	69,530
William L. Brummund, Jr.	4,000	48,700	1,360	42,721
Rod Rifai	23,500	94,500	24,165	65,705

(1) Valuation based on the last sales price on December 31, 2002 of $2.09 per share, as reported by Nasdaq.

BONUS PLAN

The named executive officers and other officers participate in a management bonus plan, pursuant to which such employees are entitled to earn cash bonuses, if the Company achieves certain net income levels or goals established by the Board of Directors, and if such employees achieve certain individual objectives. The amount of bonus payable to each officer is determined by the Board of Directors upon recommendation of the Compensation Committee.

DIRECTOR COMPENSATION

During the year ended December 31, 2002, the Company paid all directors, excluding Mr. Bradley, a retainer of $1,000 per month and an additional fee of $1,000 PER DIEM for attendance at meetings ($500 for committee meetings or telephonic meetings). Mr. Bradley, Jr., received no additional compensation for his service as a director. In July 2002, the Board adopted as a policy that non-employee directors should ordinarily be granted options to purchase 30,000 shares of the Company's stock upon first joining the Board, and options with respect to 10,000 shares on an annual basis. Pursuant to that policy, and recognizing that Mr. McConnaughy and Mr. Wood had first joined the Board in 2001, the Board granted to Mr. McConnaughy and Mr. Wood each an option to purchase up to 30,000 shares of the Company's common stock at $1.50 per share, which was the then-prevailing market price, and to each director other than Mr. Bradley an option to purchase up to 10,000 shares of the Company's common stock at $1.50 per share. In January 2003, the Board increased the monthly retainer from $1,000 to $2,000.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth the number and percentage of shares of CPS Common Stock (its only class of voting securities) owned beneficially as of April 24, 2003, by (i) each person known to CPS to own beneficially more than 5% of the outstanding Common Stock, (ii) each director, nominee or named executive officer of CPS, and (iii) all directors, nominees and executive officers of CPS as a group. Except as otherwise indicated, and subject to applicable community property and similar laws, each of the persons named has sole voting and investment power with respect to the shares shown as beneficially owned by such persons. The address of Messrs. Bradley, Jr., Brockman, Brummund, Jr., Powell and Rifai is c/o Consumer Portfolio Services, Inc., 16355 Laguna Canyon Road, Irvine, CA 92618.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership (1)	Percent of Class
Charles E. Bradley, Jr.	2,723,931 (2)	13.2%
Thomas L. Chrystie P.O. Box 640, Wilson, WY 83014	192,100	0.9%
E. Bruce Fredrikson 34437 N. 93rd Place, Scottsdale, AZ 85262	0	0.0%
John E. McConnaughy, Jr Atlantic Capital Partners, 3 Parkland Drive, Darien, CT 06820	200,337	1.0%
John G. Poole 1 Rye Road, Port Chester, NY 10573	677,193 (3)	3.3%
William B. Roberts Monmouth Capital Corp., 126 East 56th Street, New York, NY 10022	1,073,982	5.3%
John C. Warner 17 Pasteur, Irvine, CA 92618	0	0.0%
Daniel S. Wood 600 Depot St., Latrobe, PA 05650	40,000	0.2%
Nicholas P. Brockman	186,191	0.9%
William L. Brummund, Jr	173,873	0.9%
Curtis K. Powell	162,716	0.8%
Rod Rifai	39,359	0.2%
All directors, nominees and executive officers combined (16 persons)	5,628,376 (4)	26.4%
Charles E. Bradley, Sr Stanwich Partners, Inc., 62 Southfield Avenue, Stamford, CT 06902	1,931,819 (5)	9.5%
Levine Leichtman Capital Partners II, L.P 335 North Maple Drive, Suite 240, Beverly Hills, CA 90210	4,553,500 (6)	22.5%
FSA Portfolio Management Inc.	1,702,334 (7)	7.8%

(1) Includes certain shares that may be acquired within 60 days after April 24, 2003 from the Company upon exercise of options, as follows: Mr. Bradley, Jr., 403,582 shares; Mr. Chrystie, 10,000 shares; Mr. McConnaughy, 40,000 shares; Mr. Poole, 40,000 shares; Mr. Roberts, 10,000 shares; Mr. Wood, 40,000 shares; Mr. Brockman, 29,100 shares; Mr. Brummund, 25,100 shares; Mr. Powell, 97,000 shares; and Mr. Rifai, 36,100 shares. Shares deemed held by officers include shares underlying certain options that are contingent on shareholder approval, which will be sought at the Company's 2003 annual meeting of shareholders.

(2) Includes 1,058,818 shares held by trusts of which Mr. Bradley is the co-trustee, and as to which shares Mr. Bradley has shared voting and investment power. One such trust holds 211,738 shares for the benefit of Mr. Bradley. The co-trustee, who has shared voting and investment

power as to all such shares (representing 5.4% of outstanding shares), is Kimball Bradley, whose address is 11 Stanwix Street, Pittsburgh, PA 15222.

(3) Includes 333,333 shares issuable upon conversion of $1,000,000 of Company debt held by the named person.

(4) Includes 1,703,034 shares that may be acquired within 60 days after April 24, 2003, upon exercise of options and conversion of convertible securities.

(5) Includes 207,490 shares owned by the named person's spouse, as to which he has no voting or investment power, and 697,791 shares owned by two corporations (Stanwich Financial Services Corp. and Stanwich Partners, Inc.) of which the named person is controlling stockholder, president and a director.

(6) Comprises 4,552,500 issued shares and 1,000 shares that are issuable upon exercise of an outstanding warrant.

(7) Represents shares issuable upon exercise of a presently exercisable warrant.

ITEM 13. CERTAIN RELATIONS AND RELATED TRANSACTIONS

CPS LEASING. The Company holds 80% of the outstanding shares of the capital stock of CPS Leasing, Inc. ("CPSL"). The remaining 20% of CPSL is held by Charles E. Bradley, Jr., who is the President and a director of the Company. CPSL engaged in the equipment leasing business, and is currently in the process of liquidation as its leases come to term. CPSL financed its purchases of the equipment that it leases to others through either of two lines of credit. Amounts borrowed by CPSL under one of those two lines of credit have been guaranteed by the Company. As of March 31, 2003, the total amount outstanding under the two lines of credit was approximately $504,000, of which the Company had guarantied approximately $180,000. The Company has also financed the operations of CPSL by making operating advances and by advancing to CPSL the fraction of the purchase prices of its leased equipment that CPSL did not borrow under its lines of credit. The aggregate amount of advances made by the Company to CPSL as of March 31, 2003, is approximately $2.0 million. The advances related to operations bear interest at the rate of 8.5% per annum. The advances related to the fraction of the purchase price of leased equipment are not interest bearing.

CARS USA. In the ordinary course of its business operations, the Company from time to time purchases retail automobile installment contracts from an automobile dealer, Cars USA, which until August 2002 was owned by a corporation of which Mr. Bradley, Sr., and Mr. Bradley, Jr., are the principal shareholders. During the year 2002 and prior to the date of sale, the Company purchased 16 such contracts, with an aggregate principal balance of approximately $233,431 All such purchases were on the Company's normal business terms. Cars USA is indebted to the Company in the amount of approximately $669,000 as of December 31, 2002. Cars USA ceased operations in August 2002, and has no apparent ability to repay its debt.

LEVINE LEICHTMAN. At December 31, 2001, the Company was indebted to Levine Leichtman Capital Partners II, L.P. ("LLCP") in the amount of approximately $26 million. Such debt (the "Term B Notes") is due November 2003, and bears interest at 14.50% per annum. The interest rate is subject to increase by 2.0% in the event of a default by the Company.

In March 2002, the Company and LLCP entered into a series of agreements under which LLCP provided additional funding to enable the Company to acquire MFN Financial Corporation. Under the March 2002 agreements, the Company borrowed $35 million from LLCP as "Bridge Notes," bearing interest at 13.50% per annum and due February 2003, and approximately $8.5 million as "Term C Notes," bearing interest on a deemed principal amount of approximately $11.2 million at 12.00% per annum and due in March 2008. At December 31, 2002, the Company was indebted to LLCP in the amount of approximately $50.1 million, comprising $21,8 million of the Term B Notes, $21.0 million of the Bridge Notes, and $7.3 million of the Term C Notes. The Bridge Notes were paid in full on February 21, 2003.

The Company borrowed an additional $25 million (the "Term D Notes") from LLCP on February 3, 2003. The Term D Notes are due April 30, 2003; provided, however, that the Company by payment of two successive extension fees, each in the amount of $125,000, may extend the maturity to May 31, 2003 and January 14, 2004. The Term D Notes bear interest at pre-determined rates that are 4.00% to 5.14% per annum for the months of February through June 2003, and thereafter 12.00% per annum. In connection with the issuance and sale of the Term D Notes, the Company paid LLCP a structuring fee of $1,000,000, and paid LLCP's out-of-pocket expenses of approximately $50,000.

The Term B Notes include terms that require partial prepayment, in amounts representing a portion of cash releases from the Company's securitized pools. One effect of such prepayment provisions is that it is not possible to predict with assurance the amount of interest and principal that the Company will pay to LLCP in any given year; however, the Company's payments on its indebtedness to LLCP in the year 2002 comprised $22.2 million of principal and $7.8 million of interest. In connection with the March 2002 agreements and the acquisition of MFN Financial Corporation, the Company paid LLCP a structuring fee of $1.75 million and an investment banking fee of $1.0 million, and paid LLCP's out-of-pocket expenses of approximately $315,000. In addition, the Company paid LLCP certain other fees and interest amounting to $426,181. All of the Company's indebtedness to LLCP is secured by a blanket security interest in favor of LLCP. The terms of the transactions between the Company and LLCP were determined by negotiation.

SFSC. At December 31, 2002, the Company was indebted to Stanwich Financial Services Corp. ("SFSC") in the principal amount of $16.5 million. SFSC is a corporation wholly-owned by Stanwich Holdings, Inc., which in turn is wholly-owned by Charles E. Bradley, Sr. Mr. Bradley, Sr. holds in excess of 5% of the Company's common stock, is the father of the Company's president, Charles E. Bradley, Jr., and was the chairman of the Company's Board of Directors from March 1991 until June 2001. The Company pays interest monthly with respect to its debt to SFSC. Such interest payments totaled $1.6 million in 2002, and are estimated to be the same for the current year. In June 2001 SFSC filed for reorganization under the Bankruptcy Code, in the United States Bankruptcy Court for the District of Connecticut. The Company also throughout 2002 was indebted to John G. Poole, a director, in the principal amount of $1,000,000, and paid interest monthly with respect to that debt. Such interest payments totaled $125,000 in 2002, and are estimated to be the same in the current year.

EMPLOYEE INDEBTEDNESS. To assist certain officers in exercising stock options, the Company or the subsidiary has lent to such officers the exercise price of options such officers exercised in May and July 2002. The loans are fully secured by common stock of the Company, bear interest at 5% per annum and are due in 2007. The chief executive officer (Mr. Bradley), one other executive officer (Mr. Brockman) and five officers other than executive officers borrowed money on those terms. The highest balances of the loans for the period January 1, 2002 through April 15, 2003, were $350,000 for Mr. Bradley and $45,000 for Mr. Brockman, which were the balances as of April 15, 2003, inclusive of accrued interest. As a result of recent legislation, the Company has ceased providing any loans to its executive officers.

FSA. In November 2000 the Company entered into a revolving note purchase facility, using the proceeds of sale of such notes to purchase automotive receivables. That facility was extended through July 2002, and was renewed for a one-year term in January 2003. Financial Security Assurance Inc. ("FSA"), which is the beneficial holder of in excess of 5% of the Company's stock, issued a financial guaranty insurance policy with respect to all payments of principal and interest called for by such notes, for which FSA receives fees and insurance premiums. FSA has also issued financial guaranty insurance policies with respect to payments of interest and principal due under specified asset-backed securities sponsored by the Company and issued at various times since 1994, including transactions in September 2001 and March 2002, for which it also receives fees and insurance premiums. The amounts of such fees and premiums have been determined by negotiation between the Company and FSA.

The agreements and transactions described above (other than those between the Company and LLCP or the Company and FSA) were entered into by the Company with parties who personally benefited from such transactions and who had a control or fiduciary relationship with the Company. In each case such agreements and transactions have been reviewed and approved by the members of the Company's Board of Directors who are disinterested with respect thereto.

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8K

(a) 1. The following financial statements were filed as a part of this report on April 30, 2003, and are unchanged by this amendment:

Independent Auditors' Report
Consolidated Balance Sheets as of December 31, 2002 and 2001
Consolidated Statements of Operations for the years ended December 31, 2002, 2001, and 2000
Consolidated Statements of Comprehensive Income (Loss) for the years ended December 31, 2002, 2001, and 2000
Consolidated Statements of Shareholders' Equity for the years ended December 31, 2002, 2001, and 2000
Consolidated Statements of Cash Flows for the years ended December 31, 2002, 2001, and 2000
Notes to Consolidated Financial Statements for the years ended December 31, 2002, 2001, and 2000

2. No financial statement schedules are filed as the required information is inapplicable or the information is presented in the Consolidated Financial Statements or the related notes. Separate financial statements of the Company have been omitted as the Company is primarily an operating company and its subsidiaries are wholly owned and do not have minority equity interests and/or indebtedness to any person other than the Company in amounts which together exceed 5% of the total consolidated assets as shown by the most recent year-end Consolidated Balance Sheet.

3. The exhibits listed below are filed as part of this report, whether filed herewith or incorporated by reference to an exhibit filed with the report identified in the parentheses following the description of such exhibit. Unless otherwise indicated, each such identified report was filed by or with respect to the registrant.

2.1	Agreement and Plan of Merger, dated as of November 18, 2001, by and among the Registrant, CPS Mergersub, Inc. and MFN Financial Corporation. (Form 8-K filed on November 19, 2001 by MFN Financial Corporation).
2.2	Agreement and Plan of Merger, dated as of March 31, 2003, by and among the Registrant, CPS Mergersub, Inc. and TFC Enterprises, Inc. (Form 8-K filed on April 1, 2003 by TFC Enterprises, Inc.).
3.1	Restated Articles of Incorporation (Form 10-KSB dated December 31, 1995).
3.2	Amended and Restated Bylaws (Form 10-K dated December 31, 1997).
4.1	Indenture re Rising Interest Subordinated Redeemable Securities ("RISRS") (Form 8-K filed December 26, 1995).
4.2	First Supplemental Indenture re RISRS (Form 8-K filed December 26, 1995).

4.3	Form of Indenture re 10.50% Participating Equity Notes ("PENs") (Form S-3, no. 333-21289).
4.4	Form of First Supplemental Indenture re PENs (Form S-3, no. 333-21289).
4.5	Second Amended and Restated Securities Purchase Agreement, dated as of March 8, 2002, by and between Levine Leichtman Capital Partners II, L.P. and the Registrant. (Form 8-K filed on March 25, 2002).
4.5a	First Amendment to the Second Amended and Restated Securities Purchase Agreement dated as of March 8, 2002. (Schedule 13D filed with respect to the Company on February 11, 2003).
4.5b	Second Amendment to the Second Amended and Restated Securities Purchase Agreement dated as of March 8, 2002. (Schedule 13D filed with respect to the Company on February 11, 2003).
4.6	Secured Senior Note due February 28, 2003 issued by the Registrant to Levine Leichtman Capital Partners II, L.P. (Form 8-K filed on March 25, 2002).
4.7	Second Amended and Restated Secured Senior Note due November 30, 2003 issued by the Registrant to Levine Leichtman Capital Partners II, L.P. (Form 8-K filed on March 25, 2002).
4.8	12.00% Secured Senior Note due 2008 issued by the Registrant to Levine Leichtman Capital Partners II, L.P. (Form 8-K filed on March 25, 2002).
4.8.1	Secured Senior Note dated February 3, 2003, issued by the Registrant to Levine Leichtman Capital Partners II, L.P. (Schedule 13D filed with respect to the Company on February 11, 2003).
10.1	1991 Stock Option Plan & forms of Option Agreements thereunder (Form 10-KSB dated March 31, 1994).
10.2	1997 Long-Term Incentive Stock Plan (Form 10-K dated March 10, 1998).
10.3	Lease Agreement re Chesapeake Collection Facility (Form 10-K dated December 31, 1996).
10.4	Lease of Headquarters Building (Form 10-Q dated September 30, 1997).
10.5	Partially Convertible Subordinated Note (Form 10-Q dated September 30, 1997).
10.13	FSA Warrant Agreement dated November 30, 1998 (Form 10-K dated December 31, 1998).
10.29	Warrant to Purchase 1,335,000 Shares of Common Stock (Schedule 13D filed on April 21, 1999).
10.32	Amendment to Master Spread Account Agreement (Form 10-K dated December 31, 1999).
10.33	Sale and Servicing Agreement dated as of March 7, 2002 among CPS Warehouse Trust, as Purchaser, Consumer Portfolio Services, Inc., as Seller and Servicer, Systems & Services Technologies, Inc., as Backup Servicer and Bank One Trust Company, N.A., as Standby Servicer and Trustee (filed herewith).
10.34	Amendment No. 1 dated as of April 18, 2002 to Sale and Servicing Agreement dated as of March 7, 2002 among CPS Warehouse Trust, as Purchaser, Consumer Portfolio Services, Inc., as Seller and Servicer, Systems & Services Technologies, Inc., as Backup Servicer and Bank One Trust Company, N.A., as Standby Servicer and Trustee. (filed herewith).
10.35	Omnibus Amendment Agreement containing Amendment No. 2 to the Sale and Servicing Agreement and Supplemental Indenture No. 1 dated as of July 25, 2002 among CPS Warehouse Trust, as Purchaser and Issuer, Consumer Portfolio Services, Inc., as Seller and Servicer, Systems & Services Technologies, Inc., as Backup Servicer, Bank One Trust Company, N.A., as Standby Servicer and Trustee and Westdeutsche Landesbank Girozentrale, as Agent. (filed herewith).
10.36	Second Omnibus Amendment Agreement containing Amendment No. 3 to the Sale and Servicing Agreement and Supplemental Indenture No. 2 dated as of October 31, 2002 among CPS Warehouse Trust, as Purchaser and Issuer, Consumer Portfolio Services, Inc., as Seller and Servicer, Systems & Services Technologies, Inc., as Backup Servicer, Bank One Trust Company, N.A., as Standby Servicer and Trustee and WestLB AG, as Agent. (filed herewith).

10.37	Amendment No. 4 dated as of December 10, 2002 to Sale and Servicing Agreement dated as of March 7, 2002 among CPS Warehouse Trust, as Purchaser, Consumer Portfolio Services, Inc., as Seller and Servicer, Systems & Services Technologies, Inc., as Backup Servicer and Bank One Trust Company, N.A., as Standby Servicer and Trustee and WestLB AG, as Agent. (filed herewith).
10.38	Amendment No. 5 dated as of March 6, 2003 to Sale and Servicing Agreement dated as of March 7, 2002 among CPS Warehouse Trust, as Purchaser, Consumer Portfolio Services, Inc., as Seller and Servicer, Systems & Services Technologies, Inc., as Backup Servicer and Bank One Trust Company, N.A., as Standby Servicer and Trustee and WestLB AG, as Agent.(filed herewith).
10.39	Indenture dated as of March 7, 2002 between CPS Warehouse Trust, as Issuer and Bank One Trust Company, N.A., as Trustee. (filed herewith).
10.40	Sale and Servicing Agreement dated as of January 9, 2003 among CPS Funding LLC, as Purchaser, Consumer Portfolio Services, Inc., as Seller and Servicer, Systems & Services Technologies, Inc., as Backup Servicer and Bank One Trust Company, N.A., as Standby Servicer and Trustee. (filed herewith).
10.41	Amendment No. 1 dated as of April 15, 2003 to Sale and Servicing Agreement dated as of January 9, 2003 among CPS Funding LLC, Consumer Portfolio Services, Inc., Systems & Services Technologies, Inc., and Bank One Trust Company, N.A. (filed herewith).
10.42	Indenture dated as of January 9, 2003 between CPS Funding LLC, as Issuer and Bank One Trust Company, N.A., as Trustee. (filed herewith).
23.1	Consent of independent auditors (filed as part of this report on March 26, 2003).

(b) Reports on Form 8-K

The Company did not file any reports on Form 8-K during the fourth quarter of the year ended December 31, 2002.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has caused this amendment to Form 10-K report to be signed on its behalf by the undersigned, thereunto duly authorized.

CONSUMER PORTFOLIO SERVICES, INC. (Registrant)

April 30, 2003 By: /S/ CHARLES E. BRADLEY, JR.

Charles E. Bradley, Jr., President

CERTIFICATION

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

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

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

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

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

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

b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

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

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this annual report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

April 30, 2003 By: /s/ Charles E. Bradley, Jr.

Charles E. Bradley, Jr.
PRESIDENT AND CHIEF EXECUTIVE OFFICER

CERTIFICATION

I, David N. Kenneally, certify that:

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

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

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

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

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

b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

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

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this annual report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

April 30, 2003 By: /s/ David N. Kenneally

David N. Kenneally, CHIEF FINANCIAL OFFICER

EXHIBIT 10.33

SALE AND SERVICING

AGREEMENT

AMONG

CPS WAREHOUSE TRUST, AS
PURCHASER,

CONSUMER PORTFOLIO SERVICES, INC., AS
SELLER AND SERVICER

SYSTEMS & SERVICES TECHNOLOGIES, INC., AS
BACKUP SERVICER

AND

BANK ONE TRUST COMPANY, N.A., AS
STANDBY SERVICER AND TRUSTEE

DATED AS OF
MARCH 7, 2002

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SCHEDULES

EXHIBITS

SALE AND SERVICING AGREEMENT (this "AGREEMENT") dated as of March 7, 2002, among CPS WAREHOUSE TRUST, a Delaware business trust (the "PURCHASER"), CONSUMER PORTFOLIO SERVICES, INC., a California corporation (in its capacities as Seller, the "SELLER" and as Servicer, the "SERVICER," respectively), SYSTEMS & SERVICES TECHNOLOGIES, INC., a Delaware corporation ("SST"), as Backup Servicer, and BANK ONE TRUST COMPANY, N.A., a national banking association, (in its capacities as Standby Servicer, the "STANDBY SERVICER" and as Trustee, the "TRUSTEE," respectively).

WHEREAS, the Purchaser desires to purchase, from time to time, a portfolio of receivables arising in connection with motor vehicle retail installment sale contracts acquired by Consumer Portfolio Services, Inc., from motor vehicle dealers and independent finance companies;

WHEREAS, the Purchaser intends to finance such purchases by issuing the Note, secured by the Receivables and the Other Conveyed Property, pursuant to the Indenture (as defined below);

WHEREAS, the Seller is willing to sell such Receivables and the Other Conveyed Property to the Purchaser from time to time; and

WHEREAS the Servicer is willing to service all such Receivables.

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

SECTION 1.1. DEFINITIONS. Capitalized terms used in this Agreement and not otherwise defined in this Agreement, shall have the meanings set forth in ANNEX A attached hereto.

SECTION 1.2. OTHER DEFINITIONAL PROVISIONS.

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

(b) Accounting terms used but not defined or partly defined in this Agreement, in any instrument governed hereby or in any certificate or other document made or delivered pursuant hereto, to the extent not defined, shall have the respective meanings given to them under U.S. generally accepted accounting principles as in effect on the date of this Agreement or any such instrument, certificate or other document, as applicable. To the extent that the definitions of accounting terms in this Agreement or in any such instrument, certificate or other document are inconsistent with the meanings of such terms under U.S. generally accepted accounting principles, the definitions contained in this Agreement or in any such instrument, certificate or other document shall control.

(c) The words "HEREOF," "HEREIN," "HEREUNDER" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement.

(d) Section, Schedule and Exhibit references contained in this Agreement are references to Sections, Schedules and Exhibits in or to this Agreement unless otherwise specified; and the term "INCLUDING" shall mean "INCLUDING WITHOUT LIMITATION."

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

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

SECTION 1.3. CALCULATIONS. Other than as expressly set forth herein or in any of the other Basic Documents, all calculations of the amount of the Servicing Fee, the Standby Fee, Backup Servicing Fee, SST Servicing Fee, the Owner Trustee Fee and the Trustee Fee shall be made on the basis of a 360-day year consisting of twelve 30-day months. All calculations of the Unused Facility Fee, the Ordinary Insurance Premium, the Default Insurance Premium and the Noteholder's Monthly Interest Distributable Amount shall be made on the basis of the actual number of days in the Accrual Period and 360 days in the calendar year. All references to the Principal Balance of a Receivable as of the last day of an Accrual Period shall refer to the close of business on such day.

SECTION 1.4. MATERIAL ADVERSE EFFECT. Whenever a determination is to be made under this Agreement as to whether a given event, action, course of conduct or set of facts or circumstances could or would have a material adverse effect on the Purchaser or the Noteholder (or any such similar or analogous determination), such determination shall be made without taking into account the insurance provided by the Note Policy. Whenever a determination is to be made under this Agreement whether a breach of a representation, warranty or covenant has or could have a material adverse effect on a Receivable or the interest therein of the Purchaser, the Noteholder or the Insurer (or any similar or analogous determination), such determination shall be made by the Controlling Party in its sole discretion.

ARTICLE II

CONVEYANCE OF RECEIVABLES

SECTION 2.1. i) CONVEYANCE OF RECEIVABLES. In consideration of the Purchaser's delivery to or upon the order of the Seller on any Funding Date of the Purchase Price therefor, the Seller does hereby sell, transfer, assign, set over and otherwise convey to the Purchaser, without recourse (subject to the obligations set forth herein) all right, title and interest of the Seller, whether now existing or hereafter arising, in, to and under:

(i) the Receivables listed in the Schedule of Receivables from time to time;

(ii)all monies received under the Receivables on and after the related Cutoff Date and all Net Liquidation Proceeds received with respect to the Receivables after the related Cutoff Date;

(iii) the security interests in the Financed Vehicles granted by Obligors pursuant to the related Contracts and any other interest of the Seller in such Financed Vehicles, including, without limitation, the certificates of title or, with respect to such Receivables that finance a vehicle in the States listed in Annex B, other evidence of title issued by the applicable Department of Motor Vehicles or similar authority in such States, with respect to such Financed Vehicles;

(iv)any proceeds from claims on any Receivables Insurance Policies or certificates relating to the Financed Vehicles securing the Receivables or the Obligors thereunder;

(v) all proceeds from recourse against Dealers with respect to the Receivables;

(vi)refunds for the costs of extended service contracts with respect to Financed Vehicles securing Receivables, refunds of unearned premiums with respect to credit life and credit accident and health insurance policies or certificates covering an Obligor or Financed Vehicle under a Receivable or his or her obligations with respect to a Financed Vehicle and any recourse to Dealers for any of the foregoing;

(vii) the Receivable File related to each Receivable and all other documents that the Seller keeps on file in accordance with its customary procedures relating to the Receivables for Obligors of the Financed Vehicles;

(viii) all amounts and property from time to time held in or credited to the Collection Account or the Lockbox Account;

(ix)all property (including the right to receive future Net Liquidation Proceeds) that secures a Receivable that has been acquired by or on behalf of the Purchaser pursuant to a liquidation of such Receivable; and

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

(b) The Seller shall transfer to the Purchaser the Receivables and the other property and rights related thereto described in PARAGRAPH (A) above only upon the satisfaction of each of the conditions set forth below on or prior to the related Funding Date. In addition to constituting conditions precedent to any purchase hereunder and under each Assignment, the following shall also be conditions precedent to any Advance on any Funding Date under the terms of the Indenture:

(i) the Seller shall have provided the Trustee, the Agent and the Insurer with an Addition Notice substantially in the form of EXHIBIT H hereto (which shall include supplements to the Schedule of Receivables) not later than three Business Days prior to such Funding Date and shall have provided any information reasonably requested by any of the foregoing with respect to the Related Receivables;

(ii)the Seller shall, to the extent required by SECTION 4.2 of this Agreement, have deposited in the Collection Account all collections received after the Cutoff Date in respect of the Related Receivables to be purchased on such Funding Date;

(iii) as of each Funding Date, (A) the Seller shall not be insolvent and shall not become insolvent as a result of the transfer of Related Receivables on such Funding Date, (B) the Seller shall not intend to incur or believe that it shall incur debts that would be beyond its ability to pay as such debts mature, (C) such transfer shall not have been made with actual intent to hinder, delay or defraud any Person and (D) the assets of the Seller shall not constitute unreasonably small capital to carry out its business as then conducted;

(iv)the Facility Termination Date shall not have occurred;

(v) the Servicer shall have established a Lockbox Account acceptable to the Controlling Party;

(vi)each of the representations and warranties made by the Seller pursuant to SECTION 3.1 and the other Basic Documents with respect to the Related Receivables to be purchased on such Funding Date shall be true and correct as of the related Funding Date and the Seller shall have performed all obligations to be performed by it hereunder or in any Assignment on or prior to such Funding Date;

(vii) the Seller shall, at its own expense, on or prior to the Funding Date, indicate in its computer files that the Related Receivables to be purchased on such Funding Date have been sold to the Purchaser pursuant to this Agreement or an Assignment, as applicable;

(viii) the Seller shall have taken any action required to maintain (i) the first priority perfected ownership interest of the Purchaser in the Related Receivables and Other Conveyed Property and (ii) the first priority perfected security interest of the Trustee in the Collateral;

(ix)no selection procedures adverse to the interests of the Noteholder or the Insurer shall have been utilized in selecting the Related Receivables to be sold on such Funding Date;

(x) the addition of any such Related Receivables to be purchased on such Funding Date shall not result in a material adverse tax consequence to the Noteholder or the Purchaser;

(xi)as a result of the transfer of the Related Receivables to be sold on such Funding Date to the Purchaser, the then current rating of the Note (without giving consideration to the Note Policy) by each Rating Agency will not be withdrawn or downgraded PROVIDED, HOWEVER that the Seller shall not be required to obtain written confirmation from the Rating Agencies that such purchase will not result in a reduction or withdrawal of the then current Rating of the Note;

(xii) the Controlling Party, in its reasonable discretion shall not have disapproved the transfer of the Related Receivables to be sold on such Funding Date to the Purchaser and the Controlling Party shall have been reimbursed by the Seller for any fees and expenses incurred by the Controlling Party in connection with the granting of such approval;

(xiii) the Seller shall have delivered to the Insurer and the Trustee an Officers' Certificate confirming the satisfaction of each condition precedent specified in this PARAGRAPH (B);

(xiv) No Funding Termination Event, Insurance Agreement Event of Default, Servicer Termination Event, or any event that, with the giving of notice or the passage of time, would constitute a Funding Termination Event, Insurance Agreement Event of Default or Servicer Termination Event, shall have occurred and be continuing;

(xv)the Trustee shall have confirmed receipt of the related Receivable File for each Related Receivable included in the Borrowing Base calculation and shall have delivered a copy to the Insurer and the Agent of a Trust Receipt with respect to the Receivable Files related to the Related Receivables to be purchased on such Funding Date;

(xvi) the Seller shall have executed and delivered an Assignment in the form of EXHIBIT G;

(xvii) the Seller shall have filed or caused to be filed all necessary UCC-1 financing statements (or amendments thereto) necessary to maintain (in each case assuming for purposes of this clause (xvii) that such perfection may be achieved by making the appropriate filings, or taken any other steps necessary to maintain), (1) the first, priority, perfected ownership interest of Purchaser and (2) the first priority, perfected security interest of the Trustee, with respect to the Related Receivables and Other Conveyed Property and the Collateral, respectively to be transferred on such Funding Date;

(xviii) on or prior to such Funding Date, the Purchaser will purchase an interest rate cap with a strike rate equal to the Required Cap Rate in order to hedge against interest rate fluctuations such that the aggregate principal amount of all such interest rate caps (together with the notional amount of other Hedge Agreements) is equal to the then Invested Amount after taking into account the Advance to occur on such Funding Date. All costs associated with the entering into such

Hedge Agreements will be paid for by the Purchaser. Each Hedge Agreement will conform to the standard rating agency rating criteria for hedge agreements related to securities whose ratings are "swap dependent." Each Hedge Counterparty shall have a short term debt rating of at least "A-1" and "P-1" by S&P and Moody's, respectively; and

(xix) on or prior to the Funding Date that is scheduled to occur on March 15, 2002, the Seller and the Purchaser shall deliver to the Insurer, the Agent, the Owner Trustee and the Trustee any item specified as a condition precedent or a condition to closing that has not been previously delivered.

Unless waived by the Controlling Party in writing, the Seller covenants that in the event any of the foregoing conditions precedent are not satisfied with respect to any Related Receivable on the date required as specified above, the Seller will immediately repurchase such Related Receivable from the Purchaser, at a price equal to the Purchase Amount thereof, in the manner specified in SECTION 3.2 and SECTION 4.7. Except with respect to (xv) above, the Trustee may rely on the accuracy of the Officers' Certificate delivered pursuant to ITEM (xiii) above without independent inquiry or verification.

(c) PAYMENT OF PURCHASE PRICE. In consideration for the sale of the Related Receivables and Other Conveyed Property described in SECTION 2.1(a) or the related Assignment, the Purchaser shall, on each Funding Date on which Related Receivables are transferred hereunder, pay to or upon the order of the Seller the applicable Purchase Price in cash. On any Funding Date on which funds are on deposit in the Principal Funding Account, the Purchaser may direct the Trustee to withdraw therefrom an amount equal to the lesser of (i) the Purchase Price to be paid to the Seller for Related Receivables and Other Conveyed Property to be conveyed to the Purchaser and pledged to the Trustee on such Funding Date (or a portion thereof) and (ii) the amount on deposit in the Principal Funding Account, and, subject to the satisfaction of the conditions set forth in SECTION 2.1(b) after giving effect to such withdrawal, pay such amount to or upon the order of the Seller in consideration for the sale of the Related Receivables and Other Conveyed Property on such Funding Date.

SECTION 2.2. TRANSFERS INTENDED AS SALES. It is the intention of the Seller that each transfer and assignment contemplated by this Agreement and each Assignment shall constitute a sale of the Related Receivables and Other Conveyed Property from the Seller to the Purchaser free and clear of all liens and rights of others and it is intended that the beneficial interest in and title to the Related Receivables and Other Conveyed Property shall not be part of the Seller's estate in the event of the filing of a bankruptcy petition by or against the Seller under any bankruptcy law. In the event that, notwithstanding the intent of the Seller, the transfer and assignment contemplated hereby or by any Assignment is held not to be a sale, this Agreement and each Assignment shall constitute a grant of a security interest in the property referred to in SECTION 2.1 and each Assignment to the Purchaser which security interest has been assigned to the Trustee, acting on behalf of the Noteholder and the Insurer.

SECTION 2.3. FURTHER ENCUMBRANCE OF RECEIVABLES AND OTHER CONVEYED PROPERTY.

(a) Immediately upon the conveyance to the Purchaser by the Seller of the Related Receivables and any item of the related Other Conveyed Property pursuant to SECTION 2.1 and the related Assignment, all right, title and interest of the Seller in and to such Related Receivables and Other Conveyed Property shall terminate, and all such right, title and interest shall vest in the Purchaser.

(b) Immediately upon the vesting of any Related Receivables and the related Other Conveyed Property in the Purchaser, the Purchaser shall have the sole right to pledge or otherwise encumber such Related Receivables and the related Other Conveyed Property. Pursuant to the Indenture, the Purchaser shall grant a security interest in the Collateral to secure the repayment of the Note.

(c) The Trustee shall, at such time as (i) the Facility Termination Date has occurred, (ii) there is no Note outstanding and (iii) all sums due to the Insurer and to the Trustee pursuant to the Basic Documents have been paid, release any remaining portion of the Receivables and the Other Conveyed Property to the Purchaser.

ARTICLE III

THE RECEIVABLES

SECTION 3.1. REPRESENTATIONS AND WARRANTIES OF SELLER. ii) The Seller makes the following representations and warranties as to the Related Receivables to the Insurer, the Purchaser and to the Trustee for the benefit of the Noteholder on which the Purchaser relies in acquiring the Receivables, on which the Insurer relies in issuing the Note Policy and on which the Noteholder has relied in purchasing the Note and will rely in paying the Advance Amount to the Purchaser. Such representations and warranties speak as of the Closing Date and as of each Funding Date; PROVIDED that to the extent such representations and warranties relate to the Related Receivables conveyed on any Funding Date, such representations and warranties shall speak as of the related Funding Date, but shall survive the sale, transfer and assignment of the Related Receivables to the Purchaser and the pledge thereof by the Purchaser hereunder to the Trustee pursuant to the Indenture.

(i) CHARACTERISTICS OF RECEIVABLES. Each Receivable (1) has been originated in the United States of America by a Dealer for the retail sale of a Financed Vehicle in the ordinary course of such Dealer's business, such Dealer had all necessary licenses and permits to originate such Receivables in the state where such Dealer was located, has been fully and properly executed by the parties thereto, has been purchased by the Seller in connection with the sale of Financed Vehicles by the Dealers and has been validly assigned by such Dealer to the Seller in accordance with its terms, (2) has created a valid, subsisting, and enforceable first priority perfected security interest in favor of the Seller in the Financed Vehicle, which security interest has been validly assigned by the Seller to the Purchaser and by the Purchaser to the Trustee, (3) contains customary and enforceable provisions such that the rights and remedies of the holder or assignee thereof shall be adequate for realization against the collateral of the benefits of the security including without limitation a right of repossession following a default, (4) provides for level monthly payments that fully amortize the Amount Financed over the original term (except for the last payment, which may be different from the level payment but in no event shall exceed three times such level payment) and yield interest at the Annual Percentage Rate, (5) if such Receivable is a Rule of 78's Receivable, provides for, in the event that such contract is prepaid, a prepayment that fully pays the Principal Balance and includes a full month's interest, in the month of prepayment, at the Annual Percentage Rate, (6) is a Rule of 78's Receivable or a Simple Interest Receivable, (7) was originated by a Dealer to an Obligor and was sold by the Dealer to the Seller without any fraud or misrepresentation on the part of such Dealer or the Obligor and (8) is denominated in U.S. dollars.

(ii) ADDITIONAL RECEIVABLES CHARACTERISTICS. As of the related Funding Date, as applicable:

(A) each Related Receivable has (1) an original term of 24 to 72 months; (2) an original Amount Financed of at least $3,000 and not more than $35,000; and (3) had an APR of at least 10% and not more than 27% (subject to applicable laws);

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

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

(D) each Related Receivable satisfies in all material respects the Seller's Contract Purchase Guidelines as in effect on the Closing Date or as otherwise amended from time to time; provided, that such amendments do not have a material adverse effect on the Noteholder or the Insurer;

(E) the Seller's credit rating with respect to each related Obligor shall be no greater than 52; and

(F) no Financed Vehicle financed under the Related Receivables is on the Seller' vehicle exclusion list, as the same may be amended from time to time.

(iii) SCHEDULE OF RECEIVABLES. The information with respect to the Related Receivables set forth in SCHEDULE A to the related Assignment is true and correct in all material respects as of the close of business on the related Cutoff Date, and no selection procedures adverse to the Noteholder or the Insurer have been utilized in selecting the Related Receivables to be sold hereunder.

(iv) COMPLIANCE WITH LAW. Each Related Receivable, the sale of the Financed Vehicle and the sale of any physical damage, credit life and credit accident and health insurance and any extended warranties or service contracts complied at the time the Related Receivable was originated or made and at the execution of the applicable Assignment complies in all material respects with all requirements of applicable Federal, State, and local laws, and regulations thereunder including, without limitation, usury laws, the Federal Truth-in-Lending Act, the Equal Credit Opportunity Act, the Fair Credit Reporting Act, the Fair Debt Collection Practices Act, the Federal Trade Commission Act, the Magnuson-Moss Warranty Act, the Federal Reserve Board's Regulations B and Z, the Soldiers' and Sailors' Civil Relief Act of 1940, the Texas Consumer Credit Code, the California Automobile Sales Finance Act and State adaptations of the National Consumer Act and of the Uniform Consumer Credit Code, and other consumer credit laws and equal credit opportunity and disclosure laws.

(v) NO GOVERNMENT OBLIGOR. None of the Related Receivables are due from the United States of America or any State or from any agency, department, or instrumentality of the United States of America or any State.

(vi) SECURITY INTEREST IN FINANCED VEHICLE. Immediately subsequent to the sale, assignment and transfer thereof to the Purchaser, each Related Receivable shall be secured by a validly perfected first priority security interest in the Financed Vehicle in favor of the Seller as secured party which has been validly assigned to the Purchaser, and such assigned security interest is prior to all other liens upon and security interests in such Financed Vehicle which now exist or may hereafter arise or be created (except, as to priority, for any tax liens or mechanics' liens which may arise after the related Funding Date as a result of an Obligor's failure to pay its obligations, as applicable).

(vii) RECEIVABLES IN FORCE. No Related Receivable has been satisfied, subordinated or rescinded, nor has any related Financed Vehicle been released from the lien granted by the related Receivable in whole or in part.

(viii) NO WAIVER. Except as permitted under SECTION 4.2 and CLAUSE (IX) below, no provision of a Related Receivable has been waived, altered or modified in any respect since its origination.

(ix) NO AMENDMENTS. Except as permitted under SECTION 4.2, no Related Receivable has been amended, except as such Related Receivable may have been amended to grant extensions which shall not have numbered more than (a) one extension of one calendar month in any calendar year or (b) three such extensions in the aggregate and in accordance with the Seller's Contract Purchase Guidelines.

(x) NO DEFENSES. No right of rescission, setoff, counterclaim or defense exists or has been asserted or threatened with respect to any Related Receivable. The operation of the terms of any Related Receivable or the exercise of any right thereunder will not render such Related Receivable unenforceable in whole or in part and such Receivable is not subject to any such right of rescission, setoff, counterclaim, or defense.

(xi) NO LIENS. As of the related Cutoff Date, (a) there are no liens or claims existing or which have been filed for work, labor, storage or materials relating to a Financed Vehicle financed under a Related Receivable that shall be liens prior to, or equal or coordinate with, the security interest in the Financed Vehicle granted by the Related Receivable and (b) there is no lien against the Financed Vehicle financed under a Related Receivable for delinquent taxes.

(xii) NO DEFAULT; REPOSSESSION. Except for payment delinquencies continuing for a period of not more than 30 days as of the related Cutoff Date, no default, breach, violation or event permitting acceleration under the terms of any Related Receivable has occurred; and no continuing condition that with notice or the lapse of time would constitute a default, breach, violation or event permitting acceleration under the terms of any Related Receivable has arisen; and the Seller shall not waive and has not waived any of the foregoing (except in a manner consistent with SECTION 4.2); and no Financed Vehicle financed under a Related Receivable shall have been repossessed.

(xiii) INSURANCE; OTHER. (A) Each Obligor under the Related Receivables has obtained an insurance policy covering the Financed Vehicle as of the execution of the Receivable insuring against loss and damage due to fire, theft, transportation, collision and other risks generally covered by comprehensive and collision coverage and the Seller and its successors and assigns are named the loss payee or an additional insured of such insurance policy, and each Related Receivable requires the Obligor to obtain and maintain such insurance naming the Seller and its successors and assigns as loss payee or an additional insured, (B) each Related Receivable that finances the cost of premiums for credit life and credit accident and health insurance is covered by an insurance policy or certificate of insurance naming the Seller as policyholder (creditor) under each such insurance policy and certificate of insurance and (C) as to each Related Receivable that finances the cost of an extended service contract, the respective Financed Vehicle which secures the Related Receivable is covered by an extended service contract.

(xiv) TITLE. It is the intention of the Seller that each transfer and assignment herein contemplated constitutes a sale of the Related Receivables and the related Other Conveyed Property from the Seller to the Purchaser and that the beneficial interest in and title to such Related Receivables and related Other Conveyed Property not be part of the Seller's estate in the event of the filing of a bankruptcy petition by or against the Seller under any bankruptcy law. No Related Receivable or related Other Conveyed Property has been sold, transferred, assigned, or pledged by the Seller to any Person other than the Purchaser and by the Purchaser to any Person other than the Trustee. Immediately prior to each transfer and assignment herein contemplated, the Seller had good and marketable title to each Related Receivable and related Other Conveyed Property and was the sole owner thereof, free and clear of all liens, claims, encumbrances, security interests, and rights of others, and, immediately upon the transfer thereof to the Purchaser and the concurrent pledge to the Trustee under the Indenture, the Trustee for the benefit of the Noteholder and the Insurer shall have a valid and enforceable security interest in the Collateral, free and clear of all liens, encumbrances, security interests, and rights of others, and such transfer has been perfected under the UCC.

(xv)LAWFUL ASSIGNMENT. No Related Receivable has been originated in, or is subject to the laws of, any jurisdiction under which the sale, transfer, and assignment of such Related Receivable under this Agreement or pursuant to transfers of the Note shall be unlawful, void, or voidable. The Seller has not entered into any agreement with any account debtor that prohibits, restricts or conditions the assignment of any portion of the Related Receivables.

(xvi) ALL FILINGS MADE. All filings (including, without limitation, UCC filings or other actions) necessary in any jurisdiction to give: (a) the Purchaser a first priority perfected ownership interest in the Receivables and the Other Conveyed Property and (b) the Trustee, for the benefit of the Noteholder and the Insurer, a first priority perfected security interest in the Collateral have been made, taken or performed.

(xvii) RECEIVABLE FILE; ONE ORIGINAL. The Seller has delivered to the Trustee, at the location specified in SCHEDULE B hereto, a complete Receivable File with respect to each Related Receivable, and the Trustee has delivered to the Purchaser, the Insurer and the Agent a copy of the Trust Receipt therefor. There is only one original executed copy of each Receivable.

(xviii) CHATTEL PAPER. Each Related Receivable constitutes "CHATTEL PAPER" under the UCC.

(xix) TITLE DOCUMENTS. (A) If the Related Receivable was originated in a State in which notation of a security interest on the title document of the related Financed Vehicle is required or permitted to perfect such security interest, the title document of the related Financed Vehicle for such Related Receivable shows, or if a new or replacement title document is being applied for with respect to such Financed Vehicle the title document (or, with respect to Related Receivables that finance a vehicle in the States listed in Annex B, other evidence of title issued by the applicable Department of Motor Vehicles or similar authority in such States) will be received within 180 days and will show, the Seller named as the original secured party under the Related Receivable as the holder of a first priority security interest in such Financed Vehicle, and (B) if the Related Receivable was originated in a State in which the filing of a financing statement under the UCC is required to perfect a security interest in motor vehicles, such filings or recordings have been duly made and show the Seller named as the original secured party under the Related Receivable, and in either case, the Trustee has the same rights as such secured party has or would have (if such secured party were still the owner of the Receivable) against all parties claiming an interest in such Financed Vehicle. With respect to each Related Receivable for which the title document has not yet been returned from the Registrar of Titles, the Seller has received written evidence from the related Dealer that such title document showing the Seller as first lienholder has been applied for.

(xx) VALID AND BINDING OBLIGATION OF OBLIGOR. Each Related Receivable is the legal, valid and binding obligation in writing of the Obligor thereunder and is enforceable in accordance with its terms, except only as such enforcement may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally, and all parties to such contract had full legal capacity to execute and deliver such contract and all other documents related thereto and to grant the security interest purported to be granted thereby. Each Related Receivable is not subject to any right of set-off by the Obligor.

(xxi) CHARACTERISTICS OF OBLIGORS. As of the date of each Obligor's application for the loan from which the Related Receivable arises, such Obligor (a) did not have any material past due credit obligations or any personal or real property repossessed or wages garnished within one year prior to the date of such application, unless such amounts have been repaid or discharged through bankruptcy, (b) was not the subject of any Federal, State or other bankruptcy, insolvency or similar proceeding pending on the date of application that is not discharged, (c) had not been the subject of more than one Federal, State or other bankruptcy, insolvency or similar proceeding, (d) was domiciled in the United States and (e) was not self-employed.

(xxii) POST-OFFICE BOX. On or prior to the next billing period after the related Cutoff Date, the Servicer will notify each Obligor to make payments with respect to its respective Related Receivables after the related Cutoff Date directly to the Post-Office Box, and will provide each Obligor with a monthly statement in order to enable such Obligor to make payments directly to the Post-Office Box.

(xxiii) CASUALTY. No Financed Vehicle financed under a Related Receivable has suffered a Casualty.

(xxiv) NO AGREEMENT TO LEND. The Obligor with respect to each Related Receivable does not have any option under the Receivable to borrow from any person any funds secured by the Financed Vehicle.

(xxv) OBLIGATION TO DEALERS OR OTHERS. The Purchaser and its assignees will assume no obligation to Dealers or other originators or holders of the Related Receivables (including, but not limited to under dealer reserves) as a result of its purchase of the Related Receivables.

(xxvi) NO IMPAIRMENT. Neither Seller nor the Purchaser has done anything to convey any right to any Person that would result in such Person having a right to payments due under any Related Receivables or otherwise to impair the rights of the Purchaser, the Trustee, the Noteholder or the Insurer in any Related Receivable or the proceeds thereof.

(xxvii) RECEIVABLES NOT ASSUMABLE. No Related Receivable is assumable by another Person in a manner which would release the Obligor thereof from such Obligor's obligations to the Purchaser or Seller with respect to such Related Receivable.

(xxviii) SERVICING. The servicing of each Related Receivable and the collection practices relating thereto have been lawful and in accordance with the standards set forth in this Agreement; and other than Seller and any Standby Servicer or Back-up Servicer pursuant to the Basic Documents, no other person has the right to service the Receivable.

(xxix) CREATION OF SECURITY INTEREST. This Agreement creates a valid and continuing security interest (as defined in the UCC) in the Trust Estate in favor of the Purchaser for the benefit of the Noteholder and the Insurer, which security interest is prior to all other Liens and is enforceable as such as against creditors of and purchasers from the Seller.

(xxx) PERFECTION OF SECURITY INTEREST IN TRUST ESTATE. The Seller has caused the filing of all appropriate financing statements in the proper filing office in the appropriate jurisdictions under applicable law in order to perfect the security interest in the Trust Estate granted to the Purchaser for the benefit of the Noteholder and the Insurer hereunder pursuant to SECTION 2.1 and the related Assignment.

(xxxi) NO OTHER SECURITY INTERESTS. Other than the security interest granted to the Purchaser for the benefit of the Noteholder and the Insurer pursuant to SECTION 2.1 and the related Assignment, the Seller has not pledged, assigned, sold, granted a security interest in, or otherwise conveyed any of the Trust Estate, other than such Security Interests as are released at or before the conveyance of the Trust Estate. The Seller has not authorized the filing of and is not aware of any financing statements filed against the Seller that include a description of collateral covering any portion of the Trust Estate other than any financing statement relating to the security interest granted to the Purchaser for the benefit of the Noteholder and the Insurer hereunder or that has been terminated or released as to the Trust Estate. The Seller is not aware of any judgment or tax lien filings against the Seller.

(xxxii) NOTATIONS ON CONTRACTS; FINANCING STATEMENT DISCLOSURE. The Servicer has in its possession copies of all Contracts that constitute or evidence the Receivables. The Contracts that constitute or evidence the Receivables do not have any marks or notations indicating that they have been pledged, assigned or otherwise conveyed to any Person other than the Purchaser and/or the Trustee for the benefit of the Noteholder and the Insurer. All financing statements filed or to be filed against the Seller in favor of the Purchaser in

connection herewith describing the Trust Estate contain a statement to the following effect: "A purchase of or security interest in any collateral described in this financing statement will violate the rights of CPS Warehouse Trust, as secured party."

(xxxiii) STATE CONCENTRATION OPINIONS. If Eligible Receivables originated in any one state exceed 10% of the Aggregate Principal Balance of the Eligible Receivables, the Seller shall deliver to each Rating Agency, the Insurer and the Agent an Opinion of Counsel with respect to the security interest in the Financed Vehicles with respect to such state on or prior to the related Funding Date.

(xxxiv) RECEIVABLES ORIGINATED BY MERCURY FINANCE LLC. Receivables that have been acquired by Mercury Finance LLC will not be Eligible Receivables until the Rating Agency Condition is satisfied.

SECTION 3.2. REPURCHASE UPON BREACH

The Seller, the Servicer, the Insurer or the Trustee, as the case may be, shall inform the other parties to this Agreement promptly, in writing, upon the discovery of any breach of the Seller's representations and warranties made pursuant to SECTION 3.1 (without regard to any limitations therein as to the Seller's knowledge). Unless the breach shall have been cured by the last day of the next Accrual Period following the discovery thereof by the Trustee or the Insurer or receipt by the Trustee and the Insurer of notice from the Seller or the Servicer of such breach, the Seller shall repurchase any Receivable if the value of such Receivable is materially and adversely affected by the breach as of the last day of such next Accrual Period (or, at the Seller's option, the last day of the first Accrual Period following the discovery). In consideration of the purchase of any Receivable, the Seller shall remit the Purchase Amount, in the manner specified in SECTION 5.6. The sole remedy of the Purchaser, the Trustee, the Noteholder or the Insurer with respect to a breach of representations and warranties pursuant to SECTION 3.1 shall be to enforce the Seller's obligation to purchase such Receivables; PROVIDED, HOWEVER, that the Seller shall indemnify the Trustee, the Standby Servicer, the Insurer, the Purchaser, the Agent and the Noteholder against all costs, expenses, losses, damages, claims and liabilities, including reasonable fees and expenses of counsel, which may be asserted against or incurred by any of them as a result of third party claims arising out of the events or facts giving rise to such breach. Upon receipt of the Purchase Amount in respect of any Defective Receivables and written instructions from the Servicer, the Trustee shall release to the Seller or its designee the related Receivables File and shall execute and deliver all reasonable instruments of transfer or assignment, without recourse, as are prepared by the Seller and delivered to the Trustee and necessary to vest in the Seller or such designee title to such Defective Receivables including a Trustee's Certificate in the form of EXHIBIT E.

SECTION 3.3. CUSTODY OF RECEIVABLES FILES.

(a) In connection with each sale, transfer and assignment of Receivables and related Other Conveyed Property to the Purchaser pursuant to this Agreement and each Assignment, and each pledge thereof by the Purchaser to the Trustee pursuant to the Indenture, the Trustee shall act as custodian of the following documents or instruments in its possession which shall be delivered to the Trustee on or before the Closing Date or the related Funding Date in accordance with SECTION 3.4 (with respect to each Receivable) (excluding the Funding Date that is to occur on March 15, 2002):

(i) The fully executed original of the Receivable (together with any agreements modifying the Receivable, including without limitation any extension agreements); and

(ii)The original certificate of title in the name of the Seller or such documents that the Seller shall keep on file, in accordance with its customary procedures, evidencing the security interest of the Seller in the Financed Vehicle or, if not yet received, a copy of the application therefor showing the Seller as secured party, or a dealer guarantee of title.

(b) Upon payment in full of any Receivable, the Servicer will notify the Trustee pursuant to a certificate of an officer of the Servicer in the form of EXHIBIT C (which certificate shall include a statement to the effect that all amounts received in connection with such payments which are required to be

deposited in the Collection Account pursuant to SECTION 4.2 have been so deposited) and shall request delivery of the Receivable and Receivable File to the Servicer.

SECTION 3.4. ACCEPTANCE OF RECEIVABLE FILES BY TRUSTEE. In connection with any Funding Date (excluding the first Funding Date that is to occur on March 15, 2002), the Seller shall cause to be delivered to the Trustee the Receivable Files for the Related Receivables to be purchased not less than four Business Days prior to the related Funding Date. The Trustee shall within two Business Days after receipt of such files, execute and deliver to the Insurer and the Agent, a Trust Receipt for the Receivable Files received by the Trustee. By its delivery of a Trust Receipt, the Trustee shall be deemed to have (a) acknowledged receipt of the files (or the Receivables) which the Seller has represented are and contain the Receivable Files for the Related Receivables purchased by the Purchaser on the related Funding Date, (b) reviewed such files or Receivables and (c) determined that it has received a file (or a Receivable) for each Related Receivable identified in SCHEDULE A to the related Assignment. The Trustee declares that it will hold and will continue to hold such files and any amendments, replacements or supplements thereto and all Other Conveyed Property as Trustee, custodian, agent and bailee in trust for the use and benefit of each present and future Noteholder and the Insurer. The Trustee agrees to review each file delivered to it no later than (x) 20 days if less than 7,500 files and (y) 30 days if greater than 7,500 files after the related Funding Date to determine whether such Receivable Files contain the documents referred to in SECTION 3.3(A). If the Trustee has found or finds that a file for a Receivable has not been received, or that a file is unrelated to the Receivables identified in SCHEDULE A to the related Assignment or that any of the documents referred to in SECTION 3.3(A)(I) or (II) are not contained in a Receivable File, the Trustee shall inform the Purchaser, the Seller, the Agent and the Insurer promptly, in writing, of the failure to receive a file with respect to such Receivable (or the failure of any of the aforementioned documents to be included in the Receivable File) or shall return to the Purchaser, as the Seller's designee any file unrelated to a Receivable identified in SCHEDULE A to the related Assignment (it being understood that the Trustee's obligation to review the contents of any Receivable File shall be limited as set forth in the preceding sentence). Unless such defect with respect to such Receivable File shall have been cured by the last day of the next Accrual Period following discovery thereof by the Trustee, the Trustee shall cause the Seller to repurchase any such Receivable as of such last day. In consideration of the purchase of the Receivable, the Seller shall remit the Purchase Amount for such Receivable, in the manner specified in SECTION 5.6. The sole remedy of the Trustee, the Purchaser, the Noteholder and the Insurer with respect to a breach pursuant to this SECTION 3.4 shall be to require the Seller to purchase the applicable Receivables pursuant to this SECTION 3.4; PROVIDED, HOWEVER, that the Seller shall indemnify the Trustee, the Standby Servicer, the Insurer, the Purchaser, the Agent and the Noteholder against all costs, expenses, losses, damages, claims and liabilities, including reasonable fees and expenses of counsel, which may be asserted against or incurred by any of them as a result of third party claims arising out of the events or facts giving rise to such breach. Upon receipt of the Purchase Amount for a Receivable and written instructions from the Servicer, the Trustee shall release to the Seller or its designee the related Receivable File and shall execute and deliver all reasonable instruments of transfer or assignment, without recourse, as are prepared by the Seller and delivered to the Trustee and are necessary to vest in the Seller or such designee title to the Receivable including a Trustee's Certificate in the form of EXHIBIT E. The Trustee shall make a list of Receivables for which an application for a certificate of title but not an original certificate of title or, with respect to Receivables that finance a vehicle in the States listed in Annex B, other evidence of title issued by the applicable Department of Motor Vehicles or similar authority in such States, is included in the Receivable File as of the date of its review of the Receivable Files and deliver a copy of such list to the Servicer, the Agent and the Insurer. On the date which is 180 days following the related Funding Date, and monthly thereafter, the Trustee shall inform the Seller and the other parties to this Agreement and the Insurer of any Receivable for which the related Receivable File on such date does not include an original certificate of title or, with respect to Financed Vehicles in the States listed in Annex B, other evidence of title issued by the applicable Department of Motor Vehicles or similar authority in such States, and the Seller shall repurchase any such Receivable as of the last Business Day of the Accrual Period in which the expiration of such 180 days occurs. In consideration of the purchase of the Receivable, the Seller shall remit the Purchase Amount for such Receivable, in the manner specified in SECTION 5.6.

SECTION 3.5. ACCESS TO RECEIVABLE FILES. The Trustee shall permit the Servicer and the Controlling Party access to the Receivable Files at all reasonable times during the Trustee's normal business hours. The Trustee shall, within two Business Days of the request of the Servicer or the Controlling Party, execute such documents and instruments as are prepared by the Servicer or the Controlling Party and delivered to the Trustee, as the Servicer or the Controlling Party deems necessary to permit the Servicer, in accordance with its customary servicing procedures, to enforce the Receivable on behalf of the Purchaser and any related insurance policies covering the Obligor, the Receivable or Financed Vehicle so long as such execution in the Trustee's sole discretion does not conflict with this Agreement or the Indenture and will not cause it undue risk or liability. The Trustee shall not be obligated to release any document from any Receivable File unless it receives a trust receipt signed by a Servicing Officer in the form of EXHIBIT C hereto (the "SERVICER RECEIPT"). Such Servicer Receipt shall obligate the Servicer to return such document(s) to the Trustee when the need therefor no longer exists unless the Receivable shall be liquidated, in which case, upon receipt of a certificate of a Servicing Officer substantially in the form of EXHIBIT C hereto to the effect that all amounts required to be deposited in the Collection Account with respect to such Receivable have been so deposited, the Servicer Receipt shall be released by the Trustee to the Servicer.

SECTION 3.6. TRUSTEE TO OBTAIN FIDELITY INSURANCE. The Trustee shall maintain a fidelity bond in the form and amount as is customary for entities acting as a trustee of funds and documents in respect of consumer contracts on behalf of institutional investors.

SECTION 3.7. TRUSTEE TO MAINTAIN SECURE FACILITIES. The Trustee shall maintain or cause to be maintained continuous custody of the Receivables Files in secure and fire resistant facilities in accordance with customary standards for such custody.

ARTICLE IV

ADMINISTRATION AND SERVICING OF RECEIVABLES

SECTION 4.1. DUTIES OF THE SERVICER. The Servicer, as agent for the Purchaser, the Noteholder and the Insurer (to the extent provided herein) shall manage, service, administer and make collections on the Receivables with reasonable care, using that degree of skill and attention customary and usual for institutions which service motor vehicle retail installment sale contracts similar to the Receivables and, to the extent more exacting, that the Servicer exercises with respect to all comparable automotive receivables that it services for itself or others. In performing such duties, the Servicer shall comply with its current servicing policies and procedures, as such servicing policies and procedures may be amended from time to time, so long as such amendments will not materially adversely affect the interests of the Noteholder or the Insurer, and notice of such amendments is given to the Insurer prior to the effectiveness thereof. The Servicer's duties shall include collection and posting of all payments, responding to inquiries of Obligors on such Receivables, investigating delinquencies, sending payment statements to Obligors, reporting tax information to Obligors, accounting for collections, furnishing monthly and annual statements to the Trustee and the Insurer with respect to distributions. Without limiting the generality of the foregoing, and subject to the servicing standards set forth in this Agreement including, without limitation, the restrictions set forth in SECTION 4.6, the Servicer is authorized and empowered by the Purchaser to execute and deliver, on behalf of itself, the Purchaser or the Noteholder, any and all instruments of satisfaction or cancellation, or partial or full release or discharge, and all other comparable instruments, with respect to such Receivables or to the Financed Vehicles securing such Receivables and/or the

certificates of title or, with respect to Financed Vehicles in the States listed in Annex B, other evidence of title issued by the applicable Department of Motor Vehicles or similar authority in such States with respect to such Financed Vehicles. If the Servicer shall commence a legal proceeding to enforce a Receivable, the Purchaser shall thereupon be deemed to have automatically assigned, solely for the purpose of collection, such Receivable to the Servicer. If in any enforcement suit or legal proceeding it shall be held that the Servicer may not enforce a Receivable on the ground that it shall not be a real party in interest or a holder entitled to enforce such Receivable, the Purchaser shall, at the Servicer's expense and direction, take steps to enforce such Receivable, including bringing suit in its name or the name of the Noteholder. The Servicer shall prepare and furnish, and the Trustee shall execute, any powers of attorney and other documents reasonably necessary or appropriate to enable the Servicer to carry out its servicing and administrative duties hereunder.

SECTION 4.2. COLLECTION OF RECEIVABLE PAYMENTS; MODIFICATIONS OF RECEIVABLES; LOCKBOX AGREEMENTS.

(a) Consistent with the standards, policies and procedures required by this Agreement, the Servicer shall make reasonable efforts to collect all payments called for under the terms and provisions of the Receivables as and when the same shall become due and shall follow such collection procedures as it follows with respect to all comparable automotive receivables that it services for itself or others; PROVIDED, HOWEVER, that promptly after the Closing Date (or the related Funding Date, as applicable) the Servicer shall notify each Obligor to make all payments with respect to the Receivables to the Post-Office Box. The Servicer will provide each Obligor with a monthly statement in order to notify such Obligors to make payments directly to the Post-Office Box. The Servicer shall allocate collections between principal and interest in accordance with the customary servicing procedures it follows with respect to all comparable automotive receivables that it services for itself or others and in accordance with the terms of this Agreement. Except as provided below, the Servicer, for as long as the Seller is the Servicer, may in accordance with the Seller's Contract Purchase Guidelines grant extensions on a Receivable; PROVIDED, HOWEVER, that the Servicer may not grant more than one (1) extension per calendar year with respect to a Receivable or grant an extension with respect to a Receivable for more than one (1) calendar month or grant more than three (3) extensions in the aggregate with respect to a Receivable without the prior written consent of the Controlling Party. In no event shall the principal balance of a Receivable be reduced, except in connection with a settlement in the event the Receivable becomes a Defaulted Receivable. If the Servicer is not the Seller, SST or the Standby Servicer, the Servicer may not make any extension on a Receivable without the prior written consent of the Controlling Party. The Servicer may in its discretion waive any prepayment charge, late payment charge or any other similar fees that may be collected in the ordinary course of servicing a Receivable. Notwithstanding anything to the contrary contained herein, the Servicer shall not agree to any alteration of the interest rate on any Receivable or of the amount of any Scheduled Receivable Payment on Receivables, other than to the extent that such alteration is required by applicable law.

(b) The Servicer shall establish the Lockbox Account in the name of the Purchaser for the benefit of the Trustee, acting on behalf of the Noteholder and the Insurer. Pursuant to the Lockbox Agreement, the Trustee has authorized the Servicer to direct dispositions of funds on deposit in the Lockbox Account to the Collection Account (but not to any other account), and no other Person, except the Lockbox Processor and the Trustee, has authority to direct disposition of funds on deposit in the Lockbox Account. However, the Lockbox Agreement shall provide that Lockbox Banks will comply with instructions originated by the Trustee relating to the disposition of the funds in the Lockbox Account without further consent by the Seller, the Servicer or the Purchaser. The Trustee shall have no liability or responsibility with respect to the Lockbox Processor's directions or activities as set forth in the preceding sentence. The Lockbox Account shall be established pursuant to and maintained in accordance with the Lockbox Agreement and shall be a demand deposit account initially established and maintained with Bank One, N.A., or at the request of the Controlling Party an Eligible Account satisfying CLAUSE (i) of the definition thereof; PROVIDED, HOWEVER, that the Trustee shall give the Servicer prior written notice of any change made at the request of the Controlling Party in the location of the Lockbox Account. The Trustee shall establish and maintain the Post-Office Box at a United States Post Office Branch in the name of the Purchaser for the benefit of the Noteholder and the Insurer.

(c) Notwithstanding any Lockbox Agreement, or any of the provisions of this Agreement relating to the Lockbox Agreement, the Servicer shall remain obligated and liable to the Purchaser, the Trustee, the Insurer and the Noteholder for servicing and administering the Receivables and the Other Conveyed Property in accordance with the provisions of this Agreement without diminution of such obligation or liability by virtue thereof.

(d) In the event the Seller shall for any reason no longer be acting as the Servicer hereunder, the Standby Servicer or a successor Servicer shall thereupon assume all of the rights and obligations of the outgoing Servicer under the Lockbox Agreement. In such event, the Standby Servicer or a successor Servicer shall be deemed to have assumed all of the outgoing Servicer's interest therein and to have replaced the outgoing Servicer as a party to the Lockbox Agreement to the same extent as if such Lockbox Agreement had been assigned to the Standby Servicer or a successor Servicer, except that the outgoing Servicer shall not thereby be relieved of any liability or obligations on the part of the outgoing Servicer to the Lockbox Bank under such Lockbox Agreement. The outgoing Servicer shall, upon request of the Trustee, but at the expense of the outgoing Servicer, deliver to the Standby Servicer or a successor Servicer all documents and records relating to the Lockbox Agreement and an accounting of amounts collected and held by the Lockbox Bank and otherwise use its best efforts to effect the orderly and efficient assignment of any Lockbox Agreement to the Standby Servicer or a successor Servicer. In the event that the Controlling Party shall elect to change the identity of the Lockbox Bank, the Servicer, at its expense, shall cause the Lockbox Bank to deliver, at the direction of the Controlling Party, to the Trustee or a successor Lockbox Bank, all documents and records relating to the Receivables and all amounts held (or thereafter received) by the Lockbox Bank (together with an accounting of such amounts) and shall otherwise use its best efforts to effect the orderly and efficient transfer of the Lockbox arrangements.

(e) On each Business Day, pursuant to the Lockbox Agreement, the Lockbox Processor will transfer any payments from Obligors received in the Post-Office Box to the Lockbox Account. The Servicer shall cause the Lockbox Bank to transfer cleared funds from the Lockbox Account to the Collection Account. In addition, the Servicer shall remit all payments by or on behalf of the Obligors received by the Servicer with respect to the Receivables (other than Purchased Receivables), and all Liquidation Proceeds no later than the Business Day following receipt directly (without deposit into any intervening account) into the Lockbox Account or the Collection Account. The Servicer shall not commingle its assets and funds with those on deposit in the Lockbox Account.

SECTION 4.3. REALIZATION UPON RECEIVABLES. On behalf of the Purchaser, the Noteholder and the Insurer, the Servicer shall use its best efforts, consistent with the servicing procedures set forth herein, to repossess or otherwise convert the ownership of the Financed Vehicle securing any Receivable as to which the Servicer shall have determined eventual payment in full is unlikely. The Servicer shall commence efforts to repossess or otherwise convert the ownership of a Financed Vehicle on or prior to the date that an Obligor has failed to make more than 90% of a Scheduled Receivable Payment thereon in excess of $10 for 120 days or more; PROVIDED, HOWEVER, that the Servicer may elect not to commence such efforts within such time period if in its good faith judgment it determines either that it would be impracticable to do so or that the proceeds ultimately recoverable with respect to such Receivable would be increased by forbearance. The Servicer shall follow such customary and usual practices and procedures as it shall deem necessary or advisable in its servicing of automotive receivables, consistent with the standards of care set forth in SECTION 4.2, which may include reasonable efforts to realize upon any recourse to Dealers and selling the Financed Vehicle at public or private sale. The foregoing shall be subject to the provision that, in any case in which the Financed Vehicle shall have suffered damage, the Servicer shall not expend funds in connection with the repair or the repossession of such Financed Vehicle unless it shall determine in its discretion that such repair and/or repossession will increase the proceeds ultimately recoverable with respect to such Receivable by an amount greater than the amount of such expenses.

SECTION 4.4. INSURANCE.

(a) The Servicer, in accordance with the servicing procedures and standards set forth herein, shall require that (i) each Obligor shall have obtained insurance covering the Financed Vehicle, as of the date of the execution of the Receivable, insuring against loss and damage due to fire, theft, transportation, collision and other risks generally covered by comprehensive and collision coverage and each Receivable requires the Obligor to maintain such physical loss and damage insurance naming the Seller and its successors and assigns as an additional insured, (ii) each Receivable that finances the cost of premiums for credit life and credit accident and health insurance is covered by an insurance policy or certificate naming the Seller as policyholder (creditor) and (iii) as to each Receivable that finances the cost of an extended service contract, the respective Financed Vehicle which secures the Receivable is covered by an extended service contract (each, a "RECEIVABLES INSURANCE POLICY").

(b) To the extent applicable, the Servicer shall not take any action which would result in noncoverage under any Receivables Insurance Policy which, but for the actions of the Servicer, would have been covered thereunder. The Servicer, on behalf of the Purchaser, shall take such reasonable action as shall be necessary to permit recovery under each Receivables Insurance Policy. Any amounts collected by the Servicer under any Receivables Insurance Policy shall be deposited in the Collection Account pursuant to SECTION 5.6.

SECTION 4.5. MAINTENANCE OF SECURITY INTERESTS IN VEHICLES.

(a) Consistent with the policies and procedures required by this Agreement, the Servicer shall take such steps on behalf of the Purchaser as are necessary to maintain perfection of the security interest created by each Receivable in the related Financed Vehicle, including but not limited to obtaining the execution by the Obligors and the recording, registering, filing, re-recording, re-registering and refiling of all security agreements, financing statements and continuation statements or instruments as are necessary to maintain the security interest granted by the Obligors under the respective Receivables. The Trustee hereby authorizes the Servicer, and the Servicer agrees, to take any and all steps necessary to re-perfect or continue the perfection of such security interest on behalf of the Purchaser, the Noteholder and the Insurer as necessary because of the relocation of a Financed Vehicle or for any other reason. In the event that the assignment of a Receivable to the Purchaser, and the pledge thereof by the Purchaser to the Trustee is insufficient, without a notation on the related Financed Vehicle's certificate of title, or without fulfilling any additional administrative requirements under the laws of the state in which the Financed Vehicle is located, to perfect a security interest in the related Financed Vehicle in favor of the Trustee, each of the Trustee, the Noteholder, the Insurer and the Seller hereby agrees that the Seller's designation as the secured party on the certificate of title is in respect of the Seller's capacity as Servicer as agent of the Trustee for the benefit of the Noteholder and the Insurer.

(b) Upon the occurrence of an Insurance Agreement Event of Default, the Insurer may (so long as it is the Controlling Party) instruct the Trustee and the Servicer to take or cause to be taken, or, if the Insurer is not the Controlling Party, upon the occurrence of a Servicer Termination Event, the Trustee, and the Servicer shall take or cause to be taken such action as may, in the opinion of counsel to the Trustee, which opinion shall not be an expense of the Trustee, be necessary to perfect or re-perfect the security interests in the Financed Vehicles securing the Receivables in the name of the Trustee on behalf of the Noteholder and the Insurer by amending the title documents of such Financed Vehicles or by such other reasonable means as may, in the opinion of counsel to the Trustee, which opinion shall not be an expense of the Trustee, be necessary or prudent. The Seller hereby agrees to pay all expenses related to such perfection or re-perfection and to take all action necessary therefor. In addition, prior to the occurrence of an Insurance Agreement Event of Default, the Controlling Party may instruct the Trustee and the Servicer to take or cause to be taken such action as may, in the opinion of counsel to the Controlling Party, be necessary to perfect or re-perfect the security interest in the Financed Vehicles underlying the Receivables in the name of the Trustee on behalf of the Noteholder and the Insurer, including by amending the title documents of such Financed Vehicles or by such other reasonable means as may, in the opinion of counsel to the Controlling Party, be necessary or prudent; PROVIDED, HOWEVER, that if the Controlling Party requests that the title documents be amended prior to the occurrence of an Insurance Agreement Event of Default, the out-of-pocket expenses of the Servicer or the Trustee in connection with such action shall be reimbursed to the Servicer or the Trustee, as applicable, by the Controlling Party.

SECTION 4.6. ADDITIONAL COVENANTS OF SERVICER. The Servicer shall not release the Financed Vehicle securing each Receivable from the security interest granted by such Receivable in whole or in part except in the event of payment in full by the Obligor thereunder or repossession or other liquidation of the Financed Vehicle, nor shall the Servicer impair the rights of the Noteholder in such Receivables, nor shall the Servicer amend or otherwise modify a Receivable, except as permitted in accordance with SECTION 4.2. The Servicer shall obtain and/or maintain all necessary licenses, approvals, authorizations, orders or other actions of any person, corporation or other organization, or of any court, governmental agency or body or official, required in connection with the execution, delivery and performance of this Agreement and the other Basic Documents.

SECTION 4.7. PURCHASE OF RECEIVABLES UPON BREACH OF COVENANT. Upon discovery by any of the Servicer, the Purchaser, the Insurer or the Trustee of a breach of any of the covenants of the Servicer set forth in SECTION 4.2(a), 4.4, 4.5 or 4.6, the party discovering such breach shall give prompt written notice to the others; PROVIDED, HOWEVER, that the failure to give any such notice shall not affect any obligation of the Servicer under this SECTION 4.7. Unless the breach shall have been cured by the last day of the next Accrual Period following such discovery, the Servicer shall purchase any Receivable materially and adversely affected by such breach. In consideration of the purchase of such Receivable, the Servicer shall remit the Purchase Amount for such Receivable in the manner specified in SECTION 5.6. The sole remedy of the Trustee, the Purchaser, the Insurer or the Noteholder with respect to a breach of SECTION 4.2(a), 4.3, 4.4, 4.5 or 4.6 shall be to require the Servicer to repurchase Receivables pursuant to this SECTION 4.7; PROVIDED, HOWEVER, that the Servicer shall indemnify the Trustee, the Standby Servicer, the Insurer, the Purchaser, the Agent and the Noteholder against all costs, expenses, losses, damages, claims and liabilities, including reasonable fees and expenses of counsel, which may be asserted against or incurred by any of them as a result of third party claims arising out of the events or facts giving rise to such breach.

SECTION 4.8. SERVICING FEE. The "SERVICING FEE" for each Settlement Date shall be equal to the product of one twelfth times the Servicing Fee Percentage times the Aggregate Principal Balance of the Eligible Receivables as of the first day of the related Accrual Period. The Servicing Fee shall also include all late fees, prepayment charges including, in the case of a Rule of 78's Receivable that is prepaid in full, to the extent not required by law to be remitted to the related Obligor, the difference between the Principal Balance of such Rule of 78's Receivable (plus accrued interest to the date of prepayment) and the principal balance of such Receivable computed according to the "Rule of 78's", and other administrative fees or similar charges allowed by applicable law with respect to Receivables, collected (from whatever source) on the Receivables. If the Standby Servicer becomes the successor Servicer, the "Servicing Fee" payable to the Standby Servicer as successor Servicer shall be determined in accordance with the Servicing and Lockbox Processing Assumption Agreement.

SECTION 4.9. SERVICER'S CERTIFICATE. No later than 9:00 am. Phoenix time on each Determination Date, the Servicer shall deliver (facsimile delivery being acceptable) to the Trustee, the Insurer, the Rating Agencies, the Agent and the Purchaser, a Servicer's Certificate containing among other things, (i) all information necessary to enable the Trustee to make any withdrawal and deposit required by SECTION 5.5 and to make the distributions required by SECTION 5.7, (ii) the total number of Receivable Files held (in whole or in part) by the Servicer rather than the Trustee at the end of the applicable Accrual Period, (iii) all information necessary for the Trustee to send statements to the Noteholder and the Insurer pursuant to SECTION 5.8(b) and 5.9, (iv) a listing of all Purchased Receivables purchased as of the related Accounting Date, identifying the Receivables so purchased, (v) the calculation of the Borrowing Base and (vi) all information necessary to enable the Standby Servicer to verify the information specified in SECTION 4.14(b) and to complete the accounting required by SECTION 5.9. Receivables purchased by the Servicer or by the Seller from the Purchaser in accordance with this Agreement by the related Accounting Date and each Receivable which became a Liquidated Receivable or which was paid in full during the related Accrual Period shall be identified by account number (as set forth in the Schedule of Receivables). In addition to the information set forth in the preceding sentence, the Servicer's Certificate shall also state whether to the knowledge of the Servicer, an Insurance Agreement Event of Default, an Insurance Agreement Indenture Cross Default, a Servicer Termination Event or a Funding Termination Event has occurred.

SECTION 4.10. ANNUAL STATEMENT AS TO COMPLIANCE, NOTICE OF SERVICER TERMINATION EVENT.

(a) The Servicer shall deliver to the Purchaser, to the Trustee for delivery to the Agent and the Noteholder, the Standby Servicer, the Insurer, and each Rating Agency, on or before February 28 of each year beginning February 28, 2003, an Officer's Certificate, dated as of December 31 of the preceding year, stating that (i) a review of the activities of the Servicer during the preceding 12-month period (or, in the case of the first such certificate, the period from the initial Cutoff Date to December 31, 2002) and of its performance under this

Agreement has been made under such officer's supervision and (ii) to the best of such officer's knowledge, based on such review, the Servicer has fulfilled all its obligations under this Agreement throughout such year (or, in the case of the first such certificate, such shorter period), or, if there has been a default in the fulfillment of any such obligation, specifying each such default known to such officer and the nature and status thereof.

(b) The Servicer shall deliver to the Trustee, the Agent and the Noteholder, the Standby Servicer, the Insurer and each Rating Agency, promptly after having obtained knowledge thereof, but in no event later than two (2) Business Days thereafter, written notice in an Officer's Certificate of any event which with the giving of notice or lapse of time, or both, would become a Servicer Termination Event under SECTION 10.1.

SECTION 4.11. INDEPENDENT ACCOUNTANTS' REPORTS. (a) Unless SST or the Standby Servicer is the Servicer, the Servicer shall cause a firm of nationally recognized independent certified public accountants (the "INDEPENDENT ACCOUNTANTS"), who may also render other services to the Servicer or to the Purchaser, to deliver to the Trustee, the Standby Servicer, the Insurer, the Agent, the Noteholder and each Rating Agency, on or before February 28 of each year beginning February 28, 2003, a report dated as of December 31 of the preceding year (the "ACCOUNTANTS' REPORT") and reviewing the Servicer's activities during the preceding 12-month period (or, in the case of the first such report, the period from the Cutoff Date with respect to Receivables transferred to the Purchaser on the initial Funding Date to December 31, 2002), addressed to the Board of Directors of the Servicer, to the Trustee, the Standby Servicer and to the Insurer, to the effect that such firm has examined the financial statements of the Servicer and issued its report therefor and that such examination (1) was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as such firm considered necessary in the circumstances; (2) included tests relating to auto loans serviced for others in accordance with the requirements of the Uniform Single Attestation Program for Mortgage Bankers (the "PROGRAM"), to the extent the procedures in the Program are applicable to the servicing obligations set forth in this Agreement; (3) included an examination of the delinquency and loss statistics relating to the Servicer's portfolio of automobile and light truck installment sale contracts; and (4) except as described in the report, disclosed no exceptions or errors in the records relating to automobile and light truck loans serviced for others that, in the firm's opinion, paragraph four of the Program requires such firm to report. The accountant's report shall further state that (1) a review in accordance with agreed upon procedures was made of three randomly selected Servicer Certificates; (2) except as disclosed in the report, no exceptions or errors in the Servicer Certificates were found; and (3) the delinquency and loss information relating to the Receivables and the stated amount of Liquidated Receivables, if any, contained in the Servicer Certificates were found to be accurate. In the event such firm requires the Trustee and/or the Standby Servicer to agree to the procedures performed by such firm, the Servicer shall direct the Trustee and/or the Standby Servicer, as applicable, in writing to so agree; it being understood and agreed that the Trustee and/or the Standby Servicer will deliver such letter of agreement in conclusive reliance upon the direction of the Servicer, and neither the Trustee nor the Standby Servicer makes any independent inquiry or investigation as to, and shall have no obligation or liability in respect of, the sufficiency, validity or correctness of such procedures.

The Report will also indicate that the firm is independent of the Servicer within the meaning of the Code of Professional Ethics of the American Institute of Certified Public Accountants.

(b) As soon as practical but not later than 30 days after the Servicer's Certificate for the second Interest Period, a nationally recognized firm of independent public accountants will perform certain agreed upon procedures with respect to the accuracy of the Servicer's Certificates with respect to the first two Interest Periods in relation to the Servicer's records and files and the degree of the Servicer's compliance with respect to deadlines for cash remittances to the Collection Account. If such review indicates a high degree of accuracy in the Servicer's Certificate and a high degree of compliance with respect to the remittance requirements, in each case in the reasonable judgment of the Controlling Party, such firm will perform the same procedures on a quarterly basis with respect to one Servicer's Certificate delivered during the most recently ended quarter. If the review of the Servicer's Certificate for the first two Interest Periods indicate a low degree of accuracy in the reporting or adherence to such remittance requirements, such procedures will continue at a frequency rate determined by the Controlling Party, until such time as a high degree of accuracy has been obtained.

SECTION 4.12. ACCOUNTANTS' REVIEW OF RECEIVABLE FILES. Commencing on June 30, 2002 and on each September 30, December 31, March 31 and June 30, and prior to the Final Scheduled Settlement Date (or such other dates as the Controlling Party may determine in its sole and absolute discretion from time to time by prior written notice to the Seller, the Servicer, the Purchaser, the Agent and the Trustee), the Seller at its own expense shall cause Independent Accountants acceptable to the Controlling Party to conduct a post-funding review of the Seller's compliance with its stated underwriting policies and verify certain characteristics of the Receivables as of each Funding Date. The Independent Accountants shall within ten Business Days complete such physical inspection and limited review and execute and deliver to Seller, the Servicer, the Purchaser, the Trustee, the Insurer and the Agent an Independent Accountant's Report with respect to such review substantially in the form of EXHIBIT F hereto. If such review reveals, in the Controlling Party's reasonable opinion, an unsatisfactory number of exceptions, the Controlling Party, in its sole and absolute discretion, may require a full review of every Receivable File by the Independent Accounts at the expense of the Seller. The Trustee must receive no less than 5 Business Days' prior written notice of any review of the Receivables Files under this SECTION 4.12. The Servicer shall be required to pay any and all costs incurred by the Trustee in connection with any such review.

SECTION 4.13. ACCESS TO CERTAIN DOCUMENTATION AND INFORMATION REGARDING RECEIVABLES. The Servicer shall provide to representatives of the Trustee, the Standby Servicer, the Insurer and the Agent reasonable access to the documentation regarding the Receivables. In each case, such access shall be afforded without charge but only upon reasonable request and during normal business hours. Nothing in this Section shall derogate from the obligation of the Servicer to observe any applicable law prohibiting disclosure of information regarding the Obligors, and the failure of the Servicer to provide access as provided in this Section as a result of such obligation shall not constitute a breach of this Section.

SECTION 4.14. VERIFICATION OF SERVICER'S CERTIFICATE.

(a) Concurrently with the delivery by the Servicer of the Servicer's Certificate each month, the Servicer will deliver to the Trustee, the Standby Servicer and the Backup Servicer a computer diskette (or other electronic transmission) in a format acceptable to the Trustee, the Standby Servicer and the Backup Servicer containing information with respect to the Receivables as of the close of business on the last day of the preceding Interest Period which information is necessary for preparation of the Servicer's Certificate. The Standby Servicer shall use such computer diskette (or other electronic transmission) to verify certain information specified in SECTION 4.14(b) contained in the Servicer's Certificate delivered by the Servicer, and the Standby Servicer shall notify the Servicer and the Insurer of any discrepancies on or before the second Business Day following the Determination Date. In the event that the Standby Servicer reports any discrepancies, the Servicer and the Standby Servicer shall attempt to reconcile such discrepancies by the related Settlement Date, but in the absence of a reconciliation, the Servicer's Certificate shall control for the purpose of calculations and distributions with respect to the related Settlement Date. In the event that the Standby Servicer and the Servicer are unable to reconcile discrepancies with respect to a Servicer's Certificate by the related Settlement Date, the Standby Servicer shall notify the Insurer and the Agent thereof in writing and the Servicer shall cause a firm of independent certified public accountants, at the Servicer's expense, to audit the Servicer's Certificate and, prior to the fifth day of the following calendar month, reconcile the discrepancies. The effect, if any, of such reconciliation shall be reflected in the Servicer's Certificate for such next succeeding Determination Date. Other than the duties specifically set forth in this Agreement, the Standby Servicer shall have no obligations hereunder, including, without limitation, to supervise, verify, monitor or administer the performance of the Servicer. The Standby Servicer shall have no liability for any actions taken or omitted by the Servicer. The duties and obligations of the Standby Servicer shall be determined solely by the express provisions of this Agreement and no implied covenants or obligations shall be read into this Agreement against the Standby Servicer.

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

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

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

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

SECTION 4.15. RETENTION AND TERMINATION OF SERVICER. As long as the Seller acts as Servicer, the Servicer hereby covenants and agrees to act as such under this Agreement for an initial term commencing on the Closing Date and ending on June 30, 2002, which term may be extended by the Controlling Party for successive quarterly terms ending on each successive September 30, December 31, March 31 and June 30 (or, at the discretion of the Controlling Party exercised pursuant to revocable written standing instructions from time to time to the Servicer and the Trustee, for any specified number of terms greater than one), until such time as the Note have been paid in full, and all amounts due to the Insurer have been paid in full. Each such notice (including each notice pursuant to standing instructions, which shall be deemed delivered at the end of successive terms for so long as such instructions are in effect) (a "SERVICER EXTENSION NOTICE") shall be delivered by the Controlling Party to the Trustee and the Servicer. The Servicer hereby agrees that, upon its receipt of any such Servicer Extension Notice, the Servicer shall become bound, for the duration of the term covered by such Servicer Extension Notice, to continue as the Servicer subject to and in accordance with the other provisions of this Agreement. Until such time as an Insurer Default shall have occurred and be continuing, the Trustee agrees that if as of the fifteenth day prior to the last day of any term of the Servicer, the Trustee shall not have received any Servicer Extension Notice from the Controlling Party, the Trustee shall, within five days thereafter, give written notice of such non-receipt to the Controlling Party. If the Controlling Party does not deliver a Servicer Extension Notice to the Trustee and the Servicer on or prior to the last day of any term of the Servicer, the Person then acting as Servicer shall, unless otherwise agreed to in writing by the Controlling Party, cease to be the Servicer hereunder in accordance with SECTION 10.3.

SECTION 4.16. FIDELITY BOND. The Servicer shall maintain a fidelity bond in such form and amount as is customary for entities acting as custodian of funds and documents in respect of consumer contracts on behalf of institutional investors.

SECTION 4.17. LIEN SEARCHES; OPINIONS AS TO TRANSFERS AND SECURITY INTERESTS. The Servicer shall, on the Closing Date and, thereafter annually on or before each anniversary of the Closing Date, deliver (or cause to be delivered) to the Trustee, the Insurer and the Agent an Opinion of Counsel, in form and substance satisfactory to the Insurer, with respect to (a) the "true sale" nature of the transfers of Receivables and, to the extent applicable, related Other Conveyed Property hereunder and under each related Assignment, (b) the "backup security interest" with respect to the transfers of Receivables and, to the extent applicable, related Other Conveyed Property hereunder and under each related Assignment, (c) the validity of the security interest in connection with the pledge of Collateral to the Trustee under the Indenture on each Funding Date and (d) the perfection and first priority of the transfers and pledges referred to in CLAUSES (a)-(c) above. To the extent each such Opinion of Counsel is in any manner reliant on UCC lien searches, each such UCC lien search shall be dated no earlier than ten Business Days prior to the date of each such related Opinion of Counsel, and shall be accompanied by officer's certificates from the appropriate parties certifying that no filings subsequent to the date of such lien searches have been made. Such Opinion of Counsel shall state, among other things, that, in the opinion of such counsel, either (A) all financing statements and continuation statements have been authorized and filed that are necessary to perfect the interest of the Purchaser and the Trustee in the Receivables, and reciting the details of such filings or referring to prior Opinions of Counsel in which such details are given, or (B) no such action shall be necessary to preserve and protect such interest. The Opinion of Counsel referred to in this SECTION 4.17 shall specify any action necessary (as of the date of such opinion) to be taken to preserve and protect such interest.

ARTICLE V

ACCOUNTS; DISTRIBUTIONS; STATEMENTS TO THE NOTEHOLDER

SECTION 5.1. ESTABLISHMENT OF PLEDGED ACCOUNTS.

(a) The Trustee, on behalf of the Noteholder and the Insurer, shall establish and maintain in its own name an Eligible Account (the "COLLECTION ACCOUNT"), bearing a designation clearly indicating that the funds deposited therein are held for the benefit of the Trustee on behalf of the Noteholder and the Insurer. The Collection Account shall initially be established with the Trustee.

(b) The Trustee, on behalf of the Noteholder and the Insurer, shall establish and maintain in its own name an Eligible Account (the "NOTE DISTRIBUTION ACCOUNT"), bearing a designation clearly indicating that the funds deposited therein are held for the benefit of the Trustee on behalf of the Noteholder and the Insurer. The Note Distribution Account shall initially be established with the Trustee.

(c) The Trustee, on behalf of the Noteholder and the Insurer shall establish and maintain in its own name an Eligible Account (the "PRINCIPAL FUNDING ACCOUNT"), bearing a designation clearly indicating that the funds deposited therein are held for the benefit of the Trustee on behalf of the Noteholder and the Insurer. The Principal Funding Account shall initially be established with the Trustee.

(d) The Trustee, on behalf of the Noteholder and the Insurer shall establish and maintain in its own name an Eligible Account (the "RESERVE ACCOUNT"), bearing a designation clearly indicating that the funds deposited therein are held for the benefit of the Trustee on behalf of the Noteholder and the Insurer. The Reserve Account shall initially be established with the Trustee.

(e) Funds on deposit in the Collection Account, the Principal Funding Account, the Reserve Account and the Note Distribution Account (collectively, the "PLEDGED ACCOUNTS") shall be invested by the Trustee (or any custodian with respect to funds on deposit in any such account) in Eligible Investments selected in writing by the Servicer or, after the SST Assumption Date, by the Controlling Party (pursuant to standing instructions or otherwise). All such Eligible Investments shall be held by or on behalf of the Trustee for the benefit of the Noteholder and the Insurer, as applicable. Other than as permitted by the Rating Agencies and the Controlling Party, funds on deposit in any Pledged Account shall be invested in Eligible Investments that will mature so that such funds will be available at the close of business on the Business Day immediately preceding the following Draw Date. Funds deposited in a Pledged Account on the day immediately preceding a Settlement Date upon the maturity of any Eligible Investments are not required to be invested overnight. All Eligible Investments will be held to maturity.

(f) All investment earnings of moneys deposited in the Pledged Accounts shall be deposited (or caused to be deposited) by the Trustee in the Collection Account for distribution pursuant to SECTION 5.7(a), and any loss resulting from such investments shall be charged to such account. The Servicer will not direct the Trustee to make any investment of any funds held in any of the Pledged Accounts unless the security interest granted and perfected in such account will continue to be perfected in such investment, in either case without any further action by any Person, and, in connection with any direction to the Trustee to make any such investment, if requested by the Trustee, the Servicer shall deliver to the Trustee an Opinion of Counsel, acceptable to the Trustee, to such effect.

(g) The Trustee shall not in any way be held liable by reason of any insufficiency in any of the Pledged Accounts resulting from any loss on any Eligible Investment included therein except for losses attributable to the Trustee's negligence or bad faith or its failure to make payments on such Eligible Investments issued by the Trustee, in its commercial capacity as principal obligor and not as trustee, in accordance with their terms.

(h) If (i) the Servicer or the Controlling Party, as applicable, shall have failed to give investment directions for any funds on deposit in the Pledged Accounts to the Trustee by 1:00 p.m. Eastern Time (or such other time as may be agreed by the Purchaser and Trustee) on any Business Day; or (ii) an Event of Default shall have occurred and be continuing with respect to the Note but the Note shall not have been declared due and payable, or, if the Note shall have been declared due and payable following an Event of Default, amounts collected or receivable from the Receivables and the Other Conveyed Property are being applied as if there had not been such a declaration; then the Trustee shall, to the fullest extent practicable, invest and reinvest funds in the Pledged Accounts in an Eligible Investment described in PARAGRAPH (f) the definition thereof.

(i) The Trustee shall possess all right, title and interest in all funds on deposit from time to time in the Pledged Accounts and in all proceeds thereof (including all Investment Earnings on the Pledged Accounts) and all such funds, investments, proceeds and income shall be part of the Other Conveyed Property. Except as otherwise provided herein, the Pledged Accounts shall be under the sole dominion and control of the Trustee for the benefit of the Noteholder and the Insurer. If at any time any of the Pledged Accounts ceases to be an Eligible Account, the Servicer with the consent of the Controlling Party shall within five Business Days establish a new Pledged Account as an Eligible Account and shall transfer any cash and/or any investments to such new Pledged Account. The Servicer shall promptly notify the Rating Agencies, the Trustee and the Insurer of any change in the location of any of the aforementioned accounts. In connection with the foregoing, the Servicer agrees that, in the event that any of the Pledged Accounts are not accounts with the Trustee, the Servicer shall notify the Trustee and the Insurer in writing promptly upon any of such Pledged Accounts ceasing to be an Eligible Account.

(j) Notwithstanding anything to the contrary herein or in any other document relating to a Trust Account, the "securities intermediary's jurisdiction" (within the meaning of Section 8-110 of the UCC) or the "bank's jurisdiction" (with the meaning of 9-304 of the UCC) as applicable, with respect to each Pledged Account shall be the State of New York.

(k) With respect to the Pledged Account Property, the Trustee agrees that:

(i) any Pledged Account Property that is held in deposit accounts shall be held solely in an Eligible Account; and, except as otherwise provided herein, each such Eligible Account shall be subject to the exclusive custody and control of the Trustee and the Trustee shall have sole signature authority with respect thereto; and

(ii) any Pledged Account Property shall be delivered to the Trustee in accordance with the definition of "DELIVERY".

(iii) the Servicer shall have the power, revocable by the Controlling Party to instruct the Trustee to make withdrawals and payments from the Pledged Accounts for the purpose of permitting the Servicer and the Trustee to carry out their respective duties hereunder.

SECTION 5.2. [RESERVED].

SECTION 5.3. CERTAIN REIMBURSEMENTS TO THE SERVICER. The Servicer will be entitled to be reimbursed from amounts on deposit in the Collection Account with respect to an Accrual Period for amounts previously deposited in the Collection Account but later determined by the Servicer to have resulted from mistaken deposits or postings or checks returned for insufficient funds. The amount to be reimbursed hereunder shall be paid to the Servicer on the related Settlement Date pursuant to SECTION 5.7(a)(iii) upon certification by the Servicer of such amounts and the provision of such information to the Trustee and the Controlling Party as may be necessary in the opinion of the Controlling Party to verify the accuracy of such certification; provided, however, that the Servicer must provide such certification within three months of it becoming aware of such mistaken deposit, posting or returned check. In the event that the Controlling Party has not received evidence satisfactory to it of the Servicer's entitlement to reimbursement pursuant to this Section, the Controlling Party shall give the Trustee notice to such effect, following receipt of which the

Trustee shall not make a distribution to the Servicer in respect of such amount pursuant to SECTION 5.7, or if prior thereto the Servicer has been reimbursed pursuant to SECTION 5.7, the Trustee shall withhold such amounts from amounts otherwise distributable to the Servicer on the next succeeding Settlement Date.

SECTION 5.4. APPLICATION OF COLLECTIONS. All collections for each Accrual Period shall be applied by the Servicer as follows:

With respect to each Receivable (other than a Purchased Receivable), payments by or on behalf of the Obligor shall be applied, in the case of a Rule of 78's Receivable, first, to the Scheduled Receivable Payment of such Rule of 78's Receivable and, second, to any late fees accrued with respect to such Rule of 78's Receivable and, in the case of a Simple Interest Receivable, to interest and principal in accordance with the Simple Interest Method.

SECTION 5.5. RESERVE ACCOUNT.

(a) The Reserve Account will be held for the benefit of the Noteholder and the Insurer. On or prior to the Closing Date, the Purchaser shall deposit or cause to be deposited into the Reserve Account an amount equal to the Required Reserve Account Amount. On each Funding Date, the Purchaser shall deposit a portion of the related Advance into the Reserve Account until the amount on deposit in the Reserve Account equals the Required Reserve Account Amount.

(b) In the event that the Servicer's Certificate with respect to any Determination Date shall state that the Available Funds with respect to the related Settlement Date are insufficient to make the payments required to be made on the related Settlement Date pursuant to SECTIONS 5.7(a)(ii) through (viii) and (x) (such deficiency being a "DEFICIENCY CLAIM AMOUNT"), then on the Deficiency Claim Date, the Trustee shall deliver to the Insurer, and the Servicer, by hand delivery, telex or facsimile transmission, a written notice (a "DEFICIENCY NOTICE") specifying the Deficiency Claim Amount for such Settlement Date. Such Deficiency Notice shall direct the Trustee to remit such Deficiency Claim Amount (to the extent of the funds available on deposit in the Reserve Account) for deposit in the Collection Account on the related Settlement Date and distribution pursuant to SECTIONS 5.7(a)(ii) through (viii) and (x), as applicable.

(c) Any Deficiency Notice shall be delivered by 10:00 a.m., New York City time, on the Deficiency Claim Date. The amounts distributed to the Trustee pursuant to a Deficiency Notice shall be deposited by the Trustee into the Collection Account pursuant to SECTION 5.6.

(d) Following the Facility Termination Date, if the Controlling Party elects, all amounts, or any portion thereof, on deposit in the Reserve Account will be deposited into the Collection Account for distribution pursuant to Section 5.7.

(e) On any Settlement Date on which, after all distributions required to be made on such Settlement Date pursuant to Section 5.7(a) have been made, the amount on deposit in the Reserve Account exceeds the Required Reserve Account Amount, the Trustee shall withdraw such excess and distribute the same to the Purchaser or its designee.

SECTION 5.6. ADDITIONAL DEPOSITS.

The Servicer or the Seller, as the case may be, shall deposit or cause to be deposited in the Collection Account the aggregate Purchase Amount with respect to Purchased Receivables together with any proceeds from any Receivables Insurance Policies received by the Servicer with respect to Financed Vehicles. All such deposits shall be made, in immediately available funds, on the Business Day preceding the related Determination Date. On or before each Draw Date, the Trustee shall remit to the Collection Account any amounts withdrawn from the Reserve Account pursuant to SECTION 5.5.

SECTION 5.7. DISTRIBUTIONS.

(a) On each Settlement Date, the Trustee (based on the information contained in the Servicer's Certificate delivered on the related Determination Date) shall make the following distributions in the following order of priority from amounts on deposit in the Collection Account:

(i) to the Noteholder, any payments from the Hedge Counterparty to the extent they are due and payable in an amount equal to the excess, if any, of the Note Interest Distributable Amount over Capped Monthly Interest;

(ii) to the Standby Servicer and the Trustee, from Available Funds and any amounts deposited in the Collection Account pursuant to SECTION 5.5(b) and SECTION 5.10(a), in respect of Standby Fees, Owner Trustee Fees and Trustee Fees, so long as the Standby Servicer is not the Servicer, the Standby Fee and all unpaid Standby Fees from prior Accrual Periods, the Owner Trustee Fee and all unpaid Owner Trustees Fees from prior Accrual Periods and the Trustee Fee and all unpaid Trustees Fees from prior Accrual Periods;

(iii) to the Backup Servicer, from Available Funds and any amounts deposited in the Collection Account pursuant to SECTION 5.5(B) and SECTION 5.10(A), in respect of Backup Servicing Fees, so long as SST is the Backup Servicer, the Backup Servicing Fee and all unpaid Backup Servicing Fees from prior Accrual Periods;

(iv) to the Servicer, from Available Funds and any amounts deposited in the Collection Account pursuant to SECTION 5.5(b) and SECTION 5.10(A), in respect of Servicing Fees, the Servicing Fee and all unpaid Servicing Fees from prior Accrual Periods and all reimbursements to which the Servicer is entitled pursuant to SECTION 5.3;

(v) to the Note Distribution Account, from Available Funds and any amounts deposited in the Collection Account pursuant to SECTION 5.5(b) and SECTION 5.10(a), the Capped Monthly Interest;

(vi) to the Insurer, from Available Funds and any amount deposited in the Collection Account pursuant to SECTION 5.5(b), so long as no Insurer Default shall have occurred and be continuing, the Ordinary Insurance Premium;

(vii) to the Insurer, from Available Funds and any amount deposited in the Collection Account pursuant to SECTION 5.5(b), reimbursement for payments made by the Insurer in respect of the Noteholder's Interest Distributable Amount and not previously reimbursed plus accrued interest thereon;

(viii) to the Note Distribution Account, from Available Funds and any amounts deposited in the Collection Account pursuant to SECTION 5.5(b) and SECTION 5.10(a), the Noteholder's Principal Distributable Amount for such Settlement Date;

(ix) to the Note Distribution Account, from Available Funds and any amounts deposited in the Collection Account pursuant to Section 5.5(d), the Additional Principal Payment Amount for such Settlement Date;

(x) to the Insurer, from Available Funds and any amount deposited in the Collection Account pursuant to SECTION 5.5(b), reimbursement for payments made by the Insurer in respect of the Noteholder's Principal Distributable Amount and not previously reimbursed plus accrued interest thereon;

(xi) so long as any amounts are outstanding on the Note, to the Trustee, for deposit in the Reserve Account, from Available Funds, an amount equal to the excess of (A) the Required Reserve Account Amount for such Settlement Date over (B) the amount on deposit in the Reserve Account;

(xii) to the Note Distribution Account, from Available Funds, the Noteholder's Interest Distributable Amount for such Settlement Date, to the extent not previously paid pursuant to SECTION 5.7(a)(i) and SECTION 5.7(a)(v) above;

(xiii) to the Insurer, from Available Funds, so long as no Insurer Default shall have occurred and be continuing, the Default Insurance Premium;

(xiv) to the Noteholder and the Insurer, from Available Funds PARI PASSU the Unused Facility Fee for such Settlement Date (with one half of such payable to the Noteholder and one half payable to the Insurer);

(xv) to the Insurer, from Available Funds any amounts owing to the Insurer under this Agreement and the Insurance Agreement and not paid and if an Insurer Default is continuing, the Insurance Premium (as defined in the Premium Letter), to the extent not previously paid;

(xvi) if any Person other than the Standby Servicer or the Backup Servicer becomes the successor Servicer, to such successor Servicer from Available Funds, its servicing fees in excess of the Servicing Fee and, to the extent not previously paid by the predecessor Servicer pursuant to this Agreement, reasonable transition expenses (up to a maximum of $50,000 for all such expenses) incurred in becoming the successor Servicer;

(xvii) to the Note Distribution Account, from Available Funds, any other amounts due to the Noteholder pursuant to the Basic Documents;

(xviii) to the Backup Servicer, from Available Funds, any amounts owing to the Backup Servicer under the Backup Servicing Agreement to the extent not previously paid pursuant to SECTION 5.7(a)(ii); and

(xix) to the Certificateholders, the remaining Available Funds, if any, and any amounts released from the Reserve Account pursuant to SECTION 5.5(e).

(b) On each Settlement Date, the Trustee shall (based solely on the information contained in the Servicer's Certificate delivered with respect to the related Determination Date, unless the Insurer shall have notified the Trustee in writing of any errors or deficiencies with respect thereto) distribute the Deficiency Claim Amount, if any, from the Reserve Account and the Note Policy Claim Amount, if any, from the Collection Account, and deposit in the Note Distribution Account any excess of the Scheduled Payments (as defined in the Note Policy) due on such Settlement Date over the amount previously deposited in the Note Distribution Account with respect to the related Settlement Date, which amount shall be applied solely to the payment of amounts then due and unpaid on the Note in accordance with the priorities set forth in SECTION 5.8(a).

(c) In the event that the Collection Account is maintained with an institution other than the Trustee, the Servicer shall instruct and cause such institution to make all deposits and distributions pursuant to SECTION 5.7(a) and (b) on the related Settlement Date.

SECTION 5.8. NOTE DISTRIBUTION ACCOUNT.

(a) On each Settlement Date (based solely on the information contained in the Servicer's Certificate), the Trustee shall distribute all amounts on deposit in the Note Distribution Account to the Noteholder in respect of the Note to the extent of amounts due and unpaid on the Note for principal and interest in the following amounts and in the following order of priority:

(i) to the Noteholder, the Noteholder's Interest Distributable Amount; PROVIDED that if there are not sufficient funds in the Note Distribution Account to pay the entire amount then due on the Note, the amount in the Note Distribution Account shall be applied to the payment of such interest pro rata among the Holders of the Note;

(ii) to the Noteholder, the Noteholder's Principal Distributable Amount plus any Noteholder's Principal Carryover Shortfall, to pay principal of the Note until the outstanding principal amount of the Note has been reduced to zero; PROVIDED that if there are not sufficient funds in the Note Distribution Account to pay the aggregate outstanding principal amount of the Note, the amount in the Note Distribution Account shall be applied to the payment of such principal pro rata among the Holders of the Note;

(iii) to the Noteholder, the Additional Principal Payment Amount, PROVIDED that if there are not sufficient funds in the Note Distribution Account to pay the aggregate outstanding principal amount of the Note, the amount in the Note Distribution Account shall be applied to the payment of such principal pro rata among the Holders of the Note; and

(iv) to the Noteholder, any other amounts due pursuant to the Noteholder pursuant to the Basic Documents.

(b) On each Settlement Date, the Trustee shall provide or make available electronically (or, upon written request, by first class mail or facsimile) send to the Noteholder, the Agent and the Insurer the statement or statements provided to the Trustee by the Servicer pursuant to SECTION 5.9 hereof on such Settlement Date; PROVIDED HOWEVER, the Trustee shall have no obligation to provide such information described in this SECTION 5.8(b) until it has received the requisite information from the Servicer.

SECTION 5.9. STATEMENTS TO THE NOTEHOLDER. iii) On or prior to each Settlement Date (in accordance with SECTION 4.9), the Servicer shall provide to the Trustee, the Insurer, the Agent, the Rating Agencies and the Noteholder of record on the related Record Date a copy of the Servicer's Certificate setting forth at least the following information as to the Note to the extent applicable:

(i) the amount of such distribution allocable to principal of the Note;

(ii) the amount of such distribution allocable to interest on or with respect to the Note;

(iii) the amount, if any, of such distribution payable out of amounts withdrawn from the Reserve Account or pursuant to a claim on the Note Policy;

(iv) the Aggregate Principal Balance as of the close of business on the last day of the preceding Accrual Period;

(v) the aggregate outstanding principal amount of the Note;

(vi) the amount of the Servicing Fee paid to the Servicer with respect to the related Accrual Period, and the amount of any unpaid Servicing Fees and the change in such amount from the prior Settlement Date;

(vii) the amount of each of the Standby Fee, the Backup Servicing Fee, the Owner Trustee Fee and the Trustee Fee paid to the Standby Servicer, the Backup Servicer, the Owner Trustee and the Trustee as applicable, with respect to the related Accrual Period, and the amount of any unpaid Standby Fees, Backup Servicing Fees, the Owner Trustee Fees and Trustee Fees and the change in such amounts from the prior Settlement Date;

(viii) the Noteholder's Interest Carryover Shortfall and the Noteholder's Principal Carryover Shortfall, if any;

(ix) the number of Receivables and the aggregate gross amount scheduled to be paid thereon, including unearned finance and other charges, for which the related Obligors are delinquent in making Scheduled Receivable Payments for 31 to 60 days as of the last day of the related Accrual Period;

(x) the number of Receivables and the aggregate gross amount scheduled to be paid thereon, including unearned finance and other charges, for which the related Obligors are delinquent in making Scheduled Receivable Payments for 31 to 45 days as of the last day of the related Accrual Period;

(xi) the amount of the aggregate Realized Losses, if any, for the related Accrual Period;

(xii) the amount of payments, if any, made with respect to the related Settlement Date pursuant to SECTIONS 5.10(A)(I) or (II), respectively;

(xiii) the number of, and the aggregate Purchase Amounts for, Receivables, if any, that were repurchased during the related Interest Period and summary information as to losses and delinquencies with respect to the Receivables as of the end of the related Accrual Period; and

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

Each amount set forth pursuant to PARAGRAPHS (I), (II), (III), (VI), (VII), (VIII) and (XI) above shall be expressed as a dollar amount per $1,000 of the aggregate outstanding principal amount of the Note as of the related Settlement Date.

(b) Within 60 days after the end of each calendar year, commencing February 28, 2003 the Servicer shall deliver to the Trustee, and the Trustee shall, provided it has received the necessary information from the Servicer, promptly thereafter furnish to each Person who at any time during the preceding calendar year was a Noteholder of record and received any payment thereon (a) a report (prepared by the Servicer) as to the aggregate of the amounts reported pursuant to subclauses (i), (ii), (vi) and (vii) of SECTION 5.9(A) for such preceding calendar year or applicable portion thereof during which such person was the Noteholder, and (b) such information as may be reasonably requested by the Noteholder or required by the Code and regulations thereunder, to enable the Holder to prepare its Federal and State income tax returns. The obligation of the Trustee set forth in this paragraph shall be deemed to have been satisfied to the extent that substantially comparable information shall be provided by the Servicer to the Noteholder pursuant to any requirements of the Code.

(c) The Trustee may make available to the Noteholder and the Insurer via the Trustee's Internet Website, all statements described herein and, with the consent or at the direction of the Seller, such other information regarding the Note and/or the Receivables as the Trustee may have in its possession, but only with the use of a password provided by the Trustee or its agent to such Person upon receipt by the Trustee from such Person of a certification in the form of Exhibit G; provided, however, that the Trustee or its agent shall provide such password to the parties to this Agreement, the Insurer, the Agent and each Rating Agency without requiring such certification. The Trustee will make no representation or warranties as to the accuracy or completeness of such documents and will assume no responsibility therefore. The Trustee's Internet Website shall be initially located at WWW.ABSNET.NET or at such other address as shall be specified by the Trustee from time to time in writing to the Noteholder and the Insurer. In connection with providing access to the Trustee's Internet Website, the Trustee may require registration and the acceptance of a disclaimer. The Trustee shall not be liable for the dissemination of information in accordance with this Agreement.

SECTION 5.10. OPTIONAL DEPOSITS BY THE INSURER; NOTICE OF WAIVERS. iv)The Insurer shall at any time have the option (but shall not be required, except as provided in SECTION 6.1) to deliver amounts to the Trustee for deposit into the Collection Account for any of the following purposes: (i) to provide funds in respect of the payment of fees or expenses of any provider of services to the Purchaser with respect to such Settlement Date, or (ii) to the extent that without such amount a draw would be required to be made on the Note Policy.

(a) If the Insurer hereby waives the satisfaction of any of the events that might trigger an Insurance Agreement Event of Default, and so notifies the Trustee in writing pursuant to SECTION 5.2(d) of the Insurance Agreement, the Trustee shall notify Moody's, S&P and the Noteholder of such waiver.

ARTICLE VI

THE NOTE POLICY

SECTION 6.1. CLAIMS UNDER NOTE POLICY.

(a) In the event that the Trustee has delivered a Deficiency Notice with respect to any Determination Date pursuant to SECTION 5.5 hereof, the Trustee shall on the related Draw Date determine whether the application of funds in accordance with SECTION 5.7(a), together with any amounts deposited by the Insurer pursuant to SECTION 5.10 and the application of any Deficiency Claim Amount pursuant to SECTION 5.5 would result in a shortfall in amounts distributable pursuant to SECTIONS 5.7(a)(iv) on any Settlement Date and 5.7(a)(vii) on any Settlement Date occurring on or after the Final Scheduled Settlement Date (any such shortfall, a "NOTE POLICY CLAIM AMOUNT"). If the Note Policy Claim Amount for such Settlement Date is greater than zero, the Trustee shall furnish to the Insurer no later than 10:00 a.m. New York City time on the related Draw Date a completed Payment Notice (as defined in CLAUSE (b) below) in the amount of the Note Policy Claim Amount. Amounts paid by the Insurer pursuant to a claim submitted under this SECTION 6.1 shall be deposited by the Trustee into the Note Distribution Account for payment to the Noteholder on the related Settlement Date.

(b) Any notice delivered by the Trustee to the Insurer pursuant to SECTION 6.1(A) shall specify the Note Policy Claim Amount claimed under the Note Policy and shall constitute a "PAYMENT NOTICE" (as defined in the Note Policy) under the Note Policy. In accordance with the provisions of the Note Policy, the Insurer is required to pay to the Trustee the Note Policy Claim Amount properly claimed thereunder by 2:00 p.m., New York City time, on the later of (i) the next Business Day (as defined in the Note Policy) following receipt on a Business Day of the Payment Notice, and (ii) the applicable Settlement Date. Any payment made under the Note Policy by the Insurer shall be applied solely to the payment of the Note, and for no other purpose.

(c) The Trustee shall (i) receive as attorney-in-fact of the Noteholder any Note Policy Claim Amount from the Insurer and (ii) deposit the same in the Note Distribution Account for distribution to the Noteholder. Any and all Note Policy Claim Amounts disbursed by the Trustee from claims made under the Note Policy shall not be considered payment by the Purchaser or from the Reserve Account with respect to the Note, and shall not discharge the obligations of the Purchaser with respect thereto. The Insurer shall, to the extent it makes any payment with respect to the Note, become subrogated to the rights of the recipients of such payments to the extent of such payments. Subject to and conditioned upon any payment with respect to the Note by or on behalf of the Insurer, the Trustee and the Noteholder shall assign to the Insurer all rights to the payment of interest or principal with respect to the Note which are then due for payment to the extent of all payments made by the Insurer, and the Insurer may exercise any option, vote, right, power or the like with respect to the Note to the extent that it has made payment pursuant to the Note Policy. To evidence such subrogation, the Note Registrar (as defined in the Indenture) shall note the Insurer's rights as subrogee upon the register of the Noteholder upon receipt from the Insurer of proof of payment by the Insurer of any Noteholder's Interest Distributable Amount or Noteholder's Principal Distributable Amount. The foregoing subrogation shall in all cases be subject to the rights of the Noteholder to receive all Scheduled Payments (as defined in the Note Policy) in respect of the Note.

(d) The Trustee shall keep a complete and accurate record of all funds deposited by the Insurer into the Note Distribution Account and the allocation of such funds to payment of interest on and principal paid in respect of any Note. The Insurer shall have the right to inspect such records at reasonable times upon one Business Day's prior notice to the Trustee.

(e) The Trustee shall be entitled to enforce on behalf of the Noteholder the obligations of the Insurer under the Note Policy. Notwithstanding any other provision of this Agreement or any other Basic Document, the Noteholder is not entitled to make any claims under the Note Policy or institute proceedings directly against the Insurer.

SECTION 6.2. PREFERENCE CLAIMS.

(a) In the event that the Trustee has received a certified copy of an order of the appropriate court that any Scheduled Payment (as defined in the Note Policy) paid on the Note has been avoided in whole or in part as a preference payment under applicable bankruptcy law, the Trustee shall so notify the Insurer, shall comply with the provisions of the Note Policy to obtain payment by the Insurer of such avoided payment, and shall, at the time it provides notice to the Insurer, notify the Noteholder by mail that, in the event that the Noteholder's payment is so recoverable, the Noteholder will be entitled to payment pursuant to the terms of the Note Policy. The Trustee shall furnish to the Insurer its records evidencing the payments of principal of and interest on Note, if any, which have been made by the Trustee and subsequently recovered from the Noteholder, and the dates on which such payments were made. Pursuant to the terms of the Note Policy, the Insurer will make such payment on behalf of the Noteholder to the Trustee on behalf of the applicable "Owner" as defined in the Note Policy.

(b) The Trustee shall promptly notify the Insurer of any proceeding or the institution of any action (of which the Trustee has actual knowledge) seeking the avoidance as a preferential transfer under applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (a "PREFERENCE CLAIM") of any distribution made with respect to the Note. The Holder, by its purchase of the Note, and the Trustee hereby agrees that so long as it is the Controlling Party, the Insurer may at any time during the continuation of any proceeding relating to a Preference Claim direct all matters relating to such Preference Claim including, without limitation, (i) the direction of any appeal of any order relating to any Preference Claim and (ii) the posting of any surety, supersedeas or performance bond pending any such appeal at the expense of the Insurer, but subject to reimbursement as provided in the Insurance Agreement. In addition, and without limitation of the foregoing, as set forth in SECTION 6.1(C), the Insurer shall be subrogated to, and the Noteholder and the Trustee hereby delegate and assign, to the fullest extent permitted by law, the rights of the Trustee and the Noteholder in the conduct of any proceeding with respect to a Preference Claim, including, without limitation, all rights of any party to an adversary proceeding action with respect to any court order issued in connection with any such Preference Claim.

SECTION 6.3. SURRENDER OF NOTE POLICY. The Trustee shall surrender the Note Policy to the Insurer for cancellation upon the expiration of such policy in accordance with the terms thereof.

ARTICLE VII

THE PURCHASER

SECTION 7.1. REPRESENTATIONS OF PURCHASER. The Purchaser makes the following representations on which the Insurer shall be deemed to have relied in executing and delivering the Note Policy and the Noteholder shall be deemed to have relied in purchasing the Note. The representations speak as of the execution and delivery of this Agreement and as of each Funding Date, and shall survive the sale of the Receivables to the Purchaser and the pledge thereof to the Trustee pursuant to the Indenture.

(a) ORGANIZATION AND GOOD STANDING. The Purchaser has been duly formed and is validly existing as a business trust solely under the laws of the state of Delaware and is in good standing under the laws of the State of Delaware, with power and authority to own its properties and to conduct its business as such properties are currently owned and such business is currently conducted,

and had at all relevant times, and now has, power, authority and legal right to acquire, own and pledge the Receivables and the Other Conveyed Property pledged to the Trustee.

(b) DUE QUALIFICATION. The Purchaser is duly qualified to do business as a foreign business trust in good standing, and has obtained all necessary licenses and approvals in all jurisdictions in which the ownership or lease of property or the conduct of its business shall require such qualifications.

(c) POWER AND AUTHORITY. The Purchaser has the power and authority to execute and deliver this Agreement and the other Basic Documents to which it is a party and to carry out its terms and their terms, respectively; the Purchaser has full power and authority to pledge the Collateral to be pledged to the Trustee by it pursuant to the Indenture and has duly authorized such pledge to the Trustee by all necessary corporate action; and the execution, delivery and performance of this Agreement and the Basic Documents to which the Purchaser is a party have been duly authorized by the Purchaser by all necessary action.

(d) VALID SALE, BINDING OBLIGATIONS. This Agreement effects a valid sale of the Receivables and the Other Conveyed Property, enforceable against the Seller and creditors of and purchasers from the Seller, and this Agreement and the other Basic Documents to which the Purchaser is a party, when duly executed and delivered, shall constitute legal, valid and binding obligations of the Purchaser enforceable in accordance with their respective terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization or other similar laws affecting the enforcement of creditors' rights generally and by equitable limitations on the availability of specific remedies, regardless of whether such enforceability is considered in a proceeding in equity or at law.

(e) NO VIOLATION. The consummation of the transactions contemplated by this Agreement and the other Basic Documents and the fulfillment of the terms of this Agreement and the other Basic Documents shall not conflict with, result in any breach of any of the terms and provisions of or constitute (with or without notice, lapse of time or both) a default under the Trust Agreement of the Purchaser, or any indenture, agreement, mortgage, deed of trust or other instrument to which the Purchaser is a party or by which it is bound, or result in the creation or imposition of any Lien upon any of its properties pursuant to the terms of any such indenture, agreement, mortgage, deed of trust or other instrument, other than the Basic Documents, or violate any law, order, rule or regulation applicable to the Purchaser of any court or of any federal or state regulatory body, administrative agency or other governmental instrumentality having jurisdiction over the Purchaser or any of its properties.

(f) NO PROCEEDINGS. There are no proceedings or investigations pending or, to the Purchaser's knowledge, threatened against the Purchaser, before any court, regulatory body, administrative agency or other tribunal or governmental instrumentality having jurisdiction over the Purchaser or its properties (A) asserting the invalidity of this Agreement, the Note or any of the Basic Documents, (B) seeking to prevent the issuance of the Note or the consummation of any of the transactions contemplated by this Agreement or any of the Basic Documents, (C) seeking any determination or ruling that might materially and adversely affect the performance by the Purchaser of its obligations under, or the validity or enforceability of, this Agreement or any of the Basic Documents, or (D) relating to the Purchaser and which might adversely affect the federal or state income, excise, franchise or similar tax attributes of the Note.

(g) NO CONSENTS. No consent, approval, authorization or order of or declaration or filing with any governmental authority is required for the issuance or sale of the Note or the consummation of the other transactions contemplated by this Agreement, except such as have been duly made or obtained or as may be required by the Basic Documents.

(h) TAX RETURNS. The Purchaser has filed all federal and state tax returns which are required to be filed and paid all taxes, including any assessments received by it, to the extent that such taxes have become due. Any taxes, fees and other governmental charges payable by the Purchaser in connection with consummation of the transactions contemplated by this Agreement and the other Basic Documents to which the Purchaser is a party and the fulfillment of the terms of this Agreement and the other Basic Documents to which the Purchaser is a party have been paid or shall have been paid at or prior to the Closing Date and as of each Funding Date.

(i) CHIEF EXECUTIVE OFFICE. The chief executive office of the Purchaser is at the Corporate Trust Office of the Owner Trustee.

ARTICLE VIII

THE SELLER

SECTION 8.1. REPRESENTATIONS OF SELLER. The Seller makes the following representations on which the Insurer shall be deemed to have relied in executing and delivering the Note Policy and on which the Purchaser is deemed to have relied in acquiring the Receivables and a which the Noteholder are deemed to have relied in purchasing the Note. The representations speak as of the execution and delivery of this Agreement, as of the Closing Date and as of each Funding Date, and shall survive the sale of the Receivables to the Purchaser and the pledge thereof by the Purchaser to the Trustee pursuant to the Indenture.

(a) ORGANIZATION AND GOOD STANDING. The Seller has been duly organized and is validly existing as a corporation solely under the laws of the State of California and is in good standing under the laws of the State of California, with power and authority to own its properties and to conduct its business as such properties are currently owned and such business is currently conducted, and had at all relevant times, and now has, power, authority and legal right to acquire, own and sell the Receivables and the Other Conveyed Property transferred to the Purchaser and to perform its other obligations under this Agreement or any other Basic Documents to which it is a party.

(b) DUE QUALIFICATION. The Seller is duly qualified to do business as a foreign corporation in good standing, and has obtained all necessary licenses and approvals in all jurisdictions in which the ownership or lease of property or the conduct of its business (including the origination, sale and servicing of the Receivables as required by this Agreement) shall require such qualifications.

(c) POWER AND AUTHORITY. The Seller has the power and authority to execute and deliver this Agreement and the other Basic Documents to which it is a party and to carry out its terms and their terms, respectively; the Seller has full power and authority to sell and assign the Receivables and the Other Conveyed Property to be sold and assigned to and deposited with the Purchaser by it and has duly authorized such sale and assignment to the Purchaser by all necessary corporate action; and the execution, delivery and performance of this Agreement and the Basic Documents to which the Seller is a party have been duly authorized by the Seller by all necessary corporate action.

(d) VALID SALE, BINDING OBLIGATIONS. This Agreement effects a valid sale, transfer and assignment of the Receivables and the Other Conveyed Property to the Purchaser, enforceable against the Seller and creditors of and purchasers from the Seller; and this Agreement and the Basic Documents to which the Seller is a party, when duly executed and delivered, shall constitute legal, valid and binding obligations of the Seller enforceable in accordance with their respective terms, except as enforceability may be limited, by bankruptcy, insolvency, reorganization or other similar laws affecting the enforcement of creditors' rights generally and by equitable limitations on the availability of specific remedies, regardless of whether such enforceability is considered in a proceeding in equity or at law.

(e) NO VIOLATION. The consummation of the transactions contemplated by this Agreement and the Basic Documents and the fulfillment of the terms of this Agreement and the Basic Documents not conflict with, result in any breach of any of the terms and provisions of or constitute (with or without notice, lapse of time or both) a default under the certificate of incorporation or by-laws of the Seller, or any indenture, agreement, mortgage, deed of trust or other instrument to which the Seller is a party or by which it is bound, or result in the creation or imposition of any Lien upon any of its properties pursuant to the terms of any such indenture, agreement, mortgage, deed of trust or other instrument, other than the Basic Documents, or violate any law, order, rule or regulation applicable to the Seller of any court or of any federal or state regulatory body, administrative agency or other governmental instrumentality having jurisdiction over the Seller or any of its properties.

(f) NO PROCEEDINGS. There are no proceedings or investigations pending or, to the Seller's knowledge, threatened against the Seller, before any court, regulatory body, administrative agency or other tribunal or governmental instrumentality having jurisdiction over the Seller or its properties (A) asserting the invalidity of this Agreement, the Note or any of the Basic Documents, (B) seeking to prevent the issuance of the Note or the consummation of any of the transactions contemplated by this Agreement or any of the Basic Documents, (C) seeking any determination or ruling that might materially and adversely affect the performance by the Seller of its obligations under, or the validity or enforceability of, this Agreement or any of the Basic Documents, or (D) relating to the Seller and which might adversely affect the federal or state income, excise, franchise or similar tax attributes of the Note.

(g) NO CONSENTS. No consent, approval, authorization or order of or declaration or filing with any governmental authority is required for the issuance or sale of the Note or the consummation of the other transactions contemplated by this Agreement, except such as have been duly made or obtained.

(h) FINANCIAL CONDITION. The Seller has a positive net worth and is able to and does pay its liabilities as they mature. The Seller is not in default under any obligation to pay money to any Person except for matters being disputed in good faith which do not involve an obligation of the Seller on a promissory note. The Seller will not use the proceeds from the transactions contemplated by the Basic Documents to give any preference to any creditor or class of creditors, and this transaction will not leave the Seller with remaining assets which are unreasonably small compared to its ongoing operations.

(i) FRAUDULENT CONVEYANCE. The Seller is not selling the Receivables to the Purchaser with any intent to hinder, delay or defraud any of its creditors; the Seller will not be rendered insolvent as a result of the sale of the Receivables to the Purchaser.

(j) TAX RETURNS. The Seller has filed all material federal and state tax returns which are required to be filed and paid all material taxes, including any assessments received by it, to the extent that such taxes have become due (other than taxes, the amount or validity of which are currently being contested in good faith by appropriate proceedings and with respect to which reserves in conformity with GAAP have been provided on the books of the Seller). Any taxes, fees and other governmental charges payable by the Seller in connection with consummation of the transactions contemplated by this Agreement and the other Basic Documents to which the Seller is a party and the fulfillment of the terms of this Agreement and the other Basic Documents to which the Seller is a party have been paid or shall have been paid as of each Funding Date.

(k) CHIEF EXECUTIVE OFFICE. The chief executive office of the Seller is at 16355 Laguna Canyon Road, Irvine, CA 92618 and its organizational number is 1682500.

(l) CERTIFICATE, STATEMENTS AND REPORTS. The officer's certificates, statements, reports and other documents prepared by Seller and furnished by Seller to the Purchaser, the Insurer, the Trustee or the Agent pursuant to this Agreement or any other Basic Document to which it is a party, and in connection with the transactions contemplated hereby or thereby, when taken as a whole, do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained herein or therein not misleading.

(m) LEGAL COUNSEL, ETC. Seller consulted with its own legal counsel and independent accountants to the extent it deems necessary regarding the tax, accounting and regulatory consequences of the transactions contemplated hereby, Seller is not participating in such transactions in reliance on any representations of any other party, their affiliates, or their counsel with respect to tax, accounting and regulatory matters.

SECTION 8.2. ADDITIONAL COVENANTS OF THE SELLER.

(a) SALE. The Seller agrees to treat the conveyances hereunder for all purposes (including without limitation tax and financial accounting purposes) as sales on all relevant books, records, tax returns, financial statements and other applicable documents.

(b) NON-PETITION. In the event of any breach of a representation and warranty made by the Purchaser hereunder, the Seller covenants and agrees that it will not take any action to pursue any remedy that it may have hereunder, in law, in equity or otherwise, until a year and a day have passed since the date on which the Note issued by the Purchaser and all amounts due to the Insurer under the Insurance Agreement have been paid in full. The Purchaser and the Seller agree that damages will not be an adequate remedy for breach of this covenant and that this covenant may be specifically enforced by the Purchaser, by the Trustee on behalf of the Noteholder or by the Controlling Party.

(c) CHANGES TO SELLER'S CONTRACT PURCHASE GUIDELINES. The Seller covenants that it will not make any material changes to its Contract Purchase Guidelines, or its classification of Obligors within such programs unless (i) the Controlling Party and the Agent expressly consent in writing to such changes and (ii) after giving effect to any such changes, the Rating Agency Condition is satisfied.

SECTION 8.3. LIABILITY OF SELLER; INDEMNITIES. Subject to the limitation of remedies set forth in SECTION 3.2 hereof with respect to a breach of any representations and warranties contained in SECTION 3.1 hereof, the Seller shall indemnify the Purchaser, the Insurer, the Standby Servicer, the Trustee, the Owner Trustee, the Noteholder, the Agent and their respective officers, directors, agents and employees for any liability as a result of the failure of a Receivable to be originated in compliance with all requirements of law and for any breach of any of its representations, warranties or other agreements contained herein.

(a) The Seller shall defend, indemnify, and hold harmless the Purchaser, the Insurer, the Standby Servicer, the Trustee, the Owner Trustee, the Noteholder, the Agent and their respective officers, directors, agents and employees from and against any and all costs, expenses, losses, damages, claims, and liabilities, arising out of or resulting from the use, ownership, or operation by the Seller, any Affiliate thereof or any of their respective agents or subcontractors, of a Financed Vehicle.

(b) The Seller shall indemnify, defend and hold harmless the Purchaser, the Insurer, the Standby Servicer, the Trustee, the Owner Trustee, the Noteholder, the Agent and their respective officers, directors, agents and employees from and against any taxes that may at any time be asserted against any such Person with respect to the transactions contemplated in this Agreement and any of the Basic Documents (except any income taxes arising out of fees paid to the Trustee, the Owner Trustee, the Standby Servicer and the Insurer and except any taxes to which the Trustee may otherwise be subject), including without limitation any sales, gross receipts, general corporation, tangible personal property, privilege or license taxes (but, in the case of the Purchaser, not including any taxes asserted with respect to federal or other income taxes arising out of distributions on the Note) and costs and expenses in defending against the same.

(c) The Seller shall indemnify, defend and hold harmless the Purchaser, the Trustee, the Owner Trustee, the Insurer, the Noteholder, the Agent and their respective officers, directors, agents and employees from and against any loss, liability or expense incurred by reason of (i) the Seller's willful misfeasance, bad faith or negligence in the performance of its duties under this Agreement, or by reason of reckless disregard of its obligations and duties under this Agreement and/or (ii) the Seller's or the Purchaser's violation of Federal or state securities laws in connection with the offering and sale of the Note.

(d) The Seller shall indemnify, defend and hold harmless the Trustee, the Owner Trustee, and the Standby Servicer and its officers, directors, employees and agents from and against any and all costs, expenses, losses, claims, damages and liabilities arising out of, or incurred in connection with the acceptance or performance of the trusts and duties set forth herein and in the Basic Documents except to the extent that such cost, expense, loss, claim, damage or liability shall be due to the willful misfeasance, bad faith or negligence (except for errors in judgment) of the Trustee or the Owner Trustee.

Indemnification under this Section shall survive the resignation or removal of the Servicer or the Trustee and the termination of this Agreement or the Indenture, as applicable, and shall include reasonable fees and expenses of counsel and other expenses of litigation. If the Seller shall have made any indemnity payments pursuant to this Section and the Person to or on behalf of whom such payments are made thereafter shall collect any of such amounts from others, such Person shall promptly repay such amounts to the Seller, without interest.

Notwithstanding any provision of this SECTION 8.3 or any other provision of this Agreement, nothing herein shall be construed as to require the Seller to provide any indemnification hereunder or under any other Basic Document for any costs, expenses, losses, claims, damages or liabilities arising out of, or incurred in connection with, credit losses with respect to the Receivables.

SECTION 8.4. MERGER OR CONSOLIDATION OF, OR ASSUMPTION OF THE OBLIGATIONS OF, SELLER. Seller shall not merge or consolidate with any other person, convey, transfer or lease substantially all its assets as an entirety to another Person, or permit any other Person to become the successor to Seller's business unless, after the merger, consolidation, conveyance, transfer, lease or succession, the successor or surviving entity shall be capable of fulfilling the duties of Seller contained in this Agreement. Any corporation (i) into which Seller may be merged or consolidated, (ii) resulting from any merger or consolidation to which Seller shall be a party, (iii) which acquires by conveyance, transfer, or lease substantially all of the assets of Seller, or (iv) succeeding to the business of Seller, in any of the foregoing cases shall execute an agreement of assumption to perform every obligation of Seller under this Agreement and, whether or not such assumption agreement is executed, shall be the successor to Seller under this Agreement without the execution or filing of any paper or any further act on the part of any of the parties to this Agreement, anything in this Agreement to the contrary notwithstanding; PROVIDED, HOWEVER, that nothing contained herein shall be deemed to release Seller from any obligation. Seller shall provide notice of any merger, consolidation or succession pursuant to this Section to the Trustee, the Noteholder, the Insurer and each Rating Agency. Notwithstanding the foregoing, Seller shall not merge or consolidate with any other Person or permit any other Person to become a successor to Seller's business, unless (x) immediately after giving effect to such transaction, no representation or warranty made pursuant to SECTION 8.1 shall have been breached (for purposes hereof, such representations and warranties shall be deemed made as of the date of the consummation of such transaction) and no event that, after notice or lapse of time, or both, would become an Insurance Agreement Event of Default or an Event of Default shall have occurred and be continuing, (y) Seller shall have delivered to the Trustee, the Rating Agencies, the Agent and the Insurer an Officer's Certificate and an Opinion of Counsel each stating that such consolidation, merger or succession and such agreement of assumption comply with this Section and that all conditions precedent, if any, provided for in this Agreement relating to such transaction have been complied with, and (z) Seller shall have delivered to the Trustee, the Rating Agencies, the Agent and the Controlling Party an Opinion of Counsel, stating in the opinion of such counsel, either (A) all financing statements and continuation statements and amendments thereto have been authorized and filed that are necessary to preserve and protect the interest of the Purchaser and the Trustee, respectively, in the Receivables and the Other Conveyed Property and reciting the details of the filings or (B) no such action shall be necessary to preserve and protect such interest.

SECTION 8.5. LIMITATION ON LIABILITY OF SELLER AND OTHERS. The Seller and any director or officer or employee or agent of the Seller may rely in good faith on the advice of counsel or on any document of any kind, prima facie properly executed and submitted by any Person respecting any matters arising under any Basic Document. The Seller shall not be under any obligation to appear in, prosecute or defend any legal action that shall not be incidental to its obligations under this Agreement, and that in its opinion may involve it in any expense or liability.

SECTION 8.6. ADMINISTRATIVE DUTIES.

(a) DUTIES WITH RESPECT TO THE INDENTURE. The Servicer shall perform all its duties and the duties of the Issuer under the Indenture. In addition, the Servicer shall consult with the Owner Trustee as the Servicer deems appropriate regarding the duties of the Issuer under the Indenture. The Servicer shall monitor the performance of the Issuer and shall advise the Owner Trustee when action is necessary to comply with the Issuer's duties under the Indenture. The Servicer shall prepare for execution by the Issuer or shall cause the preparation by other appropriate Persons of all such documents, reports, filings, instruments, certificates and opinions as it shall be the duty of the Issuer to prepare, file or deliver pursuant to the Indenture. In furtherance of the foregoing, the Servicer shall take all necessary action that is the duty of the Issuer to take pursuant to the Indenture.

(b) DUTIES WITH RESPECT TO THE ISSUER.

(i) In addition to the duties of the Servicer set forth in this Agreement or any of the Basic Documents, the Servicer shall perform such calculations and shall prepare for execution by the Issuer or the Owner Trustee or shall cause the preparation by other appropriate Persons of all such documents, reports, filings, instruments, certificates and opinions as it shall be the duty of the Issuer or the Owner Trustee to prepare file or deliver pursuant to this Agreement or any of the Basic Documents or under state and federal tax and securities laws, and at the request of the Owner Trustee shall take all appropriate action that it is the duty of the Issuer to take pursuant to this Agreement or any of the Basic Documents, including, without limitation, pursuant to SECTIONS 2.6 and 2.10 of the Trust Agreement. The Servicer shall administer, perform or supervise the performance of such other activities in connection with the Receivables (including the Basic Documents) as are not covered by any of the foregoing provisions and as are expressly requested by the Issuer or the Owner Trustee and are reasonably within the capability of the Servicer.

(ii) Notwithstanding anything in this Agreement or any of the Basic Documents to the contrary, the Servicer shall be responsible for promptly notifying the Owner Trustee and the Trustee in the event that any withholding tax is imposed on the Issuer's payments (or allocations of income) to the Noteholder as contemplated this Agreement. Any such notice shall be in writing and specify the amount of any withholding tax required to be withheld by the Owner Trustee or the Trustee pursuant to such provision.

(iii) Notwithstanding anything in this Agreement or the Basic Documents to the contrary, the Servicer shall be responsible for performance or the duties of the Issuer or the Seller set forth in SECTION 5.1 of the Trust Agreement with respect to, among other things, accounting and reports to Noteholders and Certificateholders; provided, however, that once prepared by the Servicer, the Owner Trustee shall retain responsibility for the distribution of the Schedule K-1 as necessary to enable the Certificateholders to prepare its federal and state income tax returns.

(iv) The Servicer shall perform the duties of the Servicer specified in SECTION 10.2 of the Trust Agreement required to be performed in connection with the resignation or removal of the Owner Trustee, and any other duties expressly required to be performed by the Servicer under this Agreement or any of the Basic Documents.

(v) In carrying out the foregoing duties or any of its other obligations under this Agreement, the Servicer may enter into transactions with or otherwise deal with any of its Affiliates; provided, however, that the terms of any such transactions or dealings shall be in accordance with any directions received from the Issuer and shall be, in the Servicer's opinion, no less favorable to the Issuer in any material respect.

(c) TAX MATTERS. The Servicer shall prepare and file, on behalf of the Seller, all tax returns, tax elections, financial statements and such annual or other reports of the issuer as are necessary for preparation of tax reports as provided in Article V of the Trust Agreement, including without limitation forms 1099 and 1066. All tax returns will be signed by the Seller.

(d) NON-MINISTERIAL MATTERS. With respect to matters that in the reasonable judgment of the Servicer are non-ministerial, the Servicer shall not take any action pursuant to this Article VIII unless within a reasonable time before the taking of such action, the Servicer shall have notified the Owner Trustee, the Trustee and the Controlling Party of the proposed action and the Owner Trustee and, with respect to items (i), (ii), (iii) and (iv) below, the Trustee or the Controlling Party shall not have withheld consent or provided an alternative direction. For the purpose of the preceding sentence, "non-ministerial matters" shall include:

(i) the amendment of or any supplement to the Indenture;

(ii) the initiation of any claim or lawsuit by the Issuer and the compromise of any action, claim or lawsuit brought by or against the Issuer (other than in connection with the collection of the Receivables);

(iii) the amendment, change or modification of this Agreement or any of the Basic Documents;

(iv) the appointment of successor Note Registrars, successor Paying Agents and successor Trustees pursuant to the Indenture or the appointment of Successor Servicers or the consent to the assignment by the Trustee of its obligations under the Indenture; and

(v) the removal of the Trustee.

(e) EXCEPTIONS. Notwithstanding anything to the contrary in this Agreement except as expressly provided herein or in the other Basic Documents, the Servicer, in its capacity as such hereunder, shall not be obligated to, and shall not, (1) make any payments to the Noteholder or Certificateholders under the Basic Documents, (2) sell the Trust Estate pursuant to SECTION 5.4 of the Indenture, (3) take any other action that the Issuer directs the Servicer not to take on its behalf or (4) in connection with its duties hereunder assume any indemnification obligation of any other Persons.

(f) LIMITATION OF STANDBY SERVICER'S OBLIGATIONS. Neither the Standby Servicer nor the Backup Servicer shall be responsible for any obligations or duties of the Servicer under SECTIONS 8.6, 8.7 or 8.8.

SECTION 8.7. RECORDS. The Servicer shall maintain appropriate books of account and records relating to services performed under this Agreement, which books of account and records shall be accessible for inspection by the Issuer, the Trustee and the Insurer at any time during normal business hours.

SECTION 8.8. ADDITIONAL INFORMATION TO BE FURNISHED TO THE ISSUER. The Servicer shall furnish to the Issuer from time to time such additional information regarding the Receivables as the Issuer shall reasonably request.

ARTICLE IX

THE SERVICER

SECTION 9.1. REPRESENTATIONS OF SERVICER. The Servicer makes the following representations on which the Insurer shall be deemed to have relied in executing and delivering the Note Policy and on which the Purchaser is deemed to have relied in acquiring the Receivables and on which the Noteholder is deemed to have relied in purchasing the Note. The representations speak as of the execution and delivery of this Agreement and as of the Closing Date, in the case

of Receivables conveyed by the Closing Date, and as of the applicable Funding Date, in the case of Receivables conveyed by such Funding Date, and shall survive the sale of the Receivables to the Purchaser and the pledge thereof to the Trustee pursuant to the Indenture.

(a) ORGANIZATION AND GOOD STANDING. The Servicer has been duly organized and is validly existing as a corporation and in good standing under the laws of the State of California, with power, authority and legal right to own its properties and to conduct its business as such properties are currently owned and such business is presently conducted, and had at all relevant times, and shall have, power, authority and legal right to acquire, own and service the Receivables.

(b) DUE QUALIFICATION. The Servicer is duly qualified to do business as a foreign corporation in good standing and has obtained all necessary licenses and approvals, in all jurisdictions in which the ownership or lease of property or the conduct of its business (including the servicing of the Receivables as required by this Agreement) requires or shall require such qualification except where the failure to so qualify or obtain such licenses or consents could not reasonably be expected to result in a material adverse effect with respect to it or to the Receivables.

(c) POWER AND AUTHORITY. The Servicer has the power and authority to execute and deliver this Agreement and the Basic Documents to which it is a party and to carry out its terms and their terms, respectively, and the execution, delivery and performance of this Agreement and the Basic Documents to which it is a party have been duly authorized by the Servicer by all necessary corporate action.

(d) BINDING OBLIGATION. This Agreement and the Basic Documents to which the Servicer is a party shall constitute legal, valid and binding obligations of the Servicer enforceable in accordance with their respective terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, or other similar laws affecting the enforcement of creditors' rights generally and by equitable limitations on the availability of specific remedies, regardless of whether such enforceability is considered in a proceeding in equity or at law.

(e) NO VIOLATION. The consummation of the transactions contemplated by this Agreement and the Basic Documents to which to the Servicer is a party, and the fulfillment of the terms of this Agreement and the Basic Documents to which the Servicer is a party, shall not conflict with, result in any breach of any of the terms and provisions of, or constitute (with or without notice or lapse of time) a default under, the articles of incorporation or bylaws of the Servicer, or any indenture, agreement, mortgage, deed of trust or other instrument to which the Servicer is a party or by which it is bound or any of its properties are subject, or result in the creation or imposition of any Lien upon any of its properties pursuant to the terms of any such indenture, agreement, mortgage, deed of trust or other instrument, other than the Basic Documents, or violate any law, order, rule or regulation applicable to the Servicer of any court or of any federal or state regulatory body, administrative agency or other governmental instrumentality having jurisdiction over the Servicer or any of its properties.

(f) NO PROCEEDINGS. There are no proceedings or investigations pending or, to the Servicer's knowledge, threatened against the Servicer, before any court, regulatory body, administrative agency or other tribunal or governmental instrumentality having jurisdiction over the Servicer or its properties (A) asserting the invalidity of this Agreement or any of the Basic Documents, (B) seeking to prevent the issuance of the Note or the consummation of any of the transactions contemplated by this Agreement or any of the Basic Documents, or (C) other than the Stanwich Case, seeking any determination or ruling that might materially and adversely affect the performance by the Servicer of its obligations under, or the validity or enforceability of, this Agreement, the Note or any of the Basic Documents or (D) relating to the Servicer and which might adversely affect the federal or state income, excise, franchise or similar tax attributes of the Note.

(g) NO CONSENTS. No consent, approval, authorization or order of or declaration or filing with any governmental authority is required for the issuance or sale of the Note or the consummation of the other transactions contemplated by this Agreement, except such as have been duly made or obtained.

(h) TAXES. The Servicer has filed all material federal and state tax returns which are required to be filed and paid all material taxes, including any assessments received by it, to the extent that such taxes have become due (other than taxes, the amount or validity of which are currently being contested in good faith by appropriate proceedings and with respect to which reserves in conformity with GAAP have been provided on the books of the Seller). Any taxes, fees and other governmental charges payable by the Servicer in connection with consummation of the transactions contemplated by this Agreement and the other Basic Documents to which the Seller is a party and the fulfillment of the terms of this Agreement and the other Basic Documents to which the Seller is a party have been paid or shall have been paid as of each Funding Date.

(i) CHIEF EXECUTIVE OFFICE. The Servicer hereby represents and warrants to the Trustee that the Servicer's principal place of business and chief executive office is Consumer Portfolio Services, 16355 Laguna Canyon Road, Irvine, California 92618.

SECTION 9.2. LIABILITY OF SERVICER; INDEMNITIES.

(a) The Servicer (in its capacity as such) shall be liable hereunder only to the extent of the obligations in this Agreement specifically undertaken by the Servicer and the representations made by the Servicer.

(i) The Servicer shall defend, indemnify and hold harmless the Purchaser, the Trustee, the Owner Trustee, the Standby Servicer, the Insurer, the Noteholder, the Agent and their respective officers, directors, agents and employees from and against any and all costs, expenses, losses, damages, claims and liabilities, arising out of or resulting from the use, ownership, repossession or operation by the Servicer or any Affiliate or agent or sub-contractor thereof of any Financed Vehicle;

(ii)The Servicer, unless SST or the Standby Servicer is the Servicer, shall indemnify, defend and hold harmless the Purchaser, the Trustee, the Owner Trustee, the Standby Servicer, the Insurer, the Noteholder, the Agent and their respective officers, directors, agents and employees from and against any taxes that may at any time be asserted against any of such parties with respect to the transactions contemplated in this Agreement, including, without limitation, any sales, gross receipts, general corporation, tangible personal property, privilege or license taxes (but not including any federal or other income taxes, including franchise taxes asserted with respect to, and as of the date of, the sale of the Receivables and the Other Conveyed Property to the Purchaser, the pledge thereof to the Trustee or the issuance and original sale of the Note) and costs and expenses in defending against the same;

(iii) The Servicer shall indemnify, defend and hold harmless the Purchaser, the Trustee, the Owner Trustee, the Standby Servicer, the Insurer, the Noteholder, the Agent and their respective officers, directors, agents and employees from and against any and all costs, expenses, losses, claims, damages, and liabilities to the extent that such cost, expense, loss, claim, damage, or liability arose out of, or was imposed upon the Purchaser, the Trustee, the Owner Trustee, the Standby Servicer, the Insurer, the Agent or the Noteholder through the negligence, willful misfeasance or bad faith of the Servicer in the performance of its duties under this Agreement or by reason of reckless disregard of its obligations and duties under this Agreement or as a result of a breach of any representation, warranty or other agreement made by the Servicer in this Agreement (without regard to any exception relating to the Stanwich Case).

(iv)The Servicer shall indemnify, defend, and hold harmless the Trustee, the Owner Trustee and the Standby Servicer from and against all costs, expenses, losses, claims, damages, and liabilities arising out of or incurred in connection with the acceptance or performance of the trusts and duties herein contained, except to the extent that such cost, expense, loss, claim, damage or liability: (A) shall be due to the willful misfeasance, bad faith, or negligence (except for errors in judgment) of the Trustee, the Owner Trustee or the Standby Servicer, as applicable or (B) relates to any tax other than the taxes with respect to which the Servicer shall be required to indemnify the Trustee, the Owner Trustee or the Standby Servicer.

(v) The Servicer, shall defend, indemnify and hold harmless the Trustee, the Owner Trustee, the Standby Servicer, the Agent, the Insurer and the Noteholder against any and all costs, expenses, losses, damages, claims and liabilities arising out of or resulting from the Seller's involvement in, or the effect on any Receivable as a result of, the Stanwich Case and any other litigation arising out of or based on the same set of facts.

(b) Notwithstanding the foregoing, the Servicer shall not be obligated to defend, indemnify, and hold harmless the Noteholder for any losses, claims, damages or liabilities incurred by the Noteholder arising out of claims, complaints, actions and allegations relating to Section 406 of ERISA or Section 4975 of the Code as a result of the purchase or holding of Note by the Noteholder with the assets of a plan subject to such provisions of ERISA or the Code.

(c) For purposes of this SECTION 9.2, in the event of the termination of the rights and obligations of the Servicer (or any successor thereto pursuant to SECTION 9.3) as Servicer pursuant to SECTION 10.1, or a resignation by such Servicer pursuant to this Agreement, such Servicer shall be deemed to be the Servicer pending appointment of a successor Servicer pursuant to SECTION 10.2. The provisions of this SECTION 9.2(c) shall in no way affect the survival pursuant to SECTION 9.2(d) of the indemnification by the Servicer provided by SECTION 9.2(a).

(d) Indemnification under this SECTION 9.2 shall survive the termination of this Agreement and any resignation or removal of the Seller or any successor Servicer as Servicer and shall include reasonable fees and expenses of counsel and expenses of litigation. If the Servicer shall have made any indemnity payments pursuant to this Section and the recipient thereafter collects any of such amounts from others, the recipient shall promptly repay such amounts to the Servicer, without interest.

SECTION 9.3. MERGER OR CONSOLIDATION OF, OR ASSUMPTION OF THE OBLIGATIONS OF, THE SERVICER OR STANDBY SERVICER.

(a) The Servicer shall not merge or consolidate with any other Person, convey, transfer or lease all or substantially all of its assets as an entirety to another Person, or permit any other Person to become the successor to the Servicer's business unless, after the merger, consolidation, conveyance, transfer, lease or succession, the successor or surviving entity shall be capable of fulfilling the duties of the Servicer contained in this Agreement. Any corporation (i) into which the Servicer may be merged or consolidated, (ii) resulting from any merger or consolidation to which the Servicer shall be a party, (iii) which acquires by conveyance, transfer, or lease substantially all of the assets of the Servicer, or (iv) succeeding to the business of the Servicer, in any of the foregoing cases shall execute an agreement of assumption to perform every obligation of the Servicer under this Agreement and, whether or not such assumption agreement is executed, shall be the successor to the Servicer under this Agreement without the execution or filing of any paper or any further act on the part of any of the parties to this Agreement, anything in this Agreement to the contrary notwithstanding; PROVIDED, HOWEVER, that nothing contained herein shall be deemed to release the Servicer from any obligation. The Servicer shall provide notice of any merger, consolidation or succession pursuant to this Section to the Trustee, the Noteholder, the Agent, the Insurer and each Rating Agency. Notwithstanding the foregoing, the Servicer shall not merge or consolidate with any other Person or permit any other Person to become a successor to the Servicer's business, unless (x) immediately after giving effect to such transaction, no representation or warranty made pursuant to SECTION 9.1 shall have been breached (for purposes hereof, such representations and warranties shall be deemed made as of the date of the consummation of such transaction) and no event that, after notice or lapse of time, or both, would become an Insurance Agreement Event of Default or Event of Default shall have occurred and be continuing, (y) the Servicer shall have delivered to the Trustee, the Rating Agencies, the Noteholder and the Insurer an Officer's Certificate and an Opinion of Counsel each stating that such consolidation,

merger or succession and such agreement of assumption comply with this Section and that all conditions precedent, if any, provided for in this Agreement relating to such transaction have been complied with, and (z) the Servicer shall have delivered to the Trustee, the Rating Agencies, the Noteholder and the Insurer an Opinion of Counsel, stating in the opinion of such counsel, either (A) all financing statements and continuation statements and amendments thereto have been executed and filed that are necessary to preserve and protect the interest of the Purchaser and the Trustee, respectively, in the Receivables and the Other Conveyed Property and reciting the details of the filings or (B) no such action shall be necessary to preserve and protect such interest.

(b) Any Person (i) into which the Standby Servicer (in its capacity as Standby Servicer or successor Servicer) may be merged or consolidated, (ii) resulting from any merger or consolidation to which the Standby Servicer shall be a party, (iii) which acquires by conveyance, transfer or lease substantially all of the assets of the Standby Servicer, or (iv) succeeding to the business of the Standby Servicer, in any of the foregoing cases shall execute an agreement of assumption to perform every obligation of the Standby Servicer under this Agreement and, whether or not such assumption agreement is executed, shall be the successor to the Standby Servicer under this Agreement without the execution or filing of any paper or any further act on the part of any of the parties to this Agreement, anything in this Agreement to the contrary notwithstanding; PROVIDED, HOWEVER, that nothing contained herein shall be deemed to release the Standby Servicer from any obligation.

SECTION 9.4. [RESERVED]

SECTION 9.5. DELEGATION OF DUTIES. The Servicer may at any time delegate duties under this Agreement to sub-contractors who are in the business of servicing automotive receivables with the prior written consent of the Controlling Party; PROVIDED, HOWEVER, that no such delegation or sub-contracting of duties by the Servicer shall relieve the Servicer of its responsibility with respect to such duties.

SECTION 9.6. SERVICER AND STANDBY SERVICER NOT TO RESIGN. Subject to the provisions of SECTION 9.3, neither the Servicer nor the Standby Servicer shall resign from the obligations and duties imposed on it by this Agreement as Servicer or Standby Servicer except (i) upon a determination that by reason of a change in legal requirements the performance of its duties under this Agreement would cause it to be in violation of such legal requirements in a manner which would have a material adverse effect on the Servicer or the Standby Servicer, as the case may be, and the Controlling Party does not elect to waive the obligations of the Servicer or the Standby Servicer, as the case may be, to perform the duties which render it legally unable to act or to delegate those duties to another Person or, (ii) in the case of the Standby Servicer, upon the prior written consent of the Controlling Party. Any such determination permitting the resignation of the Servicer or Standby Servicer shall be evidenced by an Opinion of Counsel to such effect delivered and acceptable to the Trustee, the Owner Trustee, the Noteholder, the Agent and the Controlling Party. No resignation of the Servicer shall become effective until the Standby Servicer or an entity acceptable to the Controlling Party shall have assumed the responsibilities and obligations of the Servicer. No resignation of the Standby Servicer shall become effective until an entity acceptable to the Controlling Party shall have assumed the responsibilities and obligations of the Standby Servicer; PROVIDED, HOWEVER, that in the event a successor Standby Servicer is not appointed within 60 days after the Standby Servicer has given notice of its resignation and has provided the Opinion of Counsel required by this SECTION 9.6, the Standby Servicer may petition a court for its removal.

SECTION 9.7. REPORTING REQUIREMENTS. (a) The Servicer shall furnish, or cause to be furnished to the Agent and the Insurer:

(i) AUDIT REPORT. As soon as available and in any event within 90 days after the end of each fiscal year of the Servicer, a copy of the consolidated balance sheet of the Servicer and its Affiliates as at the end of such fiscal year, together with the related statements of earnings, stockholders' equity and cash flows for such fiscal year, prepared in reasonable detail and in accordance with GAAP certified by independent certified public accountants of recognized national standing as shall be selected by the Servicer.

(ii)QUARTERLY STATEMENTS. As soon as available, but in any event within 45 days after the end of each fiscal quarter (except the fourth fiscal quarter) of the Servicer, copies of the unaudited consolidated balance sheet of the Servicer and its Affiliates as at the

end of such fiscal quarter and the related unaudited statements of earnings, stockholders' equity and cash flows for the portion of the fiscal year through such fiscal quarter (and as to the statements of earnings for such fiscal quarter) in each case setting forth in comparative form the figures for the corresponding periods of the previous fiscal year, prepared in reasonable detail and in accordance with GAAP applied consistently throughout the periods reflected therein and certified by the chief financial or accounting officer of the Servicer as presenting fairly the financial condition and results of operations of the Servicer and its Affiliates (subject to normal year-end adjustments).

ARTICLE X

DEFAULT

SECTION 10.1. SERVICER TERMINATION EVENTS. For purposes of this Agreement, each of the following shall constitute a "SERVICER TERMINATION EVENT":

(a) Any failure by the Servicer to deliver to the Trustee for distribution to the Noteholder or deposit into any Pledged Account any proceeds or payment required to be so delivered under the terms of this Agreement that continues unremedied for a period of two Business Days (or one Business Day with respect to payment of Purchase Amounts) after written notice is received by the Servicer from the Trustee or the Insurer (unless an Insurer Default shall have occurred and be continuing in which case by the Agent) or after discovery of such failure by a Responsible Officer of the Servicer; or

(b) Failure by the Servicer to deliver to the Trustee, the Agent, and the Insurer (so long as an Insurer Default shall not have occurred and be continuing), the Servicer's Certificate within three Business Days after the date on which such Servicer's Certificate is required to be delivered, or failure on the part of the Servicer to observe its covenants and agreements set forth in SECTION 9.3(a); or

(c) Failure on the part of the Servicer duly to observe or perform any other covenants or agreements of the Servicer set forth in this Agreement, which failure (i) materially and adversely affects the rights of the Noteholder (determined without regard to the availability of funds under the Note Policy), or of the Insurer (unless an Insurer Default shall have occurred and be continuing), and (ii) continues unremedied for a period of 10 days after the earlier of knowledge thereof by the Servicer or after the date on which written notice of such failure, requiring the same to be remedied, shall have been given (1) to the Servicer by the Trustee or the Controlling Party or (2) to the Servicer, the Trustee and the Controlling Party by the Holders of the Note evidencing not less than 25% of the Invested Amount of the Note; or

(d) The occurrence of an Insolvency Event with respect to the Servicer or the Seller (or, so long as the Seller is Servicer any of the Servicer's Affiliates); PROVIDED, HOWEVER, that none of the events described in this CLAUSE (d) shall constitute a Servicer Termination Event if it relates solely to an Affiliate of the Servicer that is currently the subject of any such proceeding or receivership described above; or

(e) Any representation, warranty or statement of the Servicer made in this Agreement (without regard to any exception relating to the Stanwich Case) or any certificate, report or other writing delivered pursuant hereto shall prove to be incorrect in any material respect as of the time when the same shall have been made (excluding, however, any representation or warranty set forth in this Agreement relating to the characteristics of the Receivables), and the incorrectness of such representation, warranty or statement has a material adverse effect on the Purchasers or the Noteholder and, within 10 days after the earlier of knowledge thereof by the Servicer or after written notice thereof shall have been given (1) to the Servicer by the Trustee or the Controlling Party or (2) to the Servicer, the Trustee and the Controlling Party by the Holders of the Note evidencing not less that 25% of the Invested Amount of the Note the circumstances or condition in respect of which such representation, warranty or statement was incorrect shall not have been eliminated or otherwise cured; or

(f) The Controlling Party shall not have delivered a Servicer Extension Notice pursuant to SECTION 4.15; or

(g) an Event of Default shall have occurred; or

(h) A claim is made under the Note Policy.

SECTION 10.2. CONSEQUENCES OF A SERVICER TERMINATION EVENT. If a Servicer Termination Event shall occur and be continuing, the Controlling Party by notice given in writing to the Servicer, or by non-extension of the term of the Servicer as referred to in SECTION 4.15, may terminate all of the rights and obligations of the Servicer under this Agreement. The outgoing Servicer shall be entitled to its pro rata share of the Servicing Fee for the number of days in the Accrual Period prior to the effective date of its termination. On or after the receipt by the Servicer of such written notice or upon termination of the term of the Servicer, all authority, power, obligations and responsibilities of the Servicer under this Agreement, whether with respect to the Note or the Receivables and Other Conveyed Property or otherwise, automatically shall pass to, be vested in and become obligations and responsibilities of the Standby Servicer (or such other successor Servicer appointed by the Controlling Party under SECTION 10.3); PROVIDED, HOWEVER, that the successor Servicer shall have no liability with respect to any obligation which was required to be performed by the terminated Servicer prior to the date that the successor Servicer becomes the Servicer or any claim of a third party based on any alleged action or inaction of the terminated Servicer. The successor Servicer is authorized and empowered by this Agreement to execute and deliver, on behalf of the terminated Servicer, as attorney-in-fact or otherwise, any and all documents and other instruments and to do or accomplish all other acts or things necessary or appropriate to effect the purposes of such notice of termination, whether to complete the transfer and endorsement of the Receivables and the Other Conveyed Property and related documents to show the Purchaser as lienholder or secured party on the related Lien Certificates, or otherwise. The terminated Servicer agrees to cooperate with the successor Servicer in effecting the termination of the responsibilities and rights of the terminated Servicer under this Agreement, including, without limitation, the transfer to the successor Servicer for administration by it of all cash amounts that shall at the time be held by the terminated Servicer for deposit, or have been deposited by the terminated Servicer, in the Collection Account or thereafter received with respect to the Receivables and the delivery to the successor Servicer of all Receivable Files that shall at the time be held by the terminated Servicer and a computer tape in readable form as of the most recent Business Day containing all information necessary to enable the successor Servicer to service the Receivables and the Other Conveyed Property. All reasonable costs and expenses (including reasonable attorneys' fees) incurred in connection with transferring any Receivable Files to the successor Servicer and amending this Agreement to reflect such succession as Servicer pursuant to this SECTION 10.2 shall be paid by the predecessor Servicer upon presentation of reasonable documentation of such costs and expenses. In addition, any successor Servicer shall be entitled to payment from the immediate predecessor Servicer for reasonable transition expenses incurred in connection with acting as successor Servicer, and to the extent not so paid, such payment shall be made pursuant to SECTION 5.7 hereof. Upon receipt of notice of the occurrence of a Servicer Termination Event, the Trustee shall give notice thereof to the Rating Agencies and the Noteholder. If requested by the Controlling Party, the successor Servicer shall terminate the Lockbox Agreement and direct the Obligors to make all payments under the Receivables directly to the successor Servicer (in which event the successor Servicer shall process such payments in accordance with SECTION 4.2(e)), or to a lockbox established by the successor Servicer at the direction of the Controlling Party, at the successor Servicer's expense. The terminated Servicer shall grant the Trustee, the successor Servicer and the Controlling Party reasonable access to the terminated Servicer's premises at the terminated Servicer's expense.

SECTION 10.3. APPOINTMENT OF SUCCESSOR.

(a) On and after the time the Servicer receives a notice of termination pursuant to SECTION 10.2, upon non-extension of the servicing term as referred to in SECTION 4.15, or upon the resignation of the Servicer pursuant to SECTION 9.6, the predecessor Servicer shall continue to perform its functions as Servicer under this Agreement, in the case of termination, only until the date specified in such termination notice or, if no such date is specified in a notice of termination, until receipt of such notice and, in the case of expiration and non-renewal of the term of the Servicer upon the expiration of

such term, and, in the case of resignation, until the later of (x) the date 45 days from the delivery to the Trustee of written notice of such resignation (or written confirmation of such notice) in accordance with the terms of this Agreement and (y) the date upon which the predecessor Servicer shall become unable to act as Servicer, as specified in the notice of resignation and accompanying Opinion of Counsel; PROVIDED, HOWEVER, that the Servicer shall not be relieved of its duties, obligations and liabilities as Servicer until a successor Servicer has assumed such duties, obligations and liabilities. Notwithstanding the preceding sentence, if the Standby Servicer or any other successor Servicer shall not have assumed the duties, obligations and liabilities or Servicer within 45 days of the termination, non-extension or resignation described in this SECTION 10.3, the Servicer may petition a court of competent jurisdiction to appoint any Eligible Servicer as the successor to the Servicer. Pending appointment as successor Servicer, Standby Servicer (or such other Person as shall have been appointed by the Controlling Party) shall act as successor Servicer unless it is legally unable to do so, in which event the outgoing Servicer shall continue to act as Servicer until a successor has been appointed and accepted such appointment. In the event of termination of the Servicer, Bank One Trust Company, N.A., as the Standby Servicer shall assume the obligations of Servicer hereunder on the date specified in such written notice (the "ASSUMPTION DATE") pursuant to the Servicing and Lockbox Processing Assumption Agreement or, in the event that the Controlling Party shall have determined that a Person other than the Standby Servicer shall be the successor Servicer in accordance with SECTION 10.2, on the date of the execution of a written assumption agreement by such Person to serve as successor Servicer. Notwithstanding the Standby Servicer's assumption of, and its agreement to perform and observe, all duties, responsibilities and obligations of the Seller as Servicer, or any successor Servicer, under this Agreement arising on and after the Assumption Date, the Standby Servicer shall not be deemed to have assumed or to become liable for, or otherwise have any liability for any duties, responsibilities, obligations or liabilities of (i) the Seller or any other Servicer arising on or before the Assumption Date, whether provided for by the terms of this Agreement, arising by operation of law or otherwise, including, without limitation, any liability for any duties, responsibilities, obligations or liabilities of the Seller or any other Servicer arising on or before the Assumption Date under SECTION 4.7 or 9.2 of this Agreement, regardless of when the liability, duty, responsibility or obligation of the Seller or any other Servicer therefor arose, whether provided by the terms of this Agreement, arising by operation of law or otherwise, or (ii) under SECTION 9.2(a)(ii), (iv) OR (v). Notwithstanding the above, if the Standby Servicer shall be legally unable or unwilling to act as Servicer, and an Insurer Default shall have occurred and be continuing, the Standby Servicer, the Trustee or a Note Majority may petition a court of competent jurisdiction to appoint any Eligible Servicer as the successor to the Servicer. Pending appointment pursuant to the preceding sentence, the Standby Servicer shall act as successor Servicer unless it is legally unable to do so, in which event the outgoing Servicer shall continue to act as Servicer until a successor has been appointed and accepted such appointment. Subject to SECTION 9.6, no provision of this Agreement shall be construed as relieving the Standby Servicer of its obligation to succeed as successor Servicer upon the termination of the Servicer pursuant to SECTION 10.2, the resignation of the Servicer pursuant to SECTION 9.6 or the non-extension of the servicing term of the Servicer, as referred to in SECTION 4.15. If upon the termination of the Servicer pursuant to SECTION 10.2 or the resignation of the Servicer pursuant to SECTION 9.6, the Controlling Party appoints a successor Servicer other than the Standby Servicer, the Standby Servicer shall not be relieved of its duties as Standby Servicer hereunder.

(b) Any successor Servicer shall be entitled to such compensation (whether payable out of the Collection Account or otherwise) as the Servicer would have been entitled to under this Agreement if the Servicer had not resigned or been terminated hereunder.

SECTION 10.4. NOTIFICATION TO NOTEHOLDERS AND THE AGENT. Upon any termination of, or appointment of a successor to, the Servicer, the Trustee shall give prompt written notice thereof to the Noteholder, the Agent and to the Rating Agencies.

SECTION 10.5. WAIVER OF PAST DEFAULTS. The Controlling Party may, waive in writing any default by the Servicer in the performance of its obligations under this Agreement and the consequences thereof (except a default in making any required deposits to or payments from any of the Pledged Accounts in accordance with the terms of this Agreement). Upon any such waiver of a past default, such default shall cease to exist, and any Servicer Termination Event arising therefrom shall be deemed to have been remedied for every purpose of this Agreement. No such waiver shall extend to any subsequent or other default or impair any right consequent thereto.

SECTION 10.6. ACTION UPON CERTAIN FAILURES OF THE SERVICER. In the event that the Trustee shall have knowledge of any failure of the Servicer specified in SECTION 10.1 which would give rise to a right of termination under such Section upon the Servicer's failure to remedy the same after notice, the Trustee shall give notice thereof to the Servicer and the Insurer. For all purposes of this Agreement (including, without limitation, SECTION 6.2(b) and this SECTION 10.6), the Trustee shall not be deemed to have knowledge of any failure of the Servicer as specified in SECTIONS 10.1(c) through (h) unless notified thereof in writing by the Servicer, the Insurer or by the Noteholder. The Trustee shall be under no duty or obligation to investigate or inquire as to any potential failure of the Servicer specified in SECTION 10.1.

SECTION 10.7. CONTINUED ERRORS. Notwithstanding anything contained herein to the contrary, if the Standby Servicer becomes successor Servicer it is authorized to accept and rely on all of the accounting, records (including computer records) and work of the prior Servicer relating to the Receivables (collectively, the "PREDECESSOR SERVICER WORK PRODUCT") without any audit or other examination thereof, and the Standby Servicer as successor Servicer shall have no duty, responsibility, obligation or liability for the acts and omissions of the prior Servicer. If any error, inaccuracy, omission or incorrect or non-standard practice or procedure (collectively, "ERRORS") exist in any Predecessor Servicer Work Product and such Errors make it materially more difficult to service or should cause or materially contribute to the Standby Servicer as successor Servicer making or continuing any Errors (collectively, "CONTINUED ERRORS"), the Standby Servicer as successor Servicer shall have no duty or responsibility, for such Continued Errors; PROVIDED, HOWEVER, that the Standby Servicer as successor Servicer agrees to use its best efforts to prevent further Continued Errors. In the event that the Standby Servicer as successor Servicer becomes aware of Errors or Continued Errors, the Standby Servicer as successor Servicer shall, with the prior consent of the Controlling Party use its best efforts to reconstruct and reconcile such data as is commercially reasonable to correct such Errors and Continued Errors and to prevent future Continued Errors. The Standby Servicer as successor Servicer shall be entitled to recover its costs thereby expended in accordance with SECTION 5.7(a)(xvi) hereof.

ARTICLE XI
MISCELLANEOUS PROVISIONS

SECTION 11.1. AMENDMENT.

(a) This Agreement may not be waived, amended or otherwise modified except in a writing signed by the parties hereto, the Noteholder and the Controlling Party; PROVIDED, HOWEVER, that if an Insurer Default has occurred and is continuing, the Agreement may not be amended without the written consent of the Insurer if such amendment would materially and adversely affect the interests of the Insurer.

(b) Promptly after the execution of any such amendment, waiver or consent, the Trustee shall furnish written notification of the substance of such amendment or consent to Rating Agencies.

(c) Prior to the execution of any amendment, waiver or consent to this Agreement the Trustee shall be entitled to receive and rely upon an Opinion of Counsel stating that the execution of such amendment, waiver or consent is authorized or permitted by this Agreement and the Opinion of Counsel referred to in SECTION 11.2(i)(i) has been delivered.

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

(e) Upon the termination of the Seller as Servicer and the appointment of the Backup Servicer as Servicer as Servicer hereunder, all amendments to the terms of this Agreement specified in the Backup Servicing Agreement shall become a part of this Agreement, as if this Agreement was amended to reflect such changes in accordance with this SECTION 11.1.

SECTION 11.2. PROTECTION OF TITLE TO PROPERTY.

(a) The Seller, the Purchaser or Servicer or each of them shall authorize, execute (if necessary) and file such financing statements and cause to be authorized, executed (if necessary) and filed such continuation statements, all in such manner and in such places as may be required by law fully to preserve, maintain and protect the interest of the Purchaser and the interests of the Trustee in the Receivables and in the proceeds thereof. The Seller shall deliver (or cause to be delivered) to the Insurer and the Trustee file-stamped copies of, or filing receipts for, any document filed as provided above, as soon as available following such filing.

(b) None of the Seller, the Purchaser or the Servicer shall change its name, identity, jurisdiction of organization, form of organization or corporate structure in any manner that would, could or might make any financing statement or continuation statement filed in accordance with PARAGRAPH (A) above seriously misleading within the meaning of Section 9-506(a) of the UCC, unless it shall have given the Insurer and the Trustee at least thirty days' prior written notice thereof and shall have promptly filed appropriate amendments to all previously filed financing statements or continuation statements. Promptly upon such filing, the Purchaser, the Seller or the Servicer, as the case may be, shall deliver an Opinion of Counsel to the Trustee, the Agent and the Insurer, in a form and substance reasonably satisfactory to the Controlling Party, stating either (A) all financing statements and continuation statements have been authorized, executed and filed that are necessary fully to preserve and protect the interest of the Purchaser and the Trustee in the Receivables, and reciting the details of such filings or referring to prior Opinions of Counsel in which such details are given, or (B) no such action shall be necessary to preserve and protect such interest.

(c) Each of the Seller, the Purchaser and the Servicer shall have an obligation to give the Insurer, the Owner Trustee and the Trustee at least 60 days' prior written notice of any relocation of its principal executive office or a change in its jurisdiction of organization if, as a result of such relocation or change, the applicable provisions of the UCC would require the filing of any amendment of any previously filed financing or continuation statement or of any new financing statement and shall promptly file any such amendment or new financing statement. The Servicer shall at all times be organized under the laws of the United States (or any State thereof), maintain each office from which it shall service Receivables, and its principal executive office and jurisdiction of organization, within the United States of America.

(d) The Servicer shall maintain accounts and records as to each Receivable accurately and in sufficient detail to permit (i) the reader thereof to know at any time the status of such Receivable, including payments and recoveries made and payments owing (and the nature of each) and (ii) reconciliation between payments or recoveries on (or with respect to) each Receivable and the amounts from time to time deposited in the Collection Account in respect of such Receivable.

(e) The Servicer shall maintain its computer systems so that, from and after the time of sale under this Agreement of the Receivables to the Purchaser, the Servicer's master computer records (including any backup archives) that refer to a Receivable shall indicate clearly the interest of the Purchaser in such Receivable and that such Receivable is owned by the Purchaser and pledged to the Trustee. Indication of the Purchaser's and the Trustee's interest in a Receivable shall be deleted from or modified on the Servicer's computer systems when, and only when, the related Receivable shall have been paid in full or repurchased.

(f) If at any time the Seller or the Servicer shall propose to sell, grant a security interest in or otherwise transfer any interest in automotive receivables to any prospective purchaser, lender or other transferee, the Servicer shall give to such prospective purchaser, lender or other transferee computer tapes, records or printouts (including any restored from backup archives) that, if they shall refer in any manner whatsoever to any Receivable, shall indicate clearly that such Receivable has been sold and is owned by the Purchaser and pledged to the Trustee.

(g) The Servicer shall permit the Trustee, the Owner Trustee, the Standby Servicer, the Controlling Party and the Noteholder and its respective agents upon reasonable notice and at any time during normal business hours to inspect, audit, and make copies of and abstracts from the Servicer's records regarding any Receivable.

(h) Upon request, the Servicer shall furnish to the Controlling Party or to the Trustee, within five Business Days, a list of all Receivables (by contract number and name of Obligor) then pledged to the Trustee, together with a reconciliation of such list to the Schedule of Receivables and to each of the Servicer's Certificates furnished before such request indicating removal of Receivables from the lien of the Indenture.

(i) the Servicer shall deliver to the Insurer, the Agent, the Owner Trustee and the Trustee:

(i) promptly after the execution and delivery of this Agreement and, if required pursuant to SECTION 11.1, of each amendment, waiver, or consent, an Opinion of Counsel, in form and substance satisfactory to the Controlling Party and the Agent, stating that in the opinion of such counsel, either (A) all financing statements and continuation statements have been authorized, executed and filed that are necessary fully to preserve and protect the interest of the Purchaser and the Trustee and in Receivables, and reciting the details of such filings or referring to prior Opinion of Counsel in which such details are given, or (B) no such action shall be necessary to preserve and protect such interest; and

(ii) within 90 days after the beginning of each calendar year beginning with the first calendar year beginning more than three months after the Closing Date, an Opinion of Counsel, dated as of a date during such 90-day period, stating that, the opinion of such counsel, either (a) all financing statements and continuation statement have been authorized, executed and filed that are necessary fully to preserve and protect the interest of the Purchaser and the Trustee in the Receivables and the Other Conveyed Property, and reciting the details of such filings or referring to prior Opinions of Counsel in which such details are given, or (b) no such action shall be necessary to preserve and protect such interest.

Each Opinion of Counsel referred to in clause (i) or (ii) above shall specify any action necessary (as of the date of such opinion) to be taken in the following year to preserve and protect such interest.

SECTION 11.3. NOTICES. All demands, notices and communications upon or to the Seller, the Backup Servicer, the Servicer, the Owner Trustee, the Trustee or the Rating Agencies under this Agreement shall be in writing, via facsimile, personally delivered, or mailed by certified mail, return receipt requested, and shall be deemed to have been duly given upon receipt (a) in the case of the Seller to Consumer Portfolio Services, Inc. 16355 Laguna Canyon Road, Irvine, CA 92618, Attention: Chief Financial Officer, Telecopy: (888) 577-7923, (b) in the case of the Servicer to Consumer Portfolio Services, Inc., 16355 Laguna Canyon Road, Irvine, CA 92618, Attention: Chief Financial Officer, Telecopy: (888) 577-7923, (c) in the case of the Purchaser, care of the Owner Trustee at the Corporate Trust Office, (d) in the case of the Owner Trustee at the Corporate Trust Office, (e) in the case of the Trustee at the Corporate Trust Office, (f) in the case of the Insurer, to 250 Park Avenue, New York, New York 10177 Attention: Surveillance (Telecopy: (646) 658-5955); (g) in the case of Moody's, to Moody's Investors Service, Inc., ABS Monitoring Department, 99 Church Street, New York, New York 10007, Telecopy: (212) 533-3850; (h) in the case of the Backup Servicer, to SST at 4315 Pickett Road, St. Joseph, Missouri 64503, Telecopy: (816) 671-2038; and (i) in the case of Standard & Poor's Ratings Group, to Standard & Poor's, a Division of The McGraw Hill Companies, 55 Water Street, New York, New York 10041, Attention: Asset Backed Surveillance Department, Telecopy: (212) 438-2649. Any notice required or permitted to be mailed to the Noteholder shall be given by first class mail, postage prepaid, at the address of the Agent, as set forth in the Indenture. Any notice so mailed within the time prescribed in this Agreement shall be conclusively presumed to have been duly given, whether or not the Agent shall receive such notice.

SECTION 11.4. ASSIGNMENT. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns. Notwithstanding anything to the contrary contained herein, except as provided in SECTIONS 8.4 and 9.3 and as provided in the provisions of this Agreement concerning the resignation of the Servicer, this Agreement may

not be assigned by the Purchaser, the Seller or the Servicer without the prior written consent of the Trustee, the Standby Servicer and the Controlling Party.

SECTION 11.5. LIMITATIONS ON RIGHTS OF OTHERS. The provisions of this Agreement are solely for the benefit of the parties hereto and for the benefit of the Noteholder, the Owner Trustee and the Insurer, as third-party beneficiaries. The Insurer and its successors and assigns shall be entitled to rely upon and directly enforce such provisions of this Agreement. Except as expressly stated otherwise, any right of the Insurer to direct, appoint, consent to, approve of, or take any action under this Agreement, shall be a right exercised by the Insurer in its sole and absolute discretion. The Insurer may disclaim any of its rights and powers under this Agreement (but not its duties and obligations under the Note Policy) upon delivery of a written notice to the Purchaser and the Trustee. Nothing in this Agreement, whether express or implied, shall be construed to give to any other Person any legal or equitable right, remedy or claim in the Collateral or under or in respect of this Agreement or any covenants, conditions or provisions contained herein.

SECTION 11.6. SEVERABILITY. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

SECTION 11.7. SEPARATE COUNTERPARTS. This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

SECTION 11.8. HEADINGS. The headings of the various Articles and Sections herein are for convenience of reference only and shall not define or limit any of the terms or provisions hereof.

SECTION 11.9. GOVERNING LAW. THIS AGREEMENT (OTHER THAN SECTIONS 2.1(A) AND 2.2 HEREOF) SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REFERENCE TO ITS CONFLICT OF LAW PROVISIONS (OTHER THAN SECTION 5-1401 OF THE GENERAL OBLIGATIONS LAW), AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS. SECTIONS 2.1(A) AND 2.2 OF THIS AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES UNDER SUCH SECTION SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

SECTION 11.10. ASSIGNMENT TO TRUSTEE. The Seller hereby acknowledges and consents to any mortgage, pledge, assignment and grant of a security interest by the Purchaser to the Trustee pursuant to the Indenture for the benefit of the Noteholder of all right, title and interest of the Purchaser in, to and under the Receivables and Other Coverage of Property and/or the assignment of any or all of the Purchaser's rights and obligations hereunder to the Trustee.

SECTION 11.11. NONPETITION COVENANTS.

Notwithstanding any prior termination of this Agreement, the Servicer and the Seller shall not, prior to the date which is one year and one day after the Final Scheduled Settlement Date, acquiesce, petition or otherwise invoke or cause the Purchaser to invoke the process of any court or government authority for the purpose of commencing or sustaining a case against the Purchaser under any federal or state bankruptcy, insolvency or similar law or appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official of the Purchaser or any substantial part of its property, or ordering the winding up or liquidation of the affairs of the Purchaser.

SECTION 11.12. LIMITATION OF LIABILITY OF TRUSTEE.

(a) Notwithstanding anything contained herein to the contrary, this Agreement has been executed and delivered by Bank One Trust Company, N.A., not in its individual capacity but solely as Trustee and Standby Servicer and in no event shall Bank One Trust Company, N.A., have any liability for the representations, warranties, covenants, agreements or other obligations of the Purchaser hereunder or in any of the certificates, notices or agreements delivered pursuant hereto, as to all of which recourse shall be had solely to the assets of the Purchaser.

(b) Notwithstanding anything contained herein to the contrary, this Agreement has been countersigned by Wilmington Trust Company not in its individual capacity but solely in its capacity as Owner Trustee of the Issuer and in no event shall Wilmington Trust Company in its individual capacity or, except as expressly provided in the Trust Agreement, as Owner Trustee have any liability for the representations, warranties, covenants, agreements or other obligations of the Issuer hereunder or in any recourse shall be had solely to the assets of the Issuer. For all purposes of this Agreement, in the performance of its duties or obligations hereunder or in the performance of any duties or obligations of the Issuer hereunder, the Owner Trustee shall be subject to, and entitled to the benefits of, the terms and provisions of Articles VI, VII and VIII of the Trust Agreement.

SECTION 11.13. INDEPENDENCE OF THE SERVICER. For all purposes of this Agreement, the Servicer shall be an independent contractor and shall not be subject to the supervision of the Purchaser, the Trustee and Standby Servicer with respect to the manner in which it accomplishes the performance of its obligations hereunder. Unless expressly authorized by this Agreement, the Servicer shall have no authority to act for or represent the Purchaser in any way and shall not otherwise be deemed an agent of the Purchaser.

SECTION 11.14. NO JOINT VENTURE. Nothing contained in this Agreement (i) shall constitute the Servicer and the Purchaser as members of any partnership, joint venture, association, syndicate, unincorporated business or other separate entity, (ii) shall be construed to impose any liability as such on any of them or (iii) shall be deemed to confer on any of them any express, implied or apparent authority to incur any obligation or liability on behalf of the others.

SECTION 11.15. INSURER AS CONTROLLING PARTY. The Noteholder by purchase of the Note held by it acknowledges that the Trustee, as partial consideration for the issuance of the Note Policy, has agreed that the Insurer shall have certain rights hereunder for so long as no Insurer Default shall have occurred and be continuing. So long as no Insurer Default has occurred and is continuing, except as otherwise specifically provided herein, whenever Noteholder action, consent or approval is required under this Agreement, such action, consent or approval shall be deemed to have been taken or given on behalf of, and shall be binding upon, the Noteholder if the Insurer agrees to take such action or give such consent or approval. Notwithstanding any other provision in this Agreement or in any other Basic Document to the contrary, so long as an Insurer Default has occurred and is continuing, any provision giving the Insurer the right to direct, appoint or consent to, approve of, or take any action under this Agreement shall be inoperative during the period of such Insurer Default and such right shall instead vest in the Trustee acting, unless otherwise specified, at the direction of a Note Majority. The Insurer may disclaim any of its rights and powers under this Agreement (but not its duties and obligations under the Note Policy) upon delivery of a written notice to the Trustee. The Insurer may give or withhold any consent hereunder in its sole and absolute discretion.

SECTION 11.16. SPECIAL SUPPLEMENTAL AGREEMENT. If any party to this Agreement is unable to sign any amendment or supplement due to its dissolution, winding up or comparable circumstances, then the consent of the Insurer shall be sufficient to amend this Agreement without such party's signature.

SECTION 11.17. LIMITED RECOURSE. Notwithstanding anything to the contrary contained in this Agreement, the obligations of the Purchaser hereunder are solely the corporate obligations of the Purchaser, and shall be payable by the Purchaser, solely as provided herein. The Purchaser shall only be required to pay (a) any fees, expenses, indemnities or other liabilities that it may incur hereunder (i) from funds available pursuant to, and in accordance with,

the payment priorities set forth in SECTION 5.7(a) and (ii) only to the extent the Purchaser receives additional funds for such purposes or to the extent it has additional funds available (other than funds described in the preceding clause (i)) that would be in excess of amounts that would be necessary to pay the debt and other obligations of the Purchaser incurred in accordance with the Purchaser's limited liability company agreement and all financing documents to which the Purchaser is a party. In addition, no amount owing by the Purchaser hereunder in excess of the liabilities that it is required to pay in accordance with the preceding sentence shall constitute a "claim" (as defined in Section 101(5) of the Bankruptcy Code) against it. No recourse shall be had for the payment of any amount owing hereunder or for the payment of any fee hereunder or any other obligation of, or claim against, the Purchaser arising out of or based upon any provision herein, against any member, employee, officer, agent, director or authorized person of the Purchaser or any Affiliate thereof; PROVIDED, HOWEVER, that the foregoing shall not relieve any such person or entity of any liability they might otherwise have as a result of fraudulent actions or omissions taken by them.

SECTION 11.18. ACKNOWLEDGEMENT OF ROLES. The parties expressly acknowledge and consent to Bank One Trust Company, N.A. acting in the multiple capacities of Standby Servicer and Trustee. The parties agree that Bank One Trust Company, N.A. in such multiple capacities shall not be subject to any claim, defense or liability arising from its performance in any such capacity based on conflict of interest principles, duty of loyalty principles or other breach of fiduciary duties to the extent that any such conflict or breach arises from the performance by Bank One Trust Company, N.A. of any other such capacity or capacities in accordance with this Agreement or any other Basic Documents to which it is a party.

SECTION 11.19. TERMINATION. The respective obligations and responsibilities of the Seller, the Issuer, the Servicer, the Standby Servicer, the Backup Servicer and the Trustee created hereby shall terminate on the Termination Date; PROVIDED, HOWEVER, in any case there shall be delivered to the Trustee and the Insurer an Opinion of Counsel that all applicable preference periods under federal, state and local bankruptcy, insolvency and similar laws have expired with respect to the payments pursuant to this SECTION 11.19. The Servicer shall promptly notify the Trustee, the Seller, the Issuer, each Rating Agency and the Insurer of any prospective termination pursuant to this SECTION 11.19.

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

CPS WAREHOUSE TRUST

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

By:

Title:

CONSUMER PORTFOLIO SERVICES, INC., as Seller

By:

Title:

CONSUMER PORTFOLIO SERVICES, INC., as Servicer

By:

Title:

BANK ONE TRUST COMPANY, N.A., not in its individual capacity, but solely as Standby Servicer and Trustee

By:

Title:

SYSTEMS & SERVICES TECHNOLOGIES, INC., as Backup Servicer

By:

Title:

SCHEDULE A

SCHEDULE OF RECEIVABLES

[TO BE PROVIDED BY THE SELLER]

SCHEDULE B

LOCATION FOR DELIVERY OF RECEIVABLE FILES

[WITH TRUSTEE]

EXHIBIT A

SERVICER'S CERTIFICATE

[TO BE PROVIDED BY SERVICER]

EXHIBIT B

TRUST RECEIPT
PURSUANT TO SECTION 3.4 OF
THE SALE AND SERVICING AGREEMENT

EXHIBIT C

SERVICER RECEIPT
PURSUANT TO SECTION 3.5
OF THE SALE AND SERVICING AGREEMENT

EXHIBIT D

FORM OF MONTHLY SERVICER'S STATEMENT

EXHIBIT E

FORM OF INDEPENDENT ACCOUNTANT'S REPORT

EXHIBIT F

FORM OF ASSIGNMENT

EXHIBIT G

FORM OF ADDITION NOTICE

EXHIBIT 10.34

EXECUTION COPY

AMENDMENT NO. 1

dated as of April 18, 2002

among

CPS WAREHOUSE TRUST, as
Purchaser,

CONSUMER PORTFOLIO SERVICES, INC., as
Seller and Servicer

SYSTEMS & SERVICES TECHNOLOGIES, INC., as
Backup Servicer

and

BANK ONE TRUST COMPANY, N.A., as
Standby Servicer and Trustee

to

Sale and Servicing Agreement

dated as of March 7, 2002

AMENDMENT NO. 1 TO SALE AND SERVICING AGREEMENT

AMENDMENT NO. 1, dated as of April 18, 2002 (the "AMENDMENT") among CPS WAREHOUSE TRUST, a Delaware business trust (the "PURCHASER"), CONSUMER PORTFOLIO SERVICES, INC., a California corporation (in its capacities as Seller, the "SELLER" and as Servicer, the "SERVICER," respectively), SYSTEMS & SERVICES TECHNOLOGIES, INC., a Delaware corporation ("SST"), as Backup Servicer, and BANK ONE TRUST COMPANY, N.A., a national banking association, (in its capacities as Standby Servicer, the "STANDBY SERVICER" and as Trustee, the "TRUSTEE," respectively) to the Sale and Servicing Agreement, dated as of March 7, 2002, as the same may be further amended, amended and restated, supplemented or otherwise modified from time to time in accordance with its terms (the "SALE AND SERVICING AGREEMENT").

RECITALS

WHEREAS, the Purchaser, the Seller, the Servicer, SST, the Standby Servicer and the Trustee (collectively, the "AMENDING PARTIES") have entered into the Sale and Servicing Agreement and the Amending Parties desire to amend the Sale and Servicing Agreement in certain respects as provided below with the consent of the Noteholder and the Controlling Party.

AGREEMENTS

In consideration of the premises, and for other good and valuable consideration, the adequacy, receipt and sufficiency of which are hereby acknowledged, the Amending Parties agree as follows:

ARTICLE I

DEFINITIONS

SECTION 1.1. DEFINED TERMS. Unless defined in this Amendment, capitalized terms used in this Amendment (including in the Preamble and the Recitals) shall have the meaning given such terms in ANNEX A to the Sale and Servicing Agreement, as identifiable from the context in which such term is used.

ARTICLE II

AMENDMENT

SECTION 2.1. AMENDMENTS TO ANNEX A. ANNEX A to the Sale and Servicing Agreement is hereby amended as follows:

(a) The first line of the following definition is hereby deleted in its entirety and replaced with the following:

""CONCENTRATION LIMITS" means with respect to Eligible Receivables other than Mercury Receivables:".

(b) The definition of "EXCESS CONCENTRATION AMOUNT" is hereby amended by inserting the phrase "(other than Mercury Receivables)" after the phrase "Aggregate Principal Amount of Eligible Receivables".

(c) The definition of "ADVANCE RATE" is hereby deleted in its entirety and replaced with the following:

"ADVANCE RATE" means either the CPS Receivables Advance Rate or the Mercury Receivables Advance Rate, as applicable.

(d) The following definitions are hereby inserted in alphabetical order:

""CPS RECEIVABLES ADVANCE RATE" as of any day means (a)76% MINUS (b) the Advance Rate Reduction Amount; PROVIDED that, within 90 days after CPS notifies the Insurer that CPS has consummated its contemplated acquisition of Mercury Finance Company, LLC and the related servicing transfer, the Insurer will consider in good faith whether to increase the percentage in CLAUSE (A) above to 80% (provided however that any such increase will be in the Insurer's sole discretion and subject to acknowledgement by the Rating Agencies that such increase will not result in the withdrawal or reduction below investment grade of the rating of the Notes without taking into consideration the Note Policy).

"MERCURY RECEIVABLES" means the Receivables acquired from Mercury Finance Company, LLC pursuant to the Assignment, dated April 19, 2002 between Mercury Finance Company, LLC, as seller and the Seller, as purchaser.

"MERCURY RECEIVABLES ADVANCE RATE" as of any day means 65%."

SECTION 2.2. AMENDMENT TO SECTION 2.1 OF THE SALE AND SERVICING AGREEMENT. Section 2.1 of the Sale and Servicing Agreement is hereby amended as follows:

(a) The first sentence of Section 2.1(c) is hereby deleted in its entirety and replaced with the following:

"In consideration for the sale of the Related Receivables and Other Conveyed Property described in SECTION 2.1(a) or the related Assignment, the Purchaser shall, on each Funding Date on which Related Receivables are transferred hereunder, pay to or upon the order of the Seller the applicable Purchase Price in the following manner: (i) cash in an amount equal to the amount of the Advance received by the Purchaser under the Note on such Funding Date and (ii) to the extent the Purchase Price for the related Receivables and Other Conveyed Property exceeds the amount of cash described in (i), such excess shall be treated as a capital contribution by the Seller to the Purchaser."

SECTION 2.3. AMENDMENT TO SECTION 3.1 OF THE SALE AND SERVICING AGREEMENT. Section 3.1 of the Sale and Servicing Agreement is hereby amended as follows:

(a) Section 3.1(a)(ii)(A) is hereby deleted in its entirety and replaced with the following subsection (A) of Section 3.1(a)(ii):

"(A) each Related Receivable (other than a Mercury Receivable) has (1) an original term of 24 to 72 months; (2) an original Amount Financed of at least $3,000 and not more than $35,000; and (3) had an APR of at least 10% and not more than 27% (subject to applicable laws);".

(b) Section 3.1(a)(xix) is hereby deleted in its entirety and replaced with the following:

"(xix) TITLE DOCUMENTS. (A) If the Related Receivable was originated in a State in which notation of a security interest on the title document of the related Financed Vehicle is required or permitted to perfect such security interest, the title document of the related Financed Vehicle for such Related Receivable shows, or if a new or replacement title document is being applied for with respect to such Financed Vehicle the title document (or, with respect to Related Receivables that finance a vehicle in the States listed in Annex B, other evidence of title issued by the applicable Department of Motor Vehicles or similar authority in such States) will be received within 180 days and will show, the Seller (or, in the case of a Mercury Receivable, Mercury Finance Company, LLC) named as the original secured party under the Related Receivable as the holder of a first priority security interest in such Financed Vehicle, and (B) if the Related Receivable was originated in a State in which the filing of a financing statement under the UCC is required to perfect a security interest in motor vehicles, such filings or recordings have been duly made and show the Seller (or, in the case of a Mercury Receivable, Mercury Finance Company, LLC) named as the original secured party under the Related Receivable, and in either case, the Trustee has the same rights as such secured party has or would have (if such secured party were still the owner of the Receivable) against all parties claiming an interest in such Financed Vehicle. With respect to each Related Receivable for which the title document has not yet been returned from the Registrar of Titles, the Seller has received written evidence from the related Dealer that such title document showing the Seller (or, in the case of a Mercury Receivable, Mercury Finance Company, LLC) as first lienholder has been applied for."

(c) Section 3.1(a)(xxxiv) is hereby deleted in its entirety and replaced with the following:

"RECEIVABLES ORIGINATED BY MERCURY FINANCE LLC. Receivables that have been acquired from or originated by Mercury Finance LLC will not be Eligible Receivables; PROVIDED that the Mercury Receivables shall be Eligible Receivables if and to the extent that the Rating Agency Condition is satisfied with respect thereto."

(d) The following is hereby inserted as Section 3.1(a)(xxxv):

"ADDITIONAL CHARACTERISTICS OF THE MERCURY RECEIVABLES. Each Related Receivable that is a Mercury Receivable has (1) an original term of 9 to 60 months; (2) an original Amount Financed of at least $1,300 and not more than $16,500; and (3) had an APR of at least 16.95% and not more than 30% (subject to applicable laws). The Aggregate Principal Balance of the Mercury Receivables does not exceed $7,512,391.38."

(e) The following is hereby inserted as Section 3.1(a)(xxxvi):

"NO MATERIAL ADVERSE CHANGES. Since March 8, 2002, there have been no material adverse changes to the underwriting policies or procedures with respect to the Mercury Receivables."

ARTICLE III

CONDITION TO EFFECTIVENESS

SECTION 3.1. EXECUTION OF AMENDMENT BY AMENDING PARTIES. This Amendment shall become effective upon (a) receipt by the Noteholder and the Controlling Party of counterparts hereof executed and delivered by the Purchaser, the Seller, the Servicer, SST, the Standby Servicer and the Trustee and (b) receipt by the Trustee, the Noteholder and the Controlling Party of a certificate by the Seller that the Rating Agency Condition has been satisfied.

ARTICLE IV

MISCELLANEOUS

SECTION 4.1. RATIFICATION. Except as expressly set forth herein, this Amendment shall not by implication or otherwise limit, impair, constitute a waiver of, or otherwise affect the rights and remedies of any of the Amending Parties under the Sale and Servicing Agreement, nor alter, modify, amend or in any way affect any of the terms, conditions, obligations, covenants or agreements contained in the Sale and Servicing Agreement, all of which are hereby ratified and affirmed in all respects by each of the Amending Parties and shall continue in full force and effect. This Amendment shall apply and be effective only with respect to the provisions of the Sale and Servicing Agreement specifically referred to herein and any references in the Sale and Servicing Agreement to the provisions of the Sale and Servicing Agreement specifically referred to herein shall be to such provisions as amended by this Amendment.

SECTION 4.2. COUNTERPARTS. This Amendment may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all of such counterparts shall together constitute but one and the same instrument.

SECTION 4.3. GOVERNING LAW. THIS AMENDMENT SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAW (INCLUDING, WITHOUT LIMITATION, THE UCC) OF THE STATE OF NEW YORK (WITHOUT GIVING EFFECT TO THE PROVISIONS THEREOF REGARDING CONFLICTS OF LAWS), AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HERETO SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAW.

SECTION 4.4. WAIVER OF NOTICE. Each of the Amending Parties waives any prior notice and any notice period that may be required by any other agreement or document in connection with the execution of this Amendment.

SECTION 4.5. HEADINGS. The headings of Sections contained in this Amendment are provided for convenience only. They form no part of this Amendment or the Sale and Servicing Agreement and shall not affect the construction or interpretation of this Amendment or the Sale and Servicing Agreement or any provisions hereof or thereof.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the Amending Parties have caused this Amendment to be duly executed by their respective duly authorized officers as of the day and year first above written.

CPS WAREHOUSE TRUST

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

By: _____
Name:
Title:

CONSUMER PORTFOLIO SERVICES, INC., as Seller

By: _____
Name:
Title:

CONSUMER PORTFOLIO SERVICES, INC., as Servicer

By: _____
Name:
Title:

BANK ONE TRUST COMPANY, N.A.,
not in its individual
capacity, but solely as
Standby Servicer and Trustee

By: _____
Name:
Title:

SYSTEMS & SERVICES
TECHNOLOGIES, INC., as Backup
Servicer
By: _____
Name:
Title:

CONSENTED AND AGREED TO (pursuant to Section 11.1 of the Sale and Servicing Agreement):

PARADIGM FUNDING LLC, as Noteholder

By: _____
Name:
Title:

XL CAPITAL ASSURANCE INC., as Controlling Party

By: _____
Name:
Title:

EXHIBIT 10.35

EXECUTION COPY

OMNIBUS AMENDMENT AGREEMENT

containing

AMENDMENT NO. 2 TO THE SALE AND SERVICING AGREEMENT and

SUPPLEMENTAL INDENTURE NO. 1

dated as of July 25, 2002

among

CPS WAREHOUSE TRUST, as
Purchaser and Issuer,

CONSUMER PORTFOLIO SERVICES, INC., as
Seller and Servicer

SYSTEMS & SERVICES TECHNOLOGIES, INC., as
Backup Servicer

BANK ONE TRUST COMPANY, N.A., as
Standby Servicer and Trustee

WESTDEUTSCHE LANDESBANK GIROZENTRALE, as
Agent

OMNIBUS AMENDMENT AGREEMENT

OMNIBUS AMENDMENT AGREEMENT, dated as of July 25, 2002 (the "AMENDMENT") among CPS WAREHOUSE TRUST, a Delaware business trust (in its capacities as the Issuer, the "ISSUER" and as Purchaser, the "PURCHASER," respectively), CONSUMER PORTFOLIO SERVICES, INC., a California corporation (in its capacities as Seller, the "SELLER" and as Servicer, the "SERVICER," respectively), SYSTEMS & SERVICES TECHNOLOGIES, INC., a Delaware corporation ("SST"), as Backup Servicer, and BANK ONE TRUST COMPANY, N.A., a national banking association, (in its capacities as Standby Servicer, the "STANDBY SERVICER" and as Trustee, the "TRUSTEE," respectively) and WESTDEUTSCHE LANDESBANK GIROZENTRALE (the "AGENT"), as it may be amended, amended and restated, supplemented or otherwise modified from time to time in accordance with its terms.

RECITALS

WHEREAS, the Purchaser, the Seller, the Servicer, SST, the Standby Servicer and the Trustee (collectively, the "SSA AMENDING PARTIES") have entered into the Sale and Servicing Agreement dated as of March 7, 2002, as the same may be further amended, amended and restated, supplemented or otherwise modified from time to time in accordance with its terms (the "SALE AND SERVICING AGREEMENT") and the SSA Amending Parties desire to amend the Sale and Servicing Agreement in certain respects as provided below with the consent of the Noteholder and the Controlling Party;

WHEREAS, the Issuer, the Agent and the Trustee (collectively, the "INDENTURE AMENDING PARTIES" and together with the SSA Amending Parties, the "AMENDING PARTIES") have entered into the Indenture, dated as of March 7, 2002, as the same may be further amended, amended and restated, supplemented or otherwise modified from time to time in accordance with its terms (the "INDENTURE");

WHEREAS, SECTION 9.2 of the Indenture permits the Issuer and the Trustee, with the consent of the Controlling Party and the Holder, and notice given to the Rating Agencies, to enter into one or more indentures supplemental to the Indenture;

WHEREAS, the Issuer wishes to amend certain provisions of the Indenture; and

WHEREAS, the parties to the Note Purchase Agreement and the Liquidity Asset Purchase Agreement (collectively, the "OTHER DOCUMENTS"), desire to acknowledge and consent to this Amendment.

AGREEMENTS

In consideration of the premises, and for other good and valuable consideration, the adequacy, receipt and sufficiency of which are hereby acknowledged, the Amending Parties agree as follows:

ARTICLE I

DEFINITIONS

SECTION 1.1. DEFINED TERMS. Unless defined in this Amendment, capitalized terms used in this Amendment (including in the Preamble and the Recitals) shall have the meaning given such terms in ANNEX A to the Sale and Servicing Agreement, as identifiable from the context in which such term is used.

ARTICLE II

AMENDMENTS

SECTION 2.1. AMENDMENTS TO ANNEX A TO THE SALE AND SERVICING AGREEMENT. ANNEX A to the Sale and Servicing Agreement is hereby amended as follows:

(a) The definition of "COMMITMENT AMOUNT" is hereby amended by deleting the existing definition and replacing it with the following:

""COMMITMENT AMOUNT" means, as to the Committed Note Purchaser, (i) on any day during the period from and including July 25, 2002 to and including September 7, 2002, $132,600,000 and (ii) on any day other than a day specified in clause (i) above, $102,000,000, in each case, as such amount may be modified from time to time by written agreement among Paradigm, the Servicer, the Controlling Party and the Issuer in accordance with the terms of the Note Purchase Agreement.".

(b) The definition of "MAXIMUM INVESTED AMOUNT" is hereby amended by deleting the existing definition and replacing it with the following:

""MAXIMUM INVESTED AMOUNT" means, (i) on any day during the period from and including July 25, 2002 to and including September 7, 2002, $130,000,000 and (ii) on any day other than a day specified in clause (i) above, $100,000,000.".

SECTION 2.2. AMENDMENT TO SECTION 5.1 OF THE INDENTURE. Section 5.1 of the Indenture is hereby amended as follows:

(a) The following is hereby inserted immediately following SECTION 5.1(VI):

"(vii) the Invested Amount exceeds the Maximum Invested Amount at any time and such condition continues for one Business Day."

SECTION 2.3. AMENDMENT TO EXHIBIT A-1 OF THE INDENTURE. Exhibit A-1 is hereby amended by deleting the existing Exhibit A-1 and replacing it with Exhibit A-1 attached hereto.

SECTION 2.4. CONSENT OF THE INDENTURE AMENDING PARTIES. The Indenture Amending Parties hereby consent to the amendments to the definitions of "MAXIMUM INVESTED AMOUNT" and "COMMITMENT AMOUNT" as set forth in Section 2.1 hereof.

ARTICLE III

CONDITION TO EFFECTIVENESS

SECTION 3.1. EXECUTION OF AMENDMENT BY AMENDING PARTIES. This Amendment shall become effective upon (a) receipt by the Noteholder, the Controlling Party, the Liquidity Agent, the Administrator and the Purchaser of executed counterparts of this Amendment and (b) receipt by the Trustee, the Noteholder and the Controlling Party of a certificate by the Seller that the Rating Agency Condition has been satisfied.

ARTICLE IV

MISCELLANEOUS

SECTION 4.1. RATIFICATION. Except as expressly set forth herein, this Amendment shall not by implication or otherwise limit, impair, constitute a waiver of, or otherwise affect the rights and remedies of any of the Amending Parties under the Sale and Servicing Agreement or the Indenture, nor alter, modify, amend or in any way affect any of the terms, conditions, obligations, covenants or agreements contained in the Sale and Servicing Agreement or the Indenture, all of which are hereby ratified and affirmed in all respects by each of the Amending Parties and shall continue in full force and effect. This Amendment shall apply and be effective only with respect to the provisions of the Sale and Servicing Agreement and the Indenture specifically referred to herein and any references in the Sale and Servicing Agreement and the Indenture to the provisions of the Sale and Servicing Agreement and the Indenture specifically referred to herein shall be to such provisions as amended by this Amendment. Notwithstanding the preceding sentence, this Amendment shall apply and be effective with respect to the provisions of the Other Documents.

SECTION 4.2. COUNTERPARTS. This Amendment may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all of such counterparts shall together constitute but one and the same instrument.

SECTION 4.3. GOVERNING LAW. THIS AMENDMENT SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAW (INCLUDING, WITHOUT LIMITATION, THE UCC) OF THE STATE OF NEW YORK (WITHOUT GIVING EFFECT TO THE PROVISIONS THEREOF REGARDING CONFLICTS OF LAWS), AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HERETO SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAW.

SECTION 4.4. WAIVER OF NOTICE. Each of the Amending Parties waives any prior notice and any notice period that may be required by any other agreement or document in connection with the execution of this Amendment.

SECTION 4.5. HEADINGS. The headings of Sections contained in this Amendment are provided for convenience only. They form no part of this Amendment, the Sale and Servicing Agreement or the Indenture and shall not affect the construction or interpretation of this Amendment, the Sale and Servicing Agreement or the Indenture or any provisions hereof or thereof.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the Amending Parties have caused this Amendment to be duly executed by their respective duly authorized officers as of the day and year first above written.

CPS WAREHOUSE TRUST

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

By: _____
Name:
Title:

CONSUMER PORTFOLIO SERVICES, INC.,
as Seller

By: _____
Name:
Title:

CONSUMER PORTFOLIO SERVICES, INC.,
as Servicer

By: _____
Name:
Title:

BANK ONE TRUST COMPANY, N.A.,
not in its individual capacity, but
solely as Standby Servicer and Trustee

By: _____
Name:
Title:

SYSTEMS & SERVICES TECHNOLOGIES, INC.,
as Backup Servicer

By: _____
Name:
Title:

WESTDEUTSCHE LANDESBANK
GIROZENTRALE, NEW YORK
BRANCH, as Agent

By: _____
Name:
Title:

By: _____
Name:
Title:

CONSENTED AND AGREED TO:

PARADIGM FUNDING LLC, as Noteholder

By: _____
Name:
Title:

XL CAPITAL ASSURANCE INC., as Controlling Party

By: _____
Name:
Title:

WESTDEUTSCHE LANDESBANK GIROZENTRALE, NEW YORK BRANCH,
as Committed Note Purchaser

By: _____
Name:
Title:
By: _____
Name:
Title:

WESTDEUTSCHE LANDESBANK GIROZENTRALE, NEW YORK BRANCH, as Liquidity Agent

By: _____
Name:
Title:

By: _____
Name:
Title:

WESTDEUTSCHE LANDESBANK GIROZENTRALE, NEW YORK BRANCH, as Administrator

By: _____
Name:
Title:

By: _____
Name:
Title:

WESTDEUTSCHE LANDESBANK GIROZENTRALE, NEW YORK BRANCH, as Purchaser

By: _____
Name:
Title:

By: _____
Name:
Title:

ANNEX A-1

AMENDED AND RESTATED

VARIABLE FUNDING NOTE

REGISTERED up to $130,000,000

No. A-1

SEE REVERSE FOR CERTAIN CONDITIONS

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS OR "BLUE SKY" LAWS. THE HOLDER HEREOF, BY PURCHASING THE NOTE, AGREES FOR THE BENEFIT OF THE ISSUER THAT IT IS AN INSTITUTIONAL INVESTOR THAT IS AN "ACCREDITED INVESTOR" AS DEFINED IN RULE 501(A)(1), (2), (3) OR (7) OF REGULATION D PROMULGATED UNDER THE SECURITIES ACT AND THAT SUCH NOTE IS BEING ACQUIRED FOR ITS OWN ACCOUNT FOR INVESTMENT AND NOT WITH A VIEW TO DISTRIBUTION AND MAY BE RESOLD, PLEDGED OR TRANSFERRED ONLY TO (1) THE ISSUER (UPON REDEMPTION THEREOF OR OTHERWISE), (2) A PERSON THE TRANSFEROR REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A OR (3) IN A TRANSACTION OTHERWISE EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION, IN EACH SUCH CASE, IN COMPLIANCE WITH THE INDENTURE AND ALL APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION; PROVIDED, THAT THE TRUSTEE OR THE ISSUER MAY REQUIRE AN OPINION OF COUNSEL TO THE EFFECT THAT SUCH TRANSFER MAY BE EFFECTED WITHOUT REGISTRATION UNDER THE SECURITIES ACT, WHICH OPINION OF COUNSEL, IF SO REQUIRED, SHALL BE ADDRESSED TO THE ISSUER AND THE TRUSTEE AND SHALL BE SECURED AT THE EXPENSE OF THE HOLDER.

TRANSFERS OF THIS NOTE ARE SUBJECT TO RESTRICTIONS AS PROVIDED IN THE INDENTURE. EXCEPT AS OTHERWISE PROVIDED IN SECTION 2.5 OF THE INDENTURE, THIS NOTE MAY BE TRANSFERRED, SOLD, OR PLEDGED, IN WHOLE BUT NOT IN PART, ONLY TO (I) THE ISSUER OR (II)(A) AN INSTITUTIONAL ACCREDITED INVESTOR THAT EXECUTES A CERTIFICATE, SUBSTANTIALLY IN THE FORM SPECIFIED IN THE INDENTURE, TO THE EFFECT THAT IT IS AN INSTITUTIONAL ACCREDITED INVESTOR ACTING FOR ITS OWN ACCOUNT (AND NOT FOR THE ACCOUNT OF OTHERS) OR AS A FIDUCIARY OR AGENT FOR OTHERS (WHICH OTHERS ALSO ARE INSTITUTIONAL ACCREDITED INVESTORS UNLESS THE HOLDER IS A BANK ACTING IN ITS

FIDUCIARY CAPACITY) OR (B) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT, TO A PERSON WHOM THE TRANSFEROR REASONABLY BELIEVES AFTER DUE INQUIRY IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A), ACTING FOR ITS OWN ACCOUNT, OR AS A FIDUCIARY OR AGENT FOR OTHERS (WHICH OTHERS ALSO ARE QUALIFIED INSTITUTIONAL BUYERS) TO WHOM NOTICE IS GIVEN THAT THE SALE, PLEDGE, OR TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, UNLESS SUCH SALE, PLEDGE, OR OTHER TRANSFER IS OTHERWISE MADE IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

THE PRINCIPAL OF THIS NOTE IS PAYABLE IN INSTALLMENTS AND SUBJECT TO INCREASES AND DECREASES AS SET FORTH HEREIN AND IN THE INDENTURE. ACCORDINGLY, THE OUTSTANDING PRINCIPAL AMOUNT OF THIS NOTE AT ANY TIME MAY BE LESS THAN THE AMOUNT SHOWN ON THE FACE HEREOF.

AMENDED AND RESTATED CPS WAREHOUSE TRUST
VARIABLE FUNDING NOTE

CPS WAREHOUSE TRUST, a Delaware business trust (herein referred to as the "ISSUER"), for value received, hereby promises to pay to Westdeutsche Landesbank Girozentrale, acting through its New York Branch, a German banking corporation, as Agent (the "NOTEHOLDER"), or its registered assigns, the principal sum of up to ONE HUNDRED AND THIRTY MILLION DOLLARS ($130,000,000.00) or, if less the aggregate unpaid principal amount outstanding hereunder (whether or not shown on the schedule attached hereto (or such electronic counterpart maintained by the Trustee), which amount shall be payable in the amounts and at the times set forth in the Indenture, provided, however, that the entire unpaid principal amount of this Note shall be due on the on the last day of the third Interest Period after the Facility Termination Date. The Issuer will pay interest on this Note at the Note Interest Rate. Such interest on Advances shall be due and payable on each Settlement Date until the principal of this Note is paid or made available for payment, to the extent funds will be available from the Collection Account processed from and including the preceding Settlement Date to but excluding each such Settlement Date in respect of (a) an amount equal to interest accrued for the related Interest Period, which will be equal to the sum of the products, for each day during the related Interest Period, of (i) the Note Interest Rate for such Interest Period and (ii) the Aggregate Principal Balance as of the close of business on such date DIVIDED BY 360, PLUS (b) an amount equal to the amount of any accrued and unpaid Note Interest Carryover Shortfall with respect to prior Interest Periods, with interest on the amount of such Note Interest Carryover Shortfall at the Note Interest Rate for the related Interest Period. Prior to the Final Scheduled Settlement Date and unless a Funding Termination Event shall have occurred, only interest payments on the outstanding principal amount of the Note shall be made to the holder hereof. Beginning on the first Settlement Date following the occurrence of a Funding Termination Event the principal of this Note shall be paid in installments on each subsequent Settlement Date to the extent of funds available for payment therefor pursuant to the Indenture. Such principal of and interest on this Note shall be paid in the manner specified on the reverse hereof.

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

This Note amends and restates the Variable Funding Note, dated as of March 7, 2002 (the "Original Note"), and is not a novation of the Original Note. All other terms of this Note, as governed by the Indenture, remain unchanged.

Reference is made to the further provisions of this Note set forth on the reverse hereof, which shall have the same effect as though fully set forth on the face of this Note. Although a summary of certain provisions of the Indenture are set forth below and on the reverse hereof and made a part hereof, this Note does not purport to summarize the Indenture and reference is made to the Indenture for information with respect to the interests, rights, benefits,

obligations, proceeds and duties evidenced hereby and the rights, duties and obligations of the Servicer and the Trustee. A copy of the Indenture may be requested from the Trustee by writing to the Trustee at: Bank One Trust Company, N.A., 201 North Central Avenue, Phoenix, Arizona 85004, Attention: Structured Finance CPS Warehouse Trust. To the extent not defined herein, the capitalized terms used herein have the meanings ascribed to them in the Indenture.

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

[Signature page follows.]

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

Date: July 23, 2002

CPS WAREHOUSE TRUST

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

By:

Name:
Title:

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

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

BANK ONE TRUST COMPANY, N.A., not in its individual capacity, but solely as Trustee

By:

Authorized Signature

REVERSE OF THE NOTE

This Note is the duly authorized Note of the Issuer, designated as its Variable Funding Note (herein called the "NOTE"), issued under (i) the Indenture, dated as of March 7, 2002 (such Indenture, as the same may be amended, supplemented or otherwise modified from time to time in accordance with the terms thereof, is herein called the "INDENTURE"), among the Issuer, Westdeutsche Landesbank Gironzentrale, acting through its New York Branch, as agent (the "Agent") and Bank One Trust Company, N.A., a national banking association, as trustee (the "TRUSTEE", which term includes any successor Trustee under the Indenture), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights and obligations thereunder of the Issuer, the Trustee and the Note Purchaser. The Note is subject to all terms of the Indenture. All terms used in this Note that are defined in the Indenture, as amended, supplemented or otherwise modified from time to time in accordance with the terms thereof, shall have the meanings assigned to them in or pursuant to the Indenture, as so amended, supplemented or otherwise modified.

"Settlement Date" means, with respect to each Accrual Period, the 15th day of the following calendar month, or if such day is not a Business Day, the immediately following Business Day, commencing on April 15, 2002.

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

Payments of interest on this Note due and payable on each Settlement Date, together with the installment of principal then due, if any, and any payments of principal made on any Business Day in respect of any prepayments, to the extent not in full payment of this Note, shall be made by wire transfer to the Holder of record of this Note (or any predecessor Note) on the Note Register as of the close of business on each Record Date. Any reduction in the principal amount of this Note (or any predecessor Note) effected by any payments made on any date shall be binding upon all future Holders of this Note and of any Note issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof, whether or not noted thereon. Final payment of principal (together with any accrued and unpaid interest) on this Note will be paid to the Noteholder only upon presentation and surrender of this Note at the Corporate Trust Office for cancellation by the Trustee.

The Issuer shall pay interest on overdue installments of interest at the Note Interest Rate to the extent lawful.

As provided in the Indenture and subject to certain limitations set forth therein, the transfer of this Note may be registered on the Note Register upon surrender of this Note for registration of transfer at the office or agency

designated by the Issuer pursuant to the Indenture, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Issuer and the Registrar duly executed by the Holder hereof or his attorney duly authorized in writing, and thereupon one or more new Note of authorized denominations and in the same aggregate principal amount will be issued to the designated transferee or transferees. No service charge will be charged for any registration of transfer or exchange of this Note, but the transferor may be required to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any such registration of transfer or exchange.

The Noteholder, by acceptance of the Note, covenants and agrees that no recourse may be taken, directly or indirectly, with respect to the obligations of the Trustee, the Issuer, the Owner Trustee or the Agent on the Note or under the Indenture or any certificate or other writing delivered in connection therewith, against (i) the Trustee, the Issuer, the Owner Trustee or the Agent in its individual capacity, (ii) any owner of a beneficial interest in the Issuer or (iii) any partner, owner, beneficiary, agent, officer, director or employee of the Trustee, the Issuer, the Owner Trustee or the Agent in its individual capacity, any holder of a beneficial interest in the Issuer, the Agent or the Trustee or of any successor or assign of the Trustee or the Agent in its individual capacity, except (a) as any such Person may have expressly agreed (it being understood that the Trustee and the Owner Trustee have no such obligations in their individual capacity) and (b) any such partner, owner or beneficiary shall be fully liable, to the extent provided by applicable law, for any unpaid consideration for stock, unpaid capital contribution or failure to pay any installment or call owing to such entity; PROVIDED, HOWEVER, that nothing contained herein shall be taken to prevent recourse to, and enforcement against, the assets of the Issuer for any and all liabilities, obligations and undertakings contained in the Indenture or in this Note, subject to SECTION 6.7 of the Indenture.

The Noteholder, by acceptance of the Note, covenants and agrees that by accepting the benefits of the Indenture that such Noteholder will not institute against the Issuer, or join in any institution against the Issuer of, any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings under any United States Federal or state bankruptcy or similar law in connection with any obligations relating to the Note, the Indenture or the Basic Documents.

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

It is the intent of the Issuer and the Noteholder that, for Federal, state and local income and franchise tax purposes, the Note will evidence indebtedness of the Issuer secured by the Collateral. The Noteholder, by the acceptance of the Note, agrees to treat the Note for Federal, state and local income and franchise tax purposes as indebtedness of the Issuer.

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

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

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

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

The Note and the Indenture shall be construed in accordance with the law of the State of New York, without reference to its conflict of law provisions, and the obligations, rights and remedies of the parties hereunder and thereunder shall be determined in accordance with such law.

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

Anything herein to the contrary notwithstanding, except as expressly provided in the Indenture or the Basic Documents, neither the Owner Trustee in its individual capacity, any owner of a beneficial interest in the Issuer, nor any of their respective partners, beneficiaries, agents, officers, directors, employees or successors or assigns shall be personally liable for, nor shall recourse be had to any of them for, the payment of principal of or interest on, or performance of, or omission to perform, any of the covenants, obligations or indemnifications contained in this Note or the Indenture, it being expressly understood that said covenants, obligations and indemnifications have been made by the Owner Trustee for the sole purposes of binding the interests of the Owner Trustee in the assets of the Issuer. The Holder of this Note by the acceptance hereof agrees that except as expressly provided in the Indenture or the Basic Documents, in the case of an Event of Default under the Indenture, the Holder shall have no claim against any of the foregoing for any deficiency, loss or claim therefrom; provided, however, that nothing contained herein shall be taken to prevent recourse to, and enforcement against, the assets of the Issuer for any and all liabilities, obligations and undertakings contained in the Indenture or in this Note.

INCREASES AND DECREASES

DATE	UNPAID PRINCIPAL AMOUNT	INCREASE	DECREASE	TOTAL	NOTE INTEREST RATE	INTEREST PERIOD (IF APPLICABLE)	NOTATION MADE BY

ASSIGNMENT

Social Security or taxpayer I.D. or other identifying number of assignee

_____

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers

unto _____
(name and address of assignee)

the within Note and all rights thereunder, and hereby irrevocably constitutes and appoints , attorney, to transfer said Note on the books kept for registration thereof, with full power of substitution in the premises.

Dated: *

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

Signature Guaranteed:

- --------

*/ NOTE: The signature to this assignment must correspond with the name of the registered owner as it appears on the face of the within Note in every particular, without alteration, enlargement or any change whatsoever.

EXHIBIT 10.36

SECOND OMNIBUS AMENDMENT AGREEMENT

containing

AMENDMENT NO. 3 TO THE SALE AND SERVICING AGREEMENT and

SUPPLEMENTAL INDENTURE NO. 2

dated as of October 31, 2002

among

CPS WAREHOUSE TRUST, as
Purchaser and Issuer,

CONSUMER PORTFOLIO SERVICES, INC., as
Seller and Servicer

SYSTEMS & SERVICES TECHNOLOGIES, INC., as
Backup Servicer

BANK ONE TRUST COMPANY, N.A., as
Standby Servicer and Trustee

WESTLB AG, as
Agent

SECOND OMNIBUS AMENDMENT AGREEMENT

SECOND OMNIBUS AMENDMENT AGREEMENT, dated as of October 31, 2002 (the "AMENDMENT") among CPS WAREHOUSE TRUST, a Delaware business trust (in its capacities as the Issuer, the "ISSUER" and as Purchaser, the "PURCHASER," respectively), CONSUMER PORTFOLIO SERVICES, INC., a California corporation (in its capacities as Seller, the "SELLER" and as Servicer, the "SERVICER," respectively), SYSTEMS & SERVICES TECHNOLOGIES, INC., a Delaware corporation ("SST"), as Backup Servicer, and BANK ONE TRUST COMPANY, N.A., a national banking association, (in its capacities as Standby Servicer, the "STANDBY SERVICER" and as Trustee, the "TRUSTEE," respectively) and WESTLB AG (F/K/A WESTDEUTSCHE LANDESBANK GIROZENTRALE) (the "AGENT"), as it may be amended, amended and restated, supplemented or otherwise modified from time to time in accordance with its terms.

RECITALS

WHEREAS, the Purchaser, the Seller, the Servicer, SST, the Standby Servicer and the Trustee (collectively, the "SSA AMENDING PARTIES") have entered into the Sale and Servicing Agreement dated as of March 7, 2002, as the same may be further amended, amended and restated, supplemented or otherwise modified from time to time in accordance with its terms (the "SALE AND SERVICING AGREEMENT") and the SSA Amending Parties desire to amend the Sale and Servicing Agreement in certain respects as provided below with the consent of the Noteholder and the Controlling Party;

WHEREAS, the Issuer, the Agent and the Trustee (collectively, the "INDENTURE AMENDING PARTIES" and together with the SSA Amending Parties, the "AMENDING PARTIES") have entered into the Indenture, dated as of March 7, 2002, as the same may be further amended, amended and restated, supplemented or otherwise modified from time to time in accordance with its terms (the "INDENTURE");

WHEREAS, SECTION 9.2 of the Indenture permits the Issuer and the Trustee, with the consent of the Controlling Party and the Holder, and notice given to the Rating Agencies, to enter into one or more indentures supplemental to the Indenture;

WHEREAS, the Issuer wishes to amend certain provisions of the Indenture; and

WHEREAS, the parties to the Note Purchase Agreement and the Liquidity Asset Purchase Agreement (collectively, the "OTHER DOCUMENTS"), desire to acknowledge and consent to this Amendment.

AGREEMENTS

In consideration of the premises, and for other good and valuable consideration, the adequacy, receipt and sufficiency of which are hereby acknowledged, the Amending Parties agree as follows:

ARTICLE I

DEFINITIONS

SECTION 1.1. DEFINED TERMS. Unless defined in this Amendment, capitalized terms used in this Amendment (including in the Preamble and the Recitals) shall have the meaning given such terms in ANNEX A to the Sale and Servicing Agreement, as identifiable from the context in which such term is used.

ARTICLE II

AMENDMENTS

SECTION 2.1. AMENDMENTS TO ANNEX A TO THE SALE AND SERVICING AGREEMENT.

(a) A new definition of "Ineligible Receivables" is hereby added to Annex A to the Sale and Servicing Agreement to read as follows:

"INELIGIBLE RECEIVABLE" means any Receivable other than an Eligible Receivable.

(b) Intentionally omitted.

(c) Intentionally omitted.

(d) Intentionally omitted.

(e) Intentionally omitted.

(f) Clause (i) of the definition of "Defaulted Receivable" is hereby amended and restated in its entirety to read as follows:

(i) more than 10% of a Scheduled Receivable Payment is more than 90 days past due as of the end of the immediately preceding Accrual Period,

(g) Clause (ii) of the definition of "Liquidated Receivable" is hereby amended and restated in its entirety to read as follows:

(ii) the related Financed Vehicle has been repossessed and 90 days have elapsed since the date of such repossession,

(h) The dollar amount referenced in the definition of "Maximum Invested Amount" is hereby increased from $100,000,000 to $125,000,000.

SECTION 2.2. AMENDMENT TO SALE AND SERVICING AGREEMENT.

(a) Section 4.11(a) of the Sale and Servicing Agreement is hereby amended and restated in its entirety to read as follows:

Section 4.11 INDEPENDENT ACCOUNTANT'S REPORTS. (a) Unless SST or the Standby Servicer is the Servicer, the Servicer shall cause a firm of nationally recognized independent certified public accountants (the "INDEPENDENT ACCOUNTANTS"), who may also render other services to the Servicer or to the Purchaser, to deliver to the Trustee, the Standby Servicer, the Insurer, the Agent, the Noteholder and each Rating Agency, on or before March 31 of each year beginning March 31, 2003, a report dated as of December 31 of the preceding year (the "ACCOUNTANTS' REPORT") and reviewing the Servicer's activities during the preceding 12-month period (or, in the case of the first such report, the period from the Cutoff Date with respect to Receivables transferred to the Purchaser on the initial Funding Date to December 31, 2002), addressed to the Board of Directors of the Servicer, to the Trustee, the Standby Servicer and to the Insurer, to the effect that such firm has examined the financial statements of the Servicer and issued its report therefor and that such examination (1) was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as such firm considered necessary in the circumstances; (2) included tests relating to auto loans serviced for others in accordance with the requirements of the Uniform Single Attestation Program for Mortgage Bankers (the "PROGRAM"), to the extent the procedures in the Program are applicable to the servicing obligations set forth in this Agreement; (3) included an examination of the delinquency and loss statistics relating to the Servicer's portfolio of automobile and light truck installment sale contracts; and (4) except as described in the report, disclosed no exceptions or errors in the records relating to automobile and light truck loans serviced for others that, in the firm's opinion, paragraph four of the Program requires such firm to report. In the event such firm requires the Trustee and/or the Standby Servicer to agree to the procedures performed by such firm, the Servicer shall direct the Trustee and/or the Standby Servicer, as applicable, in writing to so agree; it being understood and agreed that the Trustee and/or the Standby Servicer will deliver such letter of agreement in conclusive reliance upon the direction of the Servicer, and neither the Trustee nor the Standby Servicer makes any independent inquiry or investigation as to, and shall have no obligation or liability in respect of, the sufficiency, validity or correctness of such procedures.

The report will also indicate that the firm is independent of the Servicer within the meaning of the Code of Professional Ethics of the American Institute of Certified Public Accountants.

(b) A new Section 5.11 is hereby added to the Sale and Servicing Agreement to read as follows:

Section 5.11 DIVIDEND OF INELIGIBLE RECEIVABLES. With the prior written consent of the Controlling Party, the Issuer may, on the last day of the month in which any Receivables are sold into a term securitization transaction, commencing in August 2002, distribute any Ineligible Receivables to the Certificateholder (as such term is defined in the Trust Agreement) as a dividend.

SECTION 2.3. AMENDMENT TO SECTION 2.10 OF THE INDENTURE. Section 2.10 of the Indenture is hereby amended and restated in its entirety to read as follows:

Section 2.10 RELEASE OF COLLATERAL. Subject to the terms of the other Basic Documents and SECTIONS 10.1 AND 11.1, the Trustee shall, on or after the Termination Date, release any remaining portion of the Trust Estate from the lien created by this Indenture and deposit in the Collection Account any funds then on deposit in any other Pledged Account. In addition, the Trustee shall release Ineligible Receivables from the lien created by this Indenture upon any dividend of such Ineligible Receivables pursuant to Section 5.11 of the Sale and Servicing Agreement. The Trustee shall release property from the lien created by this Indenture pursuant to this SECTION 2.10 only upon receipt of any Issuer Request accompanied by an Officer's Certificate meeting the applicable requirements of SECTION 11.1.

SECTION 2.4. AMENDMENT TO SECTION 10.4 OF THE INDENTURE. Section 10.4 of the Indenture is hereby amended and restated in its entirety to read as follows:

Section 10.4 PREPAYMENT UPON PURCHASE OR SECURITIZATION OF RECEIVABLES. The Noteholder may from time to time, with the prior written consent of the Controlling Party, not to be unreasonably withheld, direct the Issuer to sell all or a portion of the Mercury Receivables to one or more Affiliates of the Issuer. In addition, the Noteholder may from time to time, with the prior written consent of the Controlling Party, not to be unreasonably withheld, direct the Issuer to sell all or a portion of the Receivables into a term securitization transaction approved by the Noteholder, the Agent and the Controlling Party in which equity and/or any residual interest therein is retained by the Issuer or an Affiliate of the Issuer. Upon such direction, the Noteholder shall deliver a notice of prepayment of the Note in accordance with Section 10.2 and the Note shall be repaid in full or in part in accordance with this Article X.

SECTION 2.5. CONSENT OF THE INDENTURE AMENDING PARTIES. The Indenture Amending Parties hereby consent to the amendments set forth in Sections 2.1 and 2.2 hereof.

ARTICLE III

CONDITION TO EFFECTIVENESS

SECTION 3.1. EXECUTION OF AMENDMENT BY AMENDING PARTIES. This Amendment shall become effective upon (a) receipt by the Noteholder, the Controlling Party, the Liquidity Agent, the Administrator and the Purchaser of executed counterparts of this Amendment and (b) receipt by the Trustee, the Noteholder and the Controlling Party of a certificate by the Seller that prior notice of this Amendment has been given to the Rating Agencies in accordance with Section 9.1(b) of the Indenture.

ARTICLE IV

MISCELLANEOUS

SECTION 4.1. RATIFICATION. Except as expressly set forth herein, this Amendment shall not by implication or otherwise limit, impair, constitute a waiver of, or otherwise affect the rights and remedies of any of the Amending Parties under the Sale and Servicing Agreement or the Indenture, nor alter, modify, amend or in any way affect any of the terms, conditions, obligations, covenants or agreements contained in the Sale and Servicing Agreement or the Indenture, all of which are hereby ratified and affirmed in all respects by each of the Amending Parties and shall continue in full force and effect. This Amendment shall apply and be effective only with respect to the provisions of the Sale and Servicing Agreement and the Indenture specifically referred to herein and any references in the Sale and Servicing Agreement and the Indenture to the provisions of the Sale and Servicing Agreement and the Indenture specifically referred to herein shall be to such provisions as amended by this Amendment. Notwithstanding the preceding sentence, this Amendment shall apply and be effective with respect to the provisions of the Other Documents.

SECTION 4.2. COUNTERPARTS. This Amendment may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all of such counterparts shall together constitute but one and the same instrument.

SECTION 4.3. GOVERNING LAW. THIS AMENDMENT SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAW (INCLUDING, WITHOUT LIMITATION, THE UCC) OF THE STATE OF NEW YORK (WITHOUT GIVING EFFECT TO THE PROVISIONS THEREOF REGARDING CONFLICTS OF LAWS), AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HERETO SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAW.

SECTION 4.4. WAIVER OF NOTICE. Each of the Amending Parties waives any prior notice and any notice period that may be required by any other agreement or document in connection with the execution of this Amendment.

SECTION 4.5. HEADINGS. The headings of Sections contained in this Amendment are provided for convenience only. They form no part of this Amendment, the Sale and Servicing Agreement or the Indenture and shall not affect the construction or interpretation of this Amendment, the Sale and Servicing Agreement or the Indenture or any provisions hereof or thereof.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the Amending Parties have caused this Amendment to be duly executed by their respective duly authorized officers as of the day and year first above written.

CPS WAREHOUSE TRUST

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

By:_____
Name:
Title:

CONSUMER PORTFOLIO SERVICES, INC.,
as Seller

By:_____
Name:
Title:

CONSUMER PORTFOLIO SERVICES, INC.,
as Servicer

By:_____
Name:
Title:

BANK ONE TRUST COMPANY, N.A.,
not in its individual capacity, but
solely as Standby Servicer and Trustee

By:_____
Name:
Title:

SYSTEMS & SERVICES
TECHNOLOGIES, INC., as
Backup Servicer

By:_____
Name:
Title:

WESTLB AG, NEW YORK BRANCH, as
Agent

By:_____
Name:
Title:

By:_____
Name:
Title:

CONSENTED AND AGREED TO:

PARADIGM FUNDING LLC, as Noteholder

By:_____
Name:
Title:

XL CAPITAL ASSURANCE INC., as Controlling Party

By:_____
Name:
Title:

WESTLB AG, NEW YORK BRANCH, as Committed Note Purchaser

By:_____
Name:
Title:
By:_____
Name:
Title:

WESTLB AG, NEW YORK BRANCH, as Liquidity Agent

By:_____
Name:
Title:

By:_____
Name:
Title:

WESTLB AG, NEW YORK BRANCH, as Administrator

By:_____
Name:
Title:

By:_____
Name:
Title:

WESTLB AG, NEW YORK BRANCH, as Purchaser

By:_____
Name:
Title:

By:_____
Name:
Title:

EXHIBIT 10.37

AMENDMENT NO. 4 TO SALE AND SERVICING AGREEMENT

dated as of December 10, 2002

among

CPS WAREHOUSE TRUST, as
Purchaser and Issuer,

CONSUMER PORTFOLIO SERVICES, INC., as
Seller and Servicer

SYSTEMS & SERVICES TECHNOLOGIES, INC., as
Backup Servicer

BANK ONE TRUST COMPANY, N.A., as
Standby Servicer and Trustee

WESTLB AG, as
Agent

AMENDMENT NO. 4 TO SALE AND SERVICING AGREEMENT

AMENDMENT NO. 4 TO SALE AND SERVICING AGREEMENT, dated as of December 10, 2002 (the "AMENDMENT") among CPS WAREHOUSE TRUST, a Delaware business trust (in its capacities as the Issuer, the "ISSUER" and as Purchaser, the "PURCHASER," respectively), CONSUMER PORTFOLIO SERVICES, INC., a California corporation (in its capacities as Seller, the "SELLER" and as Servicer, the "SERVICER," respectively), SYSTEMS & SERVICES TECHNOLOGIES, INC., a Delaware corporation ("SST"), as Backup Servicer, and BANK ONE TRUST COMPANY, N.A., a national banking association, (in its capacities as Standby Servicer, the "STANDBY SERVICER" and as Trustee, the "TRUSTEE," respectively) and WESTLB AG (F/K/A WESTDEUTSCHE LANDESBANK GIROZENTRALE) (the "AGENT"), as it may be amended, amended and restated, supplemented or otherwise modified from time to time in accordance with its terms.

RECITALS

WHEREAS, the Purchaser, the Seller, the Servicer, SST, the Standby Servicer and the Trustee (collectively, the "AMENDING PARTIES") have entered into the Sale and Servicing Agreement dated as of March 7, 2002, as the same may be further amended, amended and restated, supplemented or otherwise modified from time to time in accordance with its terms (the "SALE AND SERVICING AGREEMENT") and the Amending Parties desire to amend the Sale and Servicing Agreement in certain respects as provided below with the consent of the Noteholder and the Controlling Party;

WHEREAS, the parties to the Indenture, the Note Purchase Agreement and the Liquidity Asset Purchase Agreement, other than the Amending Parties (collectively, the "OTHER DOCUMENT PARTIES"), desire to acknowledge and consent to this Amendment.

AGREEMENTS

In consideration of the premises, and for other good and valuable consideration, the adequacy, receipt and sufficiency of which are hereby acknowledged, the Amending Parties agree as follows:

ARTICLE I

DEFINITIONS

SECTION 1.1. DEFINED TERMS. Unless defined in this Amendment, capitalized terms used in this Amendment (including in the Preamble and the Recitals) shall have the meaning given such terms in ANNEX A to the Sale and Servicing Agreement, as identifiable from the context in which such term is used.

ARTICLE II

AMENDMENTS TO SALE AND SERVICING AGREEMENT

SECTION 2.1. AMENDMENTS TO ANNEX A TO THE SALE AND SERVICING AGREEMENT.

(a) The percentage referenced in clause (i) of the definition of "Concentration Limits" is hereby increased from 20% to 25%.

(b) The percentage referenced in clause (ii) of the definition of "Concentration Limits" is hereby decreased from 60% to 50%.

(c) A new clause (xiv) is hereby added at the end of the definition of "Concentration Limits" to read in its entirety as follows:

(xiv) Eligible Receivables originated under Seller's "Preferred Program" shall not at any time represent more than 5% of the Aggregate Principal Balance of the Eligible Receivables; provided that following 30 days' written notice from the Insurer to the Seller that such "Preferred Program" Receivables are ineligible, such "Preferred Program" Receivables shall represent not more than 0% of the Aggregate Principal Balance of the Eligible Receivables.

SECTION 2.2. CONSENT OF THE OTHER DOCUMENT PARTIES. The Other Document Parties hereby consent to the amendments set forth in Section 2.1 hereof.

ARTICLE III

CONDITION TO EFFECTIVENESS

SECTION 3.1. EXECUTION OF AMENDMENT BY AMENDING PARTIES. This Amendment shall become effective upon receipt by the parties hereto of executed counterparts of this Amendment.

ARTICLE IV

MISCELLANEOUS

SECTION 4.1. RATIFICATION. Except as expressly set forth herein, this Amendment shall not by implication or otherwise limit, impair, constitute a waiver of, or otherwise affect the rights and remedies of any of the Amending Parties under the Sale and Servicing Agreement, nor alter, modify, amend or in any way affect any of the terms, conditions, obligations, covenants or agreements contained in the Sale and Servicing Agreement, all of which are hereby ratified and affirmed in all respects by each of the Amending Parties and shall continue in full force and effect. This Amendment shall apply and be

effective only with respect to the provisions of the Sale and Servicing Agreement specifically referred to herein and any references in the Sale and Servicing Agreement to the provisions of the Sale and Servicing Agreement and the Indenture specifically referred to herein shall be to such provisions as amended by this Amendment. Notwithstanding the preceding sentence, this Amendment shall apply and be effective with respect to the provisions of the Indenture, the Note Purchase Agreement and the Liquidity Asset Purchase Agreement.

SECTION 4.2. COUNTERPARTS. This Amendment may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all of such counterparts shall together constitute but one and the same instrument.

SECTION 4.3. GOVERNING LAW. THIS AMENDMENT SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAW (INCLUDING, WITHOUT LIMITATION, THE UCC) OF THE STATE OF NEW YORK (WITHOUT GIVING EFFECT TO THE PROVISIONS THEREOF REGARDING CONFLICTS OF LAWS), AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HERETO SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAW.

SECTION 4.4. WAIVER OF NOTICE. Each of the Amending Parties waives any prior notice and any notice period that may be required by any other agreement or document in connection with the execution of this Amendment.

SECTION 4.5. HEADINGS. The headings of Sections contained in this Amendment are provided for convenience only. They form no part of this Amendment or the Sale and Servicing Agreement and shall not affect the construction or interpretation of this Amendment or the Sale and Servicing Agreement or any provisions hereof or thereof.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the Amending Parties have caused this Amendment to be duly executed by their respective duly authorized officers as of the day and year first above written.

CPS WAREHOUSE TRUST

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

By:_____
Name:
Title:

CONSUMER PORTFOLIO SERVICES, INC.,
as Seller

By:_____
Name:
Title:

CONSUMER PORTFOLIO SERVICES, INC.,
as Servicer

By:_____
Name:
Title:

BANK ONE TRUST COMPANY, N.A.,
not in its individual capacity, but
solely as Standby Servicer and Trustee

By:_____
Name:
Title:

SYSTEMS & SERVICES
TECHNOLOGIES, INC., as
Backup Servicer

By:_____
Name:
Title:

WESTLB AG, NEW YORK BRANCH, as
Agent

By:_____
Name:
Title:

By:_____
Name:
Title:

CONSENTED AND AGREED TO:

PARADIGM FUNDING LLC, as Noteholder

By:_____
Name:
Title:

XL CAPITAL ASSURANCE INC., as Controlling Party

By:_____
Name:
Title:

WESTLB AG, NEW YORK BRANCH, as Committed Note Purchaser

By:_____
Name:
Title:
By:_____
Name:
Title:

WESTLB AG, NEW YORK BRANCH, as Liquidity Agent

By:_____
Name:
Title:

By:_____
Name:
Title:

WESTLB AG, NEW YORK BRANCH, as Administrator

By:_____
Name:
Title:

By:_____
Name:
Title:

WESTLB AG, NEW YORK BRANCH, as Purchaser

By:_____
Name:
Title:

By:_____
Name:
Title:

EXHIBIT 10.38

EXECUTION COPY

AMENDMENT NO. 5 TO THE SALE AND SERVICING AGREEMENT

dated as of March 6, 2003

among

CPS WAREHOUSE TRUST, as
Purchaser and Issuer,

CONSUMER PORTFOLIO SERVICES, INC., as
Seller and Servicer

SYSTEMS & SERVICES TECHNOLOGIES, INC., as
Backup Servicer

BANK ONE TRUST COMPANY, N.A., as
Standby Servicer and Trustee

WESTLB AG, as
Agent

AMENDMENT NO. 5 TO THE SALE AND SERVICING AGREEMENT

AMENDMENT NO. 5 TO THE SALE AND SERVICING AGREEMENT, dated as of March 6, 2003 (the "AMENDMENT") among CPS WAREHOUSE TRUST, a Delaware statutory trust (in its capacities as the Issuer, the "ISSUER" and as Purchaser, the "PURCHASER," respectively), CONSUMER PORTFOLIO SERVICES, INC., a California corporation (in its capacities as Seller, the "SELLER" and as Servicer, the "SERVICER," respectively), SYSTEMS & SERVICES TECHNOLOGIES, INC., a Delaware corporation ("SST"), as Backup Servicer, and BANK ONE TRUST COMPANY, N.A., a national banking association, (in its capacities as Standby Servicer, the "STANDBY SERVICER" and as Trustee, the "TRUSTEE," respectively) and WESTLB AG (F/K/A WESTDEUTSCHE LANDESBANK GIROZENTRALE) (the "AGENT"), as it may be amended, amended and restated, supplemented or otherwise modified from time to time in accordance with its terms.

RECITALS

WHEREAS, the Purchaser, the Seller, the Servicer, SST, the Standby Servicer and the Trustee (collectively, the "AMENDING PARTIES") have entered into the Sale and Servicing Agreement dated as of March 7, 2002, as the same may be further amended, amended and restated, supplemented or otherwise modified from time to time in accordance with its terms (the "SALE AND SERVICING AGREEMENT") and the SSA Amending Parties desire to amend the Sale and Servicing Agreement in certain respects as provided below with the consent of the Noteholder and the Controlling Party;

WHEREAS, the Issuer wishes to amend certain provisions of the Sale and Servicing Agreement; and

WHEREAS, the parties to the Note Purchase Agreement, the Indenture and the Liquidity Asset Purchase Agreement (collectively, the "OTHER DOCUMENTS") and the Controlling Party, desire to acknowledge and consent to this Amendment.

AGREEMENTS

In consideration of the premises, and for other good and valuable consideration, the adequacy, receipt and sufficiency of which are hereby acknowledged, the Amending Parties agree as follows:

ARTICLE I

DEFINITIONS

SECTION 1.1. DEFINED TERMS. Unless defined in this Amendment, capitalized terms used in this Amendment (including in the Preamble and the Recitals) shall have the meaning given such terms in ANNEX A to the Sale and Servicing Agreement, as identifiable from the context in which such term is used.

ARTICLE II

AMENDMENTS

SECTION 2.1. AMENDMENTS TO ANNEX A TO THE SALE AND SERVICING AGREEMENT. ANNEX A to the Sale and Servicing Agreement is hereby amended as follows:

(a) The definition of "Advance Rate" is hereby amended by deleting the existing definition and replacing it with the following:

"ADVANCE RATE" as of any day means (a)73% MINUS (b) the Advance Rate Reduction Amount.

(b) The definition of "Facility Termination Date" is hereby amended by deleting the existing definition and replacing it with the following:

""FACILITY TERMINATION DATE" means the earlier of (i) March 4, 2004 (or such later date as agreed upon pursuant to SECTION 2.05 of the Note Purchase Agreement) and (ii) the date of the occurrence of a Funding Termination Event."

(c) The following definitions are hereby deleted in their entirety:

"CPS Receivables Advance Rate";

"Mercury Receivables"; and

"Mercury Receivables Advance Rate".

SECTION 2.2. CONSENT OF THE PARTIES TO THE OTHER DOCUMENTS AND THE CONTROLLING PARTY. The parties to the Other Documents and the Controlling Party hereby consent to the amendment set forth in Sections 2.1 hereof and acknowledge that the Other Documents are similarly amended IPSO FACTO to the extent the term "Facility Termination Date" is used therein.

ARTICLE III

CONDITION TO EFFECTIVENESS

SECTION 3.1. EXECUTION OF AMENDMENT BY AMENDING PARTIES. This Amendment shall become effective upon receipt by the Noteholder, the Controlling Party, the Agent, Paradigm and the Committed Note Purchaser of executed counterparts of this Amendment.

ARTICLE IV

MISCELLANEOUS

SECTION 4.1. RATIFICATION. Except as expressly set forth herein, this Amendment shall not by implication or otherwise limit, impair, constitute a waiver of, or otherwise affect the rights and remedies of any of the Amending Parties under the Sale and Servicing Agreement, nor alter, modify, amend or in any way affect any of the terms, conditions, obligations, covenants or agreements contained in the Sale and Servicing Agreement, all of which are hereby ratified and affirmed in all respects by each of the Amending Parties and shall continue in full force and effect. This Amendment shall apply and be effective only with respect to the provisions of the Sale and Servicing Agreement specifically referred to herein and any references in the Sale and Servicing Agreement to the provisions of the Sale and Servicing Agreement specifically referred to herein shall be to such provisions as amended by this Amendment. Notwithstanding the preceding sentence, this Amendment shall apply and be effective with respect to the provisions of the Other Documents.

SECTION 4.2. COUNTERPARTS. This Amendment may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all of such counterparts shall together constitute but one and the same instrument.

SECTION 4.3. GOVERNING LAW. THIS AMENDMENT SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAW (INCLUDING, WITHOUT LIMITATION, THE UCC) OF THE STATE OF NEW YORK (WITHOUT GIVING EFFECT TO THE PROVISIONS THEREOF REGARDING CONFLICTS OF LAWS), AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HERETO SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAW.

SECTION 4.4. WAIVER OF NOTICE. Each of the Amending Parties waives any prior notice and any notice period that may be required by any other agreement or document in connection with the execution of this Amendment.

SECTION 4.5. HEADINGS. The headings of Sections contained in this Amendment are provided for convenience only. They form no part of this Amendment, the Sale and Servicing Agreement and shall not affect the construction or interpretation of this Amendment, the Sale and Servicing Agreement or any provisions hereof or thereof.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the Amending Parties have caused this Amendment to be duly executed by their respective duly authorized officers as of the day and year first above written.

CPS WAREHOUSE TRUST

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

By:_____
Name:
Title:

CONSUMER PORTFOLIO SERVICES, INC.,
as Seller

By:_____
Name:
Title:

CONSUMER PORTFOLIO SERVICES, INC.,
as Servicer

By:_____
Name:
Title:

BANK ONE TRUST COMPANY, N.A.,
not in its individual capacity, but
solely as Standby Servicer and Trustee

By:_____
Name:
Title:

SYSTEMS & SERVICES
TECHNOLOGIES, INC., as
Backup Servicer

By:_____
Name:
Title:

WESTLB AG, NEW YORK BRANCH, as
Agent

By:_____
Name:
Title:

By:_____
Name:
Title:

CONSENTED AND AGREED TO:

PARADIGM FUNDING LLC, as Noteholder

By:_____
Name:
Title:

XL CAPITAL ASSURANCE INC., as Controlling Party

By:_____
Name:
Title:

WESTLB AG, NEW YORK BRANCH, as Committed Note Purchaser

By:_____
Name:
Title:
By:_____
Name:
Title:

WESTLB AG, NEW YORK BRANCH, as Liquidity Agent

By:_____
Name:
Title:

By:_____
Name:
Title:

WESTLB AG, NEW YORK BRANCH, as Administrator

By:_____
Name:
Title:

By:_____
Name:
Title:

WESTLB AG, NEW YORK BRANCH, as Purchaser

By:_____
Name:
Title:

By:_____
Name:
Title:

BANK ONE TRUST COMPANY, N.A.

By:

Name:
Title:

EXHIBIT 10.39

$100,000,000

Floating Rate Variable Funding Note

INDENTURE

Dated as of March 7, 2002

CPS WAREHOUSE TRUST,
Issuer

WESTDEUTSCHE LANDESBANK GIROZENTRALE
Agent

BANK ONE TRUST COMPANY, N.A.,
Trustee

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INDENTURE dated as of March 7, 2002 among CPS Warehouse Trust, a Delaware business trust (the "ISSUER"), Westdeutsche Landesbank Girozentrale ("WEST LB"), as administrator for the Noteholder (in such capacity, and together with its successors and assigns in such capacity, the "AGENT") and Bank One Trust Company, N.A., a national banking association, as trustee (the "TRUSTEE").

Each party agrees as follows for the benefit of the other parties and for the benefit of the Holder of the Issuer's Floating Rate Variable Funding Note (the "NOTE"):

To secure the payment of principal of and interest on, and any other amounts owing in respect of the Note, and to secure compliance with this Indenture, the Issuer has agreed to pledge the Collateral (as defined below) as collateral to the Trustee for the benefit of the Noteholder and the Insurer (as defined below), as their respective interests may appear.

XL Capital Assurance Inc. (the "INSURER") has issued and delivered a financial guaranty insurance policy, dated the Closing Date (with endorsements, the "NOTE POLICY"), pursuant to which the Insurer guarantees Scheduled Payments with respect to the Note, as defined in the Note Policy.

As an inducement to the Insurer to issue and deliver the Note Policy, the Issuer and the Insurer have executed and delivered the Insurance and Indemnity Agreement, dated as of March 7, 2002 (as amended from time to time, the "INSURANCE AGREEMENT") among the Insurer, the Issuer and Consumer Portfolio Services, Inc.

As an additional inducement to the Insurer to issue the Note Policy, and as security for the performance by the Issuer of the Insurer Secured Obligations (as defined below) and as security for the performance by the Issuer of the Trustee Secured Obligations, the Issuer has agreed to assign the Collateral (as defined below) as collateral to the Trustee for the benefit of the Issuer Secured Parties, as their respective interests may appear.

West LB has been requested, and is willing, to act as the Agent on behalf of the Noteholder.

GRANTING CLAUSE

The Issuer hereby Grants to the Trustee on each Funding Date, as Trustee for the benefit of the Noteholder and for the benefit of the Issuer Secured Parties all right, title and interest of the Issuer, whether now existing or hereafter arising, in and to the following;

(a) the Receivables listed in the Schedule of Receivables from time to time;

(b) all monies received under the Receivables on and after the related Cutoff Date and all Net Liquidation Proceeds received with respect to the Receivables on and after the related Cutoff Date;

(c) the security interests in the Financed Vehicles granted by Obligors pursuant to the related Contracts and any other interest of the Issuer in such Financed Vehicles, including, without limitation, the certificates of title or, with respect to such Financed Vehicles in the States listed in ANNEX B to the Sale and Servicing Agreement, other evidence of title issued by the applicable Department of Motor Vehicles or similar authority in such States, with respect to such Financed Vehicles;

(d) any proceeds from claims on any Receivables Insurance Policies or certificates relating to the Financed Vehicles securing the Receivables or the Obligors thereunder;

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

(f) refunds for the costs of extended service contracts with respect to Financed Vehicles securing Receivables, refunds of unearned premiums with respect to credit life and credit accident and health insurance policies or certificates covering an Obligor or Financed Vehicle under a Receivable or his or her obligations with respect to a Financed Vehicle and any recourse to Dealers for any of the foregoing;

(g) the Receivable File related to each Receivable and all other documents that the Issuer keeps on file in accordance with its customary procedures relating to the Receivables, for Obligors of the Financed Vehicles;

(h) all amounts and property from time to time held in or credited to the Collection Account, the Note Distribution Account, the Principal Funding Account, the Reserve Account and the Lockbox Account;

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

(j) the Sale and Servicing Agreement, including a direct right to cause the Seller to purchase Receivables from the Issuer pursuant to the Sale and Servicing Agreement under the circumstances specified therein;

(k) any Hedge Agreements;

(l) the Note Purchase Agreement; and

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

In addition, the Issuer shall cause the Note Policy to be issued for the benefit of the Noteholder.

The foregoing Grant is made in trust to the Trustee, for the benefit of the Noteholder and the Issuer Secured Parties, as their interests may appear, to secure the payment of principal of and interest on, and any other amounts owing in respect of the Note, to secure the Issuer Secured Obligations and to secure compliance with this Indenture. The Trustee hereby acknowledges such Grant, accepts the trusts under this Indenture in accordance with the provisions of this Indenture and agrees to perform its duties as required in this Indenture to the best of its ability to the end that the interests of such parties, recognizing the priorities of their respective interests, may be adequately and effectively protected.

ARTICLE I

Definitions and Incorporation by Reference

SECTION 1.2. DEFINITIONS. Except as otherwise specified herein, the following terms have the respective meanings set forth below for all purposes of this Indenture and the definitions of such terms are equally applicable to both the singular and plural forms of such terms and to each gender.

Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to them in ANNEX A to the Sale and Servicing Agreement dated as of March 7, 2002 among the Issuer, the Seller, the Servicer, the Backup Servicer and the Trustee as Standby Servicer and as Trustee, as the same may be amended or supplemented from time to time (the "SALE AND SERVICING AGREEMENT") or, if not defined therein, in the Insurance and Indemnity Agreement dated as of March 7, 2002 among the Issuer, the Insurer, the Seller and the Servicer, as the same may be amended or supplemented from time to time (the "INSURANCE AGREEMENT").

SECTION 1.3. [Reserved].

SECTION 1.4. OTHER DEFINITIONAL PROVISIONS.

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

(ii) Accounting terms used but not defined or partly defined in this Indenture, in any instrument governed hereby or in any certificate or other document made or delivered pursuant hereto, to the extent not defined, shall have the respective meanings given to them under U.S. generally accepted accounting principles as in effect on the date of this Indenture or any such instrument, certificate or other document, as applicable. To the extent that the definitions of accounting terms in this Indenture or in any such instrument, certificate or other document are inconsistent with the meanings of such terms under U.S. generally accepted accounting principles, the definitions contained in this Indenture or in any such instrument, certificate or other document shall control.

(iii) The words "HEREOF," "HEREIN," "HEREUNDER" and words of similar import when used in this Indenture shall refer to this Indenture as a whole and not to any particular provision of this Indenture.

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

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

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

ARTICLE II

THE NOTE

SECTION 1.1. FORM. i) The Note, together with the Trustee's certificate of authentication, shall be in substantially the form set forth in EXHIBIT A-1, with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon as may, consistently herewith, be determined by the officers executing the Note, as evidenced by their execution of the Note. Any portion of the text of the Note may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Note. Only one Note will be issued on the Closing Date which Note shall be subject to Advances and prepayments from time to time in accordance with SECTION 2.11 and ARTICLE X, respectively.

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

(b) The terms of the Note set forth in EXHIBIT A-1 are part of the terms of this Indenture.

SECTION 1.2. EXECUTION, AUTHENTICATION AND DELIVERY. ii) The Note shall be executed on behalf of the Issuer by any of its Authorized Officers. The signature of any such Authorized Officer on the Note may be manual or facsimile.

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

(b) The Trustee shall upon receipt of the Note Policy and Issuer Order for authentication and delivery, authenticate and deliver the Note for original issue in an aggregate principal amount up to, but not in excess of, the Maximum Invested Amount.

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

(d) The Note shall not be entitled to any benefit under this Indenture or be valid or obligatory for any purpose, unless there appears attached to the Note a certificate of authentication substantially in the form provided for herein, executed by the Trustee by the manual signature of one of its authorized signatories, and such certificate attached to the Note shall be conclusive evidence, and the only evidence, that the Note has been duly authenticated and delivered hereunder.

SECTION 1.3. [Reserved]

SECTION 1.4. REGISTRATION; REGISTRATION OF TRANSFER AND EXCHANGE. iii) The Issuer shall cause to be kept a register (the "NOTE REGISTER") in which, subject to such reasonable regulations as it may prescribe and subject to the provisions of Section 2.5, the Issuer shall provide for the registration of the Note, and the registration of transfers and exchanges of the Note. The Trustee shall be "NOTE REGISTRAR" for the purpose of registering the Note and transfers of the Note as herein provided. Upon any resignation or removal of any Note Registrar, the Issuer shall promptly appoint a successor or, if it elects not to make such an appointment, assume the duties of Note Registrar.

(a) If a Person other than the Trustee is appointed by the Issuer as Note Registrar, the Issuer will give the Trustee and the Insurer prompt written notice of the appointment of such Note Registrar and of the location, and any change in the location, of the Note Register, and the Trustee and the Insurer shall have the right to inspect the Note Register at all reasonable times and to obtain copies thereof. The Trustee shall have the right to conclusively rely upon a certificate executed on behalf of the Note Registrar by an Executive Officer thereof as to the name and address of the Holder of the Note and the principal amounts and number of the Note.

(b) Subject to SECTION 2.5 hereof, upon surrender for registration of transfer of any Note at the office or agency of the Issuer to be maintained as provided in SECTION 3.2, if the requirements of Section 8-401(a) of the UCC are met, the Trustee shall have the Issuer execute and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, a new Note in any authorized denomination and a like aggregate principal amount.

(c) At the option of the Holder, the Note may be exchanged for another Note in any authorized denominations, of the same class and a like aggregate principal amount, upon surrender of the Note to be exchanged at such office or agency. Whenever the Note is so surrendered for exchange, subject to SECTION 2.5 hereof, if the requirements of Section 8-401(a) of the UCC are met,

the Issuer shall execute, and upon request by the Issuer the Trustee shall authenticate, and the Noteholder shall obtain from the Trustee, the Note which the Noteholder making the exchange is entitled to receive. Every Note presented or surrendered for registration of transfer or exchange shall be accompanied by a written instrument of transfer in form satisfactory to the Issuer, the Trustee and the Note Registrar duly executed by the Holder thereof or his attorney duly authorized in writing.

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

(e) Every Note presented or surrendered for registration of transfer or exchange shall be (i) duly endorsed by, or accompanied by a written instrument of transfer in the form attached to EXHIBITS A-1 and A-2 duly executed by, the Holder thereof or such Holder's attorney, duly authorized in writing, with such signature guaranteed by an "ELIGIBLE GUARANTOR INSTITUTION" meeting the requirements of the Note Registrar which requirements include membership or participation in Securities Transfer Agents Medallion Program ("STAMP") or such other "SIGNATURE GUARANTEE PROGRAM" as may be determined by the Note Registrar in addition to, or in substitution for, STAMP, all in accordance with the Exchange Act and (ii) accompanied by such other documents as the Trustee may require.

(f) No service charge shall be made to a Holder for any registration of transfer or exchange of the Note, but the Note Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any registration of transfer or exchange of the Note, other than exchanges pursuant to SECTION 9.6 not involving any transfer.

(g) The preceding provisions of this SECTION 2.4 notwithstanding, the Issuer shall not be required to make and the Note Registrar shall not register transfers or exchanges of the Note selected for redemption or of any Note for a period of 15 days preceding the due date for any payment with respect to the Note.

SECTION 1.5. RESTRICTIONS ON TRANSFER AND EXCHANGE.

(a) No transfer of the Note shall be made unless the transferor therefor has provided a certification substantially in the form of EXHIBIT A-2 that such transfer is (i) to the Issuer, or (ii) to any person the transferor reasonably believes is a qualified institutional buyer (as defined in Rule 144A under the Securities Act) in a transaction meeting the requirements of Rule 144A under the Securities Act, or (iii) in compliance with Section 2.5(c) hereof, (A) to an institutional investor that is an "accredited investor" as defined in Rule 501(a)(1), (2), (3) or (7) of Regulation D promulgated under the Securities Act in compliance with Section 2.5(d) hereof, or (B) in a transaction complying with or exempt from the registration requirements of the Securities Act and in accordance with any applicable securities laws of any state of the United States or any other jurisdiction; PROVIDED, that (except with respect to the transfer of the Note or Advance made by the Noteholder), in the case of CLAUSES (A) and (B) the Trustee or the Issuer may require an Opinion of Counsel to the effect that such transfer may be effected without registration under the Securities Act, which Opinion of Counsel, if so required, shall be addressed to the Issuer and the Trustee and shall be secured at the expense of the Holder. Each prospective purchaser by its acquisition of the Note, acknowledges that the Note will contain a legend substantially to the effect set forth in SECTION 2.5(D) (unless the Issuer determines otherwise in accordance with applicable law).

Any transfer or exchange of a Note to a proposed transferee taking such transfer in the form of a Note shall be conducted in accordance with the provisions of Section 2.4, and shall be contingent upon receipt by the Note Registrar of (A) such Note, if applicable, properly endorsed for assignment or transfer or (B) written instructions from such Transferor directing the Note Registrar to cause to be credited the beneficial interest in or amount of the corresponding Note to the account designated by such Transferor in an amount equal to the amount of such Note or beneficial interest to be transferred (but not less than the minimum authorized denomination applicable to the Note) and (C) such certificates or signatures as may be required under the Note or this Section 2.5 , in each case, in form and substance satisfactory to the Note Registrar. The Note Registrar shall cause any such transfers and related cancellations or increases and related reductions, as applicable, to be properly recorded in its books in accordance with the requirements of Section 2.4.

(b) Transfers to Qualified Institutional Buyers are subject to the following:

(i) Each purchaser of the Note that is a qualified institutional buyer will be deemed to have represented and agreed as follows (terms used in this paragraph that are defined in Rule 144A under the Securities Act are used herein as defined therein):

(A) The purchaser (1) is a qualified institutional buyer, (2) is aware that the sale of the Note to it is being made in reliance on the exemption from registration provided by Rule 144A under the Securities Act and (3) is acquiring the Note for its own account or for one or more accounts, each of which is a qualified institutional buyer, and as to each of which the purchaser exercises sole investment discretion, for the purchaser and for each such account. The purchaser has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of its investment in the Note, and the purchaser and any accounts for which it is acting are each able to bear the economic risk of the purchaser's or its investment.

(B) The purchaser understands that the Note is being offered only in a transaction not involving any public offering in the United States within the meaning of the Securities Act, the Note have not been and will not be registered under the Securities Act, and, if in the future the purchaser decides to offer, resell, pledge or otherwise transfer the Note, the Note may be offered, resold, pledged or otherwise transferred only in accordance with the legend on the Note set forth in Section 2.5(d). The purchaser acknowledges that no representation is made by the Issuer as to the availability of any exemption under the Securities Act or any state securities laws for resale of the Note.

(C) The purchaser is not purchasing the Note with a view to the resale, distribution or other disposition thereof in violation of the Securities Act. The purchaser understands that an investment in the Note involves certain risks, including the risk of loss of a substantial part of its investment under certain circumstances. The purchaser has had access to such financial and other information concerning the Issuer and the Note as it deemed necessary or appropriate in order to make an informed investment decision with respect to its purchase of the Note, including an opportunity to ask questions of and request information from the Noteholder and the Issuer.

(D) In connection with the transfer of the Note: (i) none of the Issuer or the Noteholder is acting as a fiduciary or financial or investment adviser for the purchaser; (ii) the purchaser is not relying (for purposes of making any investment decision or otherwise) upon any advice, counsel or representations (whether written or oral) of the Issuer or the Noteholder other than any representations expressly set forth in a written agreement with such party; (iii) none of the Issuer or the Noteholder has given to the purchaser (directly or indirectly through any other person) any assurance, guarantee, or representation whatsoever as to the expected or projected success, profitability, return, performance, result, effect, consequence, or benefit (including legal, regulatory, tax, financial, accounting, or otherwise) of the Indenture or documentation for the Note; (iv) the purchaser has consulted with its own legal, regulatory, tax, business, investment, financial, and accounting advisers to the extent it has deemed

necessary, and it has made its own investment decisions (including decisions regarding the suitability of any transaction pursuant to the Indenture) based upon its own judgment and upon any advice from such advisers as it has deemed necessary and not upon any view expressed by the Issuer; (v) the purchaser has determined that the rates, prices or amounts and other terms of the purchase and sale of the Note reflect those in the relevant market for similar transactions; (vi) the purchaser is acquiring the Note with a full understanding of all of the terms, conditions and risks thereof (economic and otherwise), and it is capable of assuming and willing to assume (financially and otherwise) those risks; and (vii) the purchaser is a sophisticated investor.

(E) The purchaser understands that the Note will bear the legend set forth in SECTION 2.5(D). The Note may not at any time be held by or on behalf of U.S. persons that are not qualified institutional buyers.

(F) The purchaser will not, at any time, offer to buy or offer to sell the Note by any form of general solicitation or advertising, including, but not limited to, any advertisement, article, notice or other communication published in any newspaper, magazine or similar medium or broadcast over television or radio or seminar or meeting whose attendees have been invited by general solicitations or advertisings.

(G) The purchaser represents that either (1) it is not a Benefit Plan and is not acting on behalf of or investing plan assets of a Benefit Plan or (2) the purchaser's purchase and holding of the Note is entitled to exemptive relief from the prohibited transaction rules of Section 406 of ERISA and Section 4975 of the Code pursuant to a U.S. Department of Labor prohibited transaction class exemption.

(H) The purchaser acknowledges that the Issuer, the Noteholder and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements and agrees that, if any of the acknowledgments, representations or warranties deemed to have been made by it by or in connection with its purchase of the Note is no longer accurate, it shall promptly notify the Issuer and the Noteholder. If the purchaser is acquiring the Note as a fiduciary or agent for one or more investor accounts, it shall be deemed to have represented that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgments, representations and agreements on behalf of each such account.

(I) In connection with a transfer of the Note, the Issuer shall furnish upon request of a Noteholder to the Noteholder and any prospective purchaser designated by the Noteholder the information required to be delivered under paragraph (d)(4) of Rule 144A of the Securities Act.

(J) Any information the purchaser desires concerning the Issuer, the Note or any other matter relevant to its decision to purchase the Note is or has been made available to it.

(c) If the Note is sold in the United States to U.S. Persons under Section 4(2) of the Securities Act to a limited number of institutional "ACCREDITED INVESTORS" (as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act), it shall be issued in the form of certificated Note in definitive, fully registered form without interest coupons with the applicable legends set forth in the form of the Note registered in the name of the beneficial owner or a nominee thereof, duly executed by the Issuer and authenticated by the Trustee as hereinafter provided (a "Definitive Note"). Any transfer to an institutional "ACCREDITED INVESTOR" is expressly conditioned upon the requirement that such transferee shall deliver a Transferee's Certificate in the form of EXHIBIT A-2.

(d) LEGENDING OF THE NOTE. Unless the Issuer determines otherwise in accordance with applicable law, the Note shall have the following legend:

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS OR "BLUE SKY" LAWS. THE HOLDER HEREOF, BY PURCHASING ANY NOTE, AGREES FOR THE BENEFIT OF THE ISSUER THAT IT IS AN INSTITUTIONAL INVESTOR THAT IS AN "ACCREDITED INVESTOR" AS DEFINED IN

RULE 501(A)(1), (2), (3) OR (7) OF REGULATION D PROMULGATED UNDER THE SECURITIES ACT AND THAT SUCH NOTE IS BEING ACQUIRED FOR ITS OWN ACCOUNT FOR INVESTMENT AND NOT WITH A VIEW TO DISTRIBUTION AND MAY BE RESOLD, PLEDGED OR TRANSFERRED ONLY TO (1) THE ISSUER (UPON REDEMPTION THEREOF OR OTHERWISE), (2) TO A PERSON THE TRANSFEROR REASONABLY BELIEVES IS A

QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A OR (3) IN A TRANSACTION OTHERWISE EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION, IN EACH SUCH CASE, IN COMPLIANCE WITH THE INDENTURE AND ALL APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION; PROVIDED, THAT THE TRUSTEE OR THE ISSUER MAY REQUIRE AN OPINION OF COUNSEL TO THE EFFECT THAT SUCH TRANSFER MAY BE EFFECTED WITHOUT REGISTRATION UNDER THE SECURITIES ACT, WHICH OPINION OF COUNSEL, IF SO REQUIRED, SHALL BE ADDRESSED TO THE ISSUER AND THE TRUSTEE AND SHALL BE SECURED AT THE EXPENSE OF THE HOLDER.

SECTION 1.6. MUTILATED, DESTROYED, LOST OR STOLEN NOTE. iv) If (i) any mutilated Note is surrendered to the Trustee, or the Trustee receives evidence to its satisfaction of the destruction, loss or theft of any Note, and (ii) there is delivered to the Trustee and the Controlling Party such security or indemnity as may be required by it to hold the Issuer, the Trustee and the Controlling Party harmless, then, in the absence of notice to the Issuer, the Note Registrar or the Trustee that such Note has been acquired by a bona fide purchaser, and, provided that the requirements of Section 8-405 and 8-406 of the UCC are met, the Issuer shall execute, and upon request by the Issuer, the Trustee shall authenticate and deliver in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Note, a replacement Note; PROVIDED, HOWEVER, that if any such destroyed, lost or stolen Note, but not a mutilated Note, shall have become, or within seven days shall be, due and payable or shall have been called for redemption, instead of issuing a replacement Note, the Issuer may direct the Trustee, in writing, to pay such destroyed, lost or stolen Note when so due or payable without surrender thereof. If, after the delivery of such replacement Note or payment of a destroyed, lost or stolen Note pursuant to the preceding sentence, a bona fide purchaser of the original Note in lieu of which such replacement Note was issued, presents for payment such original Note, the Issuer, the Trustee and the Insurer shall be entitled to recover such replacement Note (or such payment) from the Person to whom it was delivered or any assignee of such Person, except a bona fide purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to the extent of any loss, damage, cost or expense incurred by the Issuer or the Trustee in connection therewith.

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

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

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

SECTION 1.7. PERSONS DEEMED OWNER. Prior to due presentment for registration of transfer of any Note, the Issuer, the Trustee, the Insurer and any agent of the Issuer, the Trustee or the Insurer may treat the Person in whose name any Note is registered (as of the applicable Record Date) as the owner of such Note for the purpose of receiving payments of principal of and interest, if any, on such Note, for all other purposes whatsoever and whether or

not such Note be overdue, and none of the Issuer, the Insurer, the Controlling Party (if not the Insurer), the Trustee nor any agent of the Issuer, the Insurer, the Controlling Party (if not the Insurer) or the Trustee shall be affected by notice to the contrary.

SECTION 1.8. PAYMENT OF PRINCIPAL AND INTEREST; DEFAULTED INTEREST. The Note shall accrue interest as provided in the form of the Note set forth in EXHIBIT A-1, and such interest shall be due and payable on each Settlement Date, as specified therein. Any installment of interest or principal, if any, payable on the Note which is punctually paid or duly provided for by the Issuer on the applicable Settlement Date shall be paid to the Person in whose name such Note is registered on the Record Date, either by wire transfer in immediately available funds to such Person's account as it appears on the Note Register on such Record Date if (i) such Noteholder has provided to the Note Registrar appropriate written instructions at least five Business Days prior to such Settlement Date and such Holder's Note in the aggregate evidence a denomination of not less than $1,000,000 or (ii) such Noteholder is the Seller, or an Affiliate thereof, or if not by check mailed to such Noteholder at the address of such Noteholder appearing on the Note Register, except that, unless a Definitive Note has been issued pursuant to SECTION 2.5, with respect to the Note registered on the Record Date in the name of the nominee of the Clearing Agency (initially, such nominee to be Cede & Co.), payment will be made by wire transfer in immediately available funds to the account designated by such nominee, except for the final installment of principal payable with respect to such Note on a Settlement Date or on the Final Scheduled Settlement Date, which shall be payable as provided below.

(a) The principal of the Note shall be due and payable in full on the last day of the third Interest Period after Facility Termination Date as provided in the form of the Note set forth in EXHIBIT A-1. Notwithstanding the foregoing, the entire unpaid principal amount of the Note shall be due and payable, if not previously paid, on the date on which an Event of Default shall have occurred and be continuing in the manner and under the circumstances provided in SECTION 5.2. All principal payments on the Note shall be made pro rata to the Noteholder entitled thereto. Upon written notice from the Issuer, the Trustee shall notify the Person in whose name a Note is registered at the close of business on the Record Date preceding the Settlement Date on which the Issuer expects that the final installment of principal of and interest on such Note will be paid. Such notice shall be mailed or transmitted by facsimile prior to such final Settlement Date and shall specify that such final installment will be payable only upon presentation and surrender of such Note and shall specify the place where such Note may be presented and surrendered for payment of such installment.

(b) If the Issuer defaults in a payment of interest on the Note, the Issuer shall pay defaulted interest (plus interest on such defaulted interest to the extent lawful) at the Note Interest Rate then in effect in any lawful manner. The Issuer may pay such defaulted interest to the Noteholder on the immediately following Settlement Date, and if such amount is not paid on such following Settlement Date, then on a subsequent special record date, which date shall be at least five Business Days prior to the Settlement Date. The Issuer shall fix or cause to be fixed any such special record date and Settlement Date, and, at least 15 days before any such special record date, the Issuer shall mail to the Noteholder and the Trustee a notice that states the special record date, the Settlement Date and the amount of defaulted interest to be paid.

(c) Promptly following the date on which all principal of and interest on the Note has been paid in full and the Note has been surrendered to the Trustee, the Trustee shall, if the Insurer has paid any amount in respect of the Note under the Note Policy or otherwise which has not been reimbursed to it, deliver the surrendered Note to the Insurer.

SECTION 1.9. CANCELLATION. Subject to SECTION 2.8(c), the Note surrendered for payment, registration of transfer, exchange or redemption shall, if surrendered to any Person other than the Trustee, be delivered to the Trustee and shall be promptly canceled by the Trustee. Subject to SECTION 2.8(c), the Issuer may at any time deliver to the Trustee for cancellation any Note previously authenticated and delivered hereunder which the Issuer may have acquired in any manner whatsoever, and the Note so delivered shall be promptly

canceled by the Trustee. No Note shall be authenticated in lieu of or in exchange for any Note canceled as provided in this Section, except as expressly permitted by this Indenture. Subject to SECTION 2.8(c), the canceled Note may be held or disposed of by the Trustee in accordance with its standard retention or disposal policy as in effect at the time unless the Issuer shall direct by an Issuer Order that they be destroyed or returned to it; PROVIDED that such Issuer Order is timely and the Note has not been previously disposed of by the Trustee.

SECTION 1.10. RELEASE OF COLLATERAL. Subject to the terms of the other Basic Documents and SECTIONS 10.1 AND 11.1, the Trustee shall, on or after the Termination Date, release any remaining portion of the Trust Estate from the lien created by this Indenture and deposit in the Collection Account any funds then on deposit in any other Pledged Account. The Trustee shall release property from the lien created by this Indenture pursuant to this SECTION 2.10 only upon receipt of an Issuer Request accompanied by an Officer's Certificate meeting the applicable requirements of SECTION 11.1.

SECTION 1.11. AMOUNT LIMITED; ADVANCES.

The maximum aggregate principal amount of the Note which may be authenticated and delivered and Outstanding at any time under this Indenture is limited to the Maximum Invested Amount.

On each Business Day prior to the Facility Termination Date that is a Funding Date, and upon the satisfaction of all conditions precedent to (a) the funding of an Advance and (b) the purchase of Receivables, in each case as set forth in SECTION 2.1(b) of the Sale and Servicing Agreement, SECTION 7.02 and SECTION 7.03 of the Note Purchase Agreement, the Issuer shall be entitled to borrow additional funds pursuant to an Advance on such Funding Date in an aggregate principal amount equal to the Advance Amount with respect to such Funding Date. Each request by the Issuer for an Advance shall be deemed to be a certification by the Issuer as to the satisfaction of the conditions specified in the previous sentence.

The aggregate outstanding principal amount of the Note may be increased through the funding of the Advances. Each Advance and corresponding Advance Amount shall be recorded on the grid attached to the Note or in an electronic file substantially in the same form as such grid. The grid (or such electronic file) shall show all Advance Amounts and prepayments. The Agent shall be responsible for maintaining the grid with respect to the Note. Absent manifest error, all such grid entries (whether manual or in electronic form) shall be dispositive with respect to the determination of the outstanding principal amount of the Note. The Note (i) can be funded by Advances on any Funding Date in a minimum amount of $1,000,000 and any higher amount (subject to the Maximum Invested Amount), and (ii) subject to subsequent Advances pursuant to this SECTION 2.11, are subject to prepayment in whole or in part, at the option of the Issuer as provided in Article X herein.

ARTICLE II
COVENANTS

SECTION 1.1. PAYMENT OF PRINCIPAL AND INTEREST. The Issuer will duly and punctually pay the principal of and interest on the Note in accordance with the terms of the Note and this Indenture. Without limiting the foregoing, the Issuer will cause to be distributed on each Settlement Date all amounts deposited in the Note Distribution Account pursuant to the Sale and Servicing Agreement to the Noteholder. Amounts properly withheld under the Code by any Person from a payment to the Noteholder of interest and/or principal shall be considered as having been paid by the Issuer to the Noteholder for all purposes of this Indenture.

SECTION 1.2. MAINTENANCE OF OFFICE OR AGENCY. The Issuer will maintain in Phoenix, Arizona, an office or agency where the Note may be surrendered for registration of transfer or exchange, and where notices and demands to or upon the Issuer in respect of the Note and this Indenture may be served. The Issuer hereby initially appoints the Trustee to serve as its agent for the foregoing purposes. The Issuer will give prompt written notice to the Trustee of the location, and of any change in the location, of any such office or agency. If at any time the Issuer shall fail to maintain any such office or agency or shall fail to furnish the Trustee with the address thereof, such surrenders, notices and demands may be made or served at the Corporate Trust Office, and the Issuer hereby appoints the Trustee as its agent to receive all such surrenders, notices and demands.

SECTION 1.3. MONEY FOR PAYMENTS TO BE HELD IN TRUST. v) On or before each Settlement Date, the Issuer shall deposit or cause to be deposited in the Note Distribution Account from the Collection Account an aggregate sum sufficient to pay the amounts then becoming due under the Note, such sum to be held in trust for the benefit of the Persons entitled thereto and (unless the Note Paying Agent is the Trustee) shall promptly notify the Trustee of its action or failure so to act.

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

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

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

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

(iv) immediately resign as a Note Paying Agent and forthwith pay to the Trustee all sums held by it in trust for the payment of the Note if at any time it ceases to meet the standards required to be met by a Note Paying Agent at the time of its appointment; and

(v) comply with all requirements of the Code with respect to the withholding from any payments made by it on the Note of any applicable withholding taxes imposed thereon and with respect to any applicable reporting requirements in connection therewith.

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

(c) Subject to applicable laws with respect to the escheat of funds, any money held by the Trustee or any Note Paying Agent in trust for the payment of any amount due with respect to the Note and remaining unclaimed for two years after such amount has become due and payable shall be discharged from such trust and be paid to the Issuer on Issuer Request with the consent of the Controlling Party and shall be deposited by the Trustee in the Collection Account; and the Holder of the Note shall thereafter, as an unsecured general creditor, look only to the Issuer for payment thereof (but only to the extent of the amounts so paid to the Issuer), and all liability of the Trustee or such Note Paying Agent with respect to such trust money shall thereupon cease; provided, however, that if such money or any portion thereof had been previously deposited by the Insurer with the Trustee for the payment of principal or interest on the Note, to the extent any amounts are owing to the Insurer, such amounts shall be paid promptly to the Insurer upon receipt of a written request from the Insurer to such effect, and provided, further, that the Trustee or such

Note Paying Agent, before being required to make any such repayment, shall at the expense of the Issuer cause to be published once, in a newspaper published in the English language, customarily published on each Business Day and of general circulation in the City of New York, notice that such money remains unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of such publication, any unclaimed balance of such money then remaining will be repaid to the Issuer. The Trustee shall also adopt and employ, at the expense of the Issuer, any other reasonable means of notification of such repayment (including, but not limited to, mailing notice of such repayment to the Holder whose Note have been called but have not been surrendered for redemption or whose right to or interest in moneys due and payable but not claimed is determinable from the records of the Trustee or of any Note Paying Agent, at the last address of record for each such Holder).

SECTION 1.4. EXISTENCE. Except as otherwise permitted by the provisions of SECTION 3.10, the Issuer will keep in full effect its existence, rights and franchises as a business trust under the laws of the State of Delaware (unless it becomes, or any successor Issuer hereunder is or becomes, organized under the laws of any other state or of the United States of America, in which case the Issuer will keep in full effect its existence, rights and franchises under the laws of such other jurisdiction) and will obtain and preserve its qualification to do business in each jurisdiction in which such qualification is or shall be necessary to protect the validity and enforceability of this Indenture, the Note, the Collateral and each other instrument or agreement included in the Trust Estate.

SECTION 1.5. PROTECTION OF TRUST ESTATE. The Issuer intends the security interest Granted pursuant to this Indenture in favor of the Issuer Secured Parties to be prior to all other liens in respect of the Trust Estate, and the Issuer shall take all actions necessary to obtain and maintain, in favor of the Trustee, for the benefit of the Issuer Secured Parties, a first lien on and a first priority, perfected security interest in the Trust Estate. The Issuer will from time to time prepare (or shall cause to be prepared), execute and deliver all such supplements and amendments hereto and all such financing statements, continuation statements, instruments of further assurance and other instruments, and will take such other action necessary or advisable to:

(i) Grant more effectively all or any portion of the Trust Estate;

(ii) maintain or preserve the lien and security interest (and the priority thereof) in favor of the Trustee for the benefit of the Issuer Secured Parties created by this Indenture or carry out more effectively the purposes hereof;

(iii) perfect, publish notice of or protect the validity of any Grant made or to be made by this Indenture;

(iv) enforce any of the Collateral;

(v) preserve and defend title to the Trust Estate and the rights of the Trustee and the Noteholder in such Trust Estate against the claims of all persons and parties; and

(vi) pay all taxes or assessments levied or assessed upon the Trust Estate when due.

The Issuer hereby designates the Trustee its agent and attorney-in-fact to execute any financing statement, continuation statement or other instrument required by the Trustee pursuant to this Section.

SECTION 1.6. OPINIONS AS TO TRUST ESTATE. vi) On the Closing Date, the Issuer shall furnish to the Trustee, the Agent and the Controlling Party an Opinion of Counsel either stating that, in the opinion of such counsel, such action has been taken with respect to the recording and filing of this Indenture, any indentures supplemental hereto, and any other requisite documents, and with respect to the execution and filing of any financing statements and continuation statements, as are necessary to perfect and make effective the first priority lien and security interest in favor of the Trustee, for the benefit of the Issuer Secured Parties, created by this Indenture and reciting the details of such action, or stating that, in the opinion of such counsel, no such action is necessary to make such lien and security interest effective.

(a) Within 90 days after the beginning of each calendar year, beginning with the first calendar year beginning more than three months after the first day of the Amortization Period, the Issuer shall furnish to the Trustee, the Agent and the Controlling Party an Opinion of Counsel either stating that, in the opinion of such counsel, such action has been taken with respect to the recording, filing, re-recording and refiling of this Indenture, any indentures supplemental hereto and any other requisite documents and with respect to the execution and filing of any financing statements and continuation statements as are necessary to maintain the lien and security interest created by this Indenture and reciting the details of such action or stating that in the opinion of such counsel no such action is necessary to maintain such lien and security interest. Such Opinion of Counsel shall also describe any action necessary (as of the date of such opinion) to be taken in the following year to maintain the lien and security interest of this Indenture.

SECTION 1.7. PERFORMANCE OF OBLIGATIONS; SERVICING OF RECEIVABLES. vii) The Issuer will not take any action and will use its best efforts not to permit any action to be taken by others that would release any Person from any of such Person's material covenants or obligations under any instrument or agreement included in the Trust Estate or that would result in the amendment, hypothecation, subordination, termination or discharge of or impair the validity or effectiveness of, any such instrument or agreement, except as ordered by any bankruptcy or other court or as expressly provided in this Indenture, the other Basic Documents or such other instrument or agreement.

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

(b) The Issuer will punctually perform and observe all of its obligations and agreements contained in this Indenture, the other Basic Documents and in the instruments and agreements included in the Trust Estate, including but not limited to preparing (or causing to be prepared) and filing (or causing to be filed) all UCC financing statements and continuation statements required to be filed by the terms of this Indenture and the Sale and Servicing Agreement in accordance with and within the time periods provided for herein and therein. Except as otherwise expressly provided therein, the Issuer shall not waive, amend, modify, supplement or terminate any Basic Document or any provision thereof without the consent of the Controlling Party.

(c) If a responsible officer of the Issuer shall have written notice or actual knowledge of the occurrence of a Servicer Termination Event or Funding Termination Event under the Sale and Servicing Agreement, the Issuer shall promptly notify the Trustee, the Agent, the Insurer and the Rating Agencies thereof in accordance with SECTION 11.4, and shall specify in such notice the action, if any, the Issuer is taking in respect of such default. If a Servicer Termination Event or Funding Termination Event shall arise from the failure of the Servicer to perform any of its duties or obligations under the Sale and Servicing Agreement with respect to the Receivables, the Issuer shall take all reasonable steps available to it to remedy such failure.

(d) The Issuer agrees that it will not waive timely performance or observance by the Servicer or the Seller of their respective duties under the Basic Documents without the prior consent of the Controlling Party.

SECTION 1.8. NEGATIVE COVENANTS. So long as the Note is Outstanding, the Issuer shall not:

(i) except as expressly permitted by this Indenture or the other Basic Documents, sell, transfer, exchange or otherwise dispose of any of the properties or assets of the Issuer, including those included in the Trust Estate, unless directed to do so by the Controlling Party or the Controlling Party has approved such disposition;

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

(iii) (A) permit the validity or effectiveness of this Indenture to be impaired, or permit the lien in favor of the Trustee created by this Indenture to be amended, hypothecated, subordinated, terminated or discharged, or permit any Person to be released from any covenants or obligations with respect to the Note under this Indenture except as may be expressly permitted hereby, (B) permit any lien, charge, excise, claim, security interest, mortgage or other encumbrance (other than the lien of this Indenture) to be created on or extend to or otherwise arise upon or burden the Trust Estate or any part thereof or any interest therein or the proceeds thereof (other than tax liens, mechanics' liens and other liens that arise by operation of law, in each case on a Financed Vehicle and arising solely as a result of an action or omission of the related Obligor), (C) permit the lien of this Indenture not to constitute a valid first priority (other than with respect to any such tax, mechanics' or other lien) perfected security interest in the Trust Estate or (D) amend, modify or fail to comply with the provisions of the Basic Documents without the prior written consent of the Controlling Party.

SECTION 1.9. ANNUAL STATEMENT AS TO COMPLIANCE. The Issuer will deliver to the Trustee, the Agent and the Insurer, on or before February 28 of each year, beginning February 28, 2003 an Officer's Certificate, dated as of December 31 of the preceding year, stating, as to the Authorized Officer signing such Officer's Certificate, that

(i) a review of the activities of the Issuer during the preceding year (or portion of such year from the initial Funding Date through December 31, 2002) and of performance under this Indenture has been made under such Authorized Officer's supervision; and

(ii) to the best of such Authorized Officer's knowledge, based on such review, the Issuer has complied with all conditions and covenants under this Indenture throughout such year, or, if there has been a default in the compliance of any such condition or covenant, specifying each such default known to such Authorized Officer and the nature and status thereof.

SECTION 1.10. ISSUER MAY CONSOLIDATE, ETC. ONLY ON CERTAIN TERMS. viii) The Issuer shall not consolidate or merge with or into any other Person, unless

(i) the Person (if other than the Issuer) formed by or surviving such consolidation or merger shall be a Delaware business trust and shall expressly assume, by an indenture supplemental hereto, executed and delivered to the Trustee, in form satisfactory to the Trustee, the Agent and, unless an Insurer Default is continuing, the Insurer, the due and punctual payment of the principal of and interest on the Note and the performance or observance of every agreement and covenant of this Indenture on the part of the Issuer to be performed or observed, all as provided herein;

(ii) immediately after giving effect to such transaction, no Default, Event of Default, Insurance Agreement Event of Default or Funding Termination Event shall have occurred and be continuing;

(iii) the Rating Agency Condition shall have been satisfied with respect to such transaction;

(iv) the Issuer shall have received an Opinion of Counsel (and shall have delivered copies thereof to the Trustee, the Agent, and the Insurer) to the effect that such transaction will not have any material adverse tax consequence to the Insurer, or the Noteholder;

(v) any action as is necessary to maintain the lien and first priority, perfected security interest created by this Indenture shall have been taken;

(vi) the Issuer shall have delivered to the Trustee, the Agent and the Insurer an Officer's Certificate and an Opinion of Counsel each stating that such consolidation or merger and such supplemental indenture comply with this SECTION 3.10 and that all conditions precedent herein provided for relating to such transaction have been complied with; and

(vii) the Issuer shall have given the Controlling Party written notice of such conveyance or transfer at least 20 Business Days prior to the consummation of such action and shall have received the prior written approval of the Controlling Party of such conveyance or transfer and the Issuer or the Person (if other than the Issuer) formed by or surviving such conveyance or transfer has a net worth, immediately after such conveyance or transfer, that is (a) greater than zero and (b) not less than the net worth of the Issuer immediately prior to giving effect to such conveyance or transfer.

(b) The Issuer shall not convey or transfer all or substantially all of its properties or assets, including those included in the Trust Estate, to any Person, unless

(i) the Person that acquires by conveyance or transfer the properties and assets of the Issuer the conveyance or transfer of which is hereby restricted shall (A) be a Delaware business trust, (B) expressly assume, by an indenture supplemental hereto, executed and delivered to the Trustee, in form satisfactory to the Trustee, the Agent and the Controlling Party, the due and punctual payment of the principal of and interest on the Note and the performance or observance of every agreement and covenant of this Indenture and each of the other Basic Documents on the part of the Issuer to be performed or observed, all as provided herein, (C) expressly agree by means of such supplemental indenture that all right, title and interest so conveyed or transferred shall be subject and subordinate to the rights of the Noteholder, and (D) unless otherwise provided in such supplemental indenture, expressly agree to indemnify, defend and hold harmless the Issuer against and from any loss, liability or expense arising under or related to this Indenture and the Note;

(ii) immediately after giving effect to such transaction, no Default, Event of Default, Insurance Agreement Event of Default or Funding Termination Event shall have occurred and be continuing;

(iii) the Rating Agency Condition shall have been satisfied with respect to such transaction;

(iv) the Issuer shall have received an Opinion of Counsel (and shall have delivered copies thereof to the Trustee, the Agent, and the Insurer) to the effect that such transaction will not have any material adverse tax consequence to the Insurer, or the Noteholder;

(v) any action as is necessary to maintain the lien and security interest created by this Indenture shall have been taken;

(vi) the Issuer shall have delivered to the Trustee, the Agent and the Insurer an Officers' Certificate and an Opinion of Counsel each stating that such conveyance or transfer and such supplemental indenture comply with this SECTION 3.10 and that all conditions precedent herein provided for relating to such transaction have been complied with; and

(vii) the Issuer shall have given the Controlling Party written notice of such conveyance or transfer at least 20 Business Days prior to the consummation of such action and shall have received the prior written approval of the Controlling Party of such conveyance or transfer and the Issuer or the Person (if other than the Issuer) formed by or surviving such conveyance or transfer has a net worth, immediately after such conveyance or transfer, that is (a) greater than zero and (b) not less than the net worth of the Issuer immediately prior to giving effect to such consolidation or merger.

SECTION 1.11. SUCCESSOR OR TRANSFEREE. ix) Upon any consolidation or merger of the Issuer in accordance with SECTION 3.10(a), the Person formed by or surviving such consolidation or merger (if other than the Issuer) shall succeed to, and be substituted for, and may exercise every right and power of, the Issuer under this Indenture with the same effect as if such Person had been named as the Issuer herein.

(a) Upon a conveyance or transfer of all the assets and properties of the Issuer pursuant to SECTION 3.10(B), the Issuer will be released from every covenant and agreement of this Indenture to be observed or performed on the part of the Issuer with respect to the Note immediately upon the delivery of written notice to the Trustee stating that the Issuer is to be so released.

SECTION 1.12. NO OTHER BUSINESS. The Issuer shall not engage in any business other than financing, purchasing, owning, selling and managing the Related Receivables in the manner contemplated by this Indenture and the other Basic Documents and activities incidental thereto. After the Facility Termination Date, the Issuer shall not purchase any additional Receivables.

SECTION 1.13. NO BORROWING. The Issuer shall not issue, incur, assume, guarantee or otherwise become liable, directly or indirectly, for any Indebtedness except for (i) the Note, (ii) obligations owing from time to time to the Insurer under the Insurance Agreement and (iii) any other Indebtedness permitted by or arising under the Basic Documents. The proceeds of the Note shall be used to fund the Issuer's purchase of the Related Receivables and the other assets specified in the Sale and Servicing Agreement, to fund the Reserve Account up to the Required Reserve Account Amount and to pay the Issuer's organizational, transactional and start-up expenses.

SECTION 1.14. SERVICER'S OBLIGATIONS. The Issuer shall cause the Servicer to comply with Sections 4.9, 4.10, 4.11 and 5.9 of the Sale and Servicing Agreement.

SECTION 1.15. GUARANTEES, LOANS, ADVANCES AND OTHER LIABILITIES. Except as contemplated by the Sale and Servicing Agreement, this Indenture or the other Basic Documents, the Issuer shall not make any loan or advance or credit to, or guarantee (directly or indirectly or by an instrument having the effect of assuring another's payment or performance on any obligation or capability of so doing or otherwise), endorse or otherwise become contingently liable, directly or indirectly, in connection with the obligations, stocks or dividends of, or own, purchase, repurchase or acquire (or agree contingently to do so) any stock, obligations, assets or securities of, or any other interest in, or make any capital contribution to, any other Person.

SECTION 1.16. CAPITAL EXPENDITURES. The Issuer shall not make any expenditure (by long-term or operating lease or otherwise) for capital assets (either realty or personalty).

SECTION 1.17. COMPLIANCE WITH LAWS. The Issuer shall comply with the requirements of all applicable laws, the non-compliance with which would, individually or in the aggregate, materially and adversely affect the ability of the Issuer to perform its obligations under the Note, this Indenture or any Basic Document.

SECTION 1.18. RESTRICTED PAYMENTS. The Issuer shall not, directly or indirectly, (i) pay any dividend or make any distribution (by reduction of capital or otherwise), whether in cash, property, securities or a combination thereof, to any owner of a beneficial interest in the Issuer or otherwise with respect to any ownership or equity interest or security in or of

the Issuer, (ii) redeem, purchase, retire or otherwise acquire for value any such ownership or equity interest or security or (iii) set aside or otherwise segregate any amounts for any such purpose; provided, however, that the Issuer may make, or cause to be made, distributions to the Trustee and to any owner of a beneficial interest in the Issuer as permitted by, and to the extent funds are available for such purpose from distributions under the Sale and Servicing Agreement. The Issuer will not, directly or indirectly, make payments to or distributions from the Collection Account and the other Pledged Accounts except in accordance with this Indenture and the Basic Documents.

SECTION 1.19. NOTICE OF EVENTS OF DEFAULT AND FUNDING TERMINATION EVENTS. Upon a responsible officer of the Issuer having notice or actual knowledge thereof, the Issuer agrees to give the Trustee, the Insurer (unless an Insurer Default is continuing), the Noteholder, the Agent and the Rating Agencies prompt written notice of each Event of Default hereunder and each Funding Termination Event, Servicer Termination Event or other Default on the part of the Servicer or the Seller of its obligations under the Sale and Servicing Agreement.

SECTION 1.20. FURTHER INSTRUMENTS AND ACTS. Upon request of the Trustee or the Controlling Party, the Issuer will execute and deliver such further instruments and do such further acts as may be reasonably necessary or proper to carry out more effectively the purpose of this Indenture.

SECTION 1.21. AMENDMENTS OF SALE AND SERVICING AGREEMENT. The Issuer shall not agree to any amendment to Section 11.1 of the Sale and Servicing Agreement to eliminate the requirements thereunder that the Trustee, the Agent, the Controlling Party or the Noteholder consent to amendments thereto as provided therein.

SECTION 1.22. INCOME TAX CHARACTERIZATION. For purposes of federal income tax, state and local income tax, franchise tax and any other income taxes, the Issuer and the Noteholder will treat the Note as indebtedness and hereby instructs the Trustee to treat the Note as indebtedness for all such tax reporting purposes.

SECTION 1.23. SEPARATE EXISTENCE OF THE ISSUER. During the term of the Indenture, the Issuer shall observe the applicable legal requirements for the recognition of the Issuer as a legal entity separate and apart from its Affiliates, including as follows:

(i) the Issuer shall maintain business records and books of account separate from those of its Affiliates;

(ii) except as otherwise provided in the Basic Documents, the Issuer shall not commingle its assets and funds with those of its Affiliates;

(iii) the Issuer shall at all times hold itself out to the public under the Issuer's own name as a legal entity separate and distinct from its Affiliates;

(iv) all transactions and dealings between the Issuer and its Affiliates will be conducted on an arm's-length basis; and

(v) the requirements set forth in the legal opinion delivered by Andrews & Kurth dated March 7, 2002 with respect to nonconsolidation of the Issuer and its Affiliates.

SECTION 1.24. AMENDMENT OF ISSUER'S ORGANIZATIONAL DOCUMENTS. The Issuer shall not amend its organizational documents except in accordance with the provisions thereof.

ARTICLE II

SATISFACTION AND DISCHARGE

SECTION 1.1. SATISFACTION AND DISCHARGE OF INDENTURE. This Indenture shall cease to be of further effect with respect to the Note except as to (i) rights of registration of transfer and exchange, (ii) substitution of mutilated, destroyed, lost or stolen Note, (iii) rights of the Noteholder to receive payments of principal thereof and interest thereon, (iv) SECTIONS 3.3, 3.4, 3.5, 3.6, 3.8, 3.10, 3.11, 3.18, 3.19, 3.20, 3.21, 3.23, 3.24 and 11.17, (v) the rights, obligations and immunities of the Trustee hereunder (including the rights of the Trustee under SECTION 6.7 and the obligations of the Trustee under SECTION 4.2) and (vi) the rights of the Noteholder as beneficiaries hereof with respect to the property so deposited with the Trustee payable to all or any of them, and the Trustee, on demand of and at the expense of the Issuer, shall execute proper instruments acknowledging satisfaction and discharge of this Indenture with respect to the Note, when

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

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

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

SECTION 1.2. APPLICATION OF TRUST MONEY. All moneys deposited with the Trustee pursuant to SECTION 4.1 or SECTION 4.3 hereof shall be held in trust and applied by it, in accordance with the provisions of the Note and this Indenture, to the payment, either directly or through the Note Paying Agent, as the Trustee may determine, to the Noteholder for the payment or redemption of which such moneys have been deposited with the Trustee, of all sums due and to become due thereon for principal and interest; but such moneys need not be segregated from other funds except to the extent required herein, in the Sale and Servicing Agreement or in the other Basic Documents or required by law. Any funds remaining with the Trustee or on deposit in the Pledged Accounts shall be remitted to the Issuer upon satisfaction by the Issuer of its obligations hereunder and under the Basic Documents, including without limitation, those under SECTION 4.1(c).

SECTION 1.3. REPAYMENT OF MONEYS HELD BY NOTE PAYING AGENT. In connection with the satisfaction and discharge of this Indenture with respect to the Note, all moneys then held by the Note Paying Agent other than the Trustee under the provisions of this Indenture with respect to the Note shall, upon demand of the Issuer, be remitted to the Trustee to be held and applied according to SECTION 4.2 and thereupon the Note Paying Agent shall be released from all further liability with respect to such moneys.

ARTICLE II

REMEDIES

SECTION 1.1. EVENTS OF DEFAULT. x) "EVENT OF DEFAULT", wherever used herein, means any one of the following events (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(i) default in the payment of any interest on the Note when the same becomes due and payable (solely for purposes of this clause, a payment on the Note funded by the Insurer or from amounts on deposit in the Reserve Account shall be deemed to be a payment made by the Issuer); or

(ii) default in the payment of the principal of or any installment of the principal of the Note when the same becomes due and payable (solely for purposes of this clause, a payment on the Note funded from amounts on deposit in the Reserve Account shall be deemed to be a payment made by the Issuer); or

(iii) an Insurance Agreement Indenture Cross Default shall have occurred; or

(iv) so long as an Insurer Default shall have occurred and be continuing, default in the observance or performance of any covenant or agreement of the Issuer made in this Indenture (other than a covenant or agreement, a default in the observance or performance of which is elsewhere in this Section specifically dealt with), or any representation or warranty of the Issuer made in this Indenture or in any certificate or other writing delivered pursuant hereto or in connection herewith proving to have been incorrect in any material respect as of the time when the same shall have been made, and such default shall continue or not be cured, or the circumstance or condition in respect of which such misrepresentation or warranty was incorrect shall not have been eliminated or otherwise cured, for a period of 10 days (or for such longer period, not in excess of 30 days, as may be reasonably necessary to remedy such default; provided that such default is capable of remedy within 30 days or less and the Servicer on behalf of the Issuer delivers an Officer's Certificate to the Trustee to the effect that the Issuer has commenced, or will promptly commence and diligently pursue, all reasonable efforts to remedy such default) after there shall have been given, by registered or certified mail, to the Issuer by the Trustee or to the Issuer and the Trustee by the Agent, a written notice specifying such default or incorrect representation or warranty and requiring it to be remedied and stating that such notice is a "NOTICE OF DEFAULT" hereunder; or

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

(vi) the failure of the Invested Amount to be reduced to zero on or prior to the last day of the third Interest Period after the Facility Termination Date;

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

SECTION 1.2. RIGHTS UPON EVENT OF DEFAULT. xi) If an Event of Default shall have occurred and be continuing, the Note shall become immediately due and payable at par, together with accrued interest thereon, upon written notice by the Controlling Party. If an Event of Default shall have occurred and be continuing, the Controlling Party may exercise any of the remedies specified in SECTION 5.4. In the event of any acceleration of the Note by operation of this SECTION 5.2, the Trustee shall continue to be entitled to make claims under the Note Policy pursuant to the Sale and Servicing Agreement for Scheduled Payments on the Note. Payments under the Note Policy following acceleration of the Note shall be applied by the Trustee:

FIRST: on any Settlement Date, to the Noteholder for amounts due and unpaid on the Note for interest; and

SECOND: on the Final Scheduled Settlement Date, for amounts due and unpaid on the Note, to the Noteholder, the Noteholder's Principal Distributable Amount together with the Noteholder's Principal Carryover Shortfall, to pay principal of the Note until the outstanding principal amount of the Note has been reduced to zero.

(a) In the event the Note is accelerated due to an Event of Default, the Insurer shall have the right (in addition to its obligation to pay Scheduled Payments on the Note in accordance with the Note Policy), but not the obligation, to make payments under the Note Policy or otherwise of interest and principal due on the Note, in whole or in part, on any date or dates following such acceleration as the Insurer, in its sole discretion, shall elect.

(b) If an Insurer Default shall have occurred and be continuing, then at any time after such declaration of acceleration of maturity has been made and before a judgment or decree for payment of the money due has been obtained by the Trustee as hereinafter in this Article V provided, a Note Majority, by written notice to the Issuer and the Trustee, may rescind and annul such declaration and its consequences if the Issuer has paid or deposited with the Trustee a sum sufficient to pay:

(i) all payments of principal of and interest on the Note and all other amounts that would then be due hereunder or upon the Note if the Event of Default giving rise to such acceleration had not occurred; and

(ii) all sums paid or advanced by the Trustee hereunder and the reasonable compensation, expenses, disbursements and advances of the Trustee and its agents and counsel; and

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

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

SECTION 1.3. COLLECTION OF INDEBTEDNESS AND SUITS FOR ENFORCEMENT BY TRUSTEE. xii) The Issuer covenants that if (i) default is made in the payment of any interest on, or principal of, the Note when the same becomes due and payable, the Issuer will, upon demand of the Trustee, pay to it, for the benefit of the Noteholder, the whole amount then due and payable on the Note for principal and interest, with interest upon the overdue principal, and, to the extent payment at such rate of interest shall be legally enforceable, upon overdue installments of interest, at the Note Interest Rate and in addition thereto such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee and its agents and counsel.

(a) Each Issuer Secured Party hereby irrevocably and unconditionally appoints the Controlling Party as the true and lawful attorney-in-fact of such Issuer Secured Party for so long as such Issuer Secured Party is not the Controlling Party, with full power of substitution, to execute, acknowledge and deliver any notice, document, certificate, paper, pleading or instrument and to do in the name of the Controlling Party as well as in the name, place and stead of such Issuer Secured Party such acts, things and deeds for or on behalf of and in the name of such Issuer Secured Party under this Indenture (including specifically under SECTION 5.4) and under the other Basic Documents which such Issuer Secured Party could or might do or which may be necessary, desirable or convenient in such Controlling Party's sole discretion to effect the purposes contemplated hereunder and under the other Basic Documents and, without limitation, following the occurrence of an Event of Default, exercise full right, power and authority to take, or defer from taking, any and all acts with respect to the administration, maintenance or disposition of the Trust Estate.

(b) If an Event of Default occurs and is continuing, the Trustee may in its discretion subject to the consent of the Controlling Party and shall, at the direction of the Controlling Party, proceed to protect and enforce its rights and the rights of the Noteholder by such appropriate Proceedings as the Trustee or the Controlling Party shall deem most effective to protect and enforce any such rights, whether for the specific enforcement of any

covenant or agreement in this Indenture or in aid of the exercise of any power granted herein, or to enforce any other proper remedy or legal or equitable right vested in the Trustee by this Indenture or by law.

(c) [RESERVED].

(d) In case there shall be pending, relative to the Issuer or any other obligor upon the Note or any Person having or claiming an ownership interest in the Trust Estate, proceedings under Title 11 of the United States Code or any other applicable Federal or state bankruptcy, insolvency or other similar law, or in case a receiver, assignee or trustee in bankruptcy or reorganization, liquidator, sequestrator or similar official shall have been appointed for or taken possession of the Issuer or its property or such other obligor or Person, or in case of any other comparable judicial proceedings relative to the Issuer or other obligor upon the Note, or to the creditors or property of the Issuer or such other obligor, the Trustee, irrespective of whether the principal of the Note shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Trustee shall have made any demand pursuant to the provisions of this Section, shall be entitled and empowered, by intervention in such proceedings or otherwise:

(i) to file and prove a claim or claims for the whole amount of principal and interest owing and unpaid in respect of the Note and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for reasonable compensation to the Trustee and each predecessor Trustee, and their respective agents, attorneys and counsel, and for reimbursement of all expenses and liabilities incurred, and all advances made, by the Trustee and each predecessor Trustee, except as a result of negligence, bad faith or willful misconduct) and of the Noteholder allowed in such proceedings;

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

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

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

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

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

(g) All rights of action and of asserting claims under this Indenture or under the Note, may be enforced by the Trustee without the possession of the Note or the production thereof in any trial or other proceedings relative thereto, and any such action or proceedings instituted by the Trustee shall be brought in its own name as trustee of an express trust, and

any recovery of judgment, subject to the payment of the expenses, disbursements and compensation of the Trustee, each predecessor Trustee and their respective agents and attorneys, shall be for the benefit of the Noteholder.

(h) In any proceedings brought by the Trustee (and also any proceedings involving the interpretation of any provision of this Indenture), the Trustee shall be held to represent the Noteholder, and it shall not be necessary to make the Noteholder a party to any such proceedings.

SECTION 1.4. REMEDIES. If an Event of Default shall have occurred and be continuing, the Controlling Party may do one or more of the following (subject to SECTION 5.5):

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

(ii) institute or direct the Trustee to institute Proceedings from time to time for the complete or partial foreclosure of this Indenture with respect to the Trust Estate;

(iii) exercise or direct the Trustee to exercise any remedies of a secured party under the UCC and take any other appropriate action to protect and enforce the rights and remedies of the Trustee and the Issuer Secured Parties; and

(iv) sell or direct the Trustee to sell the Trust Estate or any portion thereof or rights or interest therein, at one or more public or private sales (including, without limitation, the sale of the Collateral in connection with a securitization thereof) called and conducted in any manner permitted by law; provided, however, that if the Trustee is the Controlling Party, the Trustee may not sell or otherwise liquidate the Trust Estate following an Event of Default unless

(A) such Event of Default is of the type described in Section 5.1(a)(i) or (a)(ii), or

(B) either

(x) the Holder of 100% of the Invested Amount of the Note consents thereto, or

(y) the proceeds of such sale or liquidation distributable to the Noteholder are sufficient to discharge in full all amounts then due and unpaid upon the Note for principal and interest.

In determining such sufficiency or insufficiency with respect to CLAUSE (Y), the Trustee may, but need not, obtain and rely upon an opinion of an Independent investment banking or accounting firm of national reputation as to the feasibility of such proposed action and as to the sufficiency of the Trust Estate for such purpose.

SECTION 1.5. OPTIONAL PRESERVATION OF THE RECEIVABLES. If the Trustee is the Controlling Party and if the Note has been declared to be due and payable under SECTION 5.2 following an Event of Default and such declaration and its consequences have not been rescinded and annulled, the Trustee may, but need not, elect to maintain possession of the Trust Estate. It is the desire of the parties hereto and the Noteholder that there be at all times sufficient funds for the payment of principal of and interest on the Note, and the Trustee shall take such desire into account when determining whether or not to maintain possession of the Trust Estate. In determining whether to maintain possession of the Trust Estate, the Trustee may, but need not, obtain and rely upon an opinion of an Independent investment banking or accounting firm of national reputation as to the feasibility of such proposed action and as to the sufficiency of the Trust Estate for such purpose.

SECTION 1.6. PRIORITIES.

(a) Following the acceleration of the Note pursuant to SECTION 5.2, the Available Funds, together with any other amounts on deposit in the Pledged Accounts, including any money or property collected pursuant to SECTION 5.4 of this Indenture shall be applied by the Trustee on the related Settlement Date in the order of priority specified in Section 5.7 of the Sale and Servicing Agreement.

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

SECTION 1.7. LIMITATION OF SUITS. No Holder of the Note shall have any right to institute any proceeding, judicial or otherwise, with respect to this Indenture, or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless:

(i) the Holder has previously given written notice to the Trustee of a continuing Event of Default;

(ii) the Holder of the Note has made a written request to the Trustee to institute such proceeding in respect of such Event of Default in its own name as Trustee hereunder;

(iii) the Holder has offered to the Trustee indemnity reasonably satisfactory to it against the costs, expenses and liabilities to be incurred in complying with such request;

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

(v) no direction inconsistent with such written request has been given to the Trustee during such 60-day period by a Note Majority; and

(vi) an Insurer Default shall have occurred and be continuing;

it being understood and intended that no Holder of the Note shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the rights of any Holder of the Note or to obtain or to seek to obtain priority or preference over any Holder or to enforce any right under this Indenture, except in the manner herein provided.

SECTION 1.8. UNCONDITIONAL RIGHTS OF THE NOTEHOLDER TO RECEIVE PRINCIPAL AND INTEREST. Notwithstanding any other provisions of this Indenture, the Noteholder shall have the right, which is absolute and unconditional, to receive payment of the principal of and interest, if any, on the Note on or after the respective due dates thereof expressed in the Note or in this Indenture and to institute suit for the enforcement of any such payment, and such right shall not be impaired without the consent of the Noteholder.

SECTION 1.9. RESTORATION OF RIGHTS AND REMEDIES. If the Controlling Party or the Noteholder has instituted any proceeding to enforce any right or remedy under this Indenture and such proceeding has been discontinued or abandoned for any reason or has been determined adversely to the Trustee or to the Noteholder, then and in every such case the Issuer, the Trustee and the Noteholder shall, subject to any determination in such Proceeding, be restored severally and respectively to their former positions hereunder, and thereafter all rights and remedies of the Trustee and the Noteholder shall continue as though no such proceeding had been instituted.

SECTION 1.10. RIGHTS AND REMEDIES CUMULATIVE. No right or remedy herein conferred upon or reserved to the Controlling Party or to the Noteholder is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

SECTION 1.11. DELAY OR OMISSION NOT A WAIVER. No delay or omission of the Controlling Party or the Noteholder to exercise any right or remedy accruing upon any Default or Event of Default shall impair any such right or remedy or constitute a waiver of any such Default or Event of Default or an acquiescence therein. Every right and remedy given by this Article V or by law to the Trustee or to the Noteholder may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the Noteholder, as the case may be.

SECTION 1.12. CONTROL BY THE NOTEHOLDER. If the Trustee is the Controlling Party, the Note Majority shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee with respect to the Note or exercising any trust or power conferred on the Trustee; PROVIDED that

(i) such direction shall not be in conflict with any rule of law or with this Indenture;

(ii) subject to the express terms of SECTION 5.4, any direction to the Trustee to sell or liquidate the Trust Estate shall be by the Holder of the Note representing not less than 100% of the Invested Amount of the Note;

(iii) if the conditions set forth in SECTION 5.5 have been satisfied and the Trustee elects to retain the Trust Estate pursuant to such Section, then any direction to the Trustee by the Holder of the Note representing less than 100% of the Invested Amount of the Note to sell or liquidate the Trust Estate shall be of no force and effect; and

(iv) the Trustee may take any other action deemed proper by the Trustee that is not inconsistent with such direction;

PROVIDED, HOWEVER, that, subject to SECTION 6.1, the Trustee need not take any action that it determines might involve it in liability or might materially adversely affect the rights of any Noteholder not consenting to such action.

SECTION 1.13. WAIVER OF PAST DEFAULTS. If an Insurer Default shall have occurred and be continuing, prior to the declaration of the acceleration of the maturity of the Note as provided in SECTION 5.2, a Note Majority may waive any past Default or Event of Default and its consequences except a Default or Event of Default (i) in payment of principal of or interest on the Note or (ii) in respect of a covenant or provision hereof which cannot be modified or amended without the consent of the Noteholder. In the case of any such waiver, the Issuer, the Trustee and the Noteholder shall be restored to their former positions and rights hereunder, respectively; but no such waiver shall extend to any subsequent or other Default or Event of Default or impair any right consequent thereto.

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

SECTION 1.14. UNDERTAKING FOR COSTS. All parties to this Indenture agree, and the Noteholder by its acceptance thereof shall be deemed to have agreed, that any court may in its discretion require, in any suit for the enforcement of any right or remedy under this Indenture, or in any suit against the Trustee for any action taken, suffered or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this Section shall not apply to (a) any suit instituted by the Trustee, (b) any suit instituted by the Noteholder holding in the aggregate more than 10% of the Invested Amount of the Note or (c) any suit instituted by the Noteholder for the enforcement of the payment of principal of or interest on the Note on or after the respective due dates expressed in the Note and in this Indenture.

SECTION 1.15. WAIVER OF STAY OR EXTENSION LAWS. The Issuer covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead or in any manner whatsoever, claim or take the benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force, that may affect the covenants or the performance of this Indenture; and the Issuer (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it will not hinder, delay or impede the execution of any power and any right of the Issuer to take such action shall be suspended.

SECTION 1.16. SUBROGATION. The Trustee shall receive as attorney-in-fact of the Noteholder any Note Policy Claim Amount from the Insurer. Any and all Note Policy Claim Amounts disbursed by the Trustee from claims made under the Note Policy shall not be considered payment by the Issuer with respect to the Note, and shall not discharge the obligations of the Issuer with respect thereto. The Insurer shall, to the extent it makes any payment with respect to the Note, become subrogated to the rights of the recipient of such payments to the extent of such payments. Subject to and conditioned upon any payment with respect to the Note by or on behalf of the Insurer, the Trustee shall assign to the Insurer all rights to the payment of interest or principal with respect to the Note which are then due for payment to the extent of all payments made by the Insurer, and the Insurer may exercise any option, vote, right, power or the like with respect to the Note to the extent that it has made payment pursuant to the Note Policy. To evidence such subrogation, the Note Registrar shall note the Insurer's rights as subrogee upon the register of the Noteholder upon receipt from the Insurer of proof of payment by the Insurer of the Noteholder's Interest Distributable Amount or Noteholder's Principal Distributable Amount. The foregoing subrogation shall in all cases be subject to the rights of the Noteholder to receive all Scheduled Payments in respect of the Note.

SECTION 1.17. PREFERENCE CLAIMS. In the event that the Trustee has received a certified copy of a final, non-appealable order of the appropriate court that the Noteholder's Interest Distributable Amount or Noteholder's Principal Distributable Amount paid on a Note has been avoided in whole or in part as a preference payment under applicable bankruptcy law, the Trustee shall so notify the Insurer, shall comply with the provisions of the Note Policy to obtain payment by the Insurer of such avoided payment, and shall, at the time it provides notice to the Insurer, notify the Agent by mail that, in the event that the Noteholder's payment is so recoverable, the Noteholder will be entitled to payment pursuant to the terms of the Note Policy. The Trustee shall furnish to the Insurer at its written request, the requested records it holds in its possession evidencing the payments of principal of and interest on the Note, if any, which have been made by the Trustee and subsequently recovered

from the Noteholder, and the dates on which such payments were made. Pursuant to the terms of the Note Policy, the Insurer will make such payment on behalf of the Noteholder to the receiver, conservator, debtor-in-possession or trustee in bankruptcy named in the Order (as defined in the Note Policy) and not to the Trustee or the Noteholder directly (unless a Noteholder has previously paid such payment to the receiver, conservator, debtor-in-possession or trustee in bankruptcy, in which case the Insurer will make such payment to the Trustee for distribution to the Noteholder upon proof of such payment reasonably satisfactory to the Insurer).

(b) The Trustee shall promptly notify the Insurer of any proceeding or the institution of any action (of which the Trustee has actual knowledge) seeking the avoidance as a preferential transfer under applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (a "Preference Claim") of any payment made with respect to the Note. Each Holder, by its purchase of the Note, and the Trustee hereby agree that so long as (i) an Insurer Default shall not have occurred and be continuing, (ii) any amounts due to the Insurer under the Insurance Agreement or the other Basic Documents remain unpaid or (iii) the Note Policy has not expired in accordance with its terms, the Insurer may at any time during the continuation of any proceeding relating to a Preference Claim direct all matters relating to such Preference Claim including, without limitation, (1) the direction of any appeal of any order relating to any Preference Claim and (2) the posting of any surety, supersedeas or performance bond pending any such appeal at the expense of the Insurer, but subject to reimbursement as provided in the Insurance Agreement. In addition, and without limitation of the foregoing, as set forth in Section 5.16, the Insurer shall be subrogated to, and the Noteholder and the Trustee hereby delegate and assign, to the fullest extent permitted by law, the rights of the Trustee and the Noteholder in the conduct of any proceeding with respect to a Preference Claim, including, without limitation, all rights of any party to an adversary proceeding action with respect to any court order issued in connection with any such Preference Claim.

ARTICLE II

THE TRUSTEE; THE AGENT

SECTION 1.1. DUTIES OF TRUSTEE. xiii) If an Event of Default has occurred and is continuing, the Trustee shall exercise the rights and powers vested in it by this Indenture and the other Basic Documents and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

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

(i) the Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

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

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

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

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

(iii) the Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to Section 5.12.

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

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

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

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

(g) The Trustee shall permit any representative of the Controlling Party or the Noteholder, during the Trustee's normal business hours, to examine all books of account, records, reports and other papers of the Trustee relating to the Note, to make copies and extracts therefrom and to discuss the Trustee's affairs and actions, as such affairs and actions relate to the Trustee's duties with respect to the Note, with the Trustee's officers and employees responsible for carrying out the Trustee's duties with respect to the Note.

(h) The Trustee shall, and hereby agrees that it will, perform all of the obligations and duties required of it under the Sale and Servicing Agreement.

(i) The Trustee shall, and hereby agrees that it will, hold the Note Policy in trust, and will hold any proceeds of any claim on the Note Policy in trust solely for the use and benefit of the Noteholder.

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

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

SECTION 1.2. RIGHTS OF TRUSTEE. Subject to Sections 6.1 and this Section 6.2, the Trustee shall be protected and shall incur no liability to the Issuer or any Issuer Secured Party in relying upon the accuracy, acting in reliance upon the contents, and assuming the genuineness of any notice, demand, certificate, signature, instrument or other document reasonably believed by the Trustee to be genuine and to have been duly executed by the appropriate signatory, and, except to the extent the Trustee has actual knowledge to the contrary or as required pursuant to Section 6.1 the Trustee shall not be required to make any independent investigation with respect thereto.

(a) Before the Trustee acts or refrains from acting, it may require an Officer's Certificate. Subject to Section 6.1(c), the Trustee shall not be liable for any action it takes or omits to take in good faith in reliance on the Officer's Certificate.

(b) The Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys or a custodian or nominee, and the Trustee shall not be responsible for any misconduct or negligence on the part of, or for the supervision of the Servicer, the Backup Servicer or any other such agent, attorney, custodian or nominee appointed with due care by it hereunder.

(c) The Trustee shall not be liable for any action it takes or omits to take in good faith which it believes to be authorized or within its rights or powers; provided, however, that the Trustee's conduct does not constitute willful misconduct, negligence or bad faith.

(d) The Trustee may consult with counsel, and the advice or opinion of counsel with respect to legal matters relating to this Indenture and the Note shall be full and complete authorization and protection from liability in respect to any action taken, omitted or suffered by it hereunder in good faith and in accordance with the advice or opinion of such counsel.

(e) The Trustee shall be under no obligation to institute, conduct or defend any litigation under this Indenture or in relation to this Indenture, at the request, order or direction of any of the Holder of the Note or the Controlling Party, pursuant to the provisions of this Indenture, unless the Holder of the Note or the Controlling Party shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities that may be incurred therein or thereby; provided, however, that the Trustee shall, upon the occurrence of an Event of Default (that has not been cured), exercise the rights and powers vested in it by this Indenture in accordance with Section 6.1.

(f) The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, approval, bond or other paper or document, unless requested in writing to do so by the Controlling Party; provided, however, that if the payment within a reasonable time to the Trustee of the costs, expenses or liabilities likely to be incurred by it in the making of such investigation is, in the opinion of the Trustee, not reasonably assured to the Trustee by the security afforded to it by the terms of this Indenture or the Sale and Servicing Agreement, the Trustee may require reasonable indemnity against such cost, expense or liability as a condition to so proceeding; the reasonable expense of every such examination shall be paid by the Person making such request, or, if paid by the Trustee, shall be reimbursed by the Person making such request upon demand.

SECTION 1.3. INDIVIDUAL RIGHTS OF TRUSTEE. The Trustee in its individual or any other capacity may become the owner or pledgee of the Note and may otherwise deal with the Issuer or its Affiliates with the same rights it would have if it were not the Trustee. Any Note Paying Agent, Note Registrar, co-registrar or co-paying agent may do the same with like rights. However, the Trustee must comply with Section 6.11.

SECTION 1.4. TRUSTEE'S DISCLAIMER. The Trustee shall not be responsible for and makes no representation as to the validity or adequacy of this Indenture, the Trust Estate, the Collateral or the Note, it shall not be accountable for the Issuer's use of the proceeds from the Note, and it shall not be responsible for any statement of the Issuer in the Indenture or in any document issued in connection with the sale of the Note or in the Note other than the Trustee's certificate of authentication.

SECTION 1.5. NOTICE OF DEFAULTS. If an Event of Default occurs and is continuing and if it is either known by, or written notice of the existence thereof has been delivered to, a Responsible Officer of the Trustee, the Trustee shall mail to the Agent notice of the Default within 30 days after such knowledge or notice occurs. Except in the case of a Default in payment of principal of or interest on the Note (including payments pursuant to the mandatory redemption provisions of the Note, if any), the Trustee may withhold the notice if and so long as a committee of its Responsible Officers in good faith determines that withholding the notice is in the interests of the Noteholder.

SECTION 1.6. REPORTS BY TRUSTEE TO THE NOTEHOLDER. The Trustee shall on behalf of the Issuer deliver to the Noteholder such information as may be reasonably required to enable such Holder to prepare its Federal and state income tax returns.

SECTION 1.7. COMPENSATION AND INDEMNITY. xiv) Pursuant to Section 5.7 of the Sale and Servicing Agreement, the Issuer shall pay to the Trustee from time to time compensation for its services. The Trustee's compensation shall not be limited by any law on compensation of a trustee of an express trust. The Issuer shall reimburse the Trustee, pursuant to Section 5.7 of the Sale and Servicing Agreement, for all reasonable out-of-pocket expenses incurred or made by it, including costs of collection, in addition to the compensation for its services. Such expenses shall include the reasonable compensation and expenses, disbursements and advances of the Trustee's agents, counsel, accountants and experts. The Issuer shall or shall cause the Servicer to indemnify the Trustee against any and all loss, liability or expense incurred by the Trustee without willful misfeasance, negligence or bad faith on its part

arising out of or in connection with the acceptance or the administration of this trust and the performance of its duties hereunder, including the costs and expenses of defending itself against any claim or liability in connection therewith. The Trustee shall notify the Issuer and the Servicer promptly of any claim for which it may seek indemnity. Failure by the Trustee to so notify the Issuer and the Servicer shall not relieve the Issuer of its obligations hereunder or the Servicer of its obligations under Article XII of the Sale and Servicing Agreement. The Trustee may have separate counsel and the Issuer shall or shall cause the Servicer to pay the reasonable fees and expenses of such counsel. Neither the Issuer nor the Servicer need reimburse any expense or indemnify against any loss, liability or expense incurred by the Trustee through the Trustee's own willful misconduct, negligence or bad faith.

(a) The Issuer's payment obligations to the Trustee pursuant to this Section shall survive the discharge of this Indenture. When the Trustee incurs expenses after the occurrence of a Default specified in Section 5.1(a)(v) with respect to the Issuer, the expenses are intended to constitute expenses of administration under Title 11 of the United States Code or any other applicable Federal or state bankruptcy, insolvency or similar law. Notwithstanding anything else set forth in this Indenture or the other Basic Documents, the recourse of the Trustee hereunder and under the other Basic Documents shall be to the Trust Estate only and specifically shall not be recourse to the other assets of the Issuer or the assets of the Noteholder.

SECTION 1.8. REPLACEMENT OF TRUSTEE. The Issuer may, with the consent of the Controlling Party, and at the request of the Controlling Party, shall remove the Trustee if:

(i) the Trustee fails to comply with Section 6.11 or the Trustee fails to perform any other material covenant or agreement of the Trustee set forth in the Basic Documents TO WHICH THE TRUSTEE IS A PARTY AND SUCH FAILURE CONTINUES FOR 45 DAYS AFTER WRITTEN NOTICE OF SUCH FAILURE FROM THE CONTROLLING PARTY;

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

(iii) the Trustee otherwise becomes incapable of acting.

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

A successor Trustee shall deliver a written acceptance of its appointment to the retiring Trustee, the Agent, Insurer (provided that no Insurer Default shall have occurred and be continuing) and the Issuer, whereupon, the resignation or removal of the retiring Trustee shall become effective, and the successor Trustee shall have all the rights, powers and duties of the retiring Trustee under this Indenture, subject to satisfaction of the Rating Agency Condition. The successor Trustee shall mail a notice of its succession to the Agent. The retiring Trustee shall promptly transfer all property held by it as Trustee to the successor Trustee.

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

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

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

SECTION 1.9. SUCCESSOR TRUSTEE BY MERGER. xv) If the Trustee consolidates with, merges or converts into, or transfers all or substantially all its corporate trust business or assets to, another corporation or banking association, the resulting, surviving or transferee corporation without any further act shall be the successor Trustee. The Trustee shall provide the Rating Agencies prior written notice of any such transaction.

(a) In case at the time such successor or successors to the Trustee by merger, conversion or consolidation shall succeed to the trusts created by this Indenture the Note shall have been authenticated but not delivered, any such successor to the Trustee may adopt the certificate of authentication of any predecessor trustee, and deliver the Note so authenticated; and in case at that time the Note shall not have been authenticated, any successor to the Trustee may authenticate the Note either in the name of any predecessor hereunder or in the name of the successor to the Trustee; and in all such cases such certificates shall have the full force which it is anywhere in the Note or in this Indenture provided that the certificate of the Trustee shall have.

SECTION 1.10. APPOINTMENT OF CO-TRUSTEE OR SEPARATE TRUSTEE. xvi) Notwithstanding any other provisions of this Indenture, at any time, for the purpose of meeting any legal requirement of any jurisdiction in which any part of the Trust Estate may at the time be located, the Trustee with the consent of the Controlling Party shall have the power and may execute and deliver all instruments to appoint one or more Persons to act as a co-trustee or co-trustees, or separate trustee or separate trustees, of all or any part of the Trust Estate, and to vest in such Person or Persons, in such capacity and for the benefit of the Noteholder, such title to the Trust Estate, or any part thereof, and, subject to the other provisions of this Section, such powers, duties, obligations, rights and trusts as the Trustee may consider necessary or desirable. No co-trustee or separate trustee hereunder shall be required to meet the terms of eligibility as a successor trustee under Section 6.11 and no notice to the Agent of the appointment of any co-trustee or separate trustee shall be required under Section 6.8 hereof.

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

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

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

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

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

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

SECTION 1.11. ELIGIBILITY: DISQUALIFICATION. The Trustee shall have a combined capital and surplus of at least $50,000,000 as set forth in its most recent published annual report of condition and subject to supervision or examination by federal or state authorities; and having a rating, both with respect to long-term and short-term unsecured obligations, of not less than investment grade by the Rating Agencies. The Trustee shall provide copies of such reports to the Insurer and the Agent upon request.

SECTION 1.12. [RESERVED].

SECTION 1.13. APPOINTMENT AND POWERS. Subject to the terms and conditions hereof, each of the Issuer Secured Parties hereby appoints Bank One Trust Company, N.A. as the Trustee with respect to the Collateral, and Bank One Trust Company, N.A. hereby accepts such appointment and agrees to act as Trustee with respect to the Collateral for the Issuer Secured Parties, to maintain custody and possession of such Collateral (except as otherwise provided hereunder) and to perform the other duties of the Trustee in accordance with the provisions of this Indenture and the other Basic Documents. Each Issuer Secured Party hereby authorizes the Trustee to take such action on its behalf, and to exercise such rights, remedies, powers and privileges hereunder, as the Controlling Party may direct and as are specifically authorized to be exercised by the Trustee by the terms hereof, together with such actions, rights, remedies, powers and privileges as are reasonably incidental thereto. The Trustee shall act upon and in compliance with the written instructions of the Controlling Party delivered pursuant to this Indenture promptly following receipt of such written instructions; provided that the Trustee shall not act in accordance with any instructions (i) which are not authorized by, or in violation of the provisions of, this Indenture, (ii) which are in violation of any applicable law, rule or regulation or (iii) for which the Trustee has not received reasonable indemnity. Receipt of such instructions shall not be a condition to the exercise by the Trustee of its express duties hereunder, except where this Indenture provides that the Trustee is permitted to act only following and in accordance with such instructions.

SECTION 1.14. PERFORMANCE OF DUTIES. The Trustee shall have no duties or responsibilities except those expressly set forth in this Indenture and the other Basic Documents to which the Trustee is a party or as directed by the Controlling Party in accordance with this Indenture. The Trustee shall not be required to take any discretionary actions hereunder except at the written direction of the Controlling Party and as provided in Section 5.12. The Trustee shall, and hereby agrees that it will, perform all of the duties and obligations required of it under the Sale and Servicing Agreement.

SECTION 1.15. LIMITATION ON LIABILITY. Neither the Trustee nor any of its directors, officers or employees shall be liable for any action taken or omitted to be taken by it or them in good faith hereunder, or in connection herewith, except that the Trustee shall be liable for its negligence, bad faith or willful misconduct. Notwithstanding any term or provision of this Indenture, the Trustee shall incur no liability to the Issuer or the Issuer Secured Parties for any action taken or omitted by the Trustee in connection with the Collateral, except for the negligence, bad faith or willful misconduct on the part of the Trustee, and, further, shall incur no liability to the Issuer Secured Parties except for negligence, bad faith or willful misconduct in carrying out its duties to the Issuer Secured Parties. The Trustee shall at all times be free independently to establish to its reasonable satisfaction, but shall have no duty to independently verify, the existence or nonexistence of facts that are a condition to the exercise or enforcement of any right or remedy hereunder or under any of the Basic Documents. The Trustee may consult with counsel, and shall not be liable for any action taken or omitted to be taken by it hereunder in good faith and in accordance with the written advice of such counsel. The Trustee shall not be under any obligation to exercise any of the remedial rights or powers vested in it by this Indenture or to follow any direction from the Controlling Party unless it shall have received reasonable security or indemnity satisfactory to the Trustee against the costs, expenses and liabilities which might be incurred by it.

SECTION 1.16. [RESERVED].

SECTION 1.17. SUCCESSOR TRUSTEE.

(a) MERGER. Any Person into which the Trustee may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its trust business and assets as a whole or substantially as a whole, or any Person resulting from any such conversion, merger, consolidation, sale or transfer to which the Trustee is a party, shall (provided it is otherwise qualified to serve as the Trustee hereunder) be and become a successor Trustee hereunder and be vested with all of the title to and interest in the Collateral and all of the trusts, powers, descriptions, immunities, privileges and other matters as was its predecessor without the execution or filing of any instrument or any further act, deed or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding, except to the extent, if any, that any such action is necessary to perfect, or continue the perfection of, the security interest of the Issuer Secured Parties in the Collateral; provided that any such successor shall also be the successor Trustee under Section 6.9.

(b) REMOVAL. The Trustee may be removed by the Controlling Party at any time, with or without cause, by an instrument or concurrent instruments in writing delivered to the Trustee, the other Issuer Secured Party and the Issuer. A temporary successor may be removed at any time to allow a successor Trustee to be appointed pursuant to subsection (c) below. Any removal pursuant to the provisions of this subsection (b) shall take effect only upon the date which is the latest of (i) the effective date of the appointment of a successor Trustee and the acceptance in writing by such successor Trustee of such appointment and of its obligation to perform its duties hereunder in accordance with the provisions hereof, and (ii) receipt by the Controlling Party of an Opinion of Counsel to the effect described in Section 3.4.

(c) ACCEPTANCE BY SUCCESSOR. The Controlling Party shall have the sole right to appoint each successor Trustee. Every temporary or permanent successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor and to the Trustee, each Issuer Secured Party and the Issuer an instrument in writing accepting such appointment hereunder and the relevant predecessor shall execute, acknowledge and deliver such other documents and instruments as will effectuate the delivery of all Collateral to the successor Trustee, whereupon such successor, without any further act, deed or conveyance, shall become fully vested with all the estates, properties, rights, powers, duties and obligations of its predecessor. Such predecessor shall, nevertheless, on the written request of either Issuer Secured Party or the Issuer, execute and deliver an instrument transferring to such successor all the estates, properties, rights and powers of such predecessor hereunder. In the event that any instrument in writing from the Issuer or an Issuer Secured Party is reasonably required by a successor Trustee to more fully and certainly vest in such successor the estates, properties, rights, powers, duties and obligations vested or intended to be vested hereunder in the Trustee, any and all such written instruments shall at the request of the temporary or permanent successor Trustee, be forthwith executed, acknowledged and delivered by the Trustee or the Issuer, as the case may be. The designation of any successor Trustee and the instrument or instruments removing any Trustee and appointing a successor hereunder, together with all other instruments provided for herein, shall be maintained with the records relating to the Collateral and, to the extent required by applicable law, filed or recorded by the successor Trustee in each place where such filing or recording is necessary to effect the transfer of the Collateral to the successor Trustee or to protect or continue the perfection of the security interests granted hereunder.

SECTION 1.18. [RESERVED].

SECTION 1.19. REPRESENTATIONS AND WARRANTIES OF THE TRUSTEE. The Trustee represents and warrants to the Issuer and to each Issuer Secured Party as follows:

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

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

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

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

SECTION 1.20. WAIVER OF SETOFFS. The Trustee hereby expressly waives any and all rights of setoff that the Trustee may otherwise at any time have under applicable law with respect to any Pledged Account and agrees that amounts in the Pledged Accounts shall at all times be held and applied solely in accordance with the provisions hereof.

SECTION 1.21. CONTROL BY THE CONTROLLING PARTY. The Trustee shall comply with notices and instructions given by the Issuer only if accompanied by the written consent of the Controlling Party, except that if any Event of Default shall have occurred and be continuing, the Trustee shall act upon and comply with notices and instructions given by the Controlling Party alone in the place and stead of the Issuer.

SECTION 1.22. AUTHORIZATION AND ACTION. For so long as Paradigm Funding LLC is the Noteholder, the Agent (or its designees) has been appointed and authorized to take such action as agent on the Noteholder's behalf and to exercise such powers under this Indenture as are delegated to the Noteholder by the terms hereof, together with such powers as are reasonably incidental thereto. The Agent shall also act on behalf of the Majority Program Support Providers.

SECTION 1.23. AGENT'S RELIANCE, ETC. The Agent and its directors, officers, agents or employees shall not be liable for any action taken or omitted to be taken by it or them under or in connection with the Basic Documents except for its or their own negligence, bad faith or willful misconduct. Without limiting the generality of the foregoing, the Agent: (a) may consult with legal counsel (including counsel for the Trustee), independent certified public accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken in good faith by it in accordance with the advice of such counsel, accountants or experts; (b) makes no warranty or representation to the Noteholder or any other holder of any interest in the Collateral and shall not be responsible to the Noteholder or any such other holder for any statements, warranties or representations made in or in connection with any Basic Document; (c) shall not have any duty to ascertain or to inquire as to the performance or observance of any of the terms, covenants or conditions of any Basic Document on the part of the Issuer, the Seller or the Servicer or to inspect the property (including the books and records) of the Issuer, the Seller or the Servicer; (d) shall not be responsible to the Noteholder or any other holder of any interest in the Collateral for the due execution, legality, validity, enforceability, genuineness, sufficiency or value of any Basic Document; and (e) shall incur no liability under or in respect of this Indenture by acting upon any notice (including notice by telephone if confirmed in writing within two (2) Business Days), consent, certificate or other instrument or writing (which may be by facsimile or telex) believed by it to be genuine and signed or sent by the proper party or parties.

ARTICLE II

[Reserved]

ARTICLE III

COLLECTION OF MONEY AND RELEASES OF TRUST ESTATE

SECTION 1.1. COLLECTION OF MONEY. Except as otherwise expressly provided herein, the Trustee may demand payment or delivery of, and shall receive and collect, directly and without intervention or assistance of any fiscal agent or other intermediary, all money and other property payable to or receivable by the Trustee pursuant to this Indenture and the Sale and Servicing Agreement. The Trustee shall apply all such money received by it as provided in this Indenture and the Sale and Servicing Agreement. Except as otherwise expressly provided in this Indenture or in the Sale and Servicing Agreement, if any default occurs in the making of any payment or performance under any agreement or instrument that is part of the Trust Estate, the Trustee may take such action as may be appropriate to enforce such payment or performance, including the institution and prosecution of appropriate proceedings. Any such action shall be without prejudice to any right to claim a Default or Event of Default under this Indenture and any right to proceed thereafter as provided in Article V.

SECTION 1.2. RELEASE OF TRUST ESTATE. xvii) Subject to the payment of its fees and expenses pursuant to Section 6.7, the Trustee may, and when required by the provisions of this Indenture shall, execute instruments to release property from the lien of this Indenture, in a manner and under circumstances that are not inconsistent with the provisions of this Indenture. No party relying upon an instrument executed by the Trustee as provided in this Article VIII shall be bound to ascertain the Trustee's authority, inquire into the satisfaction of any conditions precedent or see to the application of any moneys.

(a) The Trustee shall, at such time as there is no Note outstanding and all sums due the Insurer under any of the Basic Documents are satisfied as evidenced by a certificate of the Insurer and all sums due the Trustee pursuant to Section 6.7 have been paid, release any remaining portion of the Trust Estate that secured the Note from the lien of this Indenture and release to the Issuer or any other Person entitled thereto any funds then on deposit in the Pledged Accounts. The Trustee shall release property from the lien of this Indenture pursuant to this Section 8.2(b) only upon receipt of an Issuer Request accompanied by an Officer's Certificate and a certificate by the Insurer.

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

ARTICLE II

SUPPLEMENTAL INDENTURES

SECTION 1.1. xviii) With the prior written consent of the Controlling Party and with prior notice to the Rating Agencies by the Issuer, as evidenced to the Trustee, the Issuer and the Trustee, when authorized by an Issuer Order, at any time and from time to time, may enter into one or more indentures supplemental hereto, in form satisfactory to the Trustee, for any of the following purposes:

(i) to correct or amplify the description of any property at any time subject to the lien of this Indenture, or better to assure, convey and confirm unto the Trustee any property subject or required to be subjected to the lien of this Indenture, or to subject to the lien of this Indenture additional property;

(ii) to evidence the succession, in compliance with the applicable provisions hereof, of another person to the Issuer, and the assumption by any such successor of the covenants of the Issuer herein and in the Note contained;

(iii) to add to the covenants of the Issuer, for the benefit of the Holder of the Note, or to surrender any right or power herein conferred upon the Issuer;

(iv) to convey, transfer, assign, mortgage or pledge any property to or with the Trustee;

(v) to cure any ambiguity, to correct or supplement any provision herein or in any supplemental indenture which may be inconsistent with any other provision herein or in any supplemental indenture or to make any other provisions with respect to matters or questions arising under this Indenture or in any supplemental indenture; provided that such action shall not adversely affect the interests of the Noteholder or the Insurer; or

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

The Trustee is hereby authorized to join in the execution of any such supplemental indenture and to make any further appropriate agreements and stipulations that may be therein contained.

(b) The Issuer and the Trustee, when authorized by an Issuer Order, may, also with the consent of the Controlling Party, and with prior notice to the Rating Agencies by the Issuer, as evidenced to the Trustee, enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to, or changing in any manner or eliminating any of the provisions of, this Indenture or of modifying in any manner the rights of the Holder of the Note under this Indenture; provided, however, that such action shall not, as evidenced by an Opinion of Counsel, adversely affect in any material respect the interests of the Noteholder.

SECTION 1.2. SUPPLEMENTAL INDENTURES WITH CONSENT OF THE NOTEHOLDER. xix) The Issuer and the Trustee, when authorized by an Issuer Order, also may, with prior written notice to the Rating Agencies, with the consent of the Controlling Party, enter into an indenture or indentures supplemental hereto for any purpose; provided, however, that, no such supplemental indenture shall, without the consent of the Holder:

(i) change the date of payment of any installment of principal of or interest on the Note, or reduce the principal amount thereof, the interest rate thereon, change the provision of this Indenture relating to the application of collections on, or the proceeds of the sale of, the Trust Estate to payment of principal of or interest on the Note, or change any place of payment where, or the coin or currency in which, the Note or the interest thereon is payable;

(ii) impair the right to institute suit for the enforcement of the provisions of this Indenture requiring the application of funds available therefor, as provided in Article V, to the payment of any such amount due on the Note on or after the respective due dates thereof;

(iii) reduce the percentage of the Invested Amount of the Note, the consent of the Holder of which is required for any such supplemental indenture, or the consent of the Holder of which is required for any waiver of compliance with certain provisions of this Indenture or certain defaults hereunder and their consequences provided for in this Indenture;

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

(v) reduce the percentage of the Invested Amount of the Note required to direct the Trustee to direct the Issuer to sell or liquidate the Trust Estate pursuant to Section 5.4;

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

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

(viii) permit the creation of any lien ranking prior to or on a parity with the lien of this Indenture with respect to any part of the Trust Estate or, except as otherwise permitted or contemplated herein or in any of the Basic Documents, terminate the lien of this Indenture on any property at any time subject hereto or deprive the Holder of the Note of the security provided by the lien of this Indenture.

(b) The Trustee may determine whether or not the Note would be affected by any supplemental indenture and any such determination shall be conclusive upon the Holder of the Note, whether theretofore or thereafter authenticated and delivered hereunder. The Trustee shall not be liable for any such determination made in good faith.

(c) It shall not be necessary for any Act of the Noteholder under this Section to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such Act shall approve the substance thereof.

(d) Promptly after the execution by the Issuer and the Trustee of any supplemental indenture pursuant to this Section, the Trustee shall mail to the Controlling Party and the Holder of the Note to which such amendment or supplemental indenture relates a notice setting forth in general terms the substance of such supplemental indenture. Any failure of the Trustee to mail such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such supplemental indenture.

SECTION 1.3. EXECUTION OF SUPPLEMENTAL INDENTURES. In executing, or permitting the additional trusts created by, any supplemental indenture permitted by this Article IX or the modifications thereby of the trusts created by this Indenture, the Trustee shall be entitled to receive, and subject to Sections 6.1 and 6.2, shall be fully protected in relying upon, an Opinion of Counsel stating that the execution of such supplemental indenture is authorized or permitted by this Indenture. The Trustee may, but shall not be obligated to, enter into any such supplemental indenture that affects the Trustee's own rights, duties, liabilities or immunities under this Indenture or otherwise.

SECTION 1.4. EFFECT OF SUPPLEMENTAL INDENTURE. Upon the execution of any supplemental indenture pursuant to the provisions hereof, this Indenture shall be and be deemed to be modified and amended in accordance therewith with respect to the Note affected thereby, and the respective rights, limitations of rights, obligations, duties, liabilities and immunities under this Indenture of the Trustee, the Issuer and the Holder of the Note shall

thereafter be determined, exercised and enforced hereunder subject in all respects to such modifications and amendments, and all the terms and conditions of any such supplemental indenture shall be and be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

SECTION 1.5. [RESERVED].

ARTICLE II

REPAYMENT AND PREPAYMENT OF NOTE

SECTION 1.1. REPAYMENT OF THE NOTE. The Issuer shall repay the Invested Amount of the Note (i) following the Facility Termination Date, in full on or prior to the last day of the third Interest Period after such Facility Termination Date or (ii) in full or in part upon the direction of the Noteholder with the consent of the Controlling Party in accordance with Section 10.4 herein.

SECTION 1.2. NOTICE OF PREPAYMENT. Notice of the prepayment of the Note pursuant to Section 10.4 shall be given upon the direction of the Noteholder, by the Trustee by facsimile transmission, courier or first-class mail, postage prepaid, mailed, faxed or couriered not less than 15 days prior to the related date of prepayment, to the Agent and to the Insurer.

All notices of prepayment shall state:

(a) the date of prepayment;

(b) the Invested Amount to be prepaid, including an itemization of each Advance to be so prepaid; and

(c) the prepayment price.

Failure to give notice of prepayment, or any defect therein, to any Holder of any Note shall not impair or affect the validity of such prepayment. Any prepayment pursuant to Section 10.4 shall be subject to the payment of any amounts required by the Agent resulting from a prepayment or repayment of the Invested Amount of the Note on a date other than a Settlement Date.

SECTION 1.3. GENERAL PROCEDURES. The Invested Amount of the Note shall not be considered reduced by any allocation, setting aside or distribution of any portion of the Available Funds unless such Available Funds shall have been actually delivered to the Agent for the purpose of paying such principal. The Invested Amount of the Note shall not be considered repaid by any distribution of any portion of the Available Funds if at any time such distribution is rescinded or must otherwise be returned for any reason, in which event, if such amount has been returned by the Noteholder or the Agent, such principal and/or interest shall be reinstated in an amount equal to the amount returned by the Agent or Noteholder, as the case may be. No provision of this Indenture shall require the payment or permit the collection of interest in excess of the maximum permitted by applicable law.

SECTION 1.4. PREPAYMENT UPON SECURITIZATION OF RECEIVABLES. The Noteholder may, with the prior written consent of the Controlling Party, not to be unreasonably withheld, direct the Issuer to sell all or a portion of the Receivables into a term securitization transaction approved by the Noteholder, the Agent and the Controlling Party in which equity and/or any residual interest therein is retained by the Issuer. Upon such direction, the Noteholder shall deliver a notice of prepayment of the Note in accordance with Section 10.2 and the Note shall be repaid in accordance with this Article X.

ARTICLE II

MISCELLANEOUS

SECTION 1.1. COMPLIANCE CERTIFICATES AND OPINIONS, ETC. xx) Except as set forth herein, upon any application or request by the Issuer to the Trustee to take any action under any provision of this Indenture (other than any request hereunder by the Issuer for an Advance), the Issuer shall furnish to the Trustee, the Agent and to the Insurer (i) an Officer's Certificate stating that all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with, and (ii) an Opinion of Counsel stating that in the opinion of such counsel all such conditions precedent, if any, have been complied with, except that, in the case of any such application or request as to which the furnishing of such documents is specifically required by any provision of this Indenture, no additional certificate or opinion need be furnished.

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

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

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

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

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

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

(c) Whenever the Issuer is required to furnish to the Trustee, the Agent or the Insurer an Officer's Certificate certifying or stating the opinion of any signer thereof as to the matters described in clause (b) above, the Issuer shall also deliver to the Trustee, the Agent or the Insurer, as applicable, an Independent Certificate as to the same matters, if the fair value to the Issuer of the securities to be so deposited and of all other such securities made the basis of any such withdrawal or release since the commencement of the then-current fiscal year of the Issuer, as set forth in the certificates delivered pursuant to clause (b) above and this clause (c) is 10% or more of the Invested Amount of the Note, but such a certificate need not be furnished with respect to any securities so deposited, if the fair value thereof to the Issuer as set forth in the related Officer's Certificate is less than $25,000 or less than 1% of the Invested Amount of the Note.

(d) Other than with respect to the release of any Purchased Receivables or Liquidated Receivables or the release of any Receivables upon a mandatory or partial prepayment of the Note pursuant to Section 10.1, whenever any property or securities are to be released from the lien of this Indenture, the Issuer shall also furnish to the Trustee, the Agent and the Insurer an Officer's Certificate certifying or stating the opinion of each person signing such certificate as to the fair value (within 90 days of such release) of the

property or securities proposed to be released and stating that in the opinion of such person the proposed release will not impair the security under this Indenture in contravention of the provisions hereof.

(e) Whenever the Issuer is required to furnish to the Trustee, the Agent or the Insurer an Officer's Certificate certifying or stating the opinion of any signer thereof as to the matters described in clause (d) above, the Issuer shall also furnish to the Trustee and the Insurer an Independent Certificate as to the same matters if the fair value of the property or securities and of all other property other than Purchased Receivables and Liquidated Receivables, securities or Receivables released from the lien of this Indenture since the commencement of the then current calendar year, as set forth in the certificates required by clause (d) above and this clause (e), equals 10% or more of the Invested Amount of the Note, but such certificate need not be furnished in the case of any release of property or securities if the fair value thereof as set forth in the related Officer's Certificate is less than $25,000 or less than 1 % of the then Invested Amount of the Note.

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

SECTION 1.2. FORM OF DOCUMENTS DELIVERED TO TRUSTEE. xxi) In any case where several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

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

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

(c) Whenever in this Indenture, in connection with any application or certificate or report to the Trustee, it is provided that the Issuer shall deliver any document as a condition of the granting of such application, or as evidence of the Issuer's compliance with any term hereof, it is intended that the truth and accuracy, at the time of the granting of such application or at the effective date of such certificate or report (as the case may be), of the facts and opinions stated in such document shall in such case be conditions precedent to the right of the Issuer to have such application granted or to the sufficiency of such certificate or report. The foregoing shall not, however, be construed to affect the Trustee's right to rely upon the truth and accuracy of any statement or opinion contained in any such document as provided in Article VI.

SECTION 1.3. ACTS OF THE NOTEHOLDER. Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be given or taken by Noteholder may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by the Noteholder in person or by agents duly appointed in writing; and except as herein otherwise expressly provided such action shall become effective when such

instrument or instruments are delivered to the Trustee, and, where it is hereby expressly required, to the Issuer. Such instrument or instruments (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the "Act" of the Noteholder signing such instrument or instruments. Proof of execution of any such instrument or of a writing appointing any such agent shall be sufficient for any purpose of this Indenture and (subject to Section 6.1) conclusive in favor of the Trustee and the Issuer, if made in the manner provided in this Section.

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

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

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

SECTION 1.4. NOTICES, ETC., TO TRUSTEE, ISSUER, AGENT AND RATING AGENCIES. xxii) Any request, demand, authorization, direction, notice, consent, waiver or Act of the Noteholder or other documents provided or permitted by this Indenture to be made upon, given or furnished to or filed with:

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

(ii) the Issuer by the Trustee or by the Noteholder shall be sufficient for every purpose hereunder if personally delivered, delivered by overnight courier or mailed certified mail, return receipt requested and shall deemed to have been duly given upon receipt to the Issuer at the Corporate Trust Office of the Owner Trustee, with a copy to :Consumer Portfolio Services, Inc. 16355 Laguna Canyon Road, Irvine, California 92618 Attention: Mark Creatura, Esq. Confirmation: (888) 785-6691, Telecopy No. (949) 753-6897 or at such other address previously furnished in writing to the Trustee by the Issuer. The Issuer shall promptly transmit any notice received by it from the Noteholder to the Trustee; or

(iii) the Insurer by the Issuer or the Trustee shall be sufficient for any purpose hereunder if in writing and mailed by registered mail or personally delivered or telexed or telecopied to the recipient as follows:

To the Insurer:

250 Park Avenue
New York, New York 10177
Attention: Surveillance

Confirmation: (646) 658-5900
Telecopy No.: (646) 658-5955

(iv) the Agent shall be sufficient for any purpose hereunder if in writing and mailed by registered mail or personally delivered or telexed or telecopied to the recipient as follows:

To the Agent:

1211 Avenue of the Americas
New York, New York 10036
Attention: Rahel Avigdor

Telephone: (212) 597-8347
Telecopy: (212) 852-5971

(b) Notices required to be given to the Rating Agencies by the Issuer or the Trustee shall be in writing, personally delivered, delivered by overnight courier or mailed certified mail, return receipt requested to (i) in the case of Moody's, at the following address: Moody's Investors Service, Inc., 99 Church Street, New York New York 10004 and (ii) in the case of S&P, at the following address: Standard & Poor's Ratings Group, a Division of The McGraw Hill Companies, 55 Water Street, New York, New York 10041, Attention: Asset-Backed Surveillance Department; or as to each of the foregoing, at such other address as shall be designated by written notice to the other parties.

SECTION 1.5. WAIVER. xxiii) Where this Indenture provides for notice in any manner, such notice may be waived in writing by any Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Noteholder shall be filed with the Trustee but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such a waiver.

(a) In case, by reason of the suspension of regular mail service as a result of a strike, work stoppage or similar activity, it shall be impractical to mail notice of any event to Noteholder when such notice is required to be given pursuant to any provision of this Indenture, then any manner of giving such notice as shall be satisfactory to the Trustee shall be deemed to be a sufficient giving of such notice.

(b) Where this Indenture provides for notice to the Rating Agencies, failure to give such notice shall not affect any other rights or obligations created hereunder, and shall not under any circumstance constitute a Default or Event of Default.

SECTION 1.6. ALTERNATE PAYMENT AND NOTICE PROVISIONS. Notwithstanding any provision of this Indenture or the Note to the contrary, the Issuer may enter into any agreement with the Holder of the Note providing for a method of payment, or notice by the Trustee or the Note Paying Agent to such Holder, that is different from the methods provided for in this Indenture for such payments or notices, provided that such methods are reasonable and consented to by the Trustee (which consent shall not be unreasonably withheld). The Issuer will furnish to the Trustee a copy of each such agreement and the Trustee will cause payments to be made and notices to be given in accordance with such agreements.

SECTION 1.7. [RESERVED]

SECTION 1.8. EFFECT OF HEADINGS AND TABLE OF CONTENTS. The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

SECTION 1.9. SUCCESSORS AND ASSIGNS. All covenants and agreements in this Indenture and the Note by the Issuer shall bind its successors and assigns, whether so expressed or not. All agreements of the Trustee in this Indenture shall bind its successors. All agreements of the Trustee in this Indenture shall bind its successors.

SECTION 1.10. SEVERABILITY. In case any provision in this Indenture or in the Note shall be invalid, illegal or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

SECTION 1.11. BENEFITS OF INDENTURE. The Insurer and its successors and assigns shall be a third-party beneficiary to the provisions of this Indenture, and shall be entitled to rely upon and directly to enforce such provisions of this Indenture, to the extent such provisions are for the benefit of the Insurer and so long as any amounts remain due and owing to the Insurer pursuant to the Insurance Agreement. Nothing in this Indenture or in the Note, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder, and the Noteholder, and any other party secured hereunder, and any other person with an ownership interest in any part of the Trust Estate, any benefit or any legal or equitable right, remedy or claim under this Indenture. The Insurer may disclaim any of its rights and powers under this Indenture (in which case the Trustee may exercise such right or power hereunder), but not its duties and obligations under the Note Policy, upon delivery of a written notice to the Trustee.

SECTION 1.12. LEGAL HOLIDAYS. In any case where the date on which any payment is due shall not be a Business Day, then (notwithstanding any other provision of the Note or this Indenture) payment need not be made on such date, but may be made on the next succeeding Business Day with the same force and effect as if made on the date on which nominally due, and no interest shall accrue for the period from and after any such nominal date.

SECTION 1.13. GOVERNING LAW. THIS INDENTURE SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REFERENCE TO ITS CONFLICT OF LAW PROVISIONS (OTHER THAN SECTION 5-1401 OF THE GENERAL OBLIGATIONS LAW), AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

SECTION 1.14. COUNTERPARTS. This Indenture may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

SECTION 1.15. RECORDING OF INDENTURE. If this Indenture is subject to recording in any appropriate public recording offices, such recording is to be effected by the Issuer and at its expense accompanied by an Opinion of Counsel (which may be counsel to the Trustee or any other counsel reasonably acceptable to the Trustee and the Controlling Party) to the effect that such recording is necessary either for the protection of the Noteholder or any other person secured hereunder or for the enforcement of any right or remedy granted to the Trustee under this Indenture.

SECTION 1.16. ISSUER OBLIGATION. No recourse may be taken, directly or indirectly, with respect to the obligations of the Issuer, the Seller, the Servicer, the Owner Trustee or the Trustee on the Note or under this Indenture or any certificate or other writing delivered in connection herewith or therewith, against (i) the Seller, the Servicer, the Owner Trustee or the Trustee in its individual capacity (ii) any owner of a beneficial interest in the Issuer or (iii) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Seller, the Servicer, the Owner Trustee or the Trustee in its individual capacity, any holder of a beneficial interest in the Issuer, the Seller, the Servicer, the Owner Trustee or the Trustee or of any successor or assign of the Seller, the Servicer, the Owner Trustee or the Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that neither the Trustee nor the Owner Trustee have such obligations in its individual capacity) and except that any such partner, owner or beneficiary shall be fully liable, to the extent provided by applicable law, for any unpaid consideration for stock, unpaid capital contribution or failure to pay any installment or call owing to such entity. For all purposes of this Indenture, in the performance of its duties or obligations hereunder or in the performance of any duties or obligations of the Issuer hereunder, the Owner Trustee shall be subject to, and entitled to the benefits of, the terms and provisions of Articles VI, VII and VIII of the Trust Agreement.

SECTION 1.17. NO PETITION. The Trustee, the Owner Trustee, the Noteholder and the Agent, by entering into this Indenture hereby covenant and agree that they will not at any time institute against the Issuer, or join in any institution against the Issuer of, any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings, or other proceedings under any United States Federal or state bankruptcy or similar law in connection with any obligations relating to the Note, this Indenture or any of the Basic Documents.

SECTION 1.18. INSPECTION. The Issuer agrees that, on reasonable prior notice, it will permit any representative of the Agent, the Noteholder, the Trustee or of the Controlling Party, during the Issuer's normal business hours, to examine all the books of account, records, reports, and other papers of the Issuer, to make copies and extracts therefrom, to cause such books to be audited by independent certified public accountants, and to discuss the Issuer's affairs, finances and accounts with the Issuer's officers, employees, and independent certified public accountants, all at such reasonable times and as often as may be reasonably requested. The Trustee, the Agent, and the Noteholder shall and shall cause its representatives to hold in confidence all such information except to the extent disclosure may be required by law (and all reasonable applications for confidential treatment are unavailing) and except to the extent that the Trustee may reasonably determine that such disclosure is consistent with its Obligations hereunder.

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

CPS WAREHOUSE TRUST

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

By:

Name:
Title:

BANK ONE TRUST COMPANY, N.A.

By:

Name:
Title:

WESTDEUTSCHE LANDESBANK GIROZENTRALE, as Agent

By:

Name:
Title:

EXHIBIT 10.40

SALE AND SERVICING

AGREEMENT

AMONG

CPS FUNDING LLC, AS
PURCHASER,

CONSUMER PORTFOLIO SERVICES, INC., AS
SELLER AND SERVICER

SYSTEMS & SERVICES TECHNOLOGIES, INC., AS
BACKUP SERVICER

AND

BANK ONE TRUST COMPANY, N.A., AS
STANDBY SERVICER AND TRUSTEE

DATED AS OF

JANUARY 9, 2003

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SALE AND SERVICING AGREEMENT dated as of January 9, 2003, among CPS FUNDING LLC, a Delaware limited liability company (the "PURCHASER"), CONSUMER PORTFOLIO SERVICES, INC., a California corporation (in its capacities as Seller, the "SELLER" and as Servicer, the "SERVICER," respectively), SYSTEMS & SERVICES TECHNOLOGIES, INC., a Delaware corporation ("SST"), as Backup Servicer, and BANK ONE TRUST COMPANY N.A., a national banking association, (in its capacities as Standby Servicer, the "STANDBY SERVICER" and as Trustee, the "TRUSTEE," respectively).

WHEREAS, the Purchaser desires to purchase, from time to time, a portfolio of receivables arising in connection with motor vehicle retail installment sale contracts acquired by Consumer Portfolio Services, Inc., through motor vehicle dealers and independent finance companies;

WHEREAS, the Purchaser intends to finance such purchases by issuing Notes, secured by the Receivables and the Other Conveyed Property, pursuant to the Indenture (as defined below);

WHEREAS, the Seller is willing to sell such Receivables and Other Conveyed Property to the Purchaser from time to time; and

WHEREAS the Servicer is willing to service all such Receivables.

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

SECTION 1.1 DEFINITIONS.

Whenever used in this Agreement, the following words and phrases shall have the following meanings:

"ACCOUNTANTS' REPORT" means the report of a firm of nationally recognized independent accountants described in SECTION 4.11.

"ACCOUNTING DATE" has the meaning set forth in the Indenture.

"ADDITION NOTICE" means, with respect to any transfer of Receivables to the Purchaser pursuant to SECTION 2.1 of this Agreement, notice of the Seller's election to transfer Receivables to the Purchaser, such notice to designate the related Transfer Date and the aggregate principal amount of Receivables to be transferred on such Transfer Date, substantially in the form of EXHIBIT I.

"AFFILIATE" of any Person means any Person who directly or indirectly controls, is controlled by, or is under direct or indirect common control with such Person. For purposes of this definition, the term "CONTROL" when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "CONTROLLING", "CONTROLLED BY" and "UNDER COMMON CONTROL WITH" have meanings correlative to the foregoing.

"AGGREGATE PRINCIPAL BALANCE" means, with respect to any date of determination and with respect to the Receivables, the Qualifying Receivables or any specified portion thereof, as the case may be, the sum of the Principal Balances for all Receivables, the Qualifying Receivables or any specified portion thereof, as the case may be (other than (i) any Receivable that became a Liquidated Receivable prior to the end of the most recently ended Collection Period and (ii) any Receivable that became a Purchased Receivable prior to the end of the most recently ended Collection Period) as of the date of determination.

"AGREEMENT" means this Sale and Servicing Agreement, as the same may be amended and supplemented from time to time, in accordance with the terms hereof.

"AMORTIZATION EVENT" means any one of the following: (a) the occurrence of an Insurance Agreement Event of Default; (b) failure by the Seller or the Servicer to repurchase any Receivable in accordance with the terms of this Agreement; (c) the occurrence of a Servicer Termination Event, (d) the Backup Servicer or Standby Servicer shall have become the Servicer hereunder, (e) the Insurer shall have delivered an Insurer Notice to the Trustee, the Purchaser, the Seller and the Initial Note Purchaser or, (f) the failure of the Purchaser to deposit into the Collection Account the amount required to be deposited therein in accordance with Section 5.10(a), Section 5.10(b) or Section 5.10(c).

"AMORTIZATION PERIOD" means the period beginning immediately following the end of the Revolving Period and ending on the Final Scheduled Payment Date.

"AMOUNT FINANCED" means, with respect to a Receivable, the aggregate amount advanced under such Receivable toward the purchase price of the Financed Vehicle and any related costs, including amounts advanced in respect of accessories, insurance premiums, service and warranty contracts, other items customarily financed as part of retail automobile installment sale contracts or promissory notes, and related costs.

"ANNUAL PERCENTAGE RATE" or "APR" of a Receivable means the annual percentage rate of finance charges or service charges, as stated in the related Contract.

"ASSIGNMENT" means an assignment from the Seller to the Purchaser with respect to the Receivables and Other Conveyed Property to be conveyed by the Seller to the Purchaser on any Transfer Date, in substantially the form of EXHIBIT G.

"ASSUMPTION DATE" has the meaning set forth in SECTION 10.3(A).

"AVERAGE EXTENSION PERCENTAGE" only during the Amortization Period, means the percentage equivalent of a fraction, the numerator of which is the sum of the Extension Percentages for each of the current Collection Period and the three preceding Collection Periods and the denominator of which is 4.

"BACKUP SERVICER" means SST, in its capacity as Backup Servicer pursuant to the terms of the Backup Servicing Agreement.

"BACKUP SERVICING AGREEMENT" means that certain Backup Servicing Agreement dated as of January 9, 2003, among SST, as Backup Servicer, CPS as Servicer and the Purchaser.

"BACKUP SERVICING FEE" means the fee payable to the Backup Servicer so long as the Backup Servicer is not the Servicer, on each Payment Date in the amount specified in the Backup Servicing Agreement.

"BANK ONE" means Bank One Trust Company, N.A.

"BASIC DOCUMENTS" means this Agreement, the Indenture, the Master Spread Account Agreement, the Backup Servicing Agreement, the Spread Account Supplement, the Insurance Agreement, the Lockbox Agreement, the Premium Letter, the Note Purchase Agreement and all other documents and certificates delivered in connection therewith.

"BASIS FEE PERCENT" means 1.50%.

"BUSINESS DAY" means (i) any day other than a Saturday, a Sunday or a day on which banking institutions in the City of New York, Chicago, Illinois, or the State in which the Corporate Trust Office is located, the State in which the executive offices of the Servicer are located and the State in which the principal place of business of the Insurer is located shall be authorized or obligated by law, executive order, or governmental decree to be closed, and (ii) if the applicable Business Day relates to the determination of LIBOR, a day which is a day described in clause (i) above and which is also a day for trading by and between banks in the London interbank eurodollar market.

"CASUALTY" means, with respect to a Financed Vehicle, the total loss or destruction of such Financed Vehicle.

"CLOSING DATE" means January 9, 2003.

"CODE" means the Internal Revenue Code of 1986, as amended.

"COLLATERAL" has the meaning set forth in the Indenture.

"COLLATERAL AGENT" means Bank One Trust Company, N.A., in its capacity as Collateral Agent under the Master Spread Account Agreement and the Pledge Agreement and any Successor Collateral Agent appointed pursuant to Section 4.05 of the Master Spread Account Agreement or Pledge Agreement.

"COLLATERAL AGENT FEE" means (A) the fee payable to the Collateral Agent on each Payment Date in an amount equal to the greater of (a) $375 or (b) one-twelfth of 0.0075% of the aggregate outstanding principal amount of the Notes on the last day of the second preceding Collection Period; PROVIDED, HOWEVER, that on the first Payment Date the Collateral Agent will be entitled to

receive an amount equal to the greater of (a) $375 or (b) the product of (i) the percentage equivalent of a fraction the numerator of which is the number of days from the Closing Date, to but excluding the first Payment Date and the denominator of which is 360, (ii) 0.0075% and (iii) the aggregate outstanding principal amount of the Notes as of the Closing Date and (B) any other amounts payable pursuant to the Fee Schedule.

"COLLATERAL TEST" means, with respect to any Determination Date, a test that will be satisfied if, as of such Determination Date, the aggregate outstanding principal amount of the Notes is less than or equal to the result, with each amount determined as of such Determination Date, of: (i) the amount on deposit in the Collection Account and the Principal Funding Account, LESS (ii) the Noteholders' Interest Distributable Amount for the related Payment Date, LESS (iii) the WAC Deficiency Deposit, if any, and the Liquidity Amount, in each case as of such Determination Date PLUS (iv) the product of (a) the Aggregate Principal Balance of Receivables that are Qualifying Receivables as of such Determination Date and (b) the Required Collateral Ratio as of such Determination Date.

"COLLECTION ACCOUNT" means the account designated as such, established and maintained pursuant to Section 5.1.

"COLLECTION PERIOD" means, with respect to the first Payment Date, the period beginning on the close of business on the Cutoff Date with respect to the Receivables purchased on the initial Transfer Date and ending on the close of business on the last day of the calendar month in which such Transfer Date occurs. With respect to each subsequent Payment Date, "Collection Period" means the preceding calendar month. Any amount stated "as of the close of business on the last day of a Collection Period" shall give effect to the following calculations as determined as of the end of the day on such last day: (i) all applications of collections pursuant to SECTION 5.4, and (ii) all distributions to be made on the Payment Date occurring in such Collection Period pursuant to SECTION 5.7.

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

"CONTROLLING PARTY" means (a) so long as no Insurer Default has occurred and is continuing, the Insurer and (b) for so long as an Insurer Default has occurred and is continuing, the Trustee acting at the direction of a Note Majority.

"CORPORATE TRUST OFFICE" has the meaning set forth in the Indenture.

"CPS" means Consumer Portfolio Services, Inc., a California corporation and its successors.

"CPSRC" means CPS Receivables Corp., a California corporation.

"CRAM DOWN LOSS" means, with respect to a Receivable, if a court of appropriate jurisdiction in an insolvency proceeding shall have issued an order reducing the amount owed on a Receivable or otherwise modifying or restructuring Scheduled Receivable Payments to be made on a Receivable, an amount equal to such reduction in Principal Balance of such Receivable or the reduction in the net present value (using as the discount rate the lower of the contract rate or the rate of interest specified by the court in such order) of the Scheduled Receivable Payments as so modified or restructured. A "CRAM DOWN LOSS" shall be deemed to have occurred on the date such order is entered.

"CUTOFF DATE" means, with respect to a Receivable or Receivables, the date specified as such for such Receivable or Receivables in the Schedule of Receivables.

"DEALER" means, with respect to a Receivable, the seller of the related Financed Vehicle, who originated and assigned such Receivable to the Seller.

"DEFAULTED RECEIVABLE" means, with respect to any Receivable as of any date, a Receivable with respect to which: (i) more than 90% of a Scheduled Receivable Payment is more than 60 days past due as of the end of the immediately preceding Collection Period, (ii) the Servicer has repossessed the related Financed Vehicle (and any applicable redemption or acceleration period has expired) as of the end of the immediately preceding Collection Period, or (iii) such Receivable is in default as of the last day of the immediately preceding Collection Period and the Servicer has determined in good faith that payments thereunder are not likely to be resumed.

"DEFECTIVE RECEIVABLE" means a Receivable that is subject to repurchase pursuant to SECTION 3.2 or SECTION 4.7.

"DEFICIENCY CLAIM AMOUNT" has the meaning set forth in SECTION 5.5(A).

"DEFICIENCY CLAIM DATE" means, with respect to any Insured Payment Date, the fourth Business Day immediately preceding such Insured Payment Date.

"DEFICIENCY NOTICE" has the meaning set forth in SECTION 5.5(A).

"DELIVERY" means, when used with respect to Pledged Account Property: (terms used in the following provisions that are not otherwise defined are used as defined in Articles 8 and 9 of the UCC):

(i) in the case of such Pledged Account Property consisting of security entitlements not covered by the following paragraphs in this definition of Delivery, by (1) causing the Trustee or related securities intermediary to indicate by book entry that a financial asset related to such securities entitlement has been credited to the related Pledged Account and (2) causing the Trustee or related securities intermediary to indicate that the Trustee is the sole entitlement holder of each such securities entitlement and causing the Trustee or related securities intermediary to agree that it will comply with entitlement orders originated by the Trustee with respect to each such security entitlement without further consent by the Issuer;

(ii) in the case of each certificated security (other than a clearing corporation security (as defined below)) or instrument by: (1) the delivery of such certificated security or instrument to the Trustee or related securities intermediary registered in the name of the Trustee or related securities intermediary or its respective affiliated nominee or endorsed to the Trustee or related securities intermediary

in blank; (2) causing the Trustee or related securities intermediary to continuously indicate by book-entry that such certificated security or instrument is credited to the related Pledged Account; and (3) the Trustee or related securities intermediary maintaining continuous possession of such certificated security or instrument;

(iii) in the case of each uncertificated security (other than a clearing corporation security (as defined below)), by causing: (1) such uncertificated security to be continuously registered in the books of the issuer thereof in the name of the Trustee or related securities intermediary; and (2) the Trustee or related securities intermediary to continuously indicate by book-entry that such uncertificated security is credited to the related Pledged Account;

(iv) in the case of each security in the custody of or maintained on the books of a clearing corporation (a "clearing corporation security"), by causing: (1) the relevant clearing corporation to credit such clearing corporation security to the securities account of the Trustee or related securities intermediary at such clearing corporation; and (2) the Trustee or related securities intermediary to continuously indicate by book-entry that such clearing corporation security is credited to the related Pledged Account;

(v) in the case of each security issued or guaranteed by the United States of America or agency or instrumentality thereof (other than a security issued by the Government National Mortgage Association) representing a full faith and credit obligation of the United States of America and that is maintained in book-entry records of the Federal Reserve Bank of New York ("FRBNY") (each such security, a "government security"), by causing: (1) the creation of a security entitlement to such government security by the credit of such government security to the securities account of the Trustee or related securities intermediary at the FRBNY; and (2) the Trustee or related securities intermediary to continuously indicate by book-entry that such government security is credited to the related Pledged Account.

(vi) in the case of each security entitlement not governed by clauses (i) through (v) above, by:

(A) causing a securities intermediary (x) to indicate by book-entry that the underlying "financial asset" (as defined in Section 8-102(a)(9) of the UCC) has been credited to be the Trustee or related securities intermediary's securities account, (y) to receive a financial asset from the Trustee or related securities intermediary or acquiring the underlying financial asset for the Trustee or related securities intermediary, and in either case, accepting it for credit to the Trustee or related securities intermediary's securities account or (z) to be become obligated under other law, regulation or rule to credit the underlying financial asset to the Trustee or related securities intermediary's securities account,

(B) the making by such securities intermediary of entries on its books and records continuously identifying such security entitlement as belonging to the Trustee or related securities intermediary and continuously indicating by book-entry that such securities entitlement is credited to the Trustee or related securities intermediary's securities account, and

(C) the Trustee or related securities intermediary continuously indicating by book-entry that such security entitlement (or all rights and property of the Trustee or related securities intermediary representing such securities entitlement) is credited to the related Pledged Account; and

(6) in the case of cash or money, by:

(A) the delivery of such cash or money to the Trustee or related securities intermediary,

(B) the Trustee or related securities intermediary treating such cash or money as a financial asset maintained by such Trustee for credit to the related Pledged Account in accordance with the provisions of Article 8 of the UCC, and

(C) causing the Trustee or related securities intermediary to continuously indicate by book-entry that such cash or money is credited to the related Pledged Account.

(vii) in each case of delivery contemplated pursuant to clauses (ii) through (vi) hereof, the Trustee shall make appropriate notations on its records, and shall cause the same to be made on the records of its nominees, indicating that such Trust Property which constitutes a security is held in trust pursuant to and as provided in this Agreement.

"DETERMINATION DATE" means, with respect to any Payment Date, Insured Payment Date or any date on which a calculation or determination is to be made, the third Business Day immediately preceding such Payment Date, Insured Payment Date or other date of determination.

"DRAW DATE" means, with respect to any Insured Payment Date, the third Business Day immediately preceding such Insured Payment Date.

"ELIGIBLE ACCOUNT" means either (i) a segregated trust account that is maintained with a depository institution acceptable to the Controlling Party, or (ii) a segregated direct deposit account maintained with a depository institution or trust company organized under the laws of the United States of America, or any of the States thereof, or the District of Columbia, having a certificate of deposit, short-term deposit or commercial paper rating of at least "A-1+" by Standard & Poor's and "P-1" by Moody's and acceptable to the Controlling Party.

"ELIGIBLE INVESTMENTS" mean book-entry securities, negotiable instruments or securities represented by instruments in bearer or registered form which evidence:

(a) direct obligations of, and obligations fully guaranteed as to the full and timely payment by, the United States of America;

(b) demand deposits, time deposits or certificates of deposit of any depository institution or trust company incorporated under the laws of the United States of America or any State thereof (or any domestic branch of a foreign bank) and subject to supervision and examination by Federal or State banking or depository institution authorities; PROVIDED, HOWEVER, that at the time of the investment or contractual commitment to invest therein, the commercial paper or other

short-term unsecured debt obligations (other than such obligations the rating of which is based on the credit of a Person other than such depository institution or trust company) thereof shall be rated "A-1+" by Standard & Poor's and "P-1" by Moody's;

(c) commercial paper that, at the time of the investment or contractual commitment to invest therein, is rated "A-1+" by Standard & Poor's and "P-1" by Moody's and which has a maturity of 365 days or less;

(d) bankers' acceptances issued by any depository institution or trust company referred to in CLAUSE (B) above;

(e) repurchase obligations with respect to any security that is a direct obligation of, or fully guaranteed as to the full and timely payment by, the United States of America or any agency or instrumentality thereof the obligations of which are backed by the full faith and credit of the United States of America, in either case entered into with (i) a depository institution or trust company (acting as principal) described in clause (b) or (ii) a depository institution or trust company whose commercial paper or other short term unsecured debt obligations are rated "A-1+" by Standard & Poor's and "P-1" by Moody's and long term unsecured debt obligations are rated "AAA" by Standard & Poor's and "AAA" by Moody's;

(f) with the prior written consent of the Controlling Party, money market mutual funds registered under the Investment Company Act of 1940, as amended, having a rating, at the time of such investment, from each of the Rating Agencies in the highest investment category granted thereby except, the Controlling Party shall not be required to give its prior written consent for the Bank One Institutional Prime Money Market Fund; and

(g) any other investment as may be acceptable to the Insurer, as evidenced by a writing to that effect, as may from time to time be confirmed in writing to the Trustee by the Insurer.

Any of the foregoing Eligible Investments may be purchased by or through the Trustee or any of its Affiliates.

"ELIGIBLE SERVICER" means a Person approved to act as "SERVICER" under this Agreement by the Controlling Party.

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

"EXTENSION PERCENTAGE" means, with respect to any Collection Period other than during the Revolving Period, the percentage of Receivables owned by the Purchaser as of the end of such Collection Period that were extended pursuant to SECTION 4.2 during such Collection Period, computed as the percentage equivalent of a fraction, the numerator of which is the Aggregate Principal Balance of such extended Receivables as of the end of such Collection Period, and the denominator of which is the Aggregate Principal Balance of all Receivables owned by the Purchaser as of the end of such Collection Period.

"FDIC" means the Federal Deposit Insurance Corporation.

"FEE SCHEDULE" means that certain (i) Bond Trustee Fee Schedule and (ii) Document Custody Fee Schedule, each dated January 6, 2003 and delivered to Seller by Bank One Trust Company, N.A., copies of which are attached as Exhibit J and Exhibit K, respectively.

"FINAL SCHEDULED PAYMENT DATE" means the earliest to occur of (a) the Insured Payment Date next succeeding the date on which the Controlling Party shall have sold, securitized or otherwise liquidated the last Receivable and (b) the Insured Payment Date occurring on or after the date that is 90 months after the initial Transfer Date.

"FINANCED VEHICLE" means a new or used automobile, light truck, van or minivan, together with all accessions thereto, securing an Obligor's indebtedness under a Receivable.

"FIRST SST PAYMENT DATE" means the Payment Date occurring in the first calendar month after the calendar month in which the SST Assumption Date occurs.

"GAAP" means generally accepted accounting principles occasioned by the promulgation of rules, regulations, pronouncements or opinions by the Financial Accounting Standards Board, the American Institute of Certified Public Accountants or the Securities and Exchange Commission (or successors thereto or agencies with similar functions) from time to time.

"HOLDER" has the meaning set forth in the Indenture.

"INDENTURE" means the Indenture dated as of January 9, 2003, between the Purchaser, as Issuer thereunder, and Bank One Trust Company, N.A., as Trustee, as the same may be amended, supplemented or otherwise modified from time to time in accordance with the terms thereof.

"INELIGIBLE RECEIVABLE" means any Receivable other than a Qualifying Receivable.

"INITIAL NOTE PURCHASER" means Greenwich Capital Markets, Inc.

"INITIAL PAYMENT DATE" means the first Payment Date hereunder.

"INSOLVENCY EVENT" means, with respect to a specified Person, (a) the filing of a petition against such Person or the entry of a decree or order for relief by a court having jurisdiction in the premises in respect of such Person or any substantial part of its property in an involuntary case under any applicable federal or state bankruptcy, insolvency or other similar law now or hereafter in effect, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official for such Person or for any substantial part of its property, or ordering the winding-up or liquidation of such Person's affairs, and such petition, decree or order shall remain unstayed and in effect for a period of 60 consecutive days; or (b) the commencement by such Person of a

voluntary case under any applicable federal or state bankruptcy, insolvency or other similar law now or hereafter in effect, or the consent by such Person to the entry of an order for relief in an involuntary case under any such law, or the consent by such Person to the appointment of or taking possession by, a receiver, liquidator, assignee, custodian, trustee, sequestrator, or similar official for such Person or for any substantial part of its property, or the making by such Person of any general assignment for the benefit of creditors, or the failure by such Person generally to pay its debts as such debts become due, or the taking of action by such Person in furtherance of any of the foregoing.

"INSURANCE AGREEMENT" means the Insurance and Indemnity Agreement among the Seller, the Purchaser and the Insurer, dated as of January 9, 2003, as such agreement may be amended, supplemented or otherwise modified from time to time in accordance with the terms thereof.

"INSURANCE AGREEMENT EVENT OF DEFAULT" means an "EVENT OF DEFAULT" as defined in the Insurance Agreement.

"INSURANCE POLICY" means, with respect to a Receivable, any insurance policy (including the insurance policies described in SECTION 4.4 hereof) benefiting the holder of the Receivable providing loss or physical damage, credit life, credit disability, theft, mechanical breakdown or similar coverage with respect to the Financed Vehicle or the Obligor.

"INSURED PAYMENT DATE" means the nineteenth day of each month, or, if such nineteenth day is not a Business Day, the next following Business Day. In the event that, on any Payment Date, the Noteholders did not receive the full amount of the Scheduled Payment (as defined in the Note Policy) then due to them, such shortfall shall be due and payable and shall be funded on the Insured Payment Date either from the NPF Spread Account or from the proceeds of a drawing under the Note Policy. The Record Date applicable to an Insured Payment Date shall be the Record Date applicable to the related Payment Date.

"INSURER" means Financial Security Assurance Inc., a stock insurance company organized and created under the laws of the State of New York, or its successors in interest.

"INSURER DEFAULT" means any one of the following events shall have occurred and be continuing:

(i) the Insurer fails to make a payment required under the Note Policy in accordance with its terms;

(ii) the Insurer (A) files any petition or commences any case or proceeding under any provision or chapter of the United States Bankruptcy Code, the New York Department of Insurance Code or similar Federal or State law relating to insolvency, bankruptcy, rehabilitation, liquidation or reorganization, (B) makes a general assignment for the benefit of its creditors or (C) has an order for relief entered against it under the United States Bankruptcy Code or any other similar Federal or State law relating to insolvency, bankruptcy, rehabilitation, liquidation or reorganization which is final and nonappealable; or

(iii) a court of competent jurisdiction, the New York Department of Insurance or other competent regulatory authority enters a final and nonappealable order, judgment or decree (A) appointing a custodian, trustee, agent or receiver for the Insurer or for all or any material portion of its property or (B) authorizing the taking of possession by a custodian, trustee, agent or receiver of the Insurer (or the taking of possession of all or any material portion of the property of the Insurer).

"INSURER NOTICE" means written notice from the Insurer specifying the date, determined in the sole and absolute discretion of the Insurer, on which the Revolving Period shall end, and after which (a) no additional purchases under this Agreement shall be permitted and (b) no Note Increases shall be permitted under the Indenture.

"INSURER PREMIUM PERCENT" means 0.75%.

"INTEREST PERIOD" means, with respect to the Notes and each Note Increase Amount, as applicable, and any Payment Date, the period from and including the immediately preceding Payment Date (or in the case of the initial Interest Period, from and including the first Transfer Date hereunder) to but excluding such Payment Date.

"INVESTMENT EARNINGS" means, with respect to any Payment Date and any Pledged Account, the investment earnings on amounts on deposit in such Pledged Account on such Payment Date.

"LIBOR" means the rate for one-month deposits in U.S. Dollars which appears on Telerate page 3750 (or such other page as may replace the 3750 page on the Telerate service or such other service or services as may be nominated by the British Bankers' Association for the purpose of displaying London interbank offered rates for U.S. dollar deposits) determined by the Initial Note Purchaser at or about 11:00 a.m. New York City time (i) with respect to any Interest Period, on the related LIBOR Determination Date and (ii) with respect to any other date of determination, on such date (or, if such date is not a Business Day, on the next succeeding Business Day); PROVIDED, HOWEVER, if no rate appears on the Telerate Page 3750 on any such date of determination, LIBOR shall be determined as follows:

With respect to a day on which no rate appears on Telerate Page 3750, LIBOR will be determined at approximately 11:00 a.m., New York City time, on such day on the basis of (a) the arithmetic mean of the rates at which one-month deposits in U.S. dollars are offered to prime banks in the London interbank market by four (4) major banks in the London interbank market selected by the Initial Note Purchaser and in a principal amount of not less than $75,000,000 that is representative for a single transaction in such market at such time, if at least two (2) such quotations are provided, or (b) if fewer than two (2) quotations are provided as described in the preceding clause (a), the arithmetic mean of the rates, as requested by the Initial Note Purchaser, quoted by three (3) major banks in New York City, selected by the Initial Note Purchaser, at approximately 11:00 A.M., New York City time, on such day, one-month deposits in United States dollars to leading European banks and in a principal amount of not less than $75,000,000 that is representative for a single transaction in such market at such time.

"LIBOR DETERMINATION DATE" means, with respect to each Interest Period, the Business Day immediately preceding the first day of such Interest Period.

"LIEN" means a security interest, lien, charge, pledge, equity, or encumbrance of any kind, other than tax liens, mechanics' liens and any liens that attach to the respective Receivable by operation of law.

"LIEN CERTIFICATE" means, with respect to a Financed Vehicle, an original certificate of title, certificate of lien or other notification issued by the Registrar of Titles of the applicable state to a secured party which indicates that the lien of the secured party on the Financed Vehicle is recorded on the original certificate of title. In any jurisdiction in which the original certificate of title is required to be given to the obligor, the term "LIEN CERTIFICATE" shall mean only a certificate or notification issued to a secured party.

"LIQUIDATED RECEIVABLE" a Receivable shall be a "Liquidated Receivable" on the earlier of any of the following to occur: (i) the Receivable has been liquidated by the Servicer through the sale of the Financed Vehicle or (ii) the related Financed Vehicle has been repossessed and 90 days have elapsed since the date of such repossession or (iii) the related Obligor has failed to make more than 90% of a Scheduled Receivable Payment of more than ten dollars for 120 (or, if the related Financed Vehicle has been repossessed, 210) or more days as of the end of a Collection Period or (iv) with respect to which such Receivable, proceeds have been received which, in the Servicer's judgment, constitute the final amounts recoverable in respect of such Receivable.

"LIQUIDITY AMOUNT" means, as of any date of determination, the product of (a) the Aggregate Principal Balance of the Receivables as of such date and (b) the greater of (i) 1.0% and (ii)(A) the sum of (x) the Note Interest Rate on such date and (y) the Total Expense Percent divided by (B) twelve.

"LIQUIDITY AMOUNT SHORTFALL" has the meaning set forth in SECTION 5.10.

"LOCKBOX ACCOUNT" means an account maintained on behalf of the Trustee by the Lockbox Bank pursuant to SECTION 4.2(B).

"LOCKBOX AGREEMENT" means the Agreement Relating to Lockbox Services, dated as of January 9, 2003, by and among the Lockbox Processor, the Purchaser, the Servicer and the Trustee, as such agreement may be amended, supplemented or otherwise modified from time to time in accordance with the terms thereof, unless the Trustee shall cease to be a party thereunder, or such agreement shall be terminated in accordance with its terms, in which event "LOCKBOX AGREEMENT" shall mean such other agreement, in form and substance acceptable to the Controlling Party, among the Servicer, the Purchaser, and the Lockbox Processor and any other appropriate parties.

"LOCKBOX BANK" means as of any date a depository institution named by the Servicer and acceptable to the Controlling Party at which the Lockbox Account is established and maintained as of such date.

"LOCKBOX PROCESSOR" means Regulus West, LLC and its successors and assigns.

"MASTER SPREAD ACCOUNT AGREEMENT" means the Master Spread Account Agreement amended and restated as of December 1, 1998 among the Insurer, CPSRC and the Collateral Agent, as amended prior to the date hereof, and as the same may be modified, supplemented or otherwise amended in accordance with the terms thereof.

"MAXIMUM NOTE INTEREST RATE" has the meaning set forth in the Indenture.

"MOODY'S" means Moody's Investors Service, Inc., or its successor.

"NET LIQUIDATION PROCEEDS" means, with respect to a Liquidated Receivable, all amounts realized with respect to such Receivable (other than amounts withdrawn from the NPF Spread Account and drawings under the Note Policy) net of (i) reasonable expenses incurred by the Servicer in connection with the collection of such Receivable and the repossession and disposition of the Financed Vehicle and the reasonable cost of legal counsel with the enforcement of a Defaulted Receivable, (ii) amounts that are required to be refunded to the Obligor on such Receivable; PROVIDED, HOWEVER, that the Net Liquidation Proceeds with respect to any Receivable shall in no event be less than zero.

NON-CERTIFICATED STATES - The States of Arizona, Kansas, Kentucky, Maine, Maryland, Michigan, Minnesota, Montana, New York, Oklahoma, Wisconsin and such other states in which the applicable Department of Motor Vehicles or similar authority issues evidence of title to a Financed Vehicle in a non-certificated form.

"NOTE" or "NOTES" has the meaning specified in Section 1.1 of the Indenture.

"NOTE DISTRIBUTION ACCOUNT" means the account designated as such, established and maintained as set forth in Section 5.1.

"NOTE INCREASE AMOUNT" has the meaning specified in the Indenture.

"NOTE INCREASE DATE" has the meaning specified in the Indenture.

"NOTE INTEREST RATE" has the meaning specified in the Indenture.

"NOTE MAJORITY" means the Holders of Notes evidencing more than 50% of the Outstanding Amount of the Notes.

"NOTE POLICY CLAIM AMOUNT" with respect to any Insured Payment Date, has the meaning specified in Section 6.1.

"NOTEHOLDER" has the meaning specified in the Indenture.

"NOTEHOLDERS' INTEREST CARRYOVER SHORTFALL" means, (i) with respect to any Payment Date, the excess of the Noteholders' Interest Distributable Amount for the preceding Payment Date over the amount that was actually deposited in the Note Distribution Account on such preceding Payment Date on account of the Noteholders' Interest Distributable Amount (to the extent not paid on the Insured Payment Date immediately following such preceding Payment Date) and (ii) with respect to any Insured Payment Date, the excess of the Noteholders'

Interest Distributable Amount for the immediately preceding Payment Date over the amount that was actually deposited in the Note Distribution Account on such immediately preceding Payment Date on account of the Noteholders' Interest Distributable Amount.

"NOTEHOLDERS' INTEREST DISTRIBUTABLE AMOUNT" means, with respect to any Payment Date or Insured Payment Date, the sum of the Noteholders' Monthly Interest Distributable Amount for such Payment Date or Insured Payment Date, as applicable, and the Noteholders' Interest Carryover Shortfall for such Payment Date or Insured Payment Date, respectively, if any, plus (i) with respect to any Payment Date, interest on such Noteholders' Interest Carryover Shortfall, to the extent permitted by law, at the Note Interest Rate for the related Interest Period(s), from and including the preceding Payment Date to, but excluding, the current Payment Date (to the extent not paid on the Insured Payment Date immediately following such preceding Payment Date) or (ii) with respect to any Insured Payment Date, interest on such Noteholders' Interest Carryover Shortfall paid on such Insured Payment Date, to the extent permitted by law, at the Note Interest Rate for the related Interest Period from and including the immediately preceding Payment Date to but excluding such Insured Payment Date.

"NOTEHOLDERS' MONTHLY INTEREST DISTRIBUTABLE AMOUNT" means, with respect to any Payment Date (other than the Initial Payment Date) or Insured Payment Date, an amount equal to the sum of the products, for each day during the related Interest Period, of (i) the Note Interest Rate for the related Interest Period, and (ii) the aggregate outstanding principal amount of the Notes as of the close of business on such day, divided by 360.

"NOTEHOLDERS' PRINCIPAL CARRYOVER SHORTFALL" means, with respect to any Payment Date, the excess of the Noteholders' Principal Distributable Amount for the preceding Payment Date over the amount that was actually deposited in the Note Distribution Account on such Payment Date on account of the Noteholders' Principal Distributable Amount.

"NOTEHOLDERS' PRINCIPAL DISTRIBUTABLE AMOUNT" means, with respect to any Payment Date (other than the Final Scheduled Payment Date), the sum of (i) collections on Receivables (other than Liquidated Receivables) allocable to principal including full and partial prepayments; (ii) the portion of the Purchase Amount allocable to principal of each Receivable that became a Purchased Receivable as of the last day of the preceding Collection Period and, at the option of the Insurer, the Principal Balance of each Receivable that was required to be but was not so purchased or repurchased (without duplication of amounts referred to in CLAUSE (i) above); (iii) the Principal Balance of each Receivable that first became a Liquidated Receivable during the preceding Collection Period (without duplication of the amounts included in CLAUSE (I) above); (IV) the aggregate amount of Cram Down Losses with respect to the Receivables that have occurred during the preceding Collection Period (without duplication of amounts referred to in CLAUSES (i) through (iii) above); and (v) following the acceleration of the Notes pursuant to SECTION 5.2 of the Indenture, the amount of money or property collected pursuant to Section 5.4 of the Indenture since the preceding Determination Date by the Trustee or Controlling Party for distribution pursuant to SECTION 5.7 hereof. The Noteholders' Principal Distributable Amount on the Final Scheduled Payment Date will equal the aggregate outstanding principal amount of the Notes.

"NOTICE OF CLAIM" has the meaning set forth in SECTION 6.1.

"NPF SPREAD ACCOUNT" means the account designated as such, established and maintained pursuant to the Spread Account Supplement.

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

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

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

"OTHER CONVEYED PROPERTY" means all property conveyed by the Seller to the Purchaser pursuant to SECTIONS 2.1(a)(ii) through (X) of this Agreement and Section 2 of each Assignment.

"OUTGOING SERVICER FEE" means, with respect to the First SST Payment Date, an amount equal to the product of (a) one twelfth times 2.5% of the Aggregate Principal Balance of the Receivables as of the close of business on the last day of the second preceding Collection Period and (b) a fraction (i) the numerator of which is the number of days in the related Collection Period prior to the SST Assumption Date and (ii) the denominator of which is 30.

"PAYMENT DATE" means, with respect to each Collection Period, the 15th day of the following calendar month, or if such day is not a Business Day, the immediately following Business Day. The first Payment Date shall occur in accordance with the previous sentence in the calendar month next following the calendar month during which the first Transfer Date occurs hereunder.

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

"PHYSICAL PROPERTY" has the meaning specified in the definition of "Delivery" above.

"PLEDGE AGREEMENT" has the meaning set forth in the Insurance and Indemnity Agreement.

"PLEDGED ACCOUNT PROPERTY" means the Pledged Accounts, all amounts and investments held from time to time in any Pledged Account (whether in the form of deposit accounts, Physical Property, book-entry securities, uncertificated securities or otherwise), and all proceeds of the foregoing.

"PLEDGED ACCOUNTS" has the meaning assigned thereto in SECTION 5.1(D).

"POST-OFFICE BOX" means the separate post-office box in the name of the Seller for the benefit of the Trustee acting on behalf of the Noteholders and the Insurer, established and maintained pursuant to SECTION 4.2.

"PREFERENCE CLAIM" has the meaning assigned thereto in SECTION 6.2(B).

"PRINCIPAL BALANCe" of a Receivable, as of the close of business on the last day of a Collection Period, means the Amount Financed minus the sum of the following amounts without duplication: (i) in the case of a Rule of 78's Receivable, that portion of all Scheduled Receivable Payments actually received on or prior to such day allocable to principal using the actuarial or constant yield method; (ii) in the case of a Simple Interest Receivable, that portion of all Scheduled Receivable Payments actually received on or prior to such day allocable to principal using the Simple Interest Method; (iii) any payment of the Purchase Amount with respect to the Receivable allocable to principal; (iv) any Cram Down Loss in respect of such Receivable; and (v) any prepayment in full or any partial prepayment applied to reduce the principal balance of the Receivable.

"PRINCIPAL FUNDING ACCOUNT" has the meaning specified in SECTION 5.1(C).

"PROGRAM" has the meaning specified in SECTION 4.11.

"PURCHASE AMOUNT" means, on any date with respect to a Defective Receivable, the Principal Balance and all accrued and unpaid interest on the Receivable as of such date (which in the case of a Rule 78's Receivable shall include, without limitation, a full month's interest in the month of purchase at the related APR), after giving effect to the receipt of any moneys collected (from whatever source) on such Receivable, if any, as of such date.

"PURCHASE PRICE" means, with respect to the Receivables and related Other Conveyed Property transferred to the Purchaser on the Closing Date or on any Transfer Date, an amount equal to the Principal Balance of such Receivables.

"PURCHASED RECEIVABLE" means a Receivable purchased as of the close of business on the last day of a Collection Period by the Servicer pursuant to SECTION 4.7 or repurchased by the Seller pursuant to SECTION 3.2.

"PURCHASER PROPERTY" means the property and proceeds conveyed pursuant to Section 2.1, together with certain monies received after the related Cutoff Date, the Insurance Policies, the Collection Account (including all Eligible Investments therein and all proceeds therefrom), the Lockbox Account and certain other rights under this Agreement.

"QUALIFYING RECEIVABLES" means, as of any date of determination, Receivables that (a) are not more than 30 days past due with respect to 90% or more of a Scheduled Receivable Payment, (b) the Servicer has not determined the Obligor with respect thereto is unlikely to continue making payments, and (c) are not Defective Receivables.

"RATING AGENCY" means each of Moody's and Standard & Poor's, and any successors thereof. If no such organization or successor maintains a rating on the Notes, "RATING AGENCY" shall be a nationally recognized statistical rating organization or other comparable Person designated by the Insurer (so long as an Insurer Default shall not have occurred and be continuing), notice of which designation shall be given to the Trustee and the Servicer.

"RATING AGENCY CONDITION" means, with respect to any action, that each Rating Agency shall have been given 10 days' (or such shorter period as shall be acceptable to each Rating Agency) prior written notice thereof and that each of the Rating Agencies shall have notified the Seller, the Servicer, the Insurer and the Trustee in writing that such action will not result in a reduction or withdrawal of the then current rating of the Notes, without giving effect to the Note Policy.

"REALIZED LOSSES" means, with respect to any Receivable that becomes a Liquidated Receivable, the excess of the Principal Balance of such Liquidated Receivable over Net Liquidation Proceeds with respect to such Receivable allocable to principal.

"RECEIVABLE" means each retail installment sale contract for a Financed Vehicle which is listed on the Schedule of Receivables and all rights and obligations thereunder, except for Receivables that shall have become Purchased Receivables.

"RECEIVABLE FILES" means the documents specified in Section 3.3.

"RECORD DATE" has the meaning set forth in the Indenture.

"REGISTRAR OF TITLES" means, with respect to any state, the governmental agency or body responsible for the registration of, and the issuance of certificates of title relating to, motor vehicles and liens thereon.

"REQUIRED COLLATERAL RATIO" means 72.5%.

"RESPONSIBLE OFFICER" means, in the case of the Trustee, the chairman or vice-chairman of the board of directors, the chairman or vice-chairman of the executive committee of the board of directors, the president, vice-president, assistant vice-president or managing director, the secretary, and assistant secretary or any other officer of the Trustee customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of such officer's knowledge of and familiarity with the particular subject.

"REVOLVING PERIOD" means the period beginning on the Closing Date and ending on the earliest to occur of (a) the Stated Maturity Date and (b) the occurrence of an Amortization Event.

"REVOLVING PRINCIPAL AMORTIZATION AMOUNT" means, with respect to any Payment Date (other than the Final Scheduled Payment Date), an amount equal to 72.5% of the Noteholders' Principal Distributable Amount for such Payment Date. The Revolving Principal Amortization Amount on the Final Scheduled Payment Date will equal zero.

"RULE OF 78'S RECEIVABLE" means any Receivable under which the portion of a payment allocable to earned interest (which may be referred to in the related retail installment sale contract as an add-on finance charge) and the portion allocable to the Amount Financed is determined according to the method commonly referred to as the "RULE OF 78'S" method or the "SUM OF THE MONTHS' DIGITS" method or any equivalent method.

"SCHEDULED RECEIVABLE PAYMENT" means, with respect to any Receivable for any Collection Period, the amount set forth in such Receivable as required to be paid by the Obligor in such Collection Period (without giving effect to deferments of payments pursuant to SECTION 4.2 or any rescheduling of payments in any insolvency or similar proceedings).

"SCHEDULE OF RECEIVABLES" means the schedule of all Receivables purchased by the Purchaser pursuant to this Agreement and each Assignment, which is attached hereto as SCHEDULE A, as amended or supplemented from time to time in accordance with the terms hereof.

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

"SERVICER" means Consumer Portfolio Services, Inc., as the servicer of the Receivables, and each successor Servicer pursuant to SECTION 10.3.

"SERVICER RECEIPT" has the meaning specified in SECTION 3.5.

"SERVICER TERMINATION EVENT" means an event specified in SECTION 10.1.

"SERVICER'S CERTIFICATE" means a certificate completed and executed by a Servicing Officer and delivered pursuant to Section 4.9, substantially in the form of EXHIBIT A.

"SERVICING FEE PERCENT" means 2.50%.

"SERVICING AND LOCKBOX PROCESSING ASSUMPTION AGREEMENT" means the Servicing and Lockbox Processing Assumption Agreement, dated as of January 9, 2003, among CPS, as Seller/Servicer, the Standby Servicer and the Trustee, as the same may be amended, supplemented or otherwise modified from time to time in accordance with the terms thereof.

"SERVICING FEE" has the meaning specified in SECTION 4.8.

"SERVICING OFFICER" means any Person whose name appears on a list of Servicing Officers delivered to the Trustee and the Insurer, as the same may be amended, modified or supplemented from time to time.

"SIMPLE INTEREST METHOD" means the method of allocating a fixed level payment between principal and interest, pursuant to which the portion of such payment that is allocated to interest is equal to the product of the APR multiplied by the unpaid principal balance multiplied by the period of time (expressed as a fraction of a year, based on the actual number of days in the calendar month and the actual number of days in the calendar year) elapsed since the preceding payment of interest was made and the remainder of such payment is allocable to principal.

"SIMPLE INTEREST RECEIVABLE" means a Receivable under which the portion of the payment allocable to interest and the portion allocable to principal is determined in accordance with the Simple Interest Method.

SPREAD ACCOUNT SUPPLEMENT" means the NPF Supplement No. 2 to the Master Spread Account Agreement dated as of January 9, 2003, among the Insurer, CPSRC, the Trustee and the Collateral Agent, as the same may be modified, supplemented or otherwise amended in accordance with the terms thereof.

"SST" means Systems & Services Technologies Inc., a Delaware corporation, and its successors.

"SST ASSUMPTION DATE" means the date, if any, on which SST becomes the successor Servicer under this Agreement.

"SST SERVICING FEE" has the meaning specified in the Backup Servicing Agreement.

"STANDARD & POOR'S" means Standard & Poor's Ratings Group, a division of The McGraw-Hill Companies, or its successor.

"STANDBY FEE" means (A) the fee payable to the Standby Servicer so long as CPS, SST or any successor Servicer (other than the Standby Servicer) is the Servicer, on each Payment Date in an amount equal to the greater of (a) $1,250 or (b) one-twelfth of 0.025% of the aggregate outstanding principal amount of the Notes on the last day of the second preceding Collection Period; PROVIDED, HOWEVER, that on the first Payment Date the Standby Servicer will be entitled to receive an amount equal to the greater of (a) $1,250 or (b) the product of (i) the percentage equivalent of a fraction the numerator of which is the number days from the initial Transfer Date to but excluding the first Payment Date and the denominator of which is 360, (ii) 0.025% and (iii) the aggregate outstanding principal amount of the Notes as of the first date on which the aggregate outstanding principal amount of the Notes is greater than zero and (B) any other amounts payable pursuant to the Fee Schedule.

"STANDBY SERVICER" means Bank One Trust Company, N.A., in its capacity as Standby Servicer pursuant to the terms of the Servicing and Lockbox Processing Assumption Agreement, or such Person as shall have been appointed Standby Servicer pursuant to SECTION 9.3(B) or 9.6.

"STANWICH CASE" means IN RE Structured Settlement Litigation, Nos. BC 244111, 244271 & 243787 (Cal. Supr. Ct. filed May 9, 2001) and Pardee v. Consumer Portfolio Services, Inc., No. 01-594T, USDC Rhode Island (filed November 20, 2001).

"STATED MATURITY DATE" means the date that is 364 days from the Closing Date.

"TOTAL DISTRIBUTION AMOUNT" means, for each Payment Date, the sum of the following amounts with respect to the preceding Collection Period, without duplication: (i) all collections on the Receivables; (ii) Net Liquidation Proceeds received during the Collection Period with respect to Liquidated Receivables; (iii) all Purchase Amounts deposited in the Collection Account by the related Determination Date pursuant to SECTION 5.6; (iv) Investment Earnings for the related Payment Date; (v) following the acceleration of the Notes pursuant to SECTION 5.2 of the Indenture, the amount of money or property collected pursuant to SECTION 5.4 of the Indenture since the preceding Payment Date by the Trustee or Controlling Party for distribution pursuant to SECTION 5.7 and SECTION 5.8 hereof.

"TOTAL EXPENSE PERCENT" means 2.64%.

"TRANSFER DATE" means, with respect to Receivables, any day during the Revolving Period on which Receivables are to be (a) transferred to the Purchaser pursuant to this Agreement and the related Assignment and (b) pledged to the Indenture Trustee pursuant to the Indenture. Subject to the satisfaction of all conditions set forth in SECTION 2.1(b), the Closing Date may be a Transfer Date hereunder.

"TRUST ESTATE" has the meaning specified in the Indenture.

"TRUST RECEIPT" means a trust receipt in substantially the form of EXHIBIT B hereto.

"TRUSTEE" means Bank One Trust Company, N.A., acting as Trustee under the Indenture, its successors in interest and any successor trustee under the Indenture.

"TRUSTEE FEE" means (A) the fee payable to the Trustee on each Payment Date in an amount equal to the greater of (a) $375 or (b) one-twelfth of 0.0075% of the aggregate outstanding principal amount of the Notes on the last day of the second preceding Collection Period; PROVIDED, HOWEVER, that on the first Payment Date the Trustee will be entitled to receive an amount equal to the greater of (a) $375 or (b) the product of (i) the percentage equivalent of a fraction the numerator of which is the number days from the Closing Date to but excluding the first Payment Date and the denominator of which is 360, (ii) 0.0075% and (iii) the aggregate outstanding principal amount of the Notes as of the first date on which the aggregate outstanding principal amount of the Notes is greater than zero and (B) any amounts payable to the Trustee pursuant to the Fee Schedule.

"UCC" means the Uniform Commercial Code as in effect in the relevant jurisdiction.

"WAC DEFICIENCY AMOUNT" means as of any date of determination on which the WAC Deficiency Percentage is greater than zero, an amount equal to the product of (x) 1.7 times (y) the WAC Deficiency Percentage as of such date times (z) the Aggregate Principal Balance of the Receivables on such date (which shall include the Aggregate Principal Balance of any Receivables transferred by the Seller to the Purchaser since the immediately preceding Determination Date but exclude the Aggregate Principal Balance of any Receivables that became Defective Receivables or Purchased Receivables since such Determination Date).

"WAC DEFICIENCY DEPOSIT" means as of any date of determination, the amount on deposit in the Collection Account in respect of the WAC Deficiency Amount, which shall equal the amount withheld in the Collection Account in respect of the WAC Deficiency Amount on the Payment Date coinciding with or next preceding such date of determination pursuant to SECTION 5.7(a)(viii) plus amounts, if any, deposited into the Collection Account in respect of the WAC Deficiency Amount from such Payment Date to and including the date of determination pursuant to SECTION 5.10(a).

"WAC DEFICIENCY PERCENTAGE" means as of any date of determination, an amount expressed as a percentage equal to the positive difference, if any, of

(A) the sum of:

(I) the product of (a) the sum of (i) the greatest of (x) the Two-Year Swap Rate, determined as of such date, plus the Basis Fee Percent, (y)1.2 times LIBOR, determined as of such date, plus the Basis Fee Percent; and (z) 7.00% and (ii) the Insurer Premium Percent times (b) the Required Collateral Ratio; plus

(II) the Total Expense Percent;

over

(B) the positive difference between: the weighted average APR (weighted based on the Aggregate Principal Balance of the Qualifying Receivables as of such date (which shall include the Aggregate Principal Balance of the Qualifying Receivables transferred by the Seller to the Purchaser since the immediately preceding Determination Date but shall exclude the Aggregate Principal Balance of the Qualifying Receivables that became Defective Receivables since such Determination Date); minus 10.30%.

SECTION 1.2 OTHER DEFINITIONAL PROVISIONS.

(a) Capitalized terms used herein and not otherwise defined herein have the meanings assigned to them in the Indenture.

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

(c) Accounting terms used but not defined or partly defined in this Agreement, in any instrument governed hereby or in any certificate or other document made or delivered pursuant hereto, to the extent not defined, shall have the respective meanings given to them under generally accepted accounting principles as in effect on the date of this Agreement or any such instrument, certificate or other document, as applicable. To the extent that the definitions of accounting terms in this Agreement or in any such instrument, certificate or other document are inconsistent with the meanings of such terms under generally accepted accounting principles, the definitions contained in this Agreement or in any such instrument, certificate or other document shall control.

(d) The words "HEREOF," "HEREIN," "HEREUNDER" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement.

(e) Section, Schedule and Exhibit references contained in this Agreement are references to Sections, Schedules and Exhibits in or to this Agreement unless otherwise specified; and the term "INCLUDING" shall mean "INCLUDING WITHOUT LIMITATION."

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

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

SECTION 1.3 CALCULATIONS.

Other than as expressly set forth herein or in any of the other Basic Documents, all calculations of (a) the amount of the Servicing Fee, the Standby Fee, Backup Servicing Fee, SST Servicing Fee, Trustee Fee and the Collateral Agent Fee shall be made on the basis of a 360-day year consisting of twelve 30-day months and (b) interest due and payable on the Notes, including, without limitation, the Noteholders' Monthly Interest Distributable Amount shall be made on the basis of the actual number of days elapsed and a 360-day year. All references to the Principal Balance of a Receivable as of the last day of a Collection Period shall refer to the close of business on such day.

SECTION 1.4 ACTION BY OR CONSENT OF NOTEHOLDERS.

Whenever any provision of this Agreement refers to action to be taken, or consented to, by Noteholders, such provision shall be deemed to refer to Noteholders of record as of the Record Date immediately preceding the date on which such action is to be taken, or consent given, by Noteholders. Solely for the purposes of any action to be taken or consented to by Noteholders, any Note registered in the name of the Purchaser, the Seller, the Servicer or any Affiliate thereof shall be deemed not to be outstanding and shall not be taken into account in determining whether the requisite interest necessary to effect any such action or consent has been obtained; PROVIDED, HOWEVER, that, solely for the purpose of determining whether the Trustee or the Collateral Agent is entitled to rely upon any such action or consent, only Notes which the Trustee or the Collateral Agent actually knows to be so owned shall be so disregarded.

SECTION 1.5 MATERIAL ADVERSE EFFECT.

Whenever a determination is to be made under this Agreement as to whether a given event, action, course of conduct or set of facts or circumstances could or would have a material adverse effect on the Purchaser or Noteholders (or any such similar or analogous determination), such determination shall be made without taking into account the insurance provided by the Note Policy. Whenever a determination is to be made under this Agreement whether a breach of a representation, warranty or covenant has or could have a material adverse effect on a Receivable or the interest therein of the Purchaser, the Noteholders or the Insurer (or any similar or analogous determination), such determination shall be made by the Controlling Party in its sole discretion.

ARTICLE II

CONVEYANCE OF RECEIVABLES

SECTION 2.1 CONVEYANCE OF RECEIVABLES.

(a) In consideration of the Purchaser's delivery to or upon the order of the Seller on any Transfer Date of the Purchase Price therefor, the Seller does hereby sell, transfer, assign, set over and otherwise convey to the Purchaser, without recourse (subject to the obligations set forth herein) all right, title and interest of the Seller, whether now existing or hereafter arising, in, to and under:

(i) the Receivables listed in the Schedule of Receivables from time to time;

(ii) all monies received under the Receivables after the related Cutoff Date and all Net Liquidation Proceeds received with respect to the Receivables after the related Cutoff Date;

(iii) the security interests in the Financed Vehicles granted by Obligors pursuant to the Receivables and any other interest of the Seller in such Financed Vehicles, including, without limitation, the certificates of title or, with respect to such Financed Vehicles in the Non-Certificated States, other evidence of title issued by the Department of Motor Vehicles or similar authority in such states with respect to such Financed Vehicles;

(iv) any proceeds from claims on any physical damage, credit life and credit accident and health insurance policies or certificates relating to the Financed Vehicles securing the Receivables or the Obligors thereunder;

(v) all proceeds from recourse against Dealers with respect to the Receivables;

(vi) all refunds for the costs of extended service contracts with respect to Financed Vehicles securing Receivables, refunds of unearned premiums with respect to credit life and credit accident and health insurance policies or certificates covering an Obligor or Financed Vehicle under a Receivable or his or her obligations with respect to a Financed Vehicle and any recourse to Dealers for any of the foregoing;

(vii) the Receivable File related to each Receivable and all other documents that the Seller keeps on file in accordance with its customary procedures relating to the Receivables, for Obligors of the Financed Vehicles;

(viii) all amounts and property from time to time held in or credited to the Collection Account or the Lockbox Account;

(ix) all property (including the right to receive future Net Liquidation Proceeds) that secures a Receivable that has been acquired by or on behalf of the Purchaser pursuant to a liquidation of such Receivable; and

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

(b) The Seller shall transfer to the Purchaser the Receivables and the other property and rights related thereto described in PARAGRAPH (A) above only upon the satisfaction of each of the conditions set forth below on or prior to the related Transfer Date. In addition to constituting conditions precedent to any purchase hereunder and under each Assignment, the following shall also be conditions precedent to any Note Increase on any Transfer Date under the terms of the Indenture:

(i) the Seller shall have provided the Trustee, the Insurer and the Rating Agencies with an Addition Notice substantially in the form of Exhibit I hereto (which shall include supplements to the Schedule of Receivables) not later than three days prior to such Transfer Date and shall have provided any information reasonably requested by any of the foregoing with respect to the related Receivables;

(ii) the Seller shall, to the extent required by SECTION 4.2 of this Agreement, have deposited in the Collection Account all collections in respect of the Receivables to be purchased on such Transfer Date;

(iii) as of each Transfer Date, (A) the Seller shall not be insolvent and shall not become insolvent as a result of the transfer of Receivables on such Transfer Date, (B) the Seller shall not intend to incur or believe that it shall incur debts that would be beyond its ability to pay as such debts mature, (C) such transfer shall not have been made with actual intent to hinder, delay or defraud any Person and (D) the assets of the Seller shall not constitute unreasonably small capital to carry out its business as then conducted;

(iv) the Revolving Period shall not have been terminated;

(v) the Servicer shall have established a Lockbox Account acceptable to the Insurer;

(vi) (A) on any Transfer Date on and after which the Aggregate Principal Balance of the Receivables owned by Purchaser is less than $10,000,000; (1) the Aggregate Principal Balance of the Receivables (after giving effect to the purchase of Receivables on such Transfer Date) originated under the Seller's Delta Program shall not exceed $1,000,000 and (2) the Aggregate Principal Balance of the Receivables (after giving effect to the purchase of Receivables on such Transfer Date) having original terms greater than 60 months shall not exceed $3,000,000; PROVIDED, HOWEVER, that with respect to each Receivable having an original term greater than 60 months, the related Financed Vehicle as of the date of origination was not more than 2 years old with less than 15,000 miles; and

(B) on any Transfer Date on and after which the Aggregate Principal Balance of Receivables owned by Purchaser equals or exceeds $10,000,000: (1) the Aggregate Principal Balance of the Receivables (after giving effect to the purchase of Receivables on such Transfer Date) under the Seller's Delta program shall not exceed 10% of the Aggregate Principal Balance of the Receivables owned by the Purchaser on such Transfer Date (after giving effect to the purchase of Receivables on such Transfer Date) and (2) the Aggregate Principal Balance of the Receivables (after giving effect to the purchase of Receivables on such Transfer Date) having original terms of greater than 60 months shall not exceed 30% of the Aggregate Principal Balance of the Receivables owned by the Purchaser on such Transfer Date (after giving effect to the purchase of Receivables on such Transfer Date); PROVIDED, HOWEVER, that with respect to each Receivable having an original term greater than 60 months, the related Financed Vehicle as of the date of origination was not more than 2 years old with less than 15,000 miles;

(vii) each of the representations and warranties made by the Seller pursuant to SECTION 3.1 with respect to the Receivables to be purchased on such Transfer Date shall be true and correct as of the related Transfer Date and the Seller shall have performed all obligations to be performed by it hereunder or in any Assignment on or prior to such Transfer Date;

(viii) the Seller shall, at its own expense, on or prior to the Transfer Date, indicate in its computer files that the Receivables to be purchased on such Transfer Date have been sold to the Purchaser pursuant to this Agreement or an Assignment, as applicable;

(ix) the Seller shall have taken any action required to maintain (i) the first priority perfected ownership interest of the Purchaser in the Receivables and Other Conveyed Property and (ii) the first priority perfected security interest of the Trustee in the Collateral;

(x) no selection procedures adverse to the interests of the Noteholders or the Insurer shall have been utilized in selecting the Receivables to be purchased on such Transfer Date;

(xi) the addition of any such Receivables to be purchased on such Transfer Date shall not result in a material adverse tax consequence to the Noteholders or the Purchaser;

(xii) as a result of the transfer of the Receivables to be purchased on such Transfer Date to the Purchaser, the then current rating of the Notes (without giving effect to the Note Policy) by each Rating Agency will not be withdrawn or downgraded PROVIDED, HOWEVER that the Seller shall not be required to obtain written confirmation from the Rating Agencies that such purchase will not result in a reduction or withdrawal of the then current Rating of the Notes;

(xiii) the Insurer, in its absolute and sole discretion, shall not have disapproved the transfer of the Receivables to be purchased on such Transfer Date to the Purchaser and the Insurer shall have been reimbursed by the Seller for any fees and expenses incurred by the Insurer in connection with evaluating such transfer;

(xiv) the Seller shall have delivered to the Insurer and the Trustee an Officers' Certificate confirming the satisfaction of each condition precedent specified in this PARAGRAPH (B);

(xv) No Amortization Event or any event that, with the giving of notice or the passage of time, would constitute an Amortization Event, shall have occurred and be continuing;

(xvi) after giving effect to the transfer of the Receivables to be purchased on such Transfer Date, the amount on deposit in the Collection Account and the Principal Funding Account (after giving effect to the purchase of Receivables on such Transfer Date) shall not be less than the sum of (a) the WAC Deficiency Amount on such date, if any, (b) the Liquidity Amount for such date and (c) the amount (net of any WAC Deficiency Amount or Liquidity Amount provided for in the preceding clauses (a) and (b)) necessary to be held in the Collection Account or Principal Funding Account such that after giving effect to all deposits and distributions to be made on such date, if any, the Collateral Test (calculated as of the most recent Determination Date) will be satisfied;

(xvii) the Insurer and the Initial Note Purchaser shall have received a copy from the Trustee of a Trust Receipt with respect to the Receivable Files related to the Receivables to be purchased no later than 2:00 p.m. Eastern Time on such Transfer Date;

(xviii) the Seller shall have executed and delivered to the Trustee an Assignment in the form of Exhibit G;

(xix) the Seller shall have filed or caused to be filed all necessary UCC-1 financing statements (or amendments thereto) necessary to maintain (in each case assuming for purposes of this clause (xix) that such perfection may be achieved by making the appropriate filings) (1) the first, priority, perfected ownership interest of Purchaser and (2) the first priority, perfected security interest of the Trustee, with respect to the Receivables and Other Conveyed Property and the Collateral, respectively to be transferred on such Transfer Date;

(xx) there shall have been deposited into the Note Distribution Account an amount equal to the accrued interest component of the purchase price of any related Note Increase Amount as set forth in the related Pricing Letter, as such term is defined in the Note Purchase Agreement (calculated using the Note Interest Rate for the related Interest Period in accordance with the terms of the Indenture and the Note Purchase Agreement) with respect to the Note Increase, if any, related to the purchase of Receivables on such Transfer Date; and

(xxi) the weighted average APR of all Qualifying Receivables owned by the Purchaser (after giving effect to the purchase of Receivables on each such Transfer Date) shall not be less than 19.50%;

(xxii) not more than 15% of the Aggregate Principal Balance of the Receivables owned by the Purchaser (after giving effect to the purchase of Receivables on such Transfer Date) were originated in any given state except California;

(xxiii) not less than 70% of the Aggregate Principal Balance of the Receivables owned by the Purchaser (after giving effect to the purchase of Receivables on such Transfer Date) were originated from the Seller's Alpha Program, Alpha Plus Program or Super Alpha Program;

(xxiv) the weighted average loan to value ratio of such Receivables does not exceed 122%;

(xxv) not more than 10% of Aggregate Principal Balance of the Receivables owned by the Purchaser (after giving effect to the purchase of Receivables on such Transfer Date) were originated in any given state except California or Texas; PROVIDED, HOWEVER, that this clause 2.1(b)(xxv) shall not apply with respect to any State to the extent the Purchaser has delivered an Opinion of Counsel acceptable in form and substance to the Insurer, the Initial Note Purchaser and the Rating Agencies covering the matters required by such parties;

(xxvi) (A) none of the Receivables were originated under the Seller's First Time Buyer Program or by MSN Financial Corporation or any Affiliate thereof (other than the Seller) and (B) as of the related Cutoff Date, none of the Receivables to be purchased on such Transfer Date shall be more than 5 days past due with respect to all or any portion of a Scheduled Receivable Payment;

(xxvii) Not more than 600 Receivables will be sold by the Seller to the Purchaser on any Transfer Date unless the Trustee and the Controlling Party shall have expressly waived in writing the limitation in Section 3.4 regarding the number of Receivables to be sold; and

(xxviii) The Initial Note Purchaser shall have received written confirmation from the Insurer in the form as set forth in the Note Purchase Agreement confirming the number of Receivables, the aggregate Principal Balance of Receivables and the Note Increase Amount relating to each purchase of Note Increases (including, without limitation, the Initial Note Increase) thereunder.

Unless waived by the Controlling Party, the Seller covenants that in the event any of the foregoing conditions precedent are not satisfied with respect to any Receivable on the date required as specified above, the Seller will immediately repurchase such Receivable from the Purchaser, at a price equal to the Purchase Amount thereof, in the manner specified in SECTION 3.2 and SECTION 4.7. Except with respect to (xvii) above, the Trustee may rely on the accuracy of the Officer's Certificate delivered pursuant to item (xiv) above without independent inquiry or investigation.

With respect to items (ii) through (xvi), (xviii), (xix), (xx), (xxi), (xxii), (xxiii), (xxiv), (xxv), and (xxvi) the Trustee shall not be deemed to have knowledge of such events or circumstances unless a Responsible Officer of the Trustee has actual knowledge thereof or has received notice thereof.

(c) PAYMENT OF PURCHASE PRICE. In consideration for the Receivables and Other Conveyed Property described in Section 2.1(a) or the related Assignment, the Purchaser shall, on the Closing Date and/or on each Transfer Date on which Receivables are transferred hereunder, pay to or upon the order of the Seller the Purchase Price in cash. On any Transfer Date on which funds are on deposit in the Principal Funding Account, the Purchaser may direct the Trustee to withdraw therefrom an amount equal to the lesser of (i) the Purchase Price to be paid to the Seller for Receivables and Other Conveyed Property to be conveyed to the Purchaser and pledged to the Trustee on such Transfer Date (or a portion thereof) and (ii) the amount on deposit in the Principal Funding Account, and, subject to the satisfaction of the conditions set forth in SECTION 2.1(B) after giving effect to such withdrawal, pay such amount to or upon the order of the Seller in consideration for the conveyance of the Receivables and Other Conveyed Property on such Transfer Date.

SECTION 2.2 TRANSFERS INTENDED AS SALES.

It is the intention of the Seller that each transfer and assignment contemplated by this Agreement and each Assignment shall constitute a sale of the related Receivables and Other Conveyed Property from the Seller to the Purchaser free and clear of all liens and it is intended that the beneficial interest in and title to the related Receivables and Other Conveyed Property shall not be part of the Seller's estate in the event of the filing of a bankruptcy petition by or against the Seller under any bankruptcy law. In the event that, notwithstanding the intent of the Seller, the transfer and assignment contemplated hereby or by any Assignment is held not to be a sale, this Agreement and each Assignment shall constitute a grant of (and the Seller does hereby grant) a security interest in all of the Seller's right, title and interest in, to and under the property referred to in Section 2.1 and each Assignment for the benefit of the Purchaser.

SECTION 2.3 FURTHER ENCUMBRANCE OF RECEIVABLES AND OTHER CONVEYED PROPERTY.

(a) Immediately upon the conveyance to the Purchaser by the Seller of the Receivables and any item of the related Other Conveyed Property pursuant to Section 2.1 or any Assignment, all right, title and interest of the Seller in and to such Receivables and Other Conveyed Property shall terminate, and all such right, title and interest shall vest in the Purchaser.

(b) Immediately upon the vesting of the related Receivables and the related Other Conveyed Property in the Purchaser, the Purchaser shall have the sole right to pledge or otherwise encumber such Receivables and the related Other Conveyed Property. Pursuant to the Indenture, the Purchaser shall grant a security interest in the Collateral to secure the repayment of the Notes.

(c) The Trustee shall, at such time as there are no Notes Outstanding and all sums due to the Insurer and to the Trustee pursuant to the Basic Documents have been paid, release any remaining portion of the Receivables and the Other Conveyed Property to the Purchaser.

ARTICLE III

THE RECEIVABLES

SECTION 3.1 REPRESENTATIONS AND WARRANTIES OF SELLER.

The Seller makes the following representations and warranties as to the Receivables to the Insurer, the Purchaser and to the Trustee for the benefit of the Noteholders on which the Purchaser relies in acquiring the Receivables, on which the Insurer relies in issuing the Note Policy and on which the Initial Note Purchaser has relied in purchasing the Notes and will rely in purchasing Note Increase Amounts. Such representations and warranties speak as of the Closing Date and as of each Transfer Date; provided that to the extent such representations and warranties relate to the Receivables conveyed on any Transfer Date, such representations and warranties shall speak as of the related Transfer Date, but shall survive the sale, transfer and assignment of the Receivables to the Purchaser and the pledge thereof by the Purchaser hereunder to the Trustee pursuant to the Indenture.

(i) CHARACTERISTICS OF RECEIVABLES. (A) Each Receivable (1) has been originated in the United States of America by a Dealer for the retail sale of a Financed Vehicle in the ordinary course of such Dealer's business, such Dealer had all necessary licenses and permits to originate such Receivables in the state where such Dealer was located, has been fully and properly executed by the parties thereto, has been purchased by the Seller in connection with the sale of Financed Vehicles by the Dealers and has been validly assigned by such Dealer to the Seller in accordance with its terms, (2) has created a valid, continuing, subsisting, and enforceable first priority perfected security interest in favor of the Seller in the Financed Vehicle, which security interest has been validly assigned by the Seller to the Purchaser, and by the Purchaser to the Trustee and the Seller has taken all steps necessary to perfect its security interest against the applicable Obligor, (3) contains customary and enforceable provisions such that the rights and remedies of the holder or assignee thereof shall be adequate for realization against the collateral of the benefits of the security, (4) provides for level monthly payments that fully amortize the Amount Financed over the original term (except for the last payment, which may be different from the level payment) and yield interest at the Annual Percentage Rate, (5) if such Receivable is a Rule of 78's Receivable, provides for, in the event that such contract is prepaid, a prepayment that fully pays the Principal Balance and includes a full month's interest, in the month of prepayment, at the Annual Percentage Rate, (6) is a Rule of 78's Receivable or a Simple Interest Receivable, and (7) was originated by a Dealer to an Obligor and was sold by the Dealer to the Seller without any fraud or misrepresentation on the part of such Dealer or the Obligor and (B) each Receivable was not originated under the Seller's First Time Buyer Program or by MSN Financial Corporation or any Affiliate thereof (other than the Seller).

(ii) ADDITIONAL RECEIVABLES CHARACTERISTICS.

(A) (1) on any Transfer Date on and after which the Aggregate Principal Balance of the Receivables owned by Purchaser is less than $10,000,000: (i) the Aggregate Principal Balance of the Receivables (after giving effect to the purchase of Receivables on such Transfer Date) originated under the Seller's Delta Program shall not exceed $1,000,000 and (ii) the Aggregate Principal Balance of the Receivables (after giving effect to the purchase of Receivables on such Transfer Date) having original terms greater than 60 months shall not exceed $3,000,000; PROVIDED, HOWEVER, that with respect to each Receivable having an original term greater than 60 months, the related Financed Vehicle as of the date of origination was not more than 2 years old with less than 15,000 miles; and

(2) on any Transfer Date on and after which the Aggregate Principal Balance of Receivables owned by Purchaser equals or exceeds $10,000,000: (i) the Aggregate Principal Balance of the Receivables (after giving effect to the purchase of Receivables on such Transfer Date) under the Seller's Delta program shall not exceed 10% of the Aggregate Principal Balance of the Receivables owned by the Purchaser on such Transfer Date (after giving effect to the purchase of Receivables on such Transfer Date) and (ii) the Aggregate Principal Balance of the Receivables (after giving effect to the purchase of Receivables on such Transfer Date) having original terms of greater than 60 months shall not exceed 30% of the Aggregate Principal Balance of the Receivables owned by the Purchaser on such Transfer Date (after giving effect to the purchase of Receivables on such Transfer Date); PROVIDED, HOWEVER, that with respect to each Receivable having an original term greater than 60 months, the related Financed Vehicle as of the date of origination was not more than 2 years old with less than 15,000 miles;

(B) Not more than 15% of the Aggregate Principal Balance of the Receivables were originated in any given state except California;

(C) Not less than 70% of the Aggregate Principal Balance of the Receivables were originated from the Seller's Alpha Program, Alpha Plus Program or Super Alpha Program;

(D) The weighted average loan to value ratio of such Receivables does not exceed 122%; and

(E) Not more than 10% of Aggregate Principal Balance of the Receivables were originated in any given state except California or Texas; PROVIDED, HOWEVER, that this clause 3.1(ii)(E) shall not apply with respect to any State to the extent the Purchaser has delivered an Opinion of Counsel acceptable in form and substance to the Insurer, the Initial Note Purchaser and the Rating Agencies covering the matters required by such parties;

(iii) SCHEDULE OF RECEIVABLES. The information with respect to the Receivables set forth in Schedule A to the related Assignment is true and correct in all material respects as of the close of business

on the related Cutoff Date, and no selection procedures adverse to the Noteholders or the Insurer have been utilized in selecting the Receivables.

(iv) COMPLIANCE WITH LAW. Each Receivable, the sale of the Financed Vehicle and the sale of any physical damage, credit life and credit accident and health insurance and any extended warranties or service contracts complied at the time the related Receivable was originated or made and at the execution of this Agreement or applicable Assignment complies in all material respects with all requirements of applicable Federal, State, and local laws, and regulations thereunder including, without limitation, usury laws, the Federal Truth-in-Lending Act, the Equal Credit Opportunity Act, the Fair Credit Reporting Act, the Fair Debt Collection Practices Act, the Federal Trade Commission Act, the Magnuson-Moss Warranty Act, the Federal Reserve Board's Regulations B and Z, the Soldiers' and Sailors' Civil Relief Act of 1940, the Texas Consumer Credit Code, the California Automobile Sales Finance Act and State adaptations of the National Consumer Act and of the Uniform Consumer Credit Code, and other consumer credit laws and equal credit opportunity and disclosure laws.

(v) NO GOVERNMENT OBLIGOR. None of the Receivables are due from the United States of America or any State or from any agency, department, or instrumentality of the United States of America or any State.

(vi) SECURITY INTEREST IN FINANCED VEHICLE. Immediately subsequent to the sale, assignment and transfer thereof to the Purchaser, each Receivable shall be secured by a validly perfected first priority security interest in the Financed Vehicle in favor of the Seller as secured party which has been validly assigned to the Purchaser, and such assigned security interest is prior to all other liens upon and security interests in such Financed Vehicle which now exist or may hereafter arise or be created (except, as to priority, for any tax liens or mechanics' liens which may arise after the Closing Date, or after the related Transfer Date, as applicable, as a result of an Obligor's failure to pay its obligations).

(vii) RECEIVABLES IN FORCE. No Receivable has been satisfied, subordinated or rescinded, nor has any Financed Vehicle been released from the lien granted by the related Receivable in whole or in part.

(viii) NO WAIVER. Except as permitted under Section 4.2 and clause (viii) below, no provision of a Receivable has been waived, altered or modified in any respect since its origination.

(ix) NO AMENDMENTS. Except as permitted under Section 4.2, no Receivable has been amended, except as such Receivable may have been amended to grant extensions which shall not have numbered more than (a) one extension of one calendar month in any calendar year or (b) three such extensions in the aggregate.

(x) NO DEFENSES. No right of rescission, setoff, counterclaim or defense exists or has been asserted or threatened with respect to any Receivable. The operation of the terms of any Receivable or the exercise of any right thereunder will not render such Receivable unenforceable in whole or in part or subject to any such right of rescission, setoff, counterclaim, or defense.

(xi) NO LIENS. As of the related Cutoff Date, (a) there are no liens or claims existing or which have been filed for work, labor, storage or materials relating to a Financed Vehicle that shall be liens prior to, or equal or coordinate with, the security interest in the Financed Vehicle granted by the Receivable and (b) there is no lien against the related Financed Vehicle for delinquent taxes.

(xii) NO DEFAULT; REPOSSESSION. Except for payment delinquencies continuing for a period of not more than thirty days as of the related Cutoff Date, no default, breach, violation or event permitting acceleration under the terms of any Receivable has occurred; and no continuing condition that with notice or the lapse of time would constitute a default, breach, violation or event permitting acceleration under the terms of any Receivable has arisen; and the Seller shall not waive and has not waived any of the foregoing (except in a manner consistent with Section 4.2); and no Financed Vehicle shall have been repossessed.

(xiii) INSURANCE; OTHER. (A) Each Obligor has obtained insurance covering the Financed Vehicle as of the execution of the Receivable insuring against loss and damage due to fire, theft, transportation, collision and other risks generally covered by comprehensive and collision coverage, and each Receivable requires the Obligor to obtain and maintain such insurance naming the Seller and its successors and assigns as an additional insured, (B) each Receivable that finances the cost of premiums for credit life and credit accident and health insurance is covered by an insurance policy or certificate of insurance naming the Seller as policyholder (creditor) under each such insurance policy and certificate of insurance and (C) as to each Receivable that finances the cost of an extended service contract, the respective Financed Vehicle which secures the Receivable is covered by an extended service contract.

(xiv) TITLE. It is the intention of the Seller that each transfer and assignment herein contemplated constitutes a sale of the Receivables and the related Other Conveyed Property from the Seller to the Purchaser and that the beneficial interest in and title to such Receivables and related Other Conveyed Property not be part of the Seller's estate in the event of the filing of a bankruptcy petition by or against the Seller under any bankruptcy law. No Receivable or related Other Conveyed Property has been sold, transferred, assigned, or pledged by the Seller to any Person other than the Purchaser and by the Purchaser to any Person other than the Trustee. The Seller has not authorized the filing of and is not aware of any financing statements against the Seller that include a description of collateral covering the Receivables other than any financing statement relating to the sale to the Purchaser hereunder or that has been terminated or that names Levine Leichtman Capital Partners II LLP ("LEVINE") as secured party. Pursuant to a lien release dated the date hereof, Levine has released the Receivables from the lien referred to in the financing statement naming Levine as secured party. Immediately prior to each transfer and

assignment herein contemplated, the Seller had good and marketable title to each Receivable and related Other Conveyed Property and was the sole owner thereof, free and clear of all liens, claims, encumbrances, security interests, and rights of others, and, immediately upon the transfer thereof to the Purchaser and the concurrent pledge to the Trustee under the Indenture, the Trustee for the benefit of the Noteholders and the Insurer shall have a valid, continuing and enforceable security interest in the Collateral, free and clear of all liens, encumbrances, security interests, and rights of others, and is enforceable as such against creditors of and purchasers from the Seller, and such transfer has been perfected under the UCC.

(xv) LAWFUL ASSIGNMENT. No Receivable has been originated in, or is subject to the laws of, any jurisdiction under which the sale, transfer, and assignment of such Receivable under this Agreement or pursuant to transfers of the Notes shall be unlawful, void, or voidable. The Seller has not entered into any agreement with any account debtor that prohibits, restricts or conditions the assignment of any portion of the Receivables.

(xvi) ALL FILINGS MADE. All filings (including, without limitation, UCC filings) necessary in any jurisdiction under applicable law to give: (a) the Purchaser a first priority perfected ownership interest in the Receivables and the Other Conveyed Property and (b) the Trustee, for the benefit of the Noteholders and the Insurer, a first priority perfected security interest in the Collateral have been made, taken or performed. The Receivables Files do not have any marks or notations indicating that they have been pledged, assigned or otherwise conveyed to any Person other than the Trustee for the benefit of the Insurer and the Noteholders. All financing statements filed or to be filed against the Seller in connection herewith describing the Receivables and Other Transferred Property contain a statement to the following effect. "A purchase of or security interest in any collateral described in this financing statement will violate the rights of Bank One Trust Company, N.A., as trustee."

(xvii) RECEIVABLE FILE; ONE ORIGINAL. The Seller has delivered to the Trustee a complete Receivable File with respect to each Receivable pursuant to Section 3.4, and the Trustee has delivered to the Purchaser, the Insurer and the Initial Note Purchaser a copy of the Trust Receipt therefor. There is only one original executed copy of each Receivable.

(xviii) CHATTEL PAPER. Each Receivable constitutes "tangible chattel paper" under the UCC.

(xix) TITLE DOCUMENTS. (A) If the Receivable was originated in a State in which notation of a security interest on the title document of the related Financed Vehicle is required or permitted to perfect such security interest, the title document of the related Financed Vehicle for such Receivable shows, or if a new or replacement title document is being applied for with respect to such Financed Vehicle the title document (or, with respect to Receivables originated in any Non-Certificated State, other evidence of title issued by the applicable Department of Motor Vehicles or similar authority in such state) will be received within 180 days and will show, the Seller named as the original secured party under the related Receivable as the

holder of a first priority security interest in such Financed Vehicle, and (B) if the Receivable was originated in a State in which the filing of a financing statement under the UCC is required to perfect a security interest in motor vehicles, such filings or recordings have been duly made and show the Seller named as the original secured party under the related Receivable, and in either case, the Trustee has the same rights as such secured party has or would have (if such secured party were still the owner of the Receivable) against all parties claiming an interest in such Financed Vehicle. With respect to each Receivable for which the title document has not yet been returned from the Registrar of Titles, the Seller has received written evidence from the related Dealer that such title document showing the Seller as first lienholder has been applied for.

(xx) VALID AND BINDING OBLIGATION OF OBLIGOR. Each Receivable is the legal, valid and binding obligation in writing of the Obligor thereunder and is enforceable in accordance with its terms, except only as such enforcement may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally, and all parties to such contract had full legal capacity to execute and deliver such contract and all other documents related thereto and to grant the security interest purported to be granted thereby.

(xxi) CHARACTERISTICS OF OBLIGORS. As of the date of each Obligor's application for the loan from which the related Receivable arises, such Obligor (a) did not have any material past due credit obligations or any personal or real property repossessed or wages garnished within one year prior to the date of such application, unless such amounts have been repaid or discharged through bankruptcy, (b) was not the subject of any Federal, State or other bankruptcy, insolvency or similar proceeding pending on the date of application that is not discharged, (c) had not been the subject of more than one Federal, State or other bankruptcy, insolvency or similar proceeding, and (d) was domiciled in the United States.

(xxii) POST-OFFICE BOX. On or prior to the next billing period after the related Cutoff Date, the Servicer will notify each Obligor to make payments with respect to its respective Receivables after the related Cutoff Date directly to the Post-Office Box, and will provide each Obligor with a monthly statement in order to enable such Obligor to make payments directly to the Post-Office Box.

(xxiii) LOCATION OF RECEIVABLE FILES. A complete Receivable File with respect to each Receivable has been on or prior to the Closing Date or will be on or prior to the related Transfer Date, as applicable, delivered to the Trustee at the location listed in SCHEDULE B.

(xxiv) CASUALTY. No Financed Vehicle has suffered a Casualty.

(xxv) FULL AMOUNT ADVANCED. The full amount of each Receivable has been advanced to the related Obligor, and there are no requirements for future advances thereunder. The Obligor with respect to each Receivable does not have any option under the Receivable to borrow from any person additional funds secured by the Financed Vehicle.

(xxvi) OBLIGATION TO DEALERS OR OTHERS. The Purchaser and its assignees will assume no obligation to Dealers or other originators or holders of the Receivables (including, but not limited to under dealer reserves) as a result of its purchase of the Receivables.

(xxvii) NO IMPAIRMENT. Neither Seller nor the Purchaser has done anything to convey any right to any Person that would result in such Person having a right to payments due under any Receivables or otherwise to impair the rights of the Purchaser, the Trustee, the Noteholders or the Insurer in any Receivable or the proceeds thereof.

(xxviii) RECEIVABLES NOT ASSUMABLE. No Receivable is assumable by another Person in a manner which would release the Obligor thereof from such Obligor's obligations to the Purchaser or Seller with respect to such Receivable.

(xxix) SERVICING. The servicing of each Receivable and the collection practices relating thereto have been lawful and in accordance with the standards set forth in this Agreement; other than Seller and any Standby Servicer or Back-up Servicer arrangement that has been entered into pursuant to the Basic Documents, no other person has the right to service the Receivable.

(xxx) NOT MORE THAN 5 DAYS PAST DUE. Each Receivable shall not be more than 5 days past due with respect to all or any portion of a Scheduled Receivable Payment as of the related Cutoff Date.

SECTION 3.2 REPURCHASE UPON BREACH.

The Seller, the Servicer, the Insurer or the Trustee, as the case may be, shall inform the other parties to this Agreement promptly, in writing, upon the discovery of any breach of the Seller's representations and warranties made pursuant to Section 3.1 (without regard to any limitations therein as to the Seller's knowledge). Unless the breach shall have been cured by the last day of the second Collection Period following the discovery thereof by the Trustee or the Insurer or receipt by the Trustee and the Insurer of notice from the Seller or the Servicer of such breach, the Seller shall repurchase any Receivable if the value of such Receivable is materially and adversely affected by the breach as of the last day of such second Collection Period (or, at the Seller's option, the last day of the first Collection Period following the discovery). In consideration of the purchase of any Receivable, the Seller shall remit the Purchase Amount, in the manner specified in SECTION 5.6. The sole remedy of the Purchaser, the Trustee, the Noteholders or the Insurer with respect to a breach of representations and warranties pursuant to Section 3.1 shall be to enforce the Seller's obligation to purchase such Receivables; PROVIDED, HOWEVER, that the Seller shall indemnify the Trustee, the Standby Servicer, the Collateral Agent, the Insurer, the Purchaser, the Initial Note Purchaser and the Noteholders against all costs, expenses, losses, damages, claims and liabilities, including reasonable fees and expenses of counsel, which may be

asserted against or incurred by any of them as a result of third party claims arising out of the events or facts giving rise to such breach. Upon receipt of the Purchase Amount in respect of any Defective Receivables and written instructions from the Servicer, the Trustee shall release to the Seller or its designee the related Receivables File and shall execute and deliver all reasonable instruments of transfer or assignment, without recourse, as are prepared by the Seller and delivered to the Trustee and necessary to vest in the Seller or such designee title to such Defective Receivables including a Trustee's Certificate in the form of EXHIBIT E.

SECTION 3.3 CUSTODY OF RECEIVABLES FILES.

(a) In connection with each sale, transfer and assignment of Receivables and related Other Conveyed Property to the Purchaser pursuant to this Agreement and each Assignment, and each pledge thereof by the Purchaser to the Trustee pursuant to the Indenture, the Trustee shall act as custodian of the following documents or instruments in its possession which shall be delivered to the Trustee on or before the Closing Date or the related Transfer Date in accordance with Section 3.4 (with respect to each Receivable):

(i) The fully executed original of the Receivable (together with any agreements modifying the Receivable, including without limitation any extension agreements);

(ii) The original certificate of title in the name of the Seller or such evidence of title available in Non-Certificated states in lieu of a certificate of title, evidencing the security interest of the Seller in the Financed Vehicle or, if not yet received, a copy of the application therefor showing the Seller as secured party or a dealer guaranty of title.

(b) Upon payment in full of any Receivable, the Servicer will notify the Trustee pursuant to a certificate of an officer of the Servicer in the form of EXHIBIT C (which certificate shall include a statement to the effect that all amounts received in connection with such payments which are required to be deposited in the Collection Account pursuant to Section 4.2 have been so deposited) and shall request delivery of the Receivable and Receivable File to the Servicer.

SECTION 3.4 ACCEPTANCE OF RECEIVABLE FILES BY TRUSTEE.

Not less than three (3) Business Days prior to each Transfer Date, the Seller will cause to be delivered to the Trustee not more than 600 Receivable Files for the Receivables to be transferred to the Purchaser on such Transfer Date provided that each Transfer Date shall not occur earlier than on the fourth Business Day following the prior Transfer Date. On or prior to the day the Seller delivers such Receivables Files to the Trustee, the Seller shall provide the Trustee with an electronic transmission, in a format reasonably acceptable to the Trustee, of the list of Receivables being delivered to the Trustee. The Trustee agrees to review each file delivered to it to determine whether such Receivable Files contain the documents referred to in SECTIONS 3.3(a)(i) and (ii) and shall certify not later than the close of business on the Business Day immediately preceding the related Transfer Date to that effect in a Trust Receipt, a copy of which shall be delivered to the Insurer, the Initial Note Purchaser, the Seller and the Purchaser prior to each such Transfer Date. Each Trust Receipt shall also state if the Trustee has found or finds that a Receivables File has not been received, or that a file is unrelated to the Receivables identified in the Schedule of Receivables (as updated on the relevant Transfer Date) or that any of the documents referred to in Section 3.3(a)(i) or (ii) are not contained in a Receivable File. The Trustee shall return to the Seller any file unrelated to a Receivable identified in the Schedule of Receivables (it being understood that the Trustee's obligation to

review the contents of any Receivable File shall be limited as set forth in the preceding sentence). The Trustee declares that it holds and will continue to hold such files and any amendments, replacements or supplements thereto and all Other Conveyed Property as Trustee, custodian, agent and bailee in trust for the use and benefit of all present and future Noteholders and the Insurer. Unless such defect with respect to such Receivable File shall have been cured by the last day of the second Collection Period following discovery thereof by the Trustee, the Seller shall repurchase any such Receivable as of such last day. In consideration of the purchase of the Receivable, the Seller shall remit the Purchase Amount for such Receivable, in the manner specified in Section 5.6. The sole remedy of the Trustee, the Purchaser, the Noteholders and the Insurer with respect to a breach pursuant to this Section 3.4 shall be to require the Seller to purchase the applicable Receivables pursuant to this Section 3.4; PROVIDED, HOWEVER, that the Seller shall indemnify the Trustee, the Standby Servicer, the Collateral Agent, the Insurer, the Purchaser, the Initial Note Purchaser and the Noteholders against all costs, expenses, losses, damages, claims and liabilities, including reasonable fees and expenses of counsel, which may be asserted against or incurred by any of them as a result of third party claims arising out of the events or facts giving rise to such breach. Upon receipt of the Purchase Amount for a Receivable and written instructions from the Servicer, the Trustee shall release to the Seller or its designee the related Receivable File and shall execute and deliver all reasonable instruments of transfer or assignment, without recourse, as are prepared by the Seller and delivered to the Trustee and are necessary to vest in the Seller or such designee title to the Receivable including a Trustee's Certificate in the form of Exhibit E. The Trustee shall make a list of Receivables for which an application for a certificate of title but not an original certificate of title or, with respect to Receivables originated in any Non-Certificated State, other evidence of title issued by the applicable Department of Motor Vehicles or similar authority in such Non-Certificated State is included in the Receivable File as of the date of its review of the Receivable Files and deliver a copy of such list to the Servicer and the Insurer. On the date which is 180 days following the initial Transfer Date and monthly thereafter, the Trustee shall inform the Seller and the other parties to this Agreement and the Insurer of any Receivable for which the related Receivable File on such date does not include an original certificate of title or, with respect to Financed Vehicles in any Non-Certificated State, other evidence of title issued by the applicable Department of Motor Vehicles or similar authority in such Non-Certificated State stamped by the Department of Motor Vehicles or such similar authority, and the Seller shall repurchase any such Receivable for which there is no certificate of title or, with respect to Receivables originated in any Non-Certificated State, other evidence of title issued by the applicable Department of Motor Vehicles or similar authority in such Non-Certificated State, in the Receivable File as of the last day of the Collection Period which is such 180 days, or next succeeding Business Day, as applicable, after the related Transfer Date. In consideration of the purchase of the Receivable, the Seller shall remit the Purchase Amount for such Receivable, in the manner specified in SECTION 5.6.

SECTION 3.5 ACCESS TO RECEIVABLE FILES.

The Trustee shall permit the Servicer and the Controlling Party access to the Receivable Files upon two Business Days prior notice at all reasonable times during the Trustee's normal business hours. The Trustee shall, within two Business Days of the request of the Servicer or the Controlling Party, execute such documents and instruments as are prepared by the Servicer or the Insurer and delivered to the Trustee, as the Servicer or the Insurer deems necessary to permit the Servicer, in accordance with its customary servicing procedures, to

enforce the Receivable on behalf of the Purchaser and any related insurance policies covering the Obligor, the Receivable or Financed Vehicle so long as such execution in the Trustee's sole discretion does not conflict with this Agreement or the Indenture and will not cause it undue risk or liability. The Trustee shall not be obligated to release any document from any Receivable File unless it receives a trust receipt signed by a Servicing Officer in the form of Exhibit C hereto (the "Servicer Receipt"). Such Servicer Receipt shall obligate the Servicer to return such document(s) to the Trustee when the need therefor no longer exists unless the Receivable shall be liquidated, in which case, upon receipt of a certificate of a Servicing Officer substantially in the form of Exhibit C hereto to the effect that all amounts required to be deposited in the Collection Account with respect to such Receivable have been so deposited, the Servicer Receipt shall be released by the Trustee to the Servicer.

SECTION 3.6 TRUSTEE TO OBTAIN FIDELITY INSURANCE.

The Trustee shall maintain a fidelity bond in the form and amount as is customary for entities acting as a trustee of funds and documents in respect of consumer contracts on behalf of institutional investors.

SECTION 3.7 [RESERVED.]

SECTION 3.8 TRUSTEE TO MAINTAIN SECURE FACILITIES.

The Trustee shall maintain or cause to be maintained continuous custody of the Receivables Files in secure and fire resistant facilities in accordance with customary standards for such custody.

ARTICLE IV

ADMINISTRATION AND SERVICING OF RECEIVABLES

SECTION 4.1 DUTIES OF THE SERVICER.

The Servicer, as agent for the Purchaser, the Noteholders and the Insurer (to the extent provided herein) shall manage, service, administer and make collections on the Receivables with reasonable care, using that degree of skill and attention customary and usual for institutions which service motor vehicle retail installment sale contracts similar to the Receivables and, to the extent more exacting, that the Servicer exercises with respect to all comparable automotive receivables that it services for itself or others. In performing such duties, the Servicer shall comply with its current servicing policies and procedures, as such servicing policies and procedures may be amended from time to time, so long as such amendments will not materially adversely affect the interests of the Noteholders or the Insurer. The Servicer's duties shall include collection and posting of all payments, responding to inquiries of Obligors on such Receivables, investigating delinquencies, sending payment statements to Obligors, reporting tax information to Obligors, accounting for collections,

furnishing monthly and annual statements to the Trustee and the Insurer with respect to distributions. Without limiting the generality of the foregoing, and subject to the servicing standards set forth in this Agreement, the Servicer is authorized and empowered by the Purchaser to execute and deliver, on behalf of itself, the Purchaser or the Noteholders, any and all instruments of satisfaction or cancellation, or partial or full release or discharge, and all other comparable instruments, with respect to such Receivables or to the Financed Vehicles securing such Receivables and/or the certificates of title or, with respect to Financed Vehicles in any Non-Certificated State, other evidence of ownership with respect to such Financed Vehicles. If the Servicer shall commence a legal proceeding to enforce a Receivable, the Purchaser shall thereupon be deemed to have automatically assigned, solely for the purpose of collection, such Receivable to the Servicer. If in any enforcement suit or legal proceeding it shall be held that the Servicer may not enforce a Receivable on the ground that it shall not be a real party in interest or a holder entitled to enforce such Receivable, the Purchaser shall, at the Servicer's expense and direction, take steps to enforce such Receivable, including bringing suit in its name or the name of the Noteholders. The Servicer shall prepare and furnish, and the Trustee shall execute, any powers of attorney and other documents reasonably necessary or appropriate to enable the Servicer to carry out its servicing and administrative duties hereunder.

SECTION 4.2 COLLECTION OF RECEIVABLE PAYMENTS; MODIFICATIONS OF RECEIVABLES; LOCKBOX AGREEMENTS.

(a) Consistent with the standards, policies and procedures required by this Agreement, the Servicer shall make reasonable efforts to collect all payments called for under the terms and provisions of the Receivables as and when the same shall become due and shall follow such collection procedures as it follows with respect to all comparable automotive receivables that it services for itself or others; PROVIDED, HOWEVER, that promptly after the Closing Date (or the Transfer Date, as applicable) the Servicer shall notify each Obligor to make all payments with respect to the Receivables to the Post-Office Box. The Servicer is authorized in its discretion to waive any prepayment charge, late payment charge or any other similar fees that may be collected in the ordinary course of servicing any Receivable. The Servicer will provide each Obligor with a monthly statement in order to notify such Obligors to make payments directly to the Post-Office Box. The Servicer shall allocate collections between principal and interest in accordance with the customary servicing procedures it follows with respect to all comparable automotive receivables that it services for itself or others and in accordance with the terms of this Agreement. Except as provided below, the Servicer, may grant extensions on a Receivable; PROVIDED, HOWEVER, that the Servicer may not grant any extension during the Revolving Period and during the Amortization Period the Servicer may grant extensions if the percentage equivalent of a fraction, the numerator of which is the sum of the Extension Percentages for each of the current Collection Period and the three preceding Collection Periods and the denominator of which is 4, is less than or equal to 1.25%. In no event shall the principal balance of a Receivable be reduced, except in connection with a settlement in the event the Receivable becomes a Defaulted Receivable. If the Servicer is not CPS, SST or the Standby Servicer, the Servicer may not make any extension on a Receivable without the prior written consent of the Controlling Party. Notwithstanding anything to the contrary contained herein, the Servicer shall not agree to any alteration of the interest rate on any Receivable or of the amount of any Scheduled Receivable Payment on Receivables, other than to the extent such alteration is required by applicable law.

(b) The Servicer shall establish the Lockbox Account in the name of the Purchaser for the benefit of the Trustee, acting on behalf of the Noteholders and the Insurer. Pursuant to the Lockbox Agreement, the Trustee has authorized the Servicer to direct dispositions of funds on deposit in the Lockbox Account to the Collection Account (but not to any other account), and no other Person, save the Lockbox Processor and the Trustee, has authority to direct disposition of funds on deposit in the Lockbox Account. The Trustee shall have no liability or responsibility with respect to the Lockbox Processor's directions or activities as set forth in the preceding sentence. The Lockbox Account shall be established pursuant to and maintained in accordance with the Lockbox Agreement and shall be a demand deposit account initially established and maintained with Bank One N.A. , or at the request of the Controlling Party an Eligible Account satisfying clause (i) of the definition thereof; PROVIDED, HOWEVER, that the Trustee shall give the Servicer prior written notice of any change made at the request of the Insurer in the location of the Lockbox Account. The Trustee shall establish and maintain the Post-Office Box at a United States Post Office Branch in the name of the Purchaser for the benefit of the Noteholders and the Insurer.

(c) Notwithstanding any Lockbox Agreement, or any of the provisions of this Agreement relating to the Lockbox Agreement, the Servicer shall remain obligated and liable to the Purchaser, the Trustee, the Insurer and the Noteholders for servicing and administering the Receivables and the Other Conveyed Property in accordance with the provisions of this Agreement without diminution of such obligation or liability by virtue thereof.

(d) In the event the Servicer shall for any reason no longer be acting as such, the Standby Servicer or a successor Servicer shall thereupon assume all of the rights and obligations of the outgoing Servicer under the Lockbox Agreement. In such event, the Standby Servicer or a successor Servicer shall be deemed to have assumed all of the outgoing Servicer's interest therein and to have replaced the outgoing Servicer as a party to the Lockbox Agreement to the same extent as if such Lockbox Agreement had been assigned to the Standby Servicer or a successor Servicer, except that the outgoing Servicer shall not thereby be relieved of any liability or obligations on the part of the outgoing Servicer to the Lockbox Bank under such Lockbox Agreement. The outgoing Servicer shall, upon request of the Trustee, but at the expense of the outgoing Servicer, deliver to the Standby Servicer or a successor Servicer all documents and records relating to the Lockbox Agreement and an accounting of amounts collected and held by the Lockbox Bank and otherwise use its best efforts to effect the orderly and efficient transfer of any Lockbox Agreement to the Standby Servicer or a successor Servicer. In the event that the Controlling Party shall elect to change the identity of the Lockbox Bank, the Servicer, at its expense, shall cause the Lockbox Bank to deliver, at the direction of the Controlling Party, to the Trustee or a successor Lockbox Bank, all documents and records relating to the Receivables and all amounts held (or thereafter received) by the Lockbox Bank (together with an accounting of such amounts) and shall otherwise use its best efforts to effect the orderly and efficient transfer of the Lockbox arrangements.

(e) On each Business Day, pursuant to the Lockbox Agreement, the Lockbox Processor will transfer any payments from Obligors received in the Post-Office Box to the Lockbox Account. The Servicer shall cause the Lockbox Bank to transfer cleared funds from the Lockbox Account to the Collection Account. In addition, the Servicer shall remit all payments by or on behalf of the Obligors received by the Servicer with respect to the Receivables (other than Purchased Receivables), and all Liquidation Proceeds no later than the Business Day following receipt directly (without deposit into any intervening account) into the Lockbox Account or the Collection Account. The Servicer shall not commingle its assets and funds with those on deposit in the Lockbox Account.

SECTION 4.3 REALIZATION UPON RECEIVABLES.

On behalf of the Purchaser, the Noteholders and the Insurer, the Servicer shall use its best efforts, consistent with the servicing procedures set forth herein, to repossess or otherwise convert the ownership of the Financed Vehicle securing any Receivable as to which the Servicer shall have determined eventual payment in full is unlikely. The Servicer shall commence efforts to repossess or otherwise convert the ownership of a Financed Vehicle on or prior to the date that an Obligor has failed to make more than 90% of a Scheduled Receivable Payment thereon in excess of $10 for 120 days or more; PROVIDED, HOWEVER, that the Servicer may elect not to commence such efforts within such time period if in its good faith judgment it determines either that it would be impracticable to do so or that the proceeds ultimately recoverable with respect to such Receivable would be increased by forbearance. The Servicer shall follow such customary and usual practices and procedures as it shall deem necessary or advisable in its servicing of automotive receivables, consistent with the standards of care set forth in Section 4.2, which may include reasonable efforts to realize upon any recourse to Dealers and selling the Financed Vehicle at public or private sale. The foregoing shall be subject to the provision that, in any case in which the Financed Vehicle shall have suffered damage, the Servicer shall not expend funds in connection with the repair or the repossession of such Financed Vehicle unless it shall determine in its discretion that such repair and/or repossession will increase the proceeds ultimately recoverable with respect to such Receivable by an amount greater than the amount of such expenses.

SECTION 4.4 INSURANCE.

(a) The Servicer, in accordance with the servicing procedures and standards set forth herein, shall require that (i) each Obligor shall have obtained insurance covering the Financed Vehicle, as of the date of the execution of the Receivable, insuring against loss and damage due to fire, theft, transportation, collision and other risks generally covered by comprehensive and collision coverage and each Receivable requires the Obligor to maintain such physical loss and damage insurance naming CPS and its successors and assigns as an additional insured, (ii) each Receivable that finances the cost of premiums for credit life and credit accident and health insurance is covered by an insurance policy or certificate naming CPS as policyholder (creditor) and (iii) as to each Receivable that finances the cost of an extended service contract, the respective Financed Vehicle which secures the Receivable is covered by an extended service contract.

(b) To the extent applicable, the Servicer shall not take any action which would result in noncoverage under any of the insurance policies referred to in Section 4.4(a) (the "INSURANCE POLICIES") which, but for the actions of the Servicer, would have been covered thereunder. The Servicer, on behalf of the Purchaser, shall take such reasonable action as shall be necessary to permit

recovery under any of the Insurance Policies. Any amounts collected by the Servicer under any of the Insurance Policies shall be deposited in the Collection Account pursuant to SECTION 5.6.

SECTION 4.5 MAINTENANCE OF SECURITY INTERESTS IN VEHICLES.

(a) Consistent with the policies and procedures required by this Agreement, the Servicer shall take such steps on behalf of the Purchaser as are necessary to maintain perfection of the security interest created by each Receivable in the related Financed Vehicle, including but not limited to obtaining the execution by the Obligors and the recording, registering, filing, re-recording, re-registering and refiling of all security agreements, financing statements and continuation statements or instruments as are necessary to maintain the security interest granted by the Obligors under the respective Receivables. The Trustee hereby authorizes the Servicer, and the Servicer agrees, to take any and all steps necessary to re-perfect or continue the perfection of such security interest on behalf of the Purchaser, the Noteholders and the Insurer as necessary because of the relocation of a Financed Vehicle or for any other reason. In the event that the assignment of a Receivable to the Purchaser, and the pledge thereof by the Purchaser to the Trustee is insufficient, without a notation on the related Financed Vehicle's certificate of title, or without fulfilling any additional administrative requirements under the laws of the state in which the Financed Vehicle is located, to perfect a security interest in the related Financed Vehicle in favor of the Trustee, each of the Trustee, the Noteholders, the Insurer and the Seller hereby agrees that the Seller's designation as the secured party on the certificate of title is in respect of the Seller's capacity as Servicer as agent of the Trustee for the benefit of the Noteholders and the Insurer.

(b) Upon the occurrence of an Insurance Agreement Event of Default, the Controlling Party may instruct the Trustee and the Servicer to take or cause to be taken, or, if the Insurer is not the Controlling Party, upon the occurrence of a Servicer Termination Event, the Trustee and the Servicer shall take or cause to be taken such action as may, in the opinion of counsel to the Trustee, which opinion shall not be an expense of the Trustee, be necessary to perfect or re-perfect the security interests in the Financed Vehicles securing the Receivables in the name of the Trustee on behalf of the Noteholders and the Insurer by amending the title documents of such Financed Vehicles or by such other reasonable means as may, in the opinion of counsel to the Trustee, which opinion shall not be an expense of the Trustee, be necessary or prudent. The Seller hereby agrees to pay all expenses related to such perfection or re-perfection and to take all action necessary therefor. In addition, prior to the occurrence of an Insurance Agreement Event of Default, the Controlling Party may instruct the Trustee and the Servicer to take or cause to be taken such action as may, in the opinion of counsel to the Controlling Party, be necessary to perfect or re-perfect the security interest in the Financed Vehicles underlying the Receivables in the name of the Trustee on behalf of the Noteholders and the Insurer, including by amending the title documents of such Financed Vehicles or by such other reasonable means as may, in the opinion of counsel to the Controlling Party, be necessary or prudent; PROVIDED, HOWEVER, that if the Controlling Party requests that the title documents be amended prior to the occurrence and continuation of an Insurance Agreement Event of Default, the out-of-pocket expenses of the Servicer or the Trustee in connection with such action shall be reimbursed to the Servicer or the Trustee, as applicable, by the Controlling Party.

SECTION 4.6 ADDITIONAL COVENANTS OF SERVICER.

The Servicer shall not release the Financed Vehicle securing any Receivable from the security interest granted by such Receivable in whole or in part except in the event of payment in full by the Obligor thereunder or repossession or other liquidation of the Financed Vehicle, nor shall the Servicer impair the rights of the Noteholders in such Receivables, nor shall the Servicer amend or otherwise modify a Receivable, except as permitted in accordance with Section 4.2. The Servicer shall obtain and/or maintain all necessary licenses, approvals, authorizations, orders or other actions of any person, corporation or other organization, or of any court, governmental agency or body or official, required in connection with the execution, delivery and performance of this Agreement and the other Basic Documents.

SECTION 4.7 PURCHASE OF RECEIVABLES UPON BREACH OF COVENANT.

Upon discovery by any of the Servicer, the Purchaser, the Insurer or the Trustee of a breach of any of the covenants of the Servicer set forth in Section 4.2(a), 4.4, 4.5 or 4.6, the party discovering such breach shall give prompt written notice to the others; PROVIDED, HOWEVER, that the failure to give any such notice shall not affect any obligation of the Servicer under this Section 4.7. Unless the breach shall have been cured by the last day of the second Collection Period following such discovery (or, at the Servicer's election, the last day of the first following Collection Period), the Servicer shall purchase any Receivable materially and adversely affected by such breach. In consideration of the purchase of such Receivable, the Servicer shall remit the Purchase Amount for such Receivable in the manner specified in Section 5.6. The sole remedy of the Trustee, the Purchaser, the Insurer or the Noteholders with respect to a breach of Section 4.2(a), 4.4, 4.5 or 4.6 shall be to require the Servicer to repurchase Receivables pursuant to this Section 4.7; PROVIDED, HOWEVER, that the Servicer shall indemnify the Trustee, the Standby Servicer, the Collateral Agent, the Insurer, the Purchaser, the Initial Note Purchaser and the Noteholders against all costs, expenses, losses, damages, claims and liabilities, including reasonable fees and expenses of counsel, which may be asserted against or incurred by any of them as a result of third party claims arising out of the events or facts giving rise to such breach.

SECTION 4.8 SERVICING FEE.

The "Servicing Fee" for each Payment Date shall be equal to the product of one twelfth times the Servicing Fee Percent times the Aggregate Principal Balance of the Receivables as of the close of business on the last day of the second preceding Collection Period; PROVIDED, HOWEVER, that with respect to the first Payment Date the Servicer will be entitled to receive a Servicing Fee equal to the product of one-twelfth times the Servicing Fee Percent times the Aggregate Principal Balance of the Receivables as of the initial Cutoff Date. If the Standby Servicer becomes the successor Servicer of the Receivables, the "Servicing Fee" payable to the Standby Servicer as successor Servicer shall be the greater of (a) 2.50% of the Aggregate Principal Balance of the Receivables as of the close of business on the last day of the second preceding Collection Period or (b) the then-current fee for servicing assets comparable to the Receivables, as approved by the Controlling Party. In addition, the Standby Servicer, as successor Servicer shall be entitled to receive reasonable

transition expenses. Such transition expenses shall be payable in accordance with Section 10.2 and to the extent that they have not been paid by the terminated predecessor servicer, payable pursuant to and subject to the limitations of, Section 5.7(a)(iv) hereof. The Servicer shall also be entitled to retain, as part of the Servicing Fee, all late payment fees, extension fees and bad check/insufficient funds fees that it collects in the ordinary course of its servicing of the Receivables in accordance with its servicing policies and procedures.

SECTION 4.9 SERVICER'S CERTIFICATE.

No later than 10:00 am. Chicago time on each Determination Date, the Servicer shall deliver (facsimile delivery being acceptable) to the Trustee, the Insurer, the Rating Agencies, the Purchaser, the Initial Note Purchaser and the Backup Servicer, a Servicer's Certificate containing among other things, (i) all information necessary to enable the Trustee to make any withdrawal and deposit required by Section 5.5 and to make the distributions required by Section 5.7, (ii) all information necessary for the Trustee to send statements to the Noteholders and the Insurer pursuant to Section 5.8(b) and 5.11, (iii) a listing of all Purchased Receivables purchased as of the related Accounting Date, identifying the Receivables so purchased, and (iv) all information necessary to enable the Trustee to verify the information specified in Section 4.14(b) and to complete the accounting required by Section 5.11. Receivables purchased by the Servicer or by the Seller on the related Accounting Date and each Receivable which became a Liquidated Receivable or which was paid in full during the related Collection period shall be identified by account number (as set forth in the schedule of Receivables). In addition to the information set forth in the preceding sentence, the Servicer's Certificate shall also contain the following information: (a) the WAC Deficiency Percentage and WAC Deficiency Amount, if any, the Average Extension Percentage, for such Determination Date; and (b) whether to the knowledge of the Servicer an Amortization Event has occurred.

SECTION 4.10 ANNUAL STATEMENT AS TO COMPLIANCE, NOTICE OF SERVICER TERMINATION EVENT.

(a) The Servicer shall deliver to the Purchaser, to the Trustee for delivery to, the Initial Note Purchaser and each Noteholder, the Standby Servicer, the Insurer, and each Rating Agency, on or before July 31 of each year beginning July 31, 2004, an Officer's Certificate, dated as of December 31 of the preceding year, stating that (i) a review of the activities of the Servicer during the preceding 12-month period and of its performance under this Agreement has been made under such officer's supervision and (ii) to the best of such officer's knowledge, based on such review, the Servicer has fulfilled all its obligations under this Agreement throughout such year (or, in the case of the first such certificate, such shorter period), or, if there has been a default in the fulfillment of any such obligation, specifying each such default known to such officer and the nature and status thereof. The Trustee shall deliver such Officer's Certificate to the Initial Note Purchaser and upon receipt of a request therefor, to the Noteholders.

(b) The Servicer shall deliver to the Trustee, the Initial Note Purchaser, the Standby Servicer, the Insurer, the Collateral Agent and each Rating Agency, promptly after having obtained knowledge thereof, but in no event later than two (2) Business Days thereafter, written notice in an Officer's Certificate of any event which with the giving of notice or lapse of time, or both, would become a Servicer Termination Event under Section 10.1. The Trustee shall forward a copy of such certificate to each Noteholder.

SECTION 4.11 ANNUAL INDEPENDENT ACCOUNTANTS' REPORT.

Unless SST or the Standby Servicer is the Servicer, the Servicer shall cause a firm of nationally recognized independent certified public accountants (the "Independent Accountants"), who may also render other services to the Servicer or to the Purchaser, to deliver to the Trustee, the Standby Servicer, the Insurer, the Initial Note Purchaser and each Rating Agency, on or before July 31 of each year beginning July 31, 2004, a report dated as of December 31 of the preceding year (the "Accountants' Report") and reviewing the Servicer's activities during the preceding 12-month period, addressed to the Board of Directors of the Servicer, to the Trustee, the Standby Servicer and to the Insurer, to the effect that such firm has examined the financial statements of the Servicer and issued its report therefor and that such examination (1) was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as such firm considered necessary in the circumstances; (2) included tests relating to auto loans serviced for others in accordance with the requirements of the Uniform Single Audit Program for Mortgage Bankers (the "Program"), to the extent the procedures in the Program are applicable to the servicing obligations set forth in this Agreement; (3) included an examination of the delinquency and loss statistics relating to the Servicer's portfolio of automobile and light truck installment sale contracts; and (4) except as described in the report, disclosed no exceptions or errors in the records relating to automobile and light truck installment sale contracts serviced for others that, in the firm's opinion, the Program requires such firm to report. The accountant's report shall further state that (1) a review in accordance with agreed upon procedures was made of three randomly selected Servicer Certificates; (2) except as disclosed in the report, no exceptions or errors in the Servicer Certificates were found; and (3) the delinquency and loss information relating to the Receivables and the stated amount of Liquidated Receivables, if any, contained in the Servicer Certificates were found to be accurate. In the event such firm requires the Trustee and/or the Standby Servicer to agree to the procedures performed by such firm, the Servicer shall direct the Trustee and/or the Standby Servicer, as applicable, in writing to so agree; it being understood and agreed that the Trustee and/or the Standby Servicer will deliver such letter of agreement in conclusive reliance upon the direction of the Servicer, and neither the Trustee nor the Standby Servicer makes any independent inquiry or investigation as to, and shall have no obligation or liability in respect of, the sufficiency, validity or correctness of such procedures.

The Report will also indicate that the firm is independent of the Servicer within the meaning of the Code of Professional Ethics of the American Institute of Certified Public Accountants.

SECTION 4.12 ACCOUNTANTS' REVIEW OF RECEIVABLE FILES.

For every group of $20,000,000 (or such other greater amount as the Controlling Party may determine in its sole and absolute discretion from time to time by prior written notice to the Seller, the Servicer, the Purchaser, the Initial Note Purchaser and the Trustee) in Aggregate Principal Balance of Receivables transferred by the Seller to the Purchaser pursuant to this Agreement, the Seller at its own expense shall cause Independent Accountants acceptable to the Controlling Party to conduct a physical inventory and limited review of 100 of the related Receivable Files, commencing within seven Business Days immediately succeeding the day the last Receivable of such group of Receivables is transferred to the Purchaser pursuant to this Agreement and any related Assignments; PROVIDED, HOWEVER, that such inventory and review shall occur no less often than once every calendar month during which Receivables are transferred to the Purchaser hereunder and under related Assignments, regardless of the Aggregate Principal Balance of the Receivables conveyed during such month. The Independent Accountants shall within such seven Business Days complete such physical inspection and limited review and execute and deliver to Seller, the Servicer, the Purchaser, the Trustee, the Insurer and the Initial Note Purchaser an Independent Accountant's Report with respect to such review substantially in the form of Exhibit F hereto. If such review reveals, in the Controlling Party's reasonable opinion, an unsatisfactory number of exceptions, the Controlling Party, in its sole and absolute discretion, may require a full review of every Receivable File by the Independent Accounts at the expense of the Seller. The Trustee must receive no less than 5 Business Days prior written notice of any review of the Receivables Files under this Section 4.12. The Servicer shall be required to pay any and all costs incurred by the Trustee in connection with any such review.

SECTION 4.13 INSURER'S REVIEW OF RECEIVABLE FILES.

For every group of $5,000,000 (or such other greater amount as the Insurer may determine in its sole and absolute discretion from time to time by prior written notice to the Seller, the Servicer, the Purchaser, the Initial Note Purchaser and the Trustee) in Aggregate Principal Balance of Receivables transferred by the Seller to the Purchaser pursuant to this Agreement, the Seller at its own expense shall allow the Insurer to conduct a physical inventory and limited review of the related Receivables Files, commencing within three Business Days immediately succeeding the day the last Receivable of such group of Receivables is transferred to the Purchaser pursuant to this Agreement and any related Assignments. The Insurer shall make all reasonable efforts to review the related Receivable Files within three Business Days as aforementioned. Notwithstanding failure of the Insurer to review within three Business Days as in the preceding sentence, no additional Receivables may be transferred by the Seller to the Purchaser pursuant to this Agreement and any related Assignments until such time the Insurer has reviewed the related Receivable Files to its satisfaction. The Servicer shall be required to pay any and all costs incurred by the Insurer in connection with any such review.

SECTION 4.14 ACCESS TO CERTAIN DOCUMENTATION AND INFORMATION REGARDING RECEIVABLES.

The Servicer shall provide to representatives of the Trustee, the Standby Servicer, the Insurer and the Initial Note Purchaser reasonable access to the documentation regarding the Receivables. In each case, such access shall be afforded without charge but only upon reasonable request and during normal business hours. Nothing in this Section shall derogate from the obligation of the Servicer to observe any applicable law prohibiting disclosure of information regarding the Obligors, and the failure of the Servicer to provide access as provided in this Section as a result of such obligation shall not constitute a breach of this Section.

SECTION 4.15 REVIEW OF SERVICER'S CERTIFICATE.

(a) REVIEW OF SERVICER'S CERTIFICATE. In the event the Controlling Party notifies the Standby Servicer that there is no Backup Servicer or that the Backup Servicer is in breach of its obligations under the Backup Servicing Agreement, then commencing 10 days after receipt of such notice the Standby Servicer will perform the following duties: concurrently with the delivery by the Servicer of the Servicer's Certificate, the Servicer will deliver to the Trustee and the Standby Servicer a computer diskette (or other electronic transmission) in a format reasonably acceptable to the Trustee and the Standby Servicer containing information with respect to the Receivables as of the close of business on the last day of the preceding Collection Period which information is necessary for preparation of the Servicer's Certificate. The Standby Servicer shall use such computer diskette (or other electronic transmission) solely to verify certain information specified in Section 4.15(c) contained in the Servicer's Certificate delivered by the Servicer, and the Standby Servicer shall notify the Servicer and the Insurer of any discrepancies on or before the fourth Business Day immediately preceding the Insured Payment Date.

(b) RECONCILIATION OF SERVICER'S REPORT. In the event that the Standby Servicer or the Backup Servicer, as applicable, report any discrepancies, the Backup Servicer shall, if applicable, give written notice of such discrepancies to the Standby Servicer, and thereafter the Servicer and the Standby Servicer shall attempt to reconcile such discrepancies prior to the second Business Day prior to the related Insured Payment Date, but in the absence of a reconciliation, the Servicer's Certificate shall control for the purpose of calculations and distributions with respect to the related Insured Payment Date. In the event that the Standby Servicer and the Servicer are unable to reconcile discrepancies with respect to a Servicer's Certificate by the related Insured Payment Date, the Servicer shall cause a firm of independent certified public accountants, at the Servicer's expense, to audit the Servicer's Certificate and, prior to the fifth calendar day of the following month, reconcile the discrepancies. The effect, if any, of such reconciliation shall be reflected in the Servicer's Certificate for such next succeeding Determination Date. Other than the duties specifically set forth in this Agreement, the Standby Servicer shall have no obligations hereunder, including, without limitation, to supervise, verify, monitor or administer the performance of the Servicer. The Standby Servicer shall have no liability for any actions taken or omitted by the Servicer. The duties and obligations of the Standby Servicer shall be determined solely by the express provisions of this Agreement and no implied covenants or obligations shall be read into this Agreement against the Standby Servicer

(c) The Standby Servicer shall review each Servicer's Certificate delivered pursuant to Section 4.15(a) and shall:

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

(ii) load the computer diskette (which shall be in a format acceptable to the Standby Servicer) received from the Servicer pursuant to Section 4.14(a) hereof, confirm that such computer diskette is in a readable form and calculate and confirm the Principal Balance of each Receivable for the most recent Payment Date;

(iii) confirm that the Total Distribution Amount, the Noteholders' Principal Distributable Amount, the Noteholders' Interest Distributable Amount, the Standby Fee, the Servicing Fee, the Trustee Fee, the Collateral Agent Fee, the Premium in the Servicer's Certificate, the Collateral Test, the WAC Deficiency Amount, WAC Deficiency Deposit and WAC Deficiency Percentage and the Liquidity Amount are accurate based solely on the recalculation of the Servicer's Certificate.

SECTION 4.16 RETENTION AND TERMINATION OF SERVICER.

As long as CPS acts as Servicer, the Servicer hereby covenants and agrees to act as such under this Agreement for an initial term commencing on the Closing Date and ending on January 31, 2003, which term shall be extendible by the Controlling Party for successive monthly terms (or, at the discretion of the Controlling Party exercised pursuant to revocable written standing instructions from time to time to the Servicer and the Trustee, for any specified number of terms greater than one), until such time as the Notes have been paid in full, and all amounts due to the Controlling Party have been paid in full. Each such notice (including each notice pursuant to standing instructions, which shall be deemed delivered at the end of successive terms for so long as such instructions are in effect) (a "Servicer Extension Notice") shall be delivered by the Insurer to the Trustee and the Servicer. The Servicer hereby agrees that, upon its receipt of any such Servicer Extension Notice, the Servicer shall become bound, for the duration of the term covered by such Servicer Extension Notice, to continue as the Servicer subject to and in accordance with the other provisions of this Agreement. If an Insurer Default has occurred and is continuing, the term of the Servicer's appointment hereunder shall be deemed to have been extended until such time, if any, as such Insurer Default has been cured unless such appointment is terminated sooner in accordance with the terms of this Agreement. Until such time as an Insurer Default shall have occurred and be continuing, the Trustee agrees that if as of the fifteenth day prior to the last day of any term of the Servicer, the Trustee shall not have received any Servicer Extension Notice from the Insurer, the Trustee shall, within five days thereafter, give written notice of such non-receipt to the Insurer.

SECTION 4.17 FIDELITY BOND.

The Servicer shall maintain a fidelity bond in such form and amount as is customary for entities acting as custodian of funds and documents in respect of consumer contracts on behalf of institutional investors.

SECTION 4.18 LIEN SEARCHES; OPINIONS AS TO TRANSFERS AND SECURITY INTERESTS.

The Servicer shall, with respect to every group of $50 million in Aggregate Principal Balance of Receivables conveyed to the Purchaser hereunder and pledged to the Trustee under the Indenture (but in no event less frequently than once during each calendar quarter), deliver (or cause to be delivered) to the Trustee, the Insurer and the Initial Note Purchaser an Opinion of Counsel, in form and substance satisfactory to the Insurer, with respect to (a) the "true sale" nature of the transfers of Receivables and, to the extent applicable,

related Other Conveyed Property hereunder and under each related Assignment, (b) the "backup security interest" with respect the transfers of Receivables and, to the extent applicable, related Other Conveyed Property hereunder and under each related Assignment, (c) the validity of the security interest in connection with the pledge of Collateral to the Trustee under the Indenture on each Transfer Date and (d) the perfection of the transfers and pledges referred to in CLAUSES (A)-(C) above. To the extent each such Opinion of Counsel is in any manner reliant on UCC lien searches, each such UCC lien search shall be dated no earlier than ten Business Days prior to the date of each such related Opinion of Counsel, and shall be accompanied by officer's certificates from the appropriate parties certifying that no filings subsequent to the date of such lien searches have been made. Such Opinion of Counsel shall state, among other things, that, in the opinion of such counsel, either (A) all financing statements and continuation statements have been authorized and filed that are necessary to perfect the interest of the Purchaser and the Trustee in the Receivables, and reciting the details of such filings or referring to prior Opinions of Counsel in which such details are given, or (B) no such action shall be necessary to preserve and protect such interest. Each Opinion of Counsel referred to in this Section 4.17 shall specify any action necessary (as of the date of such opinion) to be taken to preserve and protect such interest.

ARTICLE V

ACCOUNTS; DISTRIBUTIONS; STATEMENTS TO NOTEHOLDERS

SECTION 5.1 ESTABLISHMENT OF PLEDGED ACCOUNTS.

(a) The Trustee, on behalf of the Noteholders and the Insurer, shall establish and maintain in its own name an Eligible Account (the "COLLECTION ACCOUNT"), bearing a designation clearly indicating that the funds deposited therein are held for the benefit of the Trustee on behalf of the Noteholders and the Insurer. The Collection Account shall initially be established with the Trustee.

(b) The Trustee, on behalf of the Noteholders and the Insurer, shall establish and maintain in its own name an Eligible Account (the "NOTE DISTRIBUTION ACCOUNT"), bearing a designation clearly indicating that the funds deposited therein are held for the benefit of the Trustee on behalf of the Noteholders and the Insurer. The Note Distribution Account shall initially be established with the Trustee.

(c) The Trustee, on behalf of the Noteholders and the Insurer, shall establish and maintain in its own name an Eligible Account (the "PRINCIPAL FUNDING ACCOUNT"), bearing a designation clearly indicating that the funds deposited therein are held for the benefit of the Trustee on behalf of the Noteholders and the Insurer. The Principal Funding Account shall initially be established with the Trustee.

(d) Funds on deposit in the Collection Account, the Principal Funding Account and the Note Distribution Account (collectively, the "PLEDGED ACCOUNTS") shall be invested by the Trustee (or any custodian with respect to funds on deposit in any such account) in Eligible Investments selected in writing by the Servicer or, after the SST Assumption Date, by the Controlling Party (pursuant to standing instructions or otherwise). All such Eligible Investments shall be held by or on behalf of the Trustee for the benefit of the Noteholders and the Insurer, as applicable. Other than as permitted by the Rating Agencies and the Insurer (so long as no Insurer Default has occurred and is continuing), funds on deposit in any Pledged Account shall be invested in Eligible Investments that will mature so that such funds will be available at the close of business on the Business Day immediately preceding the following Payment Date. Funds deposited in a Pledged Account on the day immediately preceding a Payment Date or Insured Payment Date upon the maturity of any Eligible Investments are not required to be invested overnight. All Eligible Investments will be held to maturity.

(e) All investment earnings of moneys deposited in the Pledged Accounts shall be deposited (or caused to be deposited) by the Trustee in the Collection Account for distribution pursuant to Section 5.7(a), and any loss resulting from such investments shall be charged to such account. The Servicer will not direct the Trustee to make any investment of any funds held in any of the Pledged Accounts unless the security interest granted and perfected in such account will continue to be perfected in such investment, in either case without any further action by any Person, and, in connection with any direction to the Trustee to make any such investment, if requested by the Trustee, the Servicer shall deliver to the Trustee an Opinion of Counsel to such effect.

(f) The Trustee shall not in any way be held liable by reason of any insufficiency in any of the Pledged Accounts resulting from any loss on any Eligible Investment included therein except for losses attributable to the Trustee's negligence or bad faith or its failure to make payments on such Eligible Investments issued by the Trustee, in its commercial capacity as principal obligor and not as trustee, in accordance with their terms.

(g) If (i) the Servicer or the Controlling Party, as applicable, shall have failed to give investment directions for any funds on deposit in the Pledged Accounts to the Trustee by 1:00 p.m. Eastern Time (or such other time as may be agreed by the Purchaser and Trustee) on any Business Day; or (ii) an Insurance Agreement Event of Default shall have occurred and be continuing with respect to the Notes but the Notes shall not have been declared due and payable, or, if such Notes shall have been declared due and payable following an Insurance Agreement Event of Default, amounts collected or receivable from the Receivables and the Other Conveyed Property are being applied as if there had not been such a declaration; then the Trustee shall, to the fullest extent practicable, invest and reinvest funds in the Pledged Accounts in an Eligible Investment described in paragraph (f) the definition thereof.

(h) The Trustee shall possess all right, title and interest in all funds on deposit from time to time in the Pledged Accounts and in all proceeds thereof (including all Investment Earnings on the Pledged Accounts) and all such funds, investments, proceeds and income shall be part of the Other Conveyed Property. Except as otherwise provided herein, the Pledged Accounts shall be under the sole dominion and control of the Trustee for the benefit of the Noteholders and the Insurer. If at any time any of the Pledged Accounts ceases to be an Eligible Account, the Servicer with the consent of the Controlling

Party shall within five Business Days establish a new Pledged Account as an Eligible Account and shall transfer any cash and/or any investments to such new Pledged Account. The Servicer shall promptly notify the Rating Agencies, the Trustee and the Insurer of any change in the location of any of the aforementioned accounts. In connection with the foregoing, the Servicer agrees that, in the event that any of the Pledged Accounts are not accounts with the Trustee, the Servicer shall notify the Trustee and the Insurer in writing promptly upon any of such Pledged Accounts ceasing to be an Eligible Account.

(i) With respect to the Pledged Account Property, the Trustee agrees that:

(i) any Pledged Account Property that is held in deposit accounts shall be held solely in Eligible Accounts; and, except as otherwise provided herein, each such Eligible Account shall be subject to the exclusive custody and control of the Trustee and the Trustee shall have sole signature authority with respect thereto;

(ii) any Pledged Account Property that constitutes Physical Property or "certificated securities" shall be delivered to the Trustee in accordance with the definition of "DELIVERY";

(iii) The Servicer shall have the power, revocable by the Controlling Party, to instruct the Trustee to make withdrawals and payments from the Pledged Accounts for the purpose of permitting the Servicer and the Trustee to carry out their respective duties hereunder.

SECTION 5.2 [RESERVED].

SECTION 5.3 CERTAIN REIMBURSEMENTS TO THE SERVICER.

The Servicer will be entitled to be reimbursed from amounts on deposit in the Collection Account with respect to a Collection Period for amounts previously deposited in the Collection Account but later determined by the Servicer to have resulted from mistaken deposits or postings or checks returned for insufficient funds. The amount to be reimbursed hereunder shall be paid to the Servicer on the related Payment Date pursuant to Section 5.7(a)(iii) upon certification by the Servicer of such amounts and the provision of such information to the Trustee and the Controlling Party as may be necessary in the opinion of the Controlling Party to verify the accuracy of such certification. In the event that the Controlling Party has not received evidence satisfactory to it of the Servicer's entitlement to reimbursement pursuant to this Section, the Controlling Party shall give the Trustee notice to such effect, following receipt of which the Trustee shall not make a distribution to the Servicer in respect of such amount pursuant to Section 5.7, or if prior thereto the Servicer has been reimbursed pursuant to Section 5.7, the Trustee shall withhold such amounts from amounts otherwise distributable to the Servicer on the next succeeding Payment Date.

SECTION 5.4 APPLICATION OF COLLECTIONS.

All collections for each Collection Period shall be applied by the Servicer as follows:

With respect to each Receivable (other than a Purchased Receivable), payments by or on behalf of the Obligor shall be applied, in the case of a Rule of 78's Receivable, first, to the Scheduled Receivable Payment of such Rule of 78's Receivable and, second, to any late fees accrued with respect to such Rule of 78 s Receivable and, in the case of a Simple Interest Receivable, to interest and principal in accordance with the Simple Interest Method.

SECTION 5.5 WITHDRAWALS FROM NPF SPREAD ACCOUNT.

(a) In the event that the Servicer's Certificate with respect to any Determination Date during the Amortization Period shall state that the Total Distribution Amount with respect to the related Payment Date is insufficient to make the payments required to be made on the related Payment Date pursuant to Sections 5.7(a)(i) through (x) (such deficiency being a "Deficiency Claim Amount"), then on the Deficiency Claim Date, the Trustee shall deliver to the Collateral Agent, the Insurer, and the Servicer, by hand delivery, telex or facsimile transmission, a written notice (a "DEFICIENCY NOTICE") specifying the Deficiency Claim Amount for such Insured Payment Date. Such Deficiency Notice shall direct the Collateral Agent to remit such Deficiency Claim Amount (to the extent of the funds available to be distributed pursuant to the Spread Account Supplement) to the Trustee for deposit in the Collection Account on the related Insured Payment Date and distribution pursuant to Sections 5.7(a)(i) through (x), as applicable; PROVIDED, HOWEVER, that if the Amortization Period results solely from the occurrence of an Amortization Event of the type specified in clause (e) of the definition thereof, no such Deficiency Claim Amount shall be remitted as set forth above.

(b) Any Deficiency Notice shall be delivered by 10:00 a.m., New York City time, on the Deficiency Claim Date. The amounts distributed by the Collateral Agent to the Trustee pursuant to a Deficiency Notice shall be deposited by the Trustee into the Collection Account pursuant to SECTION 5.6.

SECTION 5.6 ADDITIONAL DEPOSITS.

The Servicer or CPS, as the case may be, shall deposit or cause to be deposited in the Collection Account the aggregate Purchase Amount with respect to Purchased Receivables together with any proceeds from any Insurance Policies received by the Servicer with respect to Financed Vehicles. All such deposits shall be made, in immediately available funds, on the Business Day preceding the related Determination Date. On or before each Draw Date, the Trustee shall remit to the Collection Account any amounts delivered to the Trustee by the Collateral Agent pursuant to Section 5.5.

SECTION 5.7 DISTRIBUTIONS.

(a) On each Payment Date, the Trustee (based on the information contained in the Servicer's Certificate delivered on the related Determination Date) shall make the following distributions from funds available in the Collection Account in the following order of priority:

(i) so long as CPS is the Servicer and Bank One Trust Company, N.A. is the Standby Servicer, to the Standby Servicer, from the Total Distribution Amount and any amount deposited in the Collection Account pursuant to Sections 5.5(a) and 5.12(a) in respect of Standby Fees, the Standby Fee and all unpaid Standby Fees from prior Collection Periods;

(ii) so long as the Backup Servicer is not the Servicer, to the Backup Servicer, from the Total Distribution Amount (as such Total Distribution Amount has been reduced by payments pursuant to clause (i) above) and any amount deposited in the Collection Account pursuant to Sections 5.5(a) and 5.12(a) in respect of Backup Servicing Fees, the Backup Servicing Fee and all unpaid Backup Servicing Fees from prior Collection Periods;

(iii) to the Servicer, from the Total Distribution Amount (as such Total Distribution Amount has been reduced by payments pursuant to clauses (i) and (ii) above) and any amount deposited in the Collection Account pursuant to Sections 5.5(a) and 5.12(a) in respect of Servicing Fees or SST Servicing Fee, as applicable, the Servicing Fee and SST Servicing Fee, and all unpaid Servicing Fees and SST Servicing Fees from prior Collection Periods and all reimbursements to which the Servicer is entitled pursuant to Section 5.3;

(iv) to any successor Servicer, from the Total Distribution Amount (as such Total Distribution Amount has been reduced by payments pursuant to clauses (i) through (iii) above) and any amount deposited in the Collection Account pursuant to Sections 5.5(a) and 5.12(a) in respect of Servicing Fees, to the extent not previously paid by the predecessor Servicer pursuant to this Agreement, reasonable transition expenses (up to a maximum of $50,000 for all such expenses) incurred in becoming the successor Servicer;

(v) to the Trustee, from the Total Distribution Amount (as such Total Distribution Amount has been reduced by payments pursuant to clauses (i) through (iv) above) and any amount deposited in the Collection Account pursuant to Sections 5.5(a) and 5.12(a) in respect of Trustee Fees, the Trustee Fees and reasonable out-of-pocket expenses thereof (including reasonable counsel fees and expenses) and all unpaid Trustee Fees and unpaid reasonable out-of-pocket expenses (including reasonable counsel fees and expenses) from prior Collection Periods; PROVIDED, HOWEVER, that unless an Insurance Agreement Event of Default or an Event of Default under the Indenture or a Servicer Termination Event shall have occurred and be continuing, expenses payable to the Trustee pursuant to this clause (v) and expenses payable to the Collateral Agent pursuant to clause (vi) below shall be limited to a total of $50,000 per annum;

(vi) to the Collateral Agent, from the Total Distribution Amount (as such Total Distribution Amount has been reduced by payments pursuant to clauses (i) through (v) above) and any amount deposited in the Collection Account pursuant to Sections 5.5(a) and 5.12(a) in

respect of Collateral Agent Fees and expenses of the Collateral Agent, all fees and reasonable expenses payable to the Collateral Agent pursuant to the Master Spread Account Agreement with respect to such Payment Date; subject to the proviso in clause (v) above;

(vii) to the Note Distribution Account, from the Total Distribution Amount (as such Total Distribution Amount has been reduced by payments pursuant to clauses (i) through (vi) above) and any amounts deposited in the Collection Account pursuant to Section 5.5(a) and Section 5.12(a)(ii) (as such amounts have been reduced by payments pursuant to clauses (i) through (vi) above), the Noteholders' Interest Distributable Amount for such Payment Date;

(viii) if such Payment Date occurs during the Revolving Period, to the Note Distribution Account, from the Total Distribution Amount (as such Total Distribution Amount has been reduced by payments pursuant to clauses (i) through (vii), above) and any amounts deposited in the Collection Account pursuant to Section 5.5(a) and Section 5.12(a)(ii) (as such amounts have been reduced by payments pursuant to clauses (i) through (vii) above), an amount equal to the lesser of (x) the Revolving Principal Amortization Amount for such Payment Date and (y) the maximum amount of the Revolving Principal Amortization Amount for such Payment Date which may paid under this Section 5.7 (a)(viii) such that, after giving effect to all deposits and distributions on such Payment Date, the Collateral Test will be satisfied as of the related Determination Date;

(ix) if such Payment Date occurs during the Revolving Period, an amount determined and certified by the Servicer and included in the Servicer's Certificate delivered on the related Determination Date to be at least equal to the sum of (1) the WAC Deficiency Amount, if any, on such Determination Date, (2) the Liquidity Amount for such Determination Date and (3) the amount (net of the WAC Deficiency Amount and Liquidity Amount provided for in the preceding clauses (1) and (2)) necessary to be held in the Collection Account or Principal Funding Account such that after giving effect to all deposits and distributions to be made on such Payment Date, the Collateral Test will be satisfied as of the related Determination Date, such amount shall be retained on deposit in the Collection Account or the Principal Funding Account, as applicable, and shall not be available for distribution pursuant to clauses (x) through (xiii) below;

(x) to the Insurer, from the Total Distribution Amount (as such Total Distribution Amount has been reduced by payments made pursuant to clauses (i) through (viii) above and subject to the amount retained in the Collection Account pursuant to clause (ix) above), any amount deposited in the Collection Account pursuant to Section 5.5(a), any amounts owing to the Insurer under this Agreement and the Insurance Agreement and not paid;

(xi) (a) On each Payment Date during the Revolving Period, from the Total Distribution Amount (as such Total Distribution Amount has been reduced by payments made pursuant to clauses (i) through (viii) and (x) above and subject to the amount retained in the

Collection Account pursuant to clause (ix) above), and any amounts deposited in the Collection Account pursuant to Sections 5.5(a) and 5.12(a)(ii), an amount equal to the Noteholders' Principal Distributable Amount for such Payment Date LESS any amounts paid to the Note Distribution Account on such Payment Date under Section 5.7(a)(viii) shall be deposited into the Principal Funding Account; and (b) on each Payment Date during the Amortization Period, to the Note Distribution Account from the Total Distribution Amount (as such Total Distribution Amount has been reduced by payments pursuant to clauses (i) through (viii) and (x) above), from any amounts deposited in the Collection Account pursuant to Sections 5.5(a), 5.12(a)(ii) and any other amounts on deposit in the Collection Account or the Principal Funding Account, the Noteholders' Principal Distributable Amount for such Payment Date plus the Noteholders' Principal Carryover Shortfall for such Payment Date, if any;

(xii) to the Collateral Agent, for deposit in the NPF Spread Account and further application and distribution pursuant to the terms of the Master Spread Account Agreement, from the Total Distribution Amount (as such Total Distribution Amount has been reduced by payments pursuant to clauses (i) through (viii), (x) and (xi)(b) above), from any amounts deposited in the Collection Account pursuant to Sections 5.5(a) and 5.12(a)(ii) and any other amounts on deposit in the Collection Account or the Principal Funding Account, an amount equal to the sum of all Deficiency Claim Amounts withdrawn from the NPF Spread Account pursuant to Section 5.5 during the term of this Agreement; and

(xiii) to the Trustee, Standby Servicer and Collateral Agent, all other amounts payable pursuant to the Fee Schedule that have accrued and have not been paid; and

(xiv) to the Purchaser, subject to clause (ix) above, the remaining Total Distribution Amount, if any.

PROVIDED, HOWEVER, that, (A) following an acceleration of the Notes or, (B) if an Insurer Default shall have occurred and be continuing and an Insurance Agreement Event of Default pursuant to Sections 5.1(i), 5.1(ii), 5.1(iv), 5.1(v) or 5.1(vi) of the Indenture shall have occurred and be continuing, the Total Distribution Amount plus any amounts on deposit in any of the Pledged Accounts in respect of WAC Deficiency Deposits, the Liquidity Amount and any amounts necessary to satisfy the Collateral Test on any date shall be paid pursuant to SECTION 5.6(a) of the Indenture.

(b) On each Insured Payment Date, the Trustee shall (based solely on the information contained in the Servicer's Certificate delivered with respect to the related Determination Date, unless the Insurer shall have notified the Trustee in writing of any errors or deficiencies with respect thereto) distribute the Deficiency Claim Amount from the NPF Spread Account, if any, plus the Note Policy Claim Amount, if any, in each case then on deposit in the Collection Account, and deposit in the Note Distribution Account any excess of the Scheduled Payments (as defined in the Note Policy) due on such Insured Payment Date over the amount previously deposited in the Note Distribution Account with respect to the related Payment Date, which amount shall be applied solely to the payment of amounts then due and unpaid on the Notes in accordance with the priorities set forth in Section 5.8(a).

(c) In the event that the Collection Account is maintained with an institution other than the Trustee, the Servicer shall instruct and cause such institution to make all deposits and distributions pursuant to Section 5.7(a) and (b) on the related Payment Date and Insured Payment Date, as applicable.

(d) Payments from Principal Funding Account. On any Transfer Date on which funds are on deposit in the Principal Funding Account, the Trustee shall, at the direction of the Purchaser in accordance with Section 2.1(c) (and subject to the satisfaction of the conditions set forth in Section 2.1(b) on such Transfer Date), withdraw from the Principal Funding Account and pay to or upon the order of the Seller an amount equal to the lesser of (i) the Purchase Price to be paid to the Seller for Receivables and Other Conveyed Property to be conveyed to the Purchaser and pledged to the Trustee on such Transfer Date (or a portion thereof) and (ii) the amount on deposit in the Principal Funding Account.

SECTION 5.8 NOTE DISTRIBUTION ACCOUNT.

(a) On each Payment Date and each Insured Payment Date (in each case based solely on the information contained in the Servicer's Certificate), the Trustee shall distribute all amounts on deposit in the Note Distribution Account to Noteholders in respect of the Notes to the extent of amounts due and unpaid on the Notes for principal and interest in the following amounts and in the following order of priority:

(i) (a) to the Holders of the Notes the Noteholders' Interest Distributable Amount; provided that if there are not sufficient funds in the Note Distribution Account to pay the entire amount then due on the Notes, the amount in the Note Distribution Account shall be applied to the payment of such interest pro rata on the basis of the amount of accrued and unpaid interest due; and (b) on each Payment Date during the Revolving Period, to the Holders of the Notes, all amounts remaining on deposit in the Note Distribution Account, such amounts to be applied to pay principal of the Notes pro rata among the Holders of the Notes; and

(ii) On each Payment Date during the Amortization Period, concurrently, to the Noteholders, the Noteholders' Principal Distributable Amount plus any Noteholders Principal Carryover Shortfall, to pay principal of the Notes until the outstanding principal amount of the Notes has been reduced to zero; provided that if there are not sufficient funds in the Note Distribution Account to pay the aggregate outstanding principal amount of the Notes, the amount in the Note Distribution Account shall be applied to the payment of such principal pro rata among the Holders of the Notes.

(b) On each Payment Date, the Trustee shall send to each Noteholder and the Insurer the statement or statements provided to the Trustee by the Servicer pursuant to Section 5.11 hereof on such Payment Date.

(c) The Trustee may make available to the Noteholders and the Insurer, via the Trustee's Internet Website, the Servicer's Certificate required to be provided by the Trustee under the terms of this Section 5.8(b) available and, with the consent or at the direction of the Noteholders, such other information regarding the Notes and/or the Receivables as the Trustee may have in its possession, but only with the use of a password provided by the Trustee or its agent to such Person upon receipt by the Trustee from such Person of a certification in the form of Exhibit H hereto; PROVIDED, HOWEVER, that the Trustee or its agent shall provide such password to the parties to this Agreement, the Insurer, the Initial Note Purchaser and the Rating Agencies without requiring such certification. The Trustee will make no representation or warranties as to the accuracy or completeness of such documents and will assume no responsibility therefor.

The Trustee's Internet Website shall be initially located at www.abs.bankone.com or at such other address as shall be specified by the Trustee from time to time in writing to the Noteholders and the Insurer. In connection with providing access to the Trustee's Internet Website, the Trustee may require registration and the acceptance of a disclaimer. The Trustee shall not be liable for the dissemination of information in accordance with this Agreement.

The provision of information reports and notices under this Section 5.8(c) is strictly for the convenience of the Noteholders if they so choose in their sole discretion. Nothing in this Section 5.8(c) shall relieve the Trustee from any of its obligations with respect to the distribution or dissemination of reports and other information as required herein or in the Indenture.

(d) In the event that any withholding tax is imposed on the Purchaser's payment (or allocations of income) to a Noteholder, such tax shall reduce the amount otherwise distributable to the Noteholder in accordance with this Section 5.8. The Trustee is hereby authorized and directed to retain from amounts otherwise distributable to the Noteholders sufficient funds for the payment of any tax that is legally owed by the Purchaser (but such authorization shall not prevent the Trustee from contesting any such tax in appropriate proceedings, and withholding payment of such tax, if permitted by law, pending the outcome of such proceedings). The amount of any withholding tax imposed with respect to a Noteholder shall be treated as cash distributed to such Noteholder at the time it is withheld by the Purchaser and remitted to the appropriate taxing authority. If, after consultations with experienced counsel, the Trustee determines that there is a reasonable likelihood that withholding tax is payable with respect to a distribution (such as a distribution to a non-US Noteholder), the Trustee may in its sole discretion withhold such amounts in accordance with this clause (c). In the event that a Noteholder wishes to apply for a refund of any such withholding tax, the Trustee shall reasonably cooperate with such Noteholder in making such claim so long as such Noteholder agrees to reimburse the Trustee for any out-of-pocket expenses incurred.

(e) Distributions required to be made to Noteholders on any Payment Date shall be made to each Noteholder of record on the preceding Record Date either by wire transfer, in immediately available funds, to the account of such Holder at a bank or other entity having appropriate facilities therefor, if (i) such Noteholder shall have provided to the Note Registrar appropriate written instructions at least five Business Days prior to such Payment Date and such Holder's Notes in the aggregate evidence a denomination of not less than $1,000,000 or (ii) such Noteholder is the Seller, or an Affiliate thereof, or,

if not, by check mailed to such Noteholder at the address of such holder appearing in the Note Register; PROVIDED, HOWEVER, that, unless Definitive Notes have been issued pursuant to Section 2.14 of the Indenture, with respect to Notes registered on the Record Date in the name of the nominee of the Clearing Agency (initially, such nominee to be Cede & Co.), distributions will be made by wire transfer in immediately available funds to the account designated by such nominee. Notwithstanding the foregoing, the final distribution in respect of any Note (whether on the Final Scheduled Payment Date or otherwise) will be payable only upon presentation and surrender of such Note at the office or agency maintained for that purpose by the Note Registrar pursuant to Section 2.4 of the Indenture.

SECTION 5.9 CALCULATION OF WEIGHTED AVERAGE APR, LIQUIDITY AMOUNT AND WAC DEFICIENCY AMOUNTS.

On each Business Day during the Revolving Period, the Servicer shall calculate the Maximum Note Interest Rate, the weighted average APR of the Receivables, the WAC Deficiency Percentage, the WAC Deficiency Amount, if any, the Liquidity Amount and the Liquidity Amount Shortfall, if any, and shall, upon request (which may be a standing request to receive such calculation until the Seller is notified otherwise), provide such calculation in writing to the Trustee, the Purchaser, the Servicer, the Insurer and the Initial Note Purchaser. If on any Business Day during the Revolving Period, the WAC Deficiency Amount is greater than zero, the Servicer shall provide written notice of such WAC Deficiency Amount and the corresponding WAC Deficiency Percentage and the WAC Deficiency Deposit, if any, with respect to such Business Day to the Purchaser, the Trustee, the Servicer, the Insurer and the Initial Note Purchaser by 12:00 noon, New York City time, on such day.

SECTION 5.10 DEPOSIT OF WAC DEFICIENCY AMOUNTS, LIQUIDITY AMOUNTS AND AMOUNTS NECESSARY TO SATISFY THE COLLATERAL TEST.

(a) if on any day during the Revolving Period, the WAC Deficiency Amount is greater than zero, the Purchaser shall, within five (5) days, deposit into the Collection Account an amount equal to such WAC Deficiency Amount; PROVIDED, HOWEVER, that if on any day within such 5-day period the WAC Deficiency Amount therefor is zero, the Purchaser shall not be required to make such deposit; (b) if on any day the Liquidity Amount for such day is less than the Liquidity Amount on deposit in the Collection Account (such amount, a "Liquidity Amount Shortfall"), the Purchaser shall, within five (5) days, deposit into the Collection Account an amount equal to such Liquidity Amount Shortfall; (c) if on any Determination Date the Collateral Test is not satisfied, the Purchaser shall, within five (5) days, deposit into the Collection Account an amount such that after such deposit, the Collateral Test will have been satisfied.

SECTION 5.11 STATEMENTS TO NOTEHOLDERS.

(a) On or prior to each Payment Date (in accordance with Section 4.9), the Servicer shall provide to the Trustee (with a copy to the Insurer and the Rating Agencies) for the Trustee to forward to each Noteholder of record on the related Record Date a copy of the Servicer's Certificate setting forth at least the following information as to the Notes to the extent applicable:

(i) the amount of such distribution allocable to principal of the Notes;

(ii) the amount of such distribution allocable to interest on or with respect to the Notes;

(iii) the amount, if any, of such distribution payable out of amounts withdrawn from the NPF Spread Account or pursuant to a claim on the Note Policy;

(iv) the Aggregate Principal Balance as of the close of business on the last day of the preceding Collection Period;

(v) the aggregate outstanding principal amount of the Notes;

(vi) the amount of the Servicing Fee paid to the Servicer with respect to the related Collection Period, and the amount of any unpaid Servicing Fees and the change in such amount from the prior Payment Date;

(vii) the amount of each of the Standby Fee, the Trustee Fee and the Collateral Agent Fee paid to the Standby Servicer, the Trustee and the Collateral Agent, as applicable, with respect to the related Collection Period, and the amount of any unpaid Standby Fees, Trustee Fees and Collateral Agent Fees and the change in such amounts from the prior Payment Date;

(viii) the Noteholders' Interest Carryover Shortfall and the Noteholders' Principal Carryover Shortfall, if any;

(ix) the number of Receivables and the aggregate gross amount scheduled to be paid thereon, including unearned finance and other charges, for which the related Obligors are delinquent in making Scheduled Receivable Payments for 31 to 59 days;

(x) the amount of the aggregate Realized Losses, if any, for the related Collection Period;

(xi) the amount of payments, if any, made with respect to the related Payment Date pursuant to Sections 5.12(a)(i), and (ii), respectively;

(xii) the number of, and the aggregate Purchase Amounts for, Receivables, if any, that were repurchased during the related Collection Period and summary information as to losses and delinquencies with respect to the Receivables as of the end of the related Collection Period;

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

Each amount set forth pursuant to paragraphs (i), (ii), (iii), (vi), (vii), (viii) and (xi) above shall be expressed as a dollar amount per $1,000 of the aggregate outstanding principal amount of the Notes as of the related Payment Date.

(b) Within 60 days of the end of each calendar year, commencing March 1, 2004, the Servicer shall send to the Trustee, and the Trustee shall, provided it has received the necessary information from the Servicer, promptly thereafter furnish to each Person who at any time during the preceding calendar year was a Noteholder of record and received any payment thereon (a) a report (prepared by the Servicer) as to the aggregate to amounts reported pursuant to subclauses (i), (ii), (vi) and (vii) of Section 5.11(a) for such preceding calendar year or applicable portion thereof during which such person was Noteholder, and (b) such information as may be reasonably requested by the Noteholders or required by the Code and regulations thereunder, to enable such Holders to prepare their Federal and State income tax returns. The obligation of the Trustee set forth in this paragraph shall be deemed to have been satisfied to the extent that substantially comparable information shall be provided by the Servicer pursuant to any requirements of the Code.

SECTION 5.12 OPTIONAL DEPOSITS BY THE INSURER; NOTICE OF WAIVERS.

(a) The Insurer shall at any time, and from time to time, with respect to an Insured Payment Date, have the option (but shall not be required, except as provided in Section 6.1) to deliver amounts to the Trustee for deposit into the Collection Account for any of the following purposes: (i) to provide funds in respect of the payment of fees or expenses of any provider of services to the Purchaser with respect to such Insured Payment Date, or (ii) to include such amount as part of the Total Distribution Amount for such Insured Payment Date to the extent that without such amount a draw would be required to be made on the Note Policy.

(b) If the Insurer waives the satisfaction of any of the events that might trigger an Insurance Agreement Event of Default, and so notifies the Trustee in writing pursuant to Section 5.02(d) of the Insurance Agreement, the Trustee shall notify Moody's and each Noteholder of such waiver.

SECTION 5.13 DIVIDEND OF INELIGIBLE RECEIVABLES.

With the prior written consent of the Controlling Party, the Purchaser may, on the last day of the month in which any Receivables are sold into a term securitization transaction, distribute any Ineligible Receivables to the Seller as a dividend, provided that the conditions of Section 10.05 of the Indenture are satisfied.

ARTICLE VI

THE NOTE POLICY

SECTION 6.1 CLAIMS UNDER NOTE POLICY.

(a) In the event that the Trustee has delivered a Deficiency Notice with respect to any Determination Date pursuant to Section 5.5 hereof, the Trustee shall on the related Draw Date determine whether the application of funds in accordance with Section 5.7(a), together with any amounts deposited by the Insurer pursuant to Section 5.12 and the application of any Deficiency Claim Amount pursuant to Section 5.5 would result in a shortfall in amounts distributable pursuant to Sections 5.7(a)(vii) on any Payment Date and

5.7(a)(x)(b) on any Payment Date occurring on or after the Final Scheduled Payment Date (any such shortfall, a "Note Policy Claim Amount"). If the Note Policy Claim Amount for such Payment Date is greater than zero, the Trustee shall furnish to the Insurer no later than 12:00 noon New York City time on the related Draw Date a completed Notice of Claim (as defined in clause (b) below) in the amount of the Note Policy Claim Amount. Amounts paid by the Insurer pursuant to a claim submitted under this Section 6.1 shall be deposited by the Trustee into the Note Distribution Account for payment to Noteholders on the related Insured Payment Date.

(b) Any notice delivered by the Trustee to the Insurer pursuant to Section 6.1(a) shall specify the Note Policy Claim Amount claimed under the Note Policy and shall constitute a "Notice of Claim" (as defined in the Note Policy) under the Note Policy. In accordance with the provisions of the Note Policy, the Insurer is required to pay to the Trustee the Note Policy Claim Amount properly claimed thereunder by 12:00 noon, New York City time, on the later of (i) the third Business Day (as defined in the Note Policy) following receipt on a Business Day of the Notice of Claim, and (ii) the applicable Insured Payment Date. Any payment made under the Note Policy by the Insurer shall be applied solely to the payment of the Notes, and for no other purpose.

(c) The Trustee shall (i) receive as attorney-in-fact of each Noteholder any Note Policy Claim Amount from the Insurer and (ii) deposit the same in the Note Distribution Account for distribution to Noteholders. Any and all Note Policy Claim Amounts disbursed by the Trustee from claims made under the Note Policy shall not be considered payment by the Purchaser or from the NPF Spread Account with respect to such Notes, and shall not discharge the obligations of the Purchaser with respect thereto. The Insurer shall, to the extent it makes any payment with respect to the Notes, become subrogated to the rights of the recipients of such payments to the extent of such payments. Subject to and conditioned upon any payment with respect to the Notes by or on behalf of the Insurer, the Trustee and the Noteholders shall assign to the Insurer all rights to the payment of interest or principal with respect to the Notes which are then due for payment to the extent of all payments made by the Insurer, and the Insurer may exercise any option, vote, right, power or the like with respect to the Notes to the extent that it has made payment pursuant to the Note Policy. To evidence such subrogation, the Note Registrar (as defined in the Indenture) shall note the Insurer's rights as subrogee upon the register of Noteholders upon receipt from the Insurer of proof of payment by the Insurer of any Noteholders' Interest Distributable Amount or Noteholders' Principal Distributable Amount. The foregoing subrogation shall in all cases be subject to the rights of the Noteholders to receive all Scheduled Payments (as defined in the Note Policy) in respect of the Notes.

(d) The Trustee shall keep a complete and accurate record of all funds deposited by the Insurer into the Note Distribution Account and the allocation of such funds to payment of interest on and principal paid in respect of any Note. The Insurer shall have the right to inspect such records at reasonable times upon one Business Day's prior notice to the Trustee.

(e) The Trustee shall be entitled to enforce on behalf of the Noteholders the obligations of the Insurer under the Note Policy. Notwithstanding any other provision of this Agreement or any other Basic Document, the Noteholders are not entitled to make any claims under the Note Policy or institute proceedings directly against the Insurer.

SECTION 6.2 PREFERENCE CLAIMS.

(a) In the event that the Trustee has received a certified copy of an order of the appropriate court that any Scheduled Payment (as defined in the Note Policy) paid on a Note has been avoided in whole or in part as a preference payment under applicable bankruptcy law, the Trustee shall so notify the Insurer, shall comply with the provisions of the Note Policy to obtain payment by the Insurer of such avoided payment, and shall, at the time it provides notice to the Insurer, notify Holders of the Notes by mail that, in the event that any Noteholder's payment is so recoverable, such Noteholder will be entitled to payment pursuant to the terms of the Note Policy. The Trustee shall furnish to the Insurer its records evidencing the payments of principal of and interest on Notes, if any, which have been made by the Trustee and subsequently recovered from Noteholders, and the dates on which such payments were made. Pursuant to the terms of the Note Policy, the Insurer will make such payment on behalf of the Noteholder to the receiver, conservator, debtor-in-possession or trustee in bankruptcy named in the order (as defined in the Note Policy) and not to the Trustee or any Noteholder directly (unless a Noteholder has previously paid such payment to the receiver, conservator, debtor-in-possession or trustee in bankruptcy, in which case the Insurer will make such payment to the Trustee for distribution to such Noteholder upon proof of such payment reasonably satisfactory to the Insurer).

(b) The Trustee shall promptly notify the Insurer of any proceeding or the institution of any action (of which the Trustee has actual knowledge) seeking the avoidance as a preferential transfer under applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (a "Preference Claim") of any distribution made with respect to the Notes. Each Holder, by its purchase of Notes, and the Trustee hereby agrees that so long as an Insurer Default shall not have occurred and be continuing, the Insurer may at any time during the continuation of any proceeding relating to a Preference Claim direct all matters relating to such Preference Claim including, without limitation, (i) the direction of any appeal of any order relating to any Preference Claim and (ii) the posting of any surety, supersedeas or performance bond pending any such appeal at the expense of the Insurer, but subject to reimbursement as provided in the Insurance Agreement. In addition, and without limitation of the foregoing, as set forth in Section 6.1(c), the Insurer shall be subrogated to, and each Noteholder and the Trustee hereby delegate and assign, to the fullest extent permitted by law, the rights of the Trustee and each Noteholder in the conduct of any proceeding with respect to a Preference Claim, including, without limitation, all rights of any party to an adversary proceeding action with respect to any court order issued in connection with any such Preference Claim.

SECTION 6.3 SURRENDER OF NOTE POLICY.

The Trustee shall surrender the Note Policy to the Insurer for cancellation upon the expiration of such policy in accordance with the terms thereof.

ARTICLE VII

THE PURCHASER

SECTION 7.1 REPRESENTATIONS OF PURCHASER.

The Purchaser makes the following representations on which the Insurer shall be deemed to have relied in executing and delivering the Note Policy. The representations speak as of the execution and delivery of this Agreement and as of each Transfer Date, and shall survive the sale of the Receivables to the Purchaser and the pledge thereof to the Trustee pursuant to the Indenture.

(a) ORGANIZATION AND GOOD STANDING. The Purchaser has been duly organized and is validly existing as a limited liability company in good standing under the laws of the State of Delaware, with power and authority to own its properties and to conduct its business as such properties are currently owned and such business is currently conducted, and had at all relevant times, and now has, power, authority and legal right to acquire, own and pledge the Receivables and the Other Conveyed Property pledged to the Trustee.

(b) DUE QUALIFICATION. The Purchaser is duly qualified to do business as a foreign limited liability company in good standing, and has obtained all necessary licenses and approvals in all jurisdictions in which the ownership or lease of property or the conduct of its business shall require such qualifications.

(c) POWER AND AUTHORITY. The Purchaser has the power and authority to execute and deliver this Agreement and the Other Basic Documents to which it is a party and to carry out its terms and their terms, respectively; the Purchaser has full power and authority to pledge the Collateral to be pledged to the Trustee by it pursuant to the Indenture and has duly authorized such pledge to the Trustee by all necessary limited liability company action; and the execution, delivery and performance of this Agreement and the Basic Documents to which the Purchaser is a party have been duly authorized by the Purchaser by all necessary limited liability company action.

(d) VALID SALE, BINDING OBLIGATIONS. (i) This Agreement effects a valid sale of the Receivables and the Other Conveyed Property, enforceable against the Seller and creditors of and purchasers from the Seller; and this Agreement and the Other Basic Documents to which the Purchaser is a party, when duly executed and delivered, shall constitute legal, valid and binding obligations of the Purchaser enforceable in accordance with their respective terms, (ii) except as enforceability may be limited by bankruptcy, insolvency, reorganization or other similar laws affecting the enforcement of creditors' rights generally and by equitable limitations on the availability of specific remedies, regardless of whether such enforceability is considered in a proceeding in equity or at law.

(e) NO VIOLATION. The consummation of the transactions contemplated by this Agreement and the other Basic Documents to which the Purchaser is a party and the fulfillment of the terms of this Agreement and the other Basic Documents to which the Purchaser is a party shall not conflict with, result in any breach of any of the terms and provisions of or constitute (with or without notice,

lapse of time or both) a default under the limited liability company agreement of the Purchaser, or any indenture, agreement, mortgage, deed of trust or other instrument to which the Purchaser is a party or by which it is bound, or result in the creation or imposition of any Lien upon any of its properties pursuant to the terms of any such indenture, agreement, mortgage, deed of trust or other instrument, other than the Basic Documents, or violate any law, order, rule or regulation applicable to the Purchaser of any court or of any federal or state regulatory body, administrative agency or other governmental instrumentality having jurisdiction over the Purchaser or any of its properties.

(f) NO PROCEEDINGS. There are no proceedings or investigations pending or, to the Purchaser's knowledge, threatened against the Purchaser, before any court, regulatory body, administrative agency or other tribunal or governmental instrumentality having jurisdiction over the Purchaser or its properties (A) asserting the invalidity of this Agreement, the Notes or any of the Basic Documents, (B) seeking to prevent the issuance of the Notes or the consummation of any of the transactions contemplated by this Agreement or any of the Basic Documents, (C) seeking any determination or ruling that might materially and adversely affect the performance by the Purchaser of its obligations under, or the validity or enforceability of, this Agreement or any of the Basic Documents, or (D) relating to the Purchaser and which might adversely affect the federal or state income, excise, franchise or similar tax attributes of the Notes.

(g) NO CONSENTS. No consent, approval, authorization or order of or declaration or filing with any governmental authority is required for the issuance or sale of the Notes or the consummation of the other transactions contemplated by this Agreement, except such as have been duly made or obtained or as may be required by the Basic Documents.

(h) TAX RETURNS. The Purchaser has filed all federal and state tax returns which are required to be filed and paid all taxes, including any assessments received by it, to the extent that such taxes have become due. Any taxes, fees and other governmental charges payable by the Purchaser in connection with consummation of the transactions contemplated by this Agreement and the other Basic Documents to which the Purchaser is a party and the fulfillment of the terms of this Agreement and the other Basic Documents to which the Purchaser is a party have been paid or shall have been paid at or prior to the Closing Date and as of each Transfer Date.

(i) CHIEF EXECUTIVE OFFICE. The chief executive office of the Purchaser is at 16355 Laguna Canyon Road, Irvine, CA 92618 and its organizational number is 3312217.

ARTICLE VIII

THE SELLER

SECTION 8.1 REPRESENTATIONS OF SELLER.

The Seller makes the following representations on which the Insurer shall be deemed to have relied in executing and delivering the Note Policy and on which the Purchaser is deemed to have relied in acquiring the Receivables and a which the Noteholders are deemed to have relied in investing in the Notes. The representations speak as of the execution and delivery of this Agreement, as of the Closing Date and as of each Transfer Date, and shall survive the sale of the Receivables to the Purchaser and the pledge thereof by the Purchaser to the Trustee pursuant to the Indenture.

(a) ORGANIZATION AND GOOD STANDING. The Seller has been duly organized and is validly existing as a corporation under the laws of the State of California and is in good standing under the laws of the State of California, with power and authority to own its properties and to conduct its business as such properties are currently owned and such business is currently conducted, and had at all relevant times, and now has, power, authority and legal right to acquire, own and sell the Receivables and the Other Conveyed Property transferred to the Purchaser and to perform its other obligations under this Agreement or any other Basic Documents to which it is a party.

(b) DUE QUALIFICATION. The Seller is duly qualified to do business as a foreign corporation in good standing, and has obtained all necessary licenses and approvals in all jurisdictions in which the ownership or lease of property or the conduct of its business (including the origination, sale and servicing of the Receivables as required by this Agreement) shall require such qualifications.

(c) POWER AND AUTHORITY. The Seller has the power and authority to execute and deliver this Agreement and the Other Basic Documents to which it is a party and to carry out its terms and their terms, respectively; the Seller has full power and authority to sell and assign the Receivables and the Other Conveyed Property to be sold and assigned to and deposited with the Purchaser by it and has duly authorized such sale and assignment to the Purchaser by all necessary corporate action; and the execution, delivery and performance of this Agreement and the Basic Documents to which the Seller is a party have been duly authorized by the Seller by all necessary corporate action.

(d) VALID SALE, BINDING OBLIGATIONS. This Agreement effects a valid sale, transfer and assignment of the Receivables and the Other Conveyed Property to the Purchaser, enforceable against the Seller and creditors of and purchasers from the Seller; and this Agreement and the Basic Documents to which the Seller is a party, when duly executed and delivered, shall constitute legal, valid and binding obligations of the Seller enforceable in accordance with their respective terms, except as enforceability may be limited, by bankruptcy, insolvency, reorganization or other similar laws affecting the enforcement of creditors' rights generally and by equitable limitations on the availability of specific remedies, regardless of whether such enforceability is considered in a proceeding in equity or at law.

(e) NO VIOLATION. The consummation of the transactions contemplated by this Agreement and the Basic Documents to which the Seller is a party and the fulfillment of the terms of this Agreement and the Basic Documents to which the Seller is a party shall not conflict with, result in any breach of any of the terms and provisions of or constitute (with or without notice, lapse of time or both) a default under the certificate of incorporation or by-laws of the Seller, or any indenture, agreement, mortgage, deed of trust or other instrument to which the Seller is a party or by which it is bound, or result in the creation or imposition of any Lien upon any of its properties pursuant to the terms of any such indenture, agreement, mortgage, deed of trust or other instrument, other than the Basic Documents, or violate any law, order, rule or regulation applicable to the Seller of any court or of any federal or state regulatory body, administrative agency or other governmental instrumentality having jurisdiction over the Seller or any of its properties.

(f) NO PROCEEDINGS. There are no proceedings or investigations pending or, to the Seller's knowledge, threatened against the Seller, before any court, regulatory body, administrative agency or other tribunal or governmental instrumentality having jurisdiction over the Seller or its properties (A) asserting the invalidity of this Agreement, the Notes or any of the Basic Documents, (B) seeking to prevent the issuance of the Notes or the consummation of any of the transactions contemplated by this Agreement or any of the Basic Documents, (C) seeking any determination or ruling that might materially and adversely affect the performance by the Seller of its obligations under, or the validity or enforceability of, this Agreement or any of the Basic Documents to which the Seller is a party, or (D) relating to the Seller and which might adversely affect the federal or state income, excise, franchise or similar tax attributes of the Notes. The Seller is not aware of any judgment or tax liens against the Seller.

(g) NO CONSENTs. No consent, approval, authorization or order of or declaration or filing with any governmental authority is required for the issuance or sale of the Notes or the consummation of the other transactions contemplated by this Agreement, except such as have been duly made or obtained.

(h) FINANCIAL CONDITION. The Seller has a positive net worth and is able to and does pay its liabilities as they mature. The Seller is not in default under any obligation to pay money to any Person except for matters being disputed in good faith which do not involve an obligation of the Seller on a promissory note. The Seller will not use the proceeds from the transactions contemplated by the Basic Documents to give any preference to any creditor or class of creditors, and this transaction will not leave the Seller with remaining assets which are unreasonably small compared to its ongoing operations.

(i) FRAUDULENT CONVEYANCE. The Seller is not selling the Receivables to the Purchaser with any intent to hinder, delay or defraud any of its creditors; the Seller will not be rendered insolvent as a result of the sale of the Receivables to the Purchaser.

(j) TAX RETURNS. The Seller has filed all federal and state tax returns which are required to be filed and paid all taxes, including any assessments received by it, to the extent that such taxes have become due (other than taxes, the amount or validity of which are currently being contested in good faith by appropriate proceedings and with respect to which reserves in conformity with GAAP have been provided on the books of the Seller). Any taxes, fees and other governmental charges payable by the Seller in connection with consummation of the transactions contemplated by this Agreement and the other Basic Documents to which the Seller is a party and the fulfillment of the terms of this Agreement and the other Basic Documents to which the Seller is a party have been paid or shall have been paid as of each Transfer Date.

(k) CHIEF EXECUTIVE OFFICE. The chief executive office of the Seller is at 16355 Laguna Canyon Road, Irvine, CA 92618 and its organizational number is 1682500.

(l) CERTIFICATE, STATEMENTS AND REPORTS. The officers certificates, statements, reports and other documents prepared by Seller and furnished by Seller to the Purchaser, the Insurer, Trustee or Initial Note Purchaser pursuant to this Agreement or any other Basic Document to which it is a party, and in

connection with the transactions contemplated hereby or thereby, when taken as a whole, do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained herein or therein not misleading.

(m) LEGAL COUNSEL, ETC. Seller consulted with its own legal counsel and independent accountants to the extent it deems necessary regarding the tax, accounting and regulatory consequences of the transactions contemplated hereby, Seller is not participating in such transactions in reliance on any representations of any other party, their affiliates, or their counsel with respect to tax, accounting and regulatory matters.

SECTION 8.2 ADDITIONAL COVENANTS OF THE SELLER.

(a) SALE. The Seller agrees to treat this conveyance for all purposes (including without limitation tax and financial accounting purposes) as a sale on all relevant books, records, tax returns, financial statements and other applicable documents.

(b) NON-PETITION. In the event of any breach of a representation and warranty made by the Purchaser hereunder, the Seller covenants and agrees that it will not take any action to pursue any remedy that it may have hereunder, in law, in equity or otherwise, until a year and a day have passed since the date on which all Notes issued by the Purchaser and all amounts due to the Insurer under the Insurance Agreement have been paid in full. The Purchaser and the Seller agree that damages will not be an adequate remedy for breach of this covenant and that this covenant may be specifically enforced by the Purchaser, by the Trustee on behalf of the Noteholders or by the Insurer.

(c) CHANGES TO ORIGINATION PROGRAMS. The Seller covenants that it will not make any material changes to its loan origination programs, or its classification of Obligors within such programs unless (i) the Insurer and the Initial Note Purchaser expressly consent in writing to such changes and (ii) after giving effect to any such changes, the Rating Agency Condition is satisfied.

SECTION 8.3 LIABILITY OF SELLER; INDEMNITIES.

Subject to the limitation of remedies set forth in Section 3.2 hereof with respect to a breach of any representations and warranties contained in Section 3.1 hereof, the Seller shall indemnify the Purchaser, the Insurer, the Standby Servicer, the Trustee, the Initial Note Purchaser, the Noteholders and their respective officers, directors, agents and employees for any liability as a result of the failure of a Receivable to be originated in compliance with all requirements of law and for any breach of any of its representations and warranties contained herein.

(a) The Seller shall defend, indemnify, and hold harmless the Purchaser, the Insurer, the Standby Servicer, the Trustee, the Initial Note Purchaser, the Noteholders and their respective officers, directors, agents and employees from and against any and all costs, expenses, losses, damages, claims, and liabilities, arising out of or resulting from the use, ownership, or operation by the Seller, any Affiliate thereof or any of their respective agents or subcontractors, of a Financed Vehicle.

(b) The Seller shall indemnify, defend and hold harmless the Purchaser, the Insurer, the Standby Servicer, the Trustee the Initial Note Purchaser, the Noteholders and their respective officers, directors, agents and employees from and against any taxes that may at any time be asserted against any such Person with respect to the transactions contemplated in this Agreement and any of the Basic Documents to which the Seller is a party (except any income taxes arising out of fees paid to the Trustee, the Standby Servicer and the Insurer and except any taxes to which the Trustee may otherwise be subject), including any sales, gross receipts, general corporation, tangible personal property, privilege or license taxes (but, in the case of the Purchaser, not including any taxes asserted with respect to federal or other income taxes arising out of distributions on the Notes) and costs and expenses in defending against the same.

(c) The Seller shall indemnify, defend and hold harmless the Purchaser, the Trustee, the Insurer, the Initial Note Purchaser, the Noteholders and their respective officers, directors, agents and employees from and against any loss, liability or expense incurred by reason of (i) the Seller's willful misfeasance, bad faith or negligence in the performance of its duties under this Agreement, or by reason of reckless disregard of its obligations and duties under this Agreement and/or (ii) the Seller's or the Purchaser's violation of Federal or state securities laws in connection with the offering and sale of the Notes.

(d) The Seller shall indemnify, defend and hold harmless the Trustee, and the Standby Servicer and its officers, directors, employees and agents from and against any and all costs, expenses, losses, claims, damages and liabilities arising out of, or incurred in connection with the acceptance or performance of the trusts and duties set forth herein and in the Basic Documents to which the Seller is a party except to the extent that such cost, expense, loss, claim, damage or liability shall be due to the willful misfeasance, bad faith or negligence (except for errors in judgment) of the Trustee.

Indemnification under this Section shall survive the resignation or removal of the Servicer or the Trustee and the termination of this Agreement or the Indenture, as applicable, and shall include reasonable fees and expenses of counsel and other expenses of litigation. If the Seller shall have made any indemnity payments pursuant to this Section and the Person to or on behalf of whom such payments are made thereafter shall collect any of such amounts from others, such Person shall promptly repay such amounts to the Seller, without interest.

Notwithstanding any provision of this Section 8.3 or any other provision of this Agreement, nothing herein shall be construed as to require the Seller to provide any indemnification hereunder or under any other Basic Document for any costs, expenses, losses, claims, damages or liabilities arising out of, or incurred in connection with, credit losses with respect to the Receivables.

SECTION 8.4 MERGER OR CONSOLIDATION OF, OR ASSUMPTION OF THE OBLIGATIONS OF, SELLER.

Seller shall not merge or consolidate with any other person, convey, transfer or lease substantially all its assets as an entirety to another Person, or permit any other Person to become the successor to Seller's business unless, after the merger, consolidation, conveyance, transfer, lease or succession, the successor or surviving entity shall be capable of fulfilling the duties of Seller contained in this Agreement. Any corporation (i) into which Seller may be merged or consolidated, (ii) resulting from any merger or consolidation to which Seller shall be a party, (iii) which acquires by conveyance, transfer, or lease substantially all of the assets of Seller, or (iv) succeeding to the business of Seller, in any of the foregoing cases shall execute an agreement of assumption to perform every obligation of Seller under this Agreement and, whether or not such assumption agreement is executed, shall be the successor to Seller under this Agreement without the execution or filing of any paper or any further act on the part of any of the parties to this Agreement, anything in this Agreement to the contrary notwithstanding; PROVIDED, HOWEVER, that nothing contained herein shall be deemed to release Seller from any obligation. Seller shall provide notice of any merger, consolidation or succession pursuant to this Section to the, the Trustee, the Noteholders, the Insurer and each Rating Agency. Notwithstanding the foregoing, Seller shall not merge or consolidate with any other Person or permit any other Person to become a successor to Seller's business, unless (x) immediately after giving effect to such transaction, no representation or warranty made pursuant to Section 8.1 shall have been breached (for purposes hereof, such representations and warranties shall be deemed made as of the date of the consummation of such transaction) and no event that, after notice or lapse of time, or both, would become an Insurance Agreement Event of Default shall have occurred and be continuing, (y) Seller shall have delivered to the Trustee, the Rating Agencies, the Noteholders and the Insurer an Officer's Certificate and an Opinion of Counsel each stating that such consolidation, merger or succession and such agreement of assumption comply with this Section and that all conditions precedent, if any, provided for in this Agreement relating to such transaction have been complied with, and (z) Seller shall have delivered to the Trustee, the Rating Agencies, the Noteholders and the Insurer an Opinion of Counsel, stating in the opinion of such counsel, either (A) all financing statements and continuation statements and amendments thereto have been executed and filed that are necessary to preserve and protect the interest of the Purchaser and the Trustee, respectively, in the Receivables and the Other Conveyed Property and reciting the details of the filings or (B) no such action shall be necessary to preserve and protect such interest.

SECTION 8.5 LIMITATION ON LIABILITY OF SELLER AND OTHERS.

The Seller and any director or officer or employee or agent of the Seller may rely in good faith on the advice of counsel or on any document of any kind, prima facie properly executed and submitted by any appropriate Person respecting any matters arising under any Basic Document. The Seller shall not be under any obligation to appear in, prosecute or defend any legal action that shall not be incidental to its obligations under this Agreement, and that in its opinion may involve it in any expense or liability.

ARTICLE IX

THE SERVICER

SECTION 9.1 REPRESENTATIONS OF SERVICER.

The Servicer (unless SST or the Standby Servicer is the Servicer) makes the following representations on which the Insurer shall be deemed to have relied in executing and delivering the Note Policy and on which the Purchaser is deemed to have relied in acquiring the Receivables and on which the Noteholders are deemed to have relied in investing in the Notes. The representations speak as of the execution and delivery of this Agreement and as of the Closing Date, in the case of Receivables conveyed by the Closing Date, and as of the applicable Transfer Date, in the case of Receivables conveyed by such Transfer Date, and shall survive the sale of the Receivables to the Purchaser and the pledge thereof to the Trustee pursuant to the Indenture.

(a) ORGANIZATION AND GOOD STANDING. The Servicer has been duly organized and is validly existing as a corporation and in good standing under the laws of the State of California, with power, authority and legal right to own its properties and to conduct its business as such properties are currently owned and such business is presently conducted, and had at all relevant times, and shall have, power, authority and legal right to acquire, own and service the Receivables.

(b) DUE QUALIFICATION. The Servicer is duly qualified to do business as a foreign corporation in good standing and has obtained all necessary licenses and approvals, in all jurisdictions in which the ownership or lease of property or the conduct of its business (including the servicing of the Receivables as required by this Agreement) requires or shall require such qualification except where the failure to so qualify or obtain such licenses or consents could not reasonably be expected to result in a material adverse effect with respect to it or to the Receivables.

(c) POWER AND AUTHORITY. The Servicer has the power and authority to execute and deliver this Agreement and the Basic Documents to which it is a party and to carry out its terms and their terms, respectively, and the execution, delivery and performance of this Agreement and the Basic Documents to which it is a party have been duly authorized by the Servicer by all necessary corporate action.

(d) BINDING OBLIGATION. This Agreement and the Basic Documents to which the Servicer is a party shall constitute legal, valid and binding obligations of the Servicer enforceable in accordance with their respective terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, or other similar laws affecting the enforcement of creditors' rights generally and by equitable limitations on the availability of specific remedies, regardless of whether such enforceability is considered in a proceeding in equity or at law.

(e) NO VIOLATION. The consummation of the transactions contemplated by this Agreement and the Basic Documents to which to the Servicer is a party, and the fulfillment of the terms of this Agreement and the Basic Documents to which the Servicer is a party, shall not conflict with, result in any breach of any of the terms and provisions of, or constitute (with or without notice or lapse of time) a default under, the articles of incorporation or bylaws of the Servicer, or any indenture, agreement, mortgage, deed of trust or other instrument to which the Servicer is a party or by which it is bound or any of its properties are subject, or result in the creation or imposition of any Lien upon any of its properties pursuant to the terms of any such indenture, agreement, mortgage, deed of trust or other instrument, other than the Basic Documents, or violate any law, order, rule or regulation applicable to the Servicer of any court or of any federal or state regulatory body, administrative agency or other governmental instrumentality having jurisdiction over the Servicer or any of its properties.

(f) NO PROCEEDINGS. There are no proceedings or investigations pending or, to the Servicer's knowledge, threatened against the Servicer, before any court, regulatory body, administrative agency or other tribunal or governmental instrumentality having jurisdiction over the Servicer or its properties (A) asserting the invalidity of this Agreement or any of the Basic Documents, (B) seeking to prevent the issuance of the Notes or the consummation of any of the transactions contemplated by this Agreement or any of the Basic Documents, or (C) other than the Stanwich Case seeking any determination or ruling that might materially and adversely affect the performance by the Servicer of its obligations under, or the validity or enforceability of, this Agreement, the Notes or any of the Basic Documents or (D) relating to the Servicer and which might adversely affect the federal or state income, excise, franchise or similar tax attributes of the Notes.

(g) NO CONSENTS. No consent, approval, authorization or order of or declaration or filing with any governmental authority is required for the issuance or sale of the Notes or the consummation of the other transactions contemplated by this Agreement, except such as have been duly made or obtained.

(h) TAXES. The Servicer has filed all federal and state tax returns which are required to be filed and paid all taxes, including any assessments received by it, to the extent that such taxes have become due (other than taxes, the amount or validity of which are currently being contested in good faith by appropriate proceedings and with respect to which reserves in conformity with GAAP have been provided on the books of the Seller). Any taxes, fees and other governmental charges payable by the Servicer in connection with consummation of the transactions contemplated by this Agreement and the other Basic Documents to which the Seller is a party and the fulfillment of the terms of this Agreement and the other Basic Documents to which the Seller is a party have been paid or shall have been paid as of each Transfer Date.

(i) CHIEF EXECUTIVE OFFICE. The Servicer hereby represents and warrants to the Trustee that the Servicer's principal place of business and chief executive office is Consumer Portfolio Services, 16355 Laguna Canyon Road, Irvine, California 92618.

SECTION 9.2 LIABILITY OF SERVICER; INDEMNITIES.

(a) The Servicer (in its capacity as such) shall be liable hereunder only to the extent of the obligations in this Agreement specifically undertaken by the Servicer and the representations made by the Servicer.

(i) The Servicer shall defend, indemnify and hold harmless the Purchaser, the Trustee, the Standby Servicer, the Collateral Agent, the Insurer, the Initial Note Purchaser, the Noteholders and their respective officers, directors agents and employees from and against any and all costs, expenses, losses, damages, claims and liabilities, arising out of or resulting from the use, ownership, repossession or operation by the Servicer or any Affiliate or agent or sub-contractor thereof of any Financed Vehicle;

(ii) The Servicer, unless SST or the Standby Servicer is the Servicer, shall indemnify, defend and hold harmless the Purchaser, the Trustee, the Standby Servicer, the Collateral Agent, the Insurer, the Initial Note Purchaser, the Noteholders and their respective officers, directors, agents and employees from and against any taxes that may at any time be asserted against any of such parties with respect to the transactions contemplated in this Agreement, including, without limitation, any sales, gross receipts, general corporation, tangible personal property, privilege or license taxes (but not including any federal or other income taxes, including franchise taxes asserted with respect to, and as of the date of, the sale of the Receivables and the Other Conveyed Property to the Purchaser, the pledge thereof to the Trustee or the issuance and original sale of the Notes) and costs and expenses in defending against the same;

(iii) The Servicer shall indemnify, defend and hold harmless the Purchaser, the Trustee, the Standby Servicer, the Collateral Agent, the Insurer, the Initial Note Purchaser, the Noteholders and their respective officers, directors, agents and employees from and against any and all costs, expenses, losses, claims, damages, and liabilities to the extent that such cost, expense, loss, claim, damage, or liability arose out of, or was imposed upon the Purchaser, the Trustee, the Standby Servicer, the Insurer or the Noteholders through the negligence, willful misfeasance or bad faith of the Servicer in the performance of its duties under this Agreement or by reason of reckless disregard of its obligations and duties under this Agreement.

(iv) The Servicer shall indemnify, defend, and hold harmless the Trustee, the Standby Servicer and the Collateral Agent from and against all costs, expenses, losses, claims, damages, and liabilities arising out of or incurred in connection with the acceptance or performance of the trusts and duties herein contained or in any of the Basic Documents, except to the extent that such cost, expense, loss, claim, damage or liability: (A) shall be due to the willful misfeasance, bad faith, or negligence (except for errors in judgment) of the Trustee, the Standby Servicer or the Collateral Agent, as applicable or (B) relates to any tax other than the taxes with respect to which the Servicer shall be required to indemnify the Trustee, the Standby Servicer or the Collateral Agent.

(b) Notwithstanding the foregoing, the Servicer shall not be obligated to defend, indemnify, and hold harmless any Noteholders for any losses, claims, damages or liabilities incurred by any Noteholders arising out of claims, complaints, actions and allegations relating to Section 406 of ERISA or Section 4975 of the Code as a result of the purchase or holding of a Note by such Noteholder with the assets of a plan subject to such provisions of ERISA or the Code.

(c) For purposes of this Section 9.2, in the event of the termination of the rights and obligations of the Servicer (or any successor thereto pursuant to Section 9.3) as Servicer pursuant to Section 10.1, or a resignation by such Servicer pursuant to this Agreement, such Servicer shall be deemed to be the Servicer pending appointment of a successor Servicer pursuant to Section 10.2. The provisions of this Section 9.2(c) shall in no way affect the survival pursuant to Section 9.2(d) of the indemnification by the Servicer provided by Section 9.2(a).

(d) Indemnification under this Section 9.2 shall survive the termination of this Agreement and any resignation or removal of CPS or any successor Servicer as Servicer and shall include reasonable fees and expenses of counsel and expenses of litigation. If the Servicer shall have made any indemnity payments pursuant to this Section and the recipient thereafter collects any of such amounts from others, the recipient shall promptly repay such amounts to the Servicer, without interest.

SECTION 9.3 MERGER OR CONSOLIDATION OF, OR ASSUMPTION OF THE OBLIGATIONS OF, THE SERVICER OR STANDBY SERVICER.

(a) The Servicer (other than the Standby Servicer as successor Servicer) shall not merge or consolidate with any other Person, convey, transfer or lease substantially all its assets as an entirety to another Person, or permit any other Person to become the successor to the Servicer's business unless, after the merger, consolidation, conveyance, transfer, lease or succession, the successor or surviving entity shall be capable of fulfilling the duties of the Servicer contained in this Agreement. Any corporation (i) into which the Servicer may be merged or consolidated, (ii) resulting from any merger or consolidation to which the Servicer shall be a party, (iii) which acquires by conveyance, transfer, or lease substantially all of the assets of the Servicer, or (iv) succeeding to the business of the Servicer, in any of the foregoing cases shall execute an agreement of assumption to perform every obligation of the Servicer under this Agreement and, whether or not such assumption agreement is executed, shall be the successor to the Servicer under this Agreement without the execution or filing of any paper or any further act on the part of any of the parties to this Agreement, anything in this Agreement to the contrary notwithstanding; PROVIDED, HOWEVER, that nothing contained herein shall be deemed to release the Servicer from any obligation. The Servicer shall provide notice of any merger, consolidation or succession pursuant to this Section to the Trustee, the Noteholders, the Insurer and each Rating Agency. Notwithstanding the foregoing, the Servicer shall not merge or consolidate with any other Person or permit any other Person to become a successor to the Servicer's business, unless (x) immediately after giving effect to such transaction, no representation or warranty made pursuant to Section 9.1 shall have been breached (for purposes hereof, such representations and warranties shall be deemed made as of the date of the consummation of such transaction) and no event that, after notice or lapse of time, or both, would become an Insurance Agreement Event of Default shall have occurred and be continuing, (y) the Servicer shall have delivered to the Trustee, the Rating Agencies, each Noteholder and the Insurer an Officer's Certificate and an Opinion of Counsel each stating that such consolidation, merger or succession and such agreement of assumption comply with this Section and that all conditions precedent, if any, provided for in this Agreement relating to such transaction have been complied with, and (z) the Servicer shall have delivered to the Trustee, the Rating Agencies, each Noteholder and the Insurer an Opinion of Counsel, stating in the opinion of such counsel, either (A) all financing statements and continuation statements and amendments thereto have been executed and filed that are necessary to preserve and protect the interest of the Purchaser and the Trustee, respectively, in the Receivables and the Other Conveyed Property and reciting the details of the filings or (B) no such action shall be necessary to preserve and protect such interest.

(b) Any Person (i) into which the Standby Servicer (in its capacity as Standby Servicer or successor Servicer) may be merged or consolidated, (ii) resulting from any merger or consolidation to which the Standby Servicer shall be a party, (iii) which acquires by conveyance, transfer or lease substantially all of the assets of the Standby Servicer, or (iv) succeeding to the business of the Standby Servicer, in any of the foregoing cases shall execute an agreement of assumption to perform every obligation of the Standby Servicer under this Agreement and, whether or not such assumption agreement is executed, shall be the successor to the Standby Servicer under this Agreement without the execution or filing of any paper or any further act on the part of any of the parties to this Agreement, anything in this Agreement to the contrary notwithstanding; PROVIDED, HOWEVER, that nothing contained herein shall be deemed to release the Standby Servicer from any obligation.

(c) The Standby Servicer may resign at any time by providing 60 days' prior written notice to the Issuer, the Noteholders, the Note Insurer and the Rating Agencies; provided however that no such resignation shall be effective unless and until a successor Standby Servicer has been appointed by the Controlling Party and such successor Standby Servicer has accepted such appointment. The resigning Standby Servicer shall have no liability or obligations with respects to actions or performance to occur after the effective time of such resignation. If a successor Standby Servicer is not appointed and does not accept such appointment within such 60 days, the Standby Servicer may petition any court of competent jurisdiction for the appointment of a successor Standby Servicer.

SECTION 9.4 RESERVED.

SECTION 9.5 DELEGATION OF DUTIES.

The Servicer may at any time delegate duties under this Agreement to sub-contractors who are in the business of servicing automotive receivables with the prior written consent of the Controlling Party; PROVIDED, HOWEVER, that no such delegation or sub-contracting of duties by the Servicer shall relieve the Servicer of its responsibility with respect to such duties.

SECTION 9.6 SERVICER AND STANDBY SERVICER NOT TO RESIGN.

Subject to the provisions of Section 9.3, neither the Servicer nor the Standby Servicer shall resign from the obligations and duties imposed on it by this Agreement as Servicer or Standby Servicer except upon a determination that by reason of a change in legal requirements the performance of its duties under this Agreement would cause it to be in violation of such legal requirements in a manner which would have a material adverse effect on the Servicer or the Standby Servicer, as the case may be, and the Controlling Party does not elect to waive the obligations of the Servicer or the Standby Servicer, as the case may be, to perform the duties which render it legally unable to act or to delegate those duties to another Person. Any such determination permitting the resignation of the Servicer or Standby Servicer shall be evidenced by an Opinion of Counsel to

such effect delivered and acceptable to the Trustee, the Noteholders and the Controlling Party. No resignation of the Servicer shall become effective until the Standby Servicer or an entity acceptable to the Controlling Party shall have assumed the responsibilities and obligations of the Servicer. No resignation of the Standby Servicer shall become effective until, an entity acceptable to the Controlling Party shall have assumed the responsibilities and obligations of the Standby Servicer PROVIDED, HOWEVER, that in the event a successor Standby Servicer is not appointed within 60 days after the Standby Servicer has given notice of its resignation and has provided the Opinion of Counsel required by this Section 9.6, the Standby Servicer may petition a court for its removal.

ARTICLE X

DEFAULT

SECTION 10.1 SERVICER TERMINATION EVENT.

For purposes of this Agreement, each of the following shall constitute a "Servicer Termination Event":

(a) Any failure by the Servicer to deliver to the Trustee for distribution to Noteholders any proceeds or payment required to be so delivered under the terms of this Agreement that continues unremedied for a period of two Business Days (one Business Day with respect to payment of Purchase Amounts) after written notice is received by the Servicer from the Trustee or the Insurer (unless an Insurer Default shall have occurred and be continuing) or after discovery of such failure by a Responsible Officer of the Servicer; or

(b) Failure by the Servicer to deliver to the Trustee and the Insurer (so long as an Insurer Default shall not have occurred and be continuing), the Servicer's Certificate on the date on which such Servicer's Certificate is required to be delivered, or failure on the part of the Servicer to observe its covenants and agreements set forth in Section 9.3(a); or

(c) Failure on the part of the Servicer duly to observe or perform any other covenants or agreements of the Servicer set forth in this Agreement, which failure (i) materially and adversely affects the rights of Noteholders (determined without regard to the availability of funds under the Note Policy), or of the Insurer (unless an Insurer Default shall have occurred and be continuing), and (ii) continues unremedied for a period of 30 days after the date on which written notice of such failure, requiring the same to be remedied, shall have been given (1) to the Servicer by the Trustee or the Insurer or (2) to the Servicer, the Trustee and the Controlling Party by the Holders of Notes evidencing not less than 25% of the Outstanding Amount of the Notes; or

(d) The entry of a decree or order by a court or agency or supervisory authority having jurisdiction in the premises for the appointment of a conservator, receiver, or liquidator for the Servicer or the Seller (or, so long as CPS is Servicer, any of the Servicer's Affiliates) in any bankruptcy, insolvency, readjustment of debt, marshalling of assets and liabilities, or similar proceedings, or for the winding up or liquidation of its affairs, and the continuance of any such decree or order unstayed and in effect for a period of 60 consecutive days, or the commencement of an involuntary case under the federal or state bankruptcy, insolvency or similar laws, as now or hereafter in effect, or another present or future, federal or state bankruptcy, insolvency or

similar law with respect to the Servicer (or the Purchaser or any other Affiliate of CPS, if CPS is the Servicer, if applicable) and such case is not dismissed within 60 days; PROVIDED, HOWEVER, that none of the events described in this clause (d) shall constitute a Servicer Termination Event if it relates solely to an Affiliate of the Servicer that is currently the subject of any such proceeding or receivership described above; or

(e) The consent by the Servicer or the Seller (or, so long as CPS is Servicer, any of the Servicer's Affiliates) to the appointment of a conservator, trustee, receiver or liquidator in any bankruptcy, insolvency, readjustment of debt, marshalling of assets and liabilities, or similar proceedings of or relating to the Servicer or the Seller (or, so long as CPS is Servicer, any of the Servicer's Affiliates) of or relating to substantially all of its property; or the Servicer or the Seller (or, so long as CPS is Servicer, any of the Servicer's Affiliates) shall admit in writing its inability to pay its debts generally as they become due, file a petition to take advantage of any applicable insolvency or reorganization statute, make an assignment for the benefit of its creditors, or voluntarily suspend payment of its obligations PROVIDED, HOWEVER, that none of the events described in this clause (e) shall constitute a Servicer Termination Event if it relates solely to an Affiliate of the Servicer that is the currently the subject of any such proceeding or receivership described above; or

(f) Any representation, warranty or statement of the Servicer made in this Agreement or any certificate, report or other writing delivered pursuant hereto shall prove to be incorrect in any material respect as of the time when the same shall have been made (excluding, however, any representation or warranty set forth in this Agreement relating to the characteristics of the Receivables), and the incorrectness of such representation, warranty or statement has a material adverse effect on the Trust or the Noteholders and, within 30 days after written notice thereof shall have been given (1) to the Servicer by the Trustee or the Controlling Party or (2) to the Servicer and to the Trustee and the Controlling Party by the Holders of Notes evidencing not less than 25% of the Outstanding Amount of the Notes, the circumstances or condition in respect of which such representation, warranty or statement was incorrect shall not have been eliminated or otherwise cured; or

(g) the Controlling Party shall not have delivered a Servicer Extension Notice pursuant to Section 4.15; or

(h) So long as an Insurer Default shall not have occurred and be continuing, an Insurance Agreement Event of Default shall have occurred; or

(i) A claim is made under the Note Policy.

SECTION 10.2 CONSEQUENCES OF A SERVICER TERMINATION EVENT.

If a Servicer Termination Event shall occur and be continuing, the Insurer (or, if an Insurer Default shall have occurred and be continuing either the Trustee (to the extent it has knowledge thereof) or Noteholders evidencing not less than 25% of the Outstanding Amount of the Notes, (by notice given in writing to the Servicer (and to the Trustee if given by the Insurer or the Noteholders), or by non-extension of the term of the Servicer as referred to in Section 4.15, may terminate all of the rights and obligations of the Servicer under this Agreement. The outgoing Servicer shall be entitled to its pro rata

share of the Servicing Fee for the number of days in the Collection Period prior to the effective date of its termination. On or after the receipt by the Servicer of such written notice or upon termination of the term of the Servicer, all authority, power, obligations and responsibilities of the Servicer under this Agreement, whether with respect to the Notes or the Receivables and Other Conveyed Property or otherwise, automatically shall pass to, be vested in and become obligations and responsibilities of the Standby Servicer (or such other successor Servicer appointed by the Controlling Party under Section 10.3); PROVIDED, HOWEVER, that the successor Servicer shall have no liability with respect to any obligation which was required to be performed by the terminated Servicer prior to the date that the successor Servicer becomes the Servicer or any claim of a third party based on any alleged action or inaction of the terminated Servicer. The successor Servicer is authorized and empowered by this Agreement to execute and deliver, on behalf of the terminated Servicer, as attorney-in-fact or otherwise, any and all documents and other instruments and to do or accomplish all other acts or things necessary or appropriate to effect the purposes of such notice of termination, whether to complete the transfer and endorsement of the Receivables and the Other Conveyed Property and related documents to show the Purchaser as lienholder or secured party on the related Lien Certificates, or otherwise. The terminated Servicer agrees to cooperate with the successor Servicer in effecting the termination of the responsibilities and rights of the terminated Servicer under this Agreement, including, without limitation, the transfer to the successor Servicer for administration by it of all cash amounts that shall at the time be held by the terminated Servicer for deposit, or have been deposited by the terminated Servicer, in the Collection Account or thereafter received with respect to the Receivables and the delivery to the successor Servicer of all Receivable Files that shall at the time be held by the terminated Servicer and a computer tape in readable form as of the most recent Business Day containing all information necessary to enable the successor Servicer to service the Receivables and the Other Conveyed Property. All reasonable costs and expenses (including reasonable attorneys' fees) incurred in connection with transferring any Receivable Files to the successor Servicer and amending this Agreement to reflect such succession as Servicer pursuant to this Section 10.2 shall be paid by the predecessor Servicer upon presentation of reasonable documentation of such costs and expenses. In addition, any successor Servicer shall be entitled to payment from the immediate predecessor Servicer for reasonable transition expenses incurred in connection with acting as successor Servicer, and to the extent not so paid, such payment shall be made pursuant to Section 5.7 hereof. Upon receipt of notice of the occurrence of Servicer Termination Event, the Trustee shall give notice thereof to the Rating Agencies and the Noteholders. If requested by the Controlling Party, the successor Servicer shall terminate the Lockbox Agreement and direct the Obligors to make all payments under the Receivables directly to the successor Servicer (in which event the successor Servicer shall process such payments in accordance with Section 4.2(e)), or to a lockbox established by the successor Servicer at the direction of the Controlling Party, at the successor Servicer's expense. The terminated Servicer shall grant the Trustee, the successor Servicer and the Controlling Party reasonable access to the terminated Servicer's premises at the terminated Servicer's expense.

SECTION 10.3 APPOINTMENT OF SUCCESSOR.

(a) On and after the time the Servicer receives a notice of termination pursuant to Section 10.2, upon non-extension of the servicing term as referred to in Section 4.15, or upon the resignation of the Servicer pursuant to Section 9.6, the predecessor Servicer shall continue to perform its functions as Servicer under this Agreement, in the case of termination, only until the date specified in such termination notice or, if no such date is specified in a notice of termination, until receipt of such notice and, in the case of expiration and non-renewal of the term of the Servicer upon the expiration of such term, and, in the case of resignation, until the later of (x) the date 45 days from the delivery to the Trustee of written notice of such resignation (or written confirmation of such notice) in accordance with the terms of this Agreement and (y) the date upon which the predecessor Servicer shall become unable to act as Servicer as specified in the notice of resignation and accompanying Opinion of Counsel; PROVIDED, HOWEVER, that the Servicer shall not be relieved of its duties, obligations and liabilities as Servicer until a successor Servicer has assumed such duties, obligations and liabilities. Notwithstanding the preceding sentence, if the Standby Servicer or any other successor Servicer shall not have assumed the duties, obligations and liabilities of Servicer within 45 days of the termination, non-extension or resignation described in this Section 10.3, the Servicer may petition a court of competent jurisdiction to appoint any Eligible Servicer as the successor to the Servicer. Pending appointment as successor Servicer, Standby Servicer (or such other Person as shall have been appointed by the Controlling Party) shall act as successor Servicer unless it is legally unable to do so, in which event the outgoing Servicer shall continue to act as Servicer until a successor has been appointed and accepted such appointment. In the event of termination of the Servicer, the Standby Servicer shall assume the obligations of Servicer hereunder on the date specified in such written notice (the "ASSUMPTION DATE") pursuant to the Servicing and Lockbox Processing Assumption Agreement or, in the event that the Insurer shall have determined that a Person other than Standby Servicer shall be the successor Servicer in accordance with Section 10.2, on the date of the execution of a written assumption agreement by such Person to serve as successor Servicer. Notwithstanding Standby Servicer's assumption of, and its agreement to perform and observe, all duties, responsibilities and obligations of CPS as Servicer, or any successor Servicer, under this Agreement arising on and after the Assumption Date, Standby Servicer shall not be deemed to have assumed or to become liable for, or otherwise have any liability for any duties, responsibilities, obligations or liabilities (i) under Section 9.2(a)(ii) or (iv), or (ii) of CPS or any successor Servicer arising on or before the Assumption Date, whether provided for by the terms of this Agreement, arising by operation of law or otherwise, including, without limitation, any liability for any duties, responsibilities, obligations or liabilities of CPS or any successor Servicer arising on or before the Assumption Date under SECTION 4.7 or 9.2 of this Agreement, regardless of when the liability, duty, responsibility or obligation of CPS or any successor Servicer therefor arose, whether provided by the terms of this Agreement, arising by operation of law or otherwise. Notwithstanding the above, if the Standby Servicer shall be legally unable or unwilling to act as Servicer, and an Insurer Default shall have occurred and be continuing, the Standby Servicer, the Trustee or a Note Majority may petition a court of competent jurisdiction to appoint any Eligible Servicer as the successor to the Servicer. Pending appointment pursuant to the preceding sentence, the Standby Servicer shall act as successor Servicer unless it is legally unable to do so, in which event the outgoing Servicer shall continue to act as Servicer until a successor has been appointed and accepted such appointment. Subject to Section 9.6, no provision of this Agreement shall be

construed as relieving the Standby Servicer of its obligation to succeed as successor Servicer upon the termination of the Servicer pursuant to Section 10.2, the resignation of the Servicer pursuant to Section 9.6 or the non-extension of the servicing term of the Servicer, as referred to in Section 4.15. If upon the termination of the Servicer pursuant to Section 10.2 or the resignation of the Servicer pursuant to Section 9.6, the Controlling Party appoints a successor Servicer other than the Standby Servicer, the Standby Servicer shall not be relieved of its duties as Standby Servicer hereunder.

(b) Any successor Servicer shall be entitled to such compensation and any other additional compensation as may be agreed pursuant to an amendment hereto in accordance with Section 13.1 (whether payable out of the Collection Account or otherwise) as the Servicer would have been entitled to under this Agreement if the Servicer had not resigned or been terminated hereunder.

SECTION 10.4 NOTIFICATION TO NOTEHOLDERS.

Upon any termination of, or appointment of a successor to, the Servicer, the Trustee shall give prompt written notice thereof to each Noteholder and to the Rating Agencies.

SECTION 10.5 WAIVER OF PAST DEFAULTS

The Controlling Party may waive in writing any default by the Servicer in the performance of its obligations under this Agreement and the consequences thereof (except a default in making any required deposits to or payments from any of the Pledged Accounts in accordance with the terms of this Agreement). Upon any such written waiver of a past default, such default shall cease to exist, and any Servicer Termination Event arising therefrom shall be deemed to have been remedied for every purpose of this Agreement. No such waiver shall extend to any subsequent or other default or impair any right consequent thereto.

SECTION 10.6 ACTION UPON CERTAIN FAILURES OF THE SERVICER.

In the event that a Responsible Officer of the Trustee shall have actual knowledge of any failure of the Servicer specified in Section 10.1 which would give rise to a right of termination under such Section upon the Servicer's failure to remedy the same after notice, the Trustee shall give notice thereof to the Servicer and the Insurer. For all purposes of this Agreement (including, without limitation, Section 6.2(b) and this Section 10.6), the Trustee shall not be deemed to have knowledge of any failure of the Servicer as specified in Sections 10.1(c) through (i) unless notified thereof in writing by the Servicer, the Insurer or by a Noteholder. The Trustee shall be under no duty or obligation to investigate or inquire as to any potential failure of the Servicer specified in Section 10.1.

SECTION 10.7 CONTINUED ERRORS.

Notwithstanding anything contained herein to the contrary, if the Standby Servicer becomes successor Servicer it is authorized to accept and rely on all of the accounting, records (including computer records) and work of the prior Servicer relating to the Receivables (collectively, the "Predecessor Servicer Work Product") without any audit or other examination thereof, and the Standby Servicer as successor Servicer shall have no duty, responsibility, obligation or liability for the acts and omissions of the prior Servicer. If any error, inaccuracy, omission or incorrect or non-standard practice or procedure

(collectively, "Errors") exist in any Predecessor Servicer Work Product and such Errors make it materially more difficult to service or should cause or materially contribute to the Standby Servicer as successor Servicer making or continuing any Errors (collectively, "Continued Errors"), the Standby Servicer as successor Servicer shall have no duty or responsibility, for such Continued Errors; PROVIDED, HOWEVER, that the Standby Servicer as successor Servicer agrees to use its best efforts to prevent further Continued Errors. In the event that the Standby Servicer as successor Servicer becomes aware of Errors or Continued Errors, the Standby Servicer as successor Servicer shall, with the prior consent of the Insurer use its best efforts to reconstruct and reconcile such data as is commercially reasonable to correct such Errors and Continued Errors and to prevent future Continued Errors. The Standby Servicer as successor Servicer shall be entitled to recover its costs thereby expended in accordance with Section 5.07(a)(iv) hereof.

ARTICLE XI

RESERVED

ARTICLE XII

RESERVED

ARTICLE XIII

MISCELLANEOUS PROVISIONS

SECTION 13.1 AMENDMENT.

(a) This Agreement may not be amended except that this Agreement may be amended from time to time by the Seller, the Servicer, the Backup Servicer, the Purchaser, the Trustee and the Standby Servicer, with the prior written consent of the Controlling Party, but without the consent of any of the Noteholders to cure any ambiguity, to correct or supplement any provisions in this Agreement, to comply with any changes in the Code, or to make any other provisions with respect to matters or questions arising under this Agreement which shall not be inconsistent with the provisions of this Agreement or the Insurance Agreement; PROVIDED, HOWEVER, that such action shall not, as evidenced by an Opinion of Counsel delivered to the Trustee, Insurer and the Rating Agencies, adversely affect in any material respect the interests of any Noteholder.

(b) This Agreement may also be amended from time to time by the Seller, the Servicer, the Backup Servicer, the Trustee and the Standby Servicer, with (i) the consent of the Insurer (so long as no Insurer Default has occurred and is continuing), but without the consent of any Noteholders, or (ii) if an Insurer Default has occurred and is continuing, with the consent of a Note Majority, for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Agreement or of modifying in any manner the rights of the Noteholders; PROVIDED, HOWEVER, that no such amendment

shall (a) increase or reduce in any manner the amount of, or accelerate or delay the timing of, collections of payments on Receivables or distributions that shall be required to be made for the benefit of the Noteholders or (b) reduce the aforesaid percentage of the Outstanding Amount of the Notes, the Holders of which are required to consent to any such amendment, without the consent of the Holders of all the Outstanding Notes, PROVIDED, FURTHER, that if an Insurer Default has occurred and is continuing, such action shall not materially adversely affect the interest of the Insurer.

(c) Promptly after the execution of any such amendment or consent, the Trustee shall furnish written notification of the substance of such amendment or consent to each Noteholder and the Rating Agencies. It shall not be necessary for the consent of Noteholders pursuant to this Section to approve the particular form of any proposed amendment or consent, but it shall be sufficient if such consent shall approve the substance thereof. The manner of obtaining such consents (and any other consents of Noteholders provided for in this Agreement) and of evidencing the authorization of any action by Noteholders shall be subject to such reasonable requirements as the Trustee may prescribe.

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

(e) Upon the termination of CPS as Servicer and the Backup Servicer hereunder, all amendments to the terms of this Agreement specified in the Backup Servicing Agreement shall become a part of this Agreement, as if this Agreement was amended to reflect such changes in accordance with this Section 13.1.

SECTION 13.2 PROTECTION OF TITLE TO PROPERTY.

(a) The Seller, the Purchaser or Servicer or each of them shall execute and file such financing statements and cause to be executed and filed such continuation statements, all in such manner and in such places as may be required by law fully to preserve, maintain and protect the interest of the Purchaser and the interests of the Trustee in the Receivables and in the proceeds thereof. The Seller shall deliver (or cause to be delivered) to the Insurer and the Trustee file-stamped copies of, or filing receipts for, any document filed as provided above, as soon as available following such filing.

(b) None of the Seller, the Purchaser or the Servicer shall change its name, identity jurisdiction of organization, form of organization or corporate structure in any manner that would, could or might make any financing statement or continuation statement filed in accordance with paragraph (a) above seriously misleading within the meaning of Section 9-506(a) of the UCC, unless it shall have given the Insurer and the Trustee at least five days' prior written notice thereof and shall have promptly filed appropriate amendments to all previously filed financing statements or continuation statements. Promptly upon such filing, the Purchaser or the Seller the Servicer, as the case may be, shall deliver an Opinion of Counsel to the Trustee and the Insurer, stating either (A) all financing statements and continuation statements have been authorized and filed that are necessary fully to preserve and protect the interest of the Purchaser and the Trustee in the Receivables, and reciting the details of such filings or referring to prior Opinions of Counsel in which such details are given, or (B) no such action shall be necessary to preserve and protect such interest.

(c) Each of the Seller, the Purchaser and the Servicer shall have an obligation to give the Insurer and the Trustee at least 60 days' prior written notice of any relocation or change of its principal executive office or a change in its jurisdiction of organization if, as a result of such relocation or change, the applicable provisions of the UCC would require the filing of any amendment of any previously filed financing or continuation statement or of any new financing statement and shall promptly file any such amendment or new financing statement. The Servicer shall at all times be organized under the laws of the United States (or any State thereof) maintain each office from which it shall service Receivables, and its principal executive office and jurisdiction of organization within the United States of America.

(d) The Servicer shall maintain accounts and records as to each Receivable accurately and in sufficient detail to permit (i) the reader thereof to know at any time the status of such Receivable, including payments and recoveries made and payments owing (and the nature of each) and (ii) reconciliation between payments or recoveries on (or with respect to) each Receivable and the amounts from time to time deposited in the Collection Account in respect of such Receivable.

(e) The Servicer shall maintain its computer systems so that, from and after the time of sale under this Agreement of the Receivables to the Purchaser, the Servicer's master computer records (including any backup archives) that refer to a Receivable shall indicate clearly the interest of the Purchaser in such Receivable and that such Receivable is owned by the Purchaser and pledged to the Trustee. Indication of the Purchaser's and the Trustee's interest in a Receivable shall be deleted from or modified on the Servicer's computer systems when, and only when, the related Receivable shall have been paid in full or repurchased.

(f) If at any time the Seller or the Servicer shall propose to sell, grant a security interest in or otherwise transfer any interest in automotive receivables to any prospective purchaser, lender or other transferee, the Servicer shall give to such prospective purchaser, lender or other transferee computer tapes, records or printouts (including any restored from backup archives) that, if they shall refer in any manner whatsoever to any Receivable, shall indicate clearly that such Receivable has been sold and is owned by the Purchaser and pledged to the Trustee.

(g) The Servicer shall permit the Trustee, the Standby Servicer, the Insurer and the Initial Note Purchaser and its respective agents upon reasonable notice and at any time during normal business hours to inspect, audit, and make copies of and abstracts from the Servicer's records regarding any Receivable.

(h) Upon request, the Servicer shall furnish to the Controlling Party or to the Trustee, within five Business Days, a list of all Receivables (by contract number and name of Obligor) then pledged to the Trustee, together with a reconciliation of such list to the Schedule of Receivables and to each of the Servicer's Certificates furnished before such request indicating removal of Receivables from the lien of the Indenture.

SECTION 13.3 NOTICES.

All demands, notices and communications upon or to the Seller, the Backup Servicer, the Servicer, the Trustee or the Rating Agencies under this Agreement shall be in writing, personally delivered, or mailed by certified mail, return receipt requested, and shall be deemed to have been duly given upon receipt (a) in the case of the Seller to Consumer Portfolio Services, Inc. 16355 Laguna Canyon Road, Irvine, CA 92618, Attention: Chief Financial Officer, (b) in the case of the Servicer to Consumer Portfolio Services, Inc., 16355 Laguna Canyon Road, Irvine, CA 92618, Attention: Chief Financial Officer, (c) in the case of the Purchaser to CPS Funding LLC, 16355 Laguna Canyon Road, Irvine, CA 93618, Attention: Chief Financial Officer, (d) in the case of the Trustee or the Collateral Agent, at the Corporate Trust Office, (e) in the case of the Insurer, to 350 Park Avenue, New York, New York 10022 Attention: Senior Vice President, Surveillance (Telecopy: (212) 339-3547); (f) in the case of the Initial Note Purchaser to Greenwich Capital Markets, Inc. 600 Steamboat Road, Greenwich, Connecticut 06830, Attention: Asset Backed Finance (Telecopy (203) 618-2164 in the case of Moody's, to Moody's Investors Service, Inc., ABS Monitoring Department, 99 Church Street, New York, New York 10007; (g) in the case of the Backup Servicer, to SST at 4615 Pickett Road, St. Joseph, Missouri 64503; and (h) in the case of Standard & Poor's Ratings Group, to Standard & Poor's, a Division of The McGraw Hill Companies, 55 Water Street, New York, New York 10041, Attention: Asset Backed Surveillance Department. Any notice required or permitted to be mailed to a Noteholder shall be given by first class mail, postage prepaid, at the address of such Holder as shown in the Note Register. Any notice so mailed within the time prescribed in this Agreement shall be conclusively presumed to have been duly given, whether or not the Noteholder shall receive such notice.

SECTION 13.4 ASSIGNMENT.

This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns. Notwithstanding anything to the contrary contained herein, except as provided in Sections 8.4 and 9.3 and as provided in the provisions of this Agreement concerning the resignation of the Servicer, this Agreement may not be assigned by the Purchaser, the Seller or the Servicer without the prior written consent of the Trustee, the Standby Servicer and the Controlling Party.

SECTION 13.5 LIMITATIONS ON RIGHTS OF OTHERS.

The provisions of this Agreement are solely for the benefit of the parties hereto and for the benefit of the Noteholders and the Insurer, as third-party beneficiaries. The Insurer and its successors and assigns shall be entitled to rely upon and directly enforce such provisions of this Agreement (so long as no Insurer Event of Default has occurred and is continuing). Except as expressly stated otherwise, any right of the Insurer to direct, appoint, consent to, approve of, or take any action under this Agreement, shall be a right exercised by the Insurer in its sole and absolute discretion. The Insurer may disclaim any of its rights and powers under this Agreement (but not its duties and obligations under the Note Policy) upon delivery of a written notice to the Purchaser and the Trustee. Nothing in this Agreement, whether express or implied, shall be construed to give to any other Person any legal or equitable right, remedy or claim in the Collateral or under or in respect of this Agreement or any covenants, conditions or provisions contained herein.

SECTION 13.6 SEVERABILITY.

Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

SECTION 13.7 SEPARATE COUNTERPARTS.

This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

SECTION 13.8 HEADINGS.

The headings of the various Articles and Sections herein are for convenience of reference only and shall not define or limit any of the terms or provisions hereof.

SECTION 13.9 GOVERNING LAW.

THIS AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REFERENCE TO ITS CONFLICT OF LAW PROVISIONS, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

SECTION 13.10 ASSIGNMENT TO TRUSTEE.

The Seller hereby acknowledges and consents to any mortgage, pledge, assignment and grant of a security interest by the Purchaser to the Trustee pursuant to the Indenture for the benefit of the Noteholders of all right, title and interest of the Purchaser in, to and under the Receivables and Other Conveyed Property and/or the assignment of any or all of the Purchaser's rights and obligations hereunder to the Trustee.

SECTION 13.11 NONPETITION COVENANTS.

Notwithstanding any prior termination of this Agreement, the Servicer, the Stand-by Servicer, the Backup Servicer and the Seller shall not, prior to the date which is one year and one day after the termination of this Agreement, acquiesce, petition or otherwise invoke or cause the Purchaser to invoke the process of any court or government authority for the purpose of commencing or sustaining a case against the Purchaser under any federal or state bankruptcy, insolvency or similar law or appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official of the Purchaser or any substantial part of its property, or ordering the winding up or liquidation of the affairs of the Purchaser.

SECTION 13.12 LIMITATION OF LIABILITY OF TRUSTEE.

(a) Notwithstanding anything contained herein to the contrary, this Agreement has been executed and delivered by Bank One Trust Company, N.A., not in its individual capacity but solely as Trustee and Standby Servicer and in no event shall Bank One Trust Company, N.A., have any liability for the representations, warranties, covenants, agreements or other obligations of the Purchaser hereunder or in any of the certificates, notices or agreements delivered pursuant hereto, as to all of which recourse shall be had solely to the assets of the Purchaser.

SECTION 13.13 INDEPENDENCE OF THE SERVICER.

For all purposes of this Agreement, the Servicer shall be an independent contractor and shall not be subject to the supervision of the Purchaser, the Trustee and Standby Servicer with respect to the manner in which it accomplishes the performance of its obligations hereunder. Unless expressly authorized by this Agreement, the Servicer shall have no authority to act for or represent the Purchaser in any way and shall not otherwise be deemed an agent of the Purchaser.

SECTION 13.14 NO JOINT VENTURE.

Nothing contained in this Agreement (i) shall constitute the Servicer and the Purchaser as members of any partnership, joint venture, association, syndicate, unincorporated business or other separate entity, (ii) shall be construed to impose any liability as such on any of them or (iii) shall be deemed to confer on any of them any express, implied or apparent authority to incur any obligation or liability on behalf of the others.

SECTION 13.15 INSURER AS CONTROLLING PARTY.

Each Noteholder by purchase of the Notes held by it acknowledges that the Trustee, as partial consideration of the issuance of the Note Policy, has agreed that the Insurer shall have certain rights hereunder for so long as no Insurer Default shall have occurred and be continuing. So long as no Insurer Default has occurred and is continuing, except as otherwise specifically provided herein, whenever Noteholder action, consent or approval is required under this Agreement, such action, consent or approval shall be deemed to have been taken or given on behalf of, and shall be binding upon, all Noteholders if the Insurer agrees to take such action to give such consent or approval. Notwithstanding any other provision in this Agreement or in any other Basic Document to the contrary, so long as an Insurer Default has occurred and is continuing, any provision giving the Insurer the right to direct, appoint or consent to, approve of, or take any action under this Agreement shall be inoperative during the period of such Insurer Default and such right shall instead vest in the Trustee acting, unless otherwise specified, at the direction of a Note Majority. The Insurer may disclaim any of its rights and powers under this Agreement (but not its duties and obligations under the Note Policy) upon delivery of a written notice to the Trustee. The Insurer may give or withhold any consent hereunder in its sole and absolute discretion.

SECTION 13.16 SPECIAL SUPPLEMENTAL AGREEMENT.

If any party to this Agreement is unable to sign any amendment or supplement due to its dissolution, winding up or comparable circumstances, then the consent of the Insurer shall be sufficient to amend this Agreement without such party's signature.

SECTION 13.17 LIMITED RECOURSE.

Notwithstanding anything to the contrary contained in this Agreement, the obligations of the Purchaser hereunder are solely the limited liability company obligations of the Purchaser, and shall be payable by the Purchaser, solely as provided herein. The Purchaser shall only be required to pay (a) any fees, expenses, indemnities or other liabilities that it may incur hereunder (i) from funds available pursuant to, and in accordance with, the payment priorities set forth in Section 5.7(a) and Section 3.3 of the Master Spread Account Agreement and (ii) only to the extent the Purchaser receives additional funds for such purposes or to the extent it has additional funds available (other than funds described in the preceding clause (i)) that would be in excess of amounts that would be necessary to pay the debt and other obligations of the Purchaser incurred in accordance with the Purchaser's limited liability company agreement and all financing documents to which the Purchaser is a party. In addition, no amount owing by the Purchaser hereunder in excess of the liabilities that it is required to pay in accordance with the preceding sentence shall constitute a "claim" (as defined in Section 101(5) of the Bankruptcy Code) against it. No recourse shall be had for the payment of any amount owing hereunder or for the payment of any fee hereunder or any other obligation of, or claim against, the Purchaser arising out of or based upon any provision herein, against any member, employee, officer, agent, director or authorized person of the Purchaser or any Affiliate thereof; PROVIDED, HOWEVER, that the foregoing shall not relieve any such person or entity of any liability they might otherwise have as a result of fraudulent actions or omissions taken by them.

SECTION 13.18 ACKNOWLEDGEMENT OF ROLES.

The parties expressly acknowledge and consent to Bank One acting in the possible multiple capacities of Standby Servicer, Collateral Agent and as Trustee. Bank One may, in each such capacity, discharge its separate functions fully, without hindrance or regard to conflict of interest principles, duty of loyalty principles or other breach of fiduciary duties to the extent that any such conflict or breach arises from the performance by Bank One of express duties set forth in this Agreement in any such capacities, all of which defenses, claims or assertions are hereby expressly waived by the other parties hereto except in the case of negligence (other than errors in judgment) bad faith or willful misconduct by Bank One.

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

CPS FUNDING LLC

By: _____
Title:

CONSUMER PORTFOLIO SERVICES, INC., as Seller

By: _____
Title:

CONSUMER PORTFOLIO SERVICES, INC., as Servicer

By: _____
Title:

BANK ONE TRUST COMPANY N.A. not in its individual capacity, but solely as Standby Servicer and Trustee

By: _____
Title:

SYSTEMS & SERVICES TECHNOLOGIES, INC., as Backup Servicer

By: _____
Title:

SCHEDULE A

SCHEDULE OF RECEIVABLES

SCHEDULE B

LOCATION FOR DELIVERY OF RECEIVABLE FILES

Bank One Trust Company, N.A.
2220 Chemsearch Blvd., Suite 150
Irving, Texas 75062

EXHIBIT A

SERVICER'S CERTIFICATE
[circulated separately by Servicer]

EXHIBIT B

TRUST RECEIPT
PURSUANT TO SECTION 3.5 OF
THE SALE AND SERVICING AGREEMENT

Greenwich Capital Markets.. [date]
as Purchaser
600 Steamboat Road
Greenwich, Connecticut 06830

Financial Security Assurance, Inc.,
as Insurer
Attn: Senior Vice-President, Surveillance
350 Park Avenue
New York, New York 10022

Re: Sale and Servicing Agreement, dated as of January 9, 2003 (the "SALE AND SERVICING AGREEMENT") among CPS Funding LLC, a Delaware limited liability company (the "PURCHASER"), Consumer Portfolio Services, Inc., a California corporation (in its capacities as Seller, the "SELLER" and as Servicer, the "SERVICER," respectively), Systems & Services Technologies, Inc., a Delaware Corporation ("SST"), as Backup Servicer, and Bank One Trust Company, N.A. (in its capacities as Standby SERVICER, THE "STANDBY SERVICER" AND AS TRUSTEE, THE "TRUSTEE," RESPECTIVELY).

In accordance with the provisions of Sections 3.3 and 3.4 of the Sale and Servicing Agreement, the undersigned, as Trustee, hereby certifies that it has reviewed the Receivable Files delivered to it pursuant to Section 3.3(a) of the Sale and Servicing Agreement with respect to the Receivables to be transferred thereunder on [date] (the "Transfer Date") and has determined that it has received a complete Receivable File for each Receivable identified in the Schedule of Receivables (other than (i) any Receivable paid in full or (ii) any Receivable listed on Schedule A hereto, which schedule notes any exceptions).

The Trustee further acknowledges that it is holding the Receivable Files as Trustee, custodian, agent and bailee in trust for the benefit of the Noteholders and the Insurer.

Capitalized words and phrases used herein shall have the respective meanings assigned to them in the Sale and Servicing Agreement.

BANK ONE TRUST COMPANY, N.A.
as Trustee

By: _____
Name: _____
Title: _____

EXHIBIT C

SERVICER RECEIPT
PURSUANT TO SECTION 3.5
OF THE SALE AND SERVICING AGREEMENT

[date]

Bank One Trust Company, N.A.
Bank One Plaza, IL1-0841
Chicago, Illinois 60670
Attn.: Structured Finance CPS Funding

Re: Sale and Servicing Agreement, dated as of January 9, 2003 (the "SALE AND SERVICING AGREEMENT") among CPS Funding LLC, a Delaware limited liability company (the "PURCHASER"), Consumer Portfolio Services, Inc., a California corporation (in its capacities as Seller, the "SELLER" and as Servicer, the "SERVICER." respectively), Systems & Services Technologies, Inc., a Delaware corporation ("SST"), as Backup Servicer, and Wells Fargo Bank Minnesota, National Association, a national banking association, (in its capacities as Standby Servicer, the "STANDBY SERVICER" and as Trustee, the "TRUSTEE." respectively).

Ladies and Gentlemen:

In connection with the administration of the Receivable Files held by you as Trustee, we request the release, and acknowledge receipt, of the (Receivables File/specify documents) for the Receivable described below, for the reason indicated.

Receivable:

Reason for Requesting Documents (check one or more):

___ 1. Contract Paid in Full

___ 2. Contract Repurchased

___ 3. Contract Liquidated

___ 4. Contract in Repossession

___ 5. Other (explain)

If item 1, 2 or 3 above is checked, and if all or part of the Receivables File was previously released to us, please release to us our previous receipt on file with you, as well as any additional documents in your possession relating to the above specified Receivable.

The undersigned hereby certifies that if a release has been requested due to payment in full of a Receivable or repurchase upon breach of a representation or warranty, all amounts received in connection therewith which are required to be deposited in the Collection Account pursuant to Section 4.2 of the Sale and Servicing Agreement have been so deposited.

If item 4 or 5 above is checked, upon our return of the above document(s) to you as the Trustee, please acknowledge your receipt by signing in the space indicated below, and returning this form.

Capitalized words and phrases used herein shall have the respective meanings assigned to them in the Sale and Servicing Agreement.

CONSUMER PORTFOLIO SERVICES, INC.

By: _____
Name:
Title:
Date:

DOCUMENTS RETURNED TO THE TRUSTEE:

BANK ONE TRUST COMPANY, N.A.
as Trustee

By: _____
Name:
Title:
Date:

EXHIBIT D

FORM OF MONTHLY SERVICER'S STATEMENT

The undersigned, _____, hereby certifies that (s)he is a duly elected and qualified officer of the Servicer, and hereby further certifies as follows:

The Receivables described below have been fully liquidated and all amounts required to be deposited in the Lockbox Account with respect to the Receivables and the Obligor described below have been so deposited.

Servicer
Loan No.:
Obligor's Name:

Capitalized terms used herein which are not defined herein shall have the meanings ascribed to them in the Sale and Servicing Agreement dated as of January 9, 2003, among CPS Funding LLC. as Purchaser, Consumer Portfolio Services, Inc., as Servicer and Seller, Systems & Services Technologies, Inc., as Backup Servicer, and Bank One Trust Company, N.A., as Trustee and Standby Servicer.

IN WITNESS WHEREOF, I have hereunto set my hand on and as of this __ day of _____, 20__.

_____
Name:
Title:

EXHIBIT E

TRUSTEE'S CERTIFICATE
PURSUANT TO SECTIONS 3.2 OR 3.4 OF
THE SALE AND SERVICING AGREEMENT

Bank One Trust Company, N.A., as trustee (the "Trustee") and Standby Servicer under the Sale and Servicing Agreement (the "Sale and Servicing Agreement"), dated as of January 9, 2003, among the Consumer Portfolio Services, Inc. as Seller and Servicer, Systems & Services Technologies, Inc., as Backup Servicer, Bank One Trust Company, N.A., as Trustee and Standby Servicer and CPS Funding LLC, as Purchaser, does hereby sell, transfer, assign, and otherwise convey to Consumer Portfolio Services, Inc. without recourse, representation, or warranty, all of the Trustee's right, title, and interest in and to all of the Receivables (As defined in the Sale and Servicing Agreement) identified in the attached Servicer's Certificate as "Purchased Receivables," which are to be repurchased by Consumer Portfolio Services, Inc. pursuant to Section 3.2 or Section 3.4 of the Sale and Servicing Agreement and all security and documents relating thereto.

IN WITNESS WHEREOF I have hereunto set my had this __ day of _____, 20__.

BANK ONE TRUST COMPANY, N.A., as Trustee

By:
Name:
Title:

EXHIBIT F

FORM OF INDEPENDENT ACCOUNTANT'S REPORT

[circulated separately]

EXHIBIT G

FORM OF ASSIGNMENT

This ASSIGNMENT (the "ASSIGNMENT") dated as of _____ _____ executed between CPS Funding LLC, as Purchaser (the "PURCHASER"), and Consumer Portfolio Services, Inc., as Seller (the "SELLER").

W I T N E S S E T H

WHEREAS, Purchaser and Seller are parties to the Sale and Servicing Agreement dated as of January 9, 2003 (hereinafter as such agreement may have been, or may from time to time be, amended, supplemented or otherwise modified in accordance with its terms, the "SALE AND SERVICING AGREEMENT") and

WHEREAS, pursuant to the Sale and Servicing Agreement, the Seller wishes to convey Receivables and related Other Conveyed Property (as each such term is defined in the Sale and Servicing Agreement) to the Purchaser hereunder;

NOW, THEREFORE, in consideration of the premises and the mutual agreements hereinafter contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Seller and the Purchaser, intending to be legally bound, hereby agree as follows:

1. DEFINITIONS. All terms defined in the Sale and Servicing Agreement (whether directly or by reference to other documents) and used herein shall have such defined meanings when used herein, unless otherwise defined herein.

"CUT-OFF DATE" shall mean, with respect to the Receivables and the related Other Conveyed Property being conveyed hereby, the date specified in the addendum to the Schedule of Receivables attached as Exhibit A hereto.

2. CONVEYANCE OF RECEIVABLES. Subject to the conditions specified in Section 2.1 of the Sale and Servicing Agreement and subject to the mutually agreed upon terms contained in the Sale and Servicing Agreement, the Seller does hereby sell, transfer, assign, set over and otherwise convey to the Purchaser, without recourse (subject to the obligations set forth in the Sale and Servicing Agreement) all right, title and interest of the Seller, whether now existing or hereafter arising, in, to and under:

(i) the Receivables listed on Schedule A hereto;

(ii) all monies received under the Receivables after the related Cutoff Date and all Net Liquidation Proceeds received with respect to the Receivables after the related Cutoff Date;

(iii) the security interests in the Financed Vehicles granted by Obligors pursuant to the Receivables and any other interest of the Seller in such Financed Vehicles, including, without limitation, the certificates of title or, with respect to such Financed Vehicles in the Non-Certificated States, other evidence of title issued by the Department of Motor Vehicles or similar authority in such states with respect to such Financed Vehicles;

(iv) any proceeds from claims on any physical damage, credit life and credit accident and health insurance policies or certificates relating to the Financed Vehicles securing the Receivables or the Obligors thereunder;

(v) all proceeds from recourse against Dealers with respect to the Receivables;

(vi) all refunds for the costs of extended service contracts with respect to Financed Vehicles securing Receivables, refunds of unearned premiums with respect to credit life and credit accident and health insurance policies or certificates covering an Obligor or Financed Vehicle under a Receivable or his or her obligations with respect to a Financed Vehicle and any recourse to Dealers for any of the foregoing;

(vii) the Receivable File related to each Receivable and all other documents that the Seller keeps on file in accordance with its customary procedures relating to the Receivables, for Obligors of the Financed Vehicles;

(viii) all amounts and property from time to time held in or credited to the Collection Account or the Lockbox Account;

(ix) all property (including the right to receive future Net Liquidation Proceeds) that secures a Receivable that has been acquired by or on behalf of the Purchaser pursuant to a liquidation of such Receivable; and

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

3. RESTATEMENT OF REPRESENTATIONS AND WARRANTIES OF THE SELLER. The Seller hereby restates the representations and warranties set forth in Section 2.1 of the Insurance Agreement and in Sections 3.1 (with respect to the Receivables specified in the Schedule of Receivables attached as EXHIBIT A hereto), 8.1 and 8.2(a) of the Sale and Servicing Agreement with full force and effect as if the same were fully set forth herein. The Seller hereby certifies that all conditions precedent set forth in Section 2.1(b) of the Sale and Servicing Agreement have been satisfied.

4. RESTATEMENT OF REPRESENTATIONS AND WARRANTIES OF THE PURCHASER. The Purchaser hereby restates the representations and warranties set forth in Section 2.1 of the Insurance Agreement and in Section 7.1 of the Sale and Servicing Agreement with full force and effect as if the same were fully set forth herein. The Purchaser hereby certifies that all conditions precedent set forth in Section 2.1(b) of the Sale and Servicing Agreement have been satisfied.

5. TRANSFER AND ASSIGNMENT: SALE OF RECEIVABLES. The Seller hereby certifies that the Receivables and Other Conveyed Property sold to the Purchaser hereunder are free and clear of all liens and that the beneficial interest in and title to the Receivables and Other Conveyed Property shall not be part of the Seller's estate in the event of the filing of a bankruptcy petition by or against the Seller under any bankruptcy law. In the event that, notwithstanding the intent of the Seller, the transfer and assignment contemplated hereby is held not to be a sale, the transfer and assignment of the Receivables and Other Conveyed Property hereunder shall constitute a grant of a security interest in the property referred to in Section 2 to the Purchaser.

6. FURTHER ENCUMBRANCE OF RECEIVABLES AND OTHER CONVEYED PROPERTY.

(a) Immediately upon the conveyance to the Purchaser by the Seller of the Receivables and any item of related Other Conveyed Property pursuant to Section 2, all right, title and interest of the Seller in and to such Receivables and Other Conveyed Property shall terminate, and all such right, title and interest shall vest in the Purchaser.

(b) Immediately upon the vesting of the Receivables and the Other Conveyed Property in the Purchaser, the Purchaser shall have the sole right to pledge or otherwise encumber such Receivables and the related Other Conveyed Property.

7. COUNTERPARTS. This Assignment may be executed in two or more counterparts, each of which shall be an original, but all of which together shall constitute one and the same instrument.

8. GOVERNING LAW. This Assignment shall be governed by and construed in accordance with the laws of the State of New York.

IN WITNESS WHEREOF, the undersigned have caused this Assignment to be duly executed and delivered by their respective duly authorized officers on the day and year first above written.

CPS FUNDING LLC, as Purchaser

By: _____
Name:
Title:

CONSUMER PORTFOLIO SERVICES, INC., as Seller

By: _____
Name:
Title:

SCHEDULE A

EXHIBIT H

FORM OF INVESTOR CERTIFICATION

[Date:]

Bank One Trust Company, N.A.
Bank One Plaza, IL1-0841...
Chicago, Illinois 60670...
Attn.: Structured Finance CPS Funding

Attention: Corporate Trust Services - Asset-Backed Administration CPS Funding LLC Floating Rate Variable Funding Notes

In Accordance with Section 5.8(b) of the Sale and Servicing Agreement (the "AGREEMENT"), with respect to the Notes (the "Notes"), the undersigned hereby certifies and agrees as follows:

1. The undersigned is a beneficial owner of $_____ in outstanding principal balance amount of the Notes.

2. The undersigned is a "qualified institutional buyer" (as defined in Rule 144A under the Securities Act of 1933, as amended) or an institutional investor that is an "accredited investor" (as defined in Rule 501(a)(1), (2), (3) or (7) of Regulation D promulgated under the Securities Act of 1933, as amended).

3. The undersigned is requesting a password pursuant to Section 5.8(b) of the Agreement for access to certain information (the "Information") on the Trustee's Website.

4. In consideration of the Trustee's disclosure to the undersigned of the Information, or the password in connection therewith, the undersigned will keep the Information confidential (except from such outside persons as are assisting it in connection with the related Notes, from its accountants and attorneys, and otherwise from such governmental or banking authorities or agencies to which the undersigned is subject), and such Information will not, without the prior written consent of the Trustee, be otherwise disclosed by the undersigned or by its officers, directors, partners, employees, agents or representatives (collectively, the "Representatives") in any manner whatsoever, in whole or in part.

5. The undersigned will not use or disclose the information in any manner which could result in a violation of any provision of the Securities Act of 1933 as amended the "Securities Act"), or the Securities Exchange Act of 1934, as amended, or would require registration of any Note pursuant to Section 5 of the Securities Act.

6. The undersigned shall be fully liable for any breach of this agreement by itself or any of its representatives and shall indemnify the Purchaser, the Servicer the Initial Note Purchaser and the Trustee for any loss liability or expense incurred thereby with respect to any such breach by the undersigned or any of its representatives.

7. Capitalized terms used but not defined herein shall have the respective meanings assigned thereto in the Agreement.

IN WITNESS WHEREOF, the undersigned has caused its name to be signed thereby by its duly authorized officer, as of the day and year written above.

_____
Beneficial Owner

By:_____

Title:_____

Company:_____

Phone:_____

EXHIBIT I

FORM OF ADDITION NOTICE

To the Parties Listed on Schedule A

Gentlemen and Ladies:

This Notice of Addition is delivered to you pursuant to Section 2.1(b) of the Sale and Servicing Agreement, dated as of January 9, 2003 among CPS Funding, LLC, as Purchaser, Consumer Portfolio Services, Inc., as Seller and Servicer, Systems & Services Technologies, Inc., as Backup Servicer and Bank One Trust Company, N.A., as Standby Servicer and Trustee. Capitalized terms used but not otherwise defined herein have the meanings assigned thereto in the Indenture.

Consumer Portfolio Services, Inc. hereby intends to transfer to CPS Funding LLC $_____ aggregate outstanding principal amount of Receivables on _____ __, 200_ (the "Transfer Date"). The Issuer hereby represents and warrants to the Trustee that all of the statements contained in Section 2.1(b) of the Sale and Servicing Agreement pertaining to the transfer of the Receivables shall be true and correct on and as of the date of the Addition proposed hereby and all of the conditions precedent to (a) the funding of a Note Increase or (b) the Purchase of Receivables in accordance with SECTION 2.1(B) of the Sale and Servicing Agreement have been satisfied.

Attached is a supplement to the Schedule of Receivables giving effect to such Addition.

IN WITNESS WHEREOF, the issuer has caused this notice of addition to be executed and delivered by its duly authorized officer this _____ of_____, 20__.

CPS FUNDING LLC

By _____
Name:
Title:

Schedule A

Greenwich Capital Markets, Inc.
600 Steamboat Road
Greenwich, Connecticut 06830

Bank One Trust Company, N.A., as Trustee
Bank One Plaza, IL1-0841
Chicago, Illinois 60670
Attn.: Structured Finance CPS Funding

Financial Security Assurance, Inc.
350 Park Avenue
New York, New York 10022

Standard & Poor's Ratings Services
55 Water Street
New York, New York 10041

Moody's Investors Service, Inc.
99 Church Street, Fourth Floor
New York, New York 10007

EXHIBIT J

BOND TRUSTEE FEE SCHEDULE

[circulated separately]

EXHIBIT K

DOCUMENT CUSTODY FEE SCHEDULE

[circulated separately]

EXHIBIT 10.41

AMENDMENT NO. 1

dated as of April 15, 2003

among

CPS FUNDING LLC,

CONSUMER PORTFOLIO SERVICES, INC.,

SYSTEMS & SERVICES TECHNOLOGIES, INC.

and

BANK ONE TRUST COMPANY, N.A.

to

Sale and Servicing Agreement

dated as of January 9, 2003

among

CPS Funding LLC,

Consumer Portfolio Services, Inc.,

Systems & Services Technologies, Inc.

And

Bank One Trust Company, N.A.

AMENDMENT NO. 1 TO SALE AND SERVICING AGREEMENT

AMENDMENT NO. 1, dated as of April 15, 2003 (the "AMENDMENT") among CPS FUNDING LLC, a Delaware Limited Liability company (the "PURCHASER"), CONSUMER PORTFOLIO SERVICES, INC., a California corporation (in its capacities as Seller, the "SELLER" and as Servicer, the "SERVICER", respectively), SYSTEMS & SERVICES TECHNOLOGIES, INC., a Delaware corporation ("SST"), as Backup Servicer (the "BACKUP SERVICER") and BANK ONE TRUST COMPANY, N.A., a national banking association (in its capacities as Standby Servicer, the "STANDBY SERVICER" and as Trustee, the "TRUSTEE", respectively) ("BANK ONE"), to the SALE AND SERVICING AGREEMENT DATED JANUARY 9, 2003 (the "SALE AND SERVICING AGREEMENT").

RECITALS

WHEREAS, the Purchaser, the Seller, the Servicer, the Backup Servicer, the Standby Servicer and the Trustee (collectively, the "AMENDING PARTIES") have entered into the Sale and Servicing Agreement and the Amending Parties desire to amend the Sale and Servicing Agreement in certain respects as provided below.

WHEREAS, Section 13.1(b) of the Sale and Servicing Agreement provides for amendments to be made thereto by the Amending Parties with the consent of the Insurer, which consent shall be given by the execution by the Insurer of a copy of this Amendment.

AGREEMENTS

In consideration of the premises, and for other good and valuable consideration, the adequacy, receipt and sufficiency of which are hereby acknowledged, the Amending Parties agree as follows:

ARTICLE I

DEFINITIONS

SECTION 1.1. DEFINED TERMS. Unless defined in this Amendment, capitalized terms used in this Amendment (including in the Preamble and the Recitals) shall have the meaning given such terms in the Sale and Servicing Agreement.

ARTICLE II

AMENDMENT

SECTION 2.1. AMENDMENTS TO SECTION 2.1. (a) Section 2.1(b)(vi) is hereby amended by deleting the number "15,000" between the words "with less than" and the word "miles" in both clauses A and B thereof and replacing such number by "25,000".

(b) Section 2.1(b)(xxvi)(A) is hereby amended by deleting the clause (A) and replacing it with the following:

> "(A) Not more than 3% of Aggregate Principal Balance of the Receivables owned by the Purchaser (after giving effect to the Purchase of Receivables on such Transfer Date) were originated under the Seller's First Time Buyer Program and none of the Receivables were originated by MFN Financial Corporation or any Affiliate thereof (other than the Seller)."

SECTION 2.2. AMENDMENT TO SECTION 3.1. (a) Section 3.1(i)(B) is hereby amended by deleting the entire sentence and replacing it by the following:

> "Not more than 3% of Aggregate Principal Balance of the Receivables owned by the Purchaser (after giving effect to the Purchase of Receivables on such Transfer Date) were originated under the Seller's First Time Buyer Program and each Receivable was not originated by MFN Financial Corporation or any Affiliate thereof (other than the Seller)"

(b) Section 3.1(ii) is hereby amended by deleting the number "15,000" between the words "with less than" and the word "miles" in both clauses A(1) and A(2) thereof and replacing such number by "25,000."

SECTION 2.3. AMENDMENT TO SECTION 13.1. Section 13.1(b) is hereby amended by adding the words ", the Purchaser" between the words "Backup Servicer" and the words "the Trustee".

ARTICLE III

CONSENTS

SECTION 3.1. CONSENT OF INSURER. The Insurer hereby consents to the amendments contemplated by this Amendment.

ARTICLE IV

MISCELLANEOUS

SECTION 4.1. RATIFICATION. Except as expressly set forth herein, this Amendment shall not by implication or otherwise limit, impair, constitute a waiver of, or otherwise affect the rights and remedies of any of the Amending Parties under the Sale and Servicing Agreement, nor alter, modify, amend or in any way affect any of the terms, conditions, obligations, covenants or agreements contained in the Sale and Servicing Agreement, all of which are hereby ratified and affirmed in all respects by each of the Amending Parties and shall continue in full force and effect. This Amendment shall apply and be effective only with respect to the provisions of the Sale and Servicing Agreement specifically referred to herein and any references in the Sale and Servicing Agreement to the provisions of the Sale and Servicing Agreement specifically referred to herein shall be to such provisions as amended by this Amendment.

SECTION 4.2. COUNTERPARTS. This Amendment may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all of such counterparts shall together constitute but one and the same instrument.

SECTION 4.3. GOVERNING LAW. THIS AMENDMENT SHALL BE GOVERNED BY AND CONSTRUED, AND THIS AMENDMENT, ALL MATTERS ARISING OR RELATING IN ANY WAY TO THIS AMENDMENT AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED, IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK WITHOUT REFERENCE TO ITS CONFLICT OF LAW PROVISIONS.

SECTION 4.4. WAIVER OF NOTICE. Each of the Amending Parties waives any prior notice and any notice period that may be required by any other agreement or document in connection with the execution of this Amendment.

SECTION 4.5. HEADINGS. The headings of Sections contained in this Amendment are provided for convenience only. They form no part of this Amendment or the Sale and Servicing Agreement and shall not affect the construction or interpretation of this Amendment or the Sale and Service Agreement or any provisions hereof or thereof.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the Amending Parties have caused this Amendment to be duly executed by their respective duly authorized officers as of the day and year first above written.

CPS FUNDING LLC

By:

Name: David Kenneally
Title: Vice President

CONSUMER PORTFOLIO SERVICES, INC., as Seller

By:

Name: Charles E. Bradley, Jr.
Title: President

CONSUMER PORTFOLIO SERVICES, INC., as Servicer

By:

Name: Charles E. Bradley, Jr.
Title: President

SYSTEMS & SERVICES TECHNOLOGIES, INC.,
as Backup Servicer

By:

    Name:
    Title:

BANK ONE TRUST COMPANY, N.A.
as Trustee

By:

Name:
Title:

BANK ONE TRUST COMPANY, N.A.
as Standby Servicer

By:

Name:
Title:

CONSENTED TO BY:

FINANCIAL SECURITY ASSURANCE INC.
as Insurer

By:

Name:
Title:

EXHIBIT 10.42

CPS FUNDING LLC

Floating Rate Variable Funding Notes

INDENTURE

Dated as of January 9, 2003

BANK ONE TRUST COMPANY, N.A.
Trustee

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INDENTURE dated as of January 9, 2003 between CPS Funding LLC, a Delaware limited liability company (the "ISSUER"), and BANK ONE TRUST COMPANY, N.A., a national banking association, as trustee (the "TRUSTEE").

Each party agrees as follows for the benefit of the other party and for the equal and ratable benefit of the Holders of the Issuer's Floating Rate Variable Funding Notes (the "NOTES"):

To secure the payment of principal of and interest on, and any other amounts owing in respect of the Notes, equally and ratably without preference, priority or distinction of any kind, and to secure compliance with this Indenture, the Issuer has agreed to pledge the Collateral (as defined below) as collateral to the Trustee for the benefit of the Noteholders and the Insurer (as defined below), as their respective interests may appear.

Financial Security Assurance Inc. (the "INSURER") has issued and delivered a financial guaranty insurance policy, dated the Closing Date (with endorsements, the "NOTE POLICY"), pursuant to which the Insurer guarantees Scheduled Payments with respect to the Notes, as defined in the Note Policy.

As an inducement to the Insurer to issue and deliver the Note Policy, the Issuer and the Insurer have executed and delivered the Insurance and Indemnity Agreement, dated as of January 9, 2003 (as amended from time to time, the "INSURANCE AGREEMENT") among the Insurer, the Issuer and Consumer Portfolio Services, Inc.

As an additional inducement to the Insurer to issue the Note Policy, and as security for the performance by the Issuer of the Insurer Secured Obligations (as defined below) and as security for the performance by the Issuer of the Trustee Secured Obligations (as defined below), the Issuer has agreed to assign the Collateral (as defined below) as collateral to the Trustee for the benefit of the Issuer Secured Parties, as their respective interests may appear.

GRANTING CLAUSE

The Issuer hereby Grants to the Trustee on each Transfer Date, as Trustee for the benefit of the Holders of Notes and for the benefit of the Issuer Secured Parties all right, title and interest of the Issuer, whether now existing or hereafter arising, in and to the following;

(a) the Receivables listed in the Schedule of Receivables from time to time;

(b) all monies received under the Receivables on and after the related Cutoff Date and all Net Liquidation Proceeds received with respect to the Receivables on and after the related Cutoff Date;

(c) the security interests in the Financed Vehicles granted by Obligors pursuant to the related Contracts and any other interest of the Issuer in such Financed Vehicles, including, without limitation, the certificates of title or, with respect to such Financed Vehicles in the Non-Certificated States, other evidence of title issued by the applicable Departments of Motor Vehicles or similar authorities in such States with respect to such Financed Vehicles;

(d) any proceeds from claims on any physical damage, credit life and credit accident and health insurance policies or certificates relating to the Financed Vehicles securing the Receivables or the Obligors thereunder;

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

(f) refunds for the costs of extended service contracts with respect to Financed Vehicles securing Receivables, refunds of unearned premiums with respect to credit life and credit accident and health insurance policies or certificates covering an Obligor or Financed Vehicle under a Receivable or his or her obligations with respect to a Financed Vehicle and any recourse to Dealers for any of the foregoing;

(g) the Receivable File related to each Receivable and all other documents that the Issuer keeps on file in accordance with its customary procedures relating to the Receivables, for Obligors of the Financed Vehicles;

(h) all amounts and property from time to time held in or credited to the Collection Account, the Note Distribution Account, the Principal Funding Account, or the Lockbox Account;

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

(j) the Sale and Servicing Agreement, including a direct right to cause the Seller or the Servicer to purchase Receivables from the Issuer pursuant to the Sale and Servicing Agreement under the circumstances specified therein; and

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

In addition, the Issuer shall cause the Note Policy to be issued for the benefit of the Noteholders.

The foregoing Grant is made in trust to the Trustee, for the benefit of the Holders of the Notes and the Issuer Secured Parties, as their interests may appear, to secure the payment of principal of and interest on, and any other amounts owing in respect of the Notes, equally and ratably without preference, priority or distinction of any kind, and to secure compliance with this Indenture. The Trustee hereby acknowledges such Grant, accepts the trusts under this Indenture in accordance with the provisions of this Indenture and agrees to perform its duties as required in this Indenture.

ARTICLE I

DEFINITIONS AND INCORPORATION BY REFERENCE

SECTION 1.1 DEFINITIONS.

Except as otherwise specified herein, the following terms have the respective meanings set forth below for all purposes of this Indenture and the definitions of such terms are equally applicable to both the singular and plural forms of such terms and to each gender.

Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to them in the Sale and Servicing Agreement or, if not defined therein, in the Insurance Agreement.

"ACT" has the meaning specified in SECTION 11.3(A).

"ACCOUNTING DATE" means, with respect to any Determination Date, any Payment Date or any Prepayment Date, the close of business on the day immediately preceding such Determination Date, Payment Date or Prepayment Date.

"AFFILIATE" of any Person means any Person who directly or indirectly controls, is controlled by, or is under direct or indirect common control with such Person. For purposes of this definition of "AFFILIATE", the term "CONTROL" (including the terms "CONTROLLING", "CONTROLLED BY" and "UNDER COMMON CONTROL WITH") means the possession, directly or indirectly, of the power to direct or cause a direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

"AMOUNT FINANCED" with respect to a Receivable shall have the meaning specified in the Sale and Servicing Agreement.

"ANNUAL PERCENTAGE RATE" or "APR" shall have the meaning specified in the Sale and Servicing Agreement.

"AUTHORIZED OFFICER" means, with respect to the Issuer and the Servicer, any officer or agent who is authorized to act for the Issuer or the Servicer, as applicable, in matters relating to the Issuer or the Servicer and who is identified on the list of Authorized Officers delivered by each of the Issuer and the Servicer to the Trustee and the Insurer on the Closing Date (as such list may be modified or supplemented from time to time thereafter).

"BANK ONE" means Bank One Trust Company, N.A., a national banking association and its successors.

"BASIC DOCUMENTS" means this Indenture, the Sale and Servicing Agreement, the Master Spread Account Agreement, the Spread Account Supplement, the Insurance Agreement, the Premium Letter, the Lockbox Agreement, the Note Purchase Agreement and other documents and certificates delivered in connection therewith.

"BENEFIT PLAN" shall mean an "EMPLOYEE BENEFIT PLAN", as defined in Section 3(3) of ERISA, which is subject to Title I of ERISA or any "PLAN" as defined in Section 4975 of the Code.

"BUSINESS DAY" means (i) any day other than a Saturday, a Sunday or a day on which banking institutions in the City of New York, Chicago, Illinois, or the State in which the Corporate Trust Office is located, the State in which the executive offices of the Servicer are located and the State in which the principal place of business of the Insurer is located shall be authorized or obligated by law, executive order, or governmental decree to be closed, and (ii) if the applicable Business Day relates to the determination of LIBOR, a day which is a day described in clause (i) above and which is also a day for trading by and between banks in the London interbank eurodollar market.

"CLEARING AGENCY" means an organization registered as a "CLEARING AGENCY" pursuant to Section 17A of the Exchange Act, or any successor provision thereto. The initial Clearing Agency shall be The Depository Trust Company.

"CLEARING AGENCY PARTICIPANT" means a broker, dealer, bank, other financial institution or other Person for whom from time to time a Clearing Agency effects book-entry transfers and pledges of securities deposited with the Clearing Agency.

"CLOSING DATE" means January 9, 2003.

"CODE" means the Internal Revenue Code of 1986, as amended from time to time, and Treasury Regulations promulgated thereunder.

"CONTROLLING PARTY" has the meaning specified in the Sale and Servicing Agreement.

"COLLATERAL" has the meaning specified in the Granting Clause of this Indenture.

"COMMISSION" means the United States Securities and Exchange Commission.

"CORPORATE TRUST OFFICE" means the principal office of the Trustee at which at any particular time its corporate trust business shall be administered which office at date of the execution of this Agreement is located at Bank One Plaza, IL1-0481, Chicago, Illinois 60670, Attention: Structured Finance CPS Funding, or at such other address as the Trustee may designate from time to time by notice to the Noteholders, the Insurer, the Servicer and the Issuer, or the principal corporate trust office of any successor Trustee (the address of which the successor Trustee will notify the Noteholders and the Issuer).

"CPSRC" means CPS Receivables Corp., a California Corporation.

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

"DOLLAR" means lawful money of the United States.

"EVENT OF DEFAULT" has the meaning specified in SECTION 5.1.

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

"EXECUTIVE OFFICER" means, with respect to any corporation, the Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, President, Executive Vice President, any Vice President, the Secretary or the Treasurer of such corporation; with respect to any limited liability company, the manager, and with respect to any partnership, any general partner thereof.

"FACILITY LIMIT" means $75,000,000.

"GRANT" means to mortgage, pledge, bargain, sell, warrant, alienate, remise, release, convey, assign, transfer, create, grant a lien upon and a security interest in and right of set-off against, deposit, set over and confirm pursuant to this Indenture. A Grant of the Collateral or of any other agreement or instrument shall include all rights, powers and options (but none of the obligations) of the granting party thereunder, including the immediate and continuing right to claim for, collect, receive and give receipt for principal and interest payments in respect of the Collateral and all other moneys payable thereunder, to give and receive notices and other communications, to make waivers or other agreements, to exercise all rights and options, to bring proceedings in the name of the granting party or otherwise and generally to do and receive anything that the granting party is or may be entitled to do or receive thereunder or with respect thereto.

"HOLDER" or "NOTEHOLDER" means, with respect to a Note, the Person in whose name such Note is registered on the Note Register.

"INDEBTEDNESS" means, with respect to any Person at any time, (a) indebtedness or liability of such Person for borrowed money whether or not evidenced by bonds, debentures, notes or other instruments, or for the deferred purchase price of property or services (including trade obligations); (b) obligations of such Person as lessee under leases which should be, in accordance with generally accepted accounting principles, recorded as capital leases; (c) current liabilities of such Person in respect of unfunded vested benefits under

plans covered by Title IV of ERISA; (d) obligations issued for or liabilities incurred on the account of such Person; (e) obligations or liabilities of such Person arising under acceptance facilities; (f) obligations of such Person under any guarantees, endorsements (other than for collection or deposit in the ordinary course of business) and other contingent obligations to purchase, to provide funds for payment, to supply funds to invest in any Person or otherwise to assure a creditor against loss; (g) obligations of such Person secured by any lien on property or assets of such Person, whether or not the obligations have been assumed by such Person; or (h) obligations of such Person under any interest rate or currency exchange agreement.

"INDENTURE" means this Indenture as amended, supplemented or otherwise modified from time to time in accordance with its terms.

"INDEPENDENT" means, when used with respect to any specified Person, that the person (a) is in fact independent of the Issuer, any other obligor upon the Notes, the Seller and any Affiliate of any of the foregoing persons, (b) does not have any direct financial interest or any material indirect financial interest in the Issuer, any such other obligor, the Seller or any Affiliate of any of the foregoing Persons and (c) is not connected with the Issuer, any such other obligor, the Seller or any Affiliate of any of the foregoing Persons as an officer, employee, promoter, underwriter, trustee, partner, director or Person performing similar functions.

"INDEPENDENT CERTIFICATE" means a certificate or opinion to be delivered to the Trustee under the circumstances described in, and otherwise complying with, the applicable requirements of SECTION 11.1, prepared by an Independent appraiser or other expert appointed by an Issuer Order and approved by the Trustee in the exercise of reasonable care, and such opinion or certificate shall state that the signer has read the definition of "INDEPENDENT" in this Indenture and that the signer is Independent within the meaning thereof.

"INITIAL NOTE INCREASE" means, the Note Increase (if any) that is funded on the Closing Date.

"INSURANCE AGREEMENT INDENTURE CROSS DEFAULT" has the meaning specified therefor in the Insurance Agreement.

"INSURED PAYMENT DATE" has the meaning specified in the Sale and Servicing Agreement.

"INSURER PREMIUM PERCENT" means 0.75%.

"INSURER SECURED OBLIGATIONS" means all amounts and obligations which the Issuer may at any time owe to or on behalf of the Insurer under this Indenture, the Insurance Agreement or any other Basic Document.

"ISSUER" means the party named as such in this Indenture until a successor replaces it and, thereafter, means the successor and, for purposes of any provision contained herein, each other obligor on the Notes.

"ISSUER ORDER" and "ISSUER REQUEST" means a written order or request signed in the name of the Issuer by any one of its Authorized Officers and delivered to the Trustee.

"ISSUER SECURED OBLIGATIONS" means the Insurer Secured Obligations and the Trustee Secured Obligations.

"ISSUER SECURED PARTIES" means each of the Trustee, in respect of the Trustee Secured Obligations, and the Insurer, in respect of the Insurer Secured Obligations.

"LIBOR" has the meaning set forth in the Sale and Servicing Agreement.

"LIBOR DETERMINATION DATE" has the meaning set forth in the Sale and Servicing Agreement.

"MAXIMUM NOTE INTEREST RATE" means, for each Interest Period 7.00%.

"NOTEHOLDER" means with respect to a Note, the Person in whose name such Note is registered on the Note Register.

"NOTE INCREASE" means each funding in respect of the outstanding principal amount of the Notes on any Transfer Date, including the funding, if any, on the Closing Date.

"NOTE INCREASE AMOUNT" means the principal amount of any Note Increase.

"NOTE INCREASE DATE" means the date (which shall be a Transfer Date) on which a Note Increase is funded.

"NOTE INTEREST RATE" means for any Interest Period (a) during the Revolving Period, the lesser of (i) LIBOR plus 0.75% and (ii) the Maximum Note Interest Rate and (b) during the Amortization Period, the lesser of (i) the greater of (x) the Two-Year Swap Rate plus 1.50% and (y) LIBOR plus 1.50% and (ii) the Maximum Note Interest Rate.

"NOTE MAJORITY" has the meaning set forth in the Sale and Servicing Agreement.

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

"NOTE POLICY" means the Financial Guaranty Insurance Policy (No. 51382-N) issued by the Insurer with respect to the Notes, including any endorsements thereto.

"NOTE REGISTER" and "NOTE REGISTRAR" have the respective meanings specified in SECTION 2.4.

"NOTES" means the Floating Rate Variable Funding Notes, substantially in the forms of Note set forth in EXHIBIT A.

"OFFICER'S CERTIFICATE" means a certificate signed by any Authorized Officer of the Issuer, under the circumstances described in, and otherwise complying with, the applicable requirements of SECTION 11.1, and delivered to the Trustee. Unless otherwise specified, any reference in this Indenture to an Officer's Certificate shall be to an Officer's Certificate of any Authorized Officer of the Issuer.

"OPINION OF COUNSEL" means one or more written opinions of counsel who may, except as otherwise expressly provided in this Indenture, be employees of or counsel to the Issuer and who shall be satisfactory to the Trustee and to the Insurer, and which shall comply with any applicable requirements of SECTION 11.1, and shall be in form and substance satisfactory to the Trustee and the Insurer.

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

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

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

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

PROVIDED, HOWEVER, that Notes which have been paid with proceeds of the Note Policy shall continue to remain Outstanding for purposes of this Indenture until the Insurer has been paid as subrogee hereunder or reimbursed pursuant to the Insurance Agreement as evidenced by a written notice from the Insurer delivered to the Trustee, and the Insurer shall be deemed to be the Holder thereof to the extent of any payments thereon made by the Insurer; provided, further, that in determining whether the Holders of the requisite Outstanding Amount of the Notes have given any request, demand, authorization, direction, notice, consent or waiver hereunder or under any Basic Document, Notes owned by the Issuer, any other obligor upon the Notes, the Seller or any Affiliate of any of the

foregoing Persons shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Notes that a Responsible Officer of the Trustee either actually knows to be so owned or has received written notice thereof shall be so disregarded. Notes so owned that have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the satisfaction of the Trustee the pledgee's right so to act with respect to such Notes and that the pledgee is not the Issuer, any other obligor upon the Notes, the Seller or any Affiliate of any of the foregoing Persons.

"OUTSTANDING AMOUNT" means, with respect to any date of determination, the aggregate principal amount (including all Note Increase Amounts as of such date) of all Notes Outstanding at such date of determination.

"PAYMENT DATE" has the meaning specified in the Notes.

"PREDECESSOR NOTE" means, with respect to any particular Note, every previous Note evidencing all or a portion of the same debt as that evidenced by such particular Note; and, for the purpose of this definition, any Note authenticated and delivered under SECTION 2.6 in lieu of a mutilated, lost, destroyed or stolen Note shall be deemed to evidence the same debt as the mutilated, lost, destroyed or stolen Note.

"PREPAYMENT DATE" has the meaning specified in SECTION 10.1.

"PREPAYMENT PRICE" has the meaning specified in SECTION 10.1.

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

"QUALIFIED INSTITUTIONAL BUYER" means a qualified institutional buyer as specified in Rule 144A under the Securities Act.

"RATING AGENCY" means each of Moody's and Standard & Poor's, so long as such Persons maintain a rating on the Notes; and if either Moody's or Standard & Poor's no longer maintains a rating on the Notes, such other nationally recognized statistical rating organization selected by the Seller and (so long as an Insurer Default shall not have occurred and be continuing) acceptable to the Insurer.

"RATING AGENCY CONDITION" means, with respect to any action, that each Rating Agency shall have been given 10 days' (or such shorter period as shall be acceptable to each Rating Agency) prior notice thereof and that each of the Rating Agencies shall have notified the Seller, the Servicer, the Insurer, the Trustee and the Issuer in writing that such action will not result in a reduction or withdrawal of the then current rating of the Notes, without giving effect to the existence of the Note Policy.

"RECORD DATE" means, with respect to a Payment Date, Insured Payment Date or Prepayment Date, the last day of the calendar month preceding the month in which such Payment Date, Insured Payment Date or Prepayment Date occurs.

"REQUIRED COLLATERAL RATIO" has the meaning specified in the Sale and Servicing Agreement.

"RESPONSIBLE OFFICER" means, in the case of the Trustee, the chairman or vice-chairman of the board of directors, the chairman or vice-chairman of the executive committee of the board of directors, the president, vice-president, assistant vice-president or managing director, the secretary, and assistant secretary or any other officer of the Trustee customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of such officer's knowledge of and familiarity with the particular subject.

"SALE AND SERVICING AGREEMENT" means the Sale and Servicing Agreement dated as of January 9, 2003, among the Issuer, the Seller, the Servicer, the Backup Servicer and the Trustee as Standby Servicer and as Trustee, as the same may be amended or supplemented from time to time.

"SCHEDULED PAYMENTS" has the meaning specified in the Note Policy.

"SERVICING FEE PERCENTAGE" means 2.50%.

"STATE" means any one of the 50 states of the United States of America or the District of Columbia.

"TERMINATION DATE" means the latest of (i) the expiration of the Note Policy and the return of the Note Policy to the Insurer for cancellation, (ii) the date on which the Insurer shall have received payment and performance of all Insurer Secured Obligations and (iii) the date on which the Trustee shall have received payment and performance of all Trustee Secured Obligations.

"TOTAL EXPENSE PERCENT" has the meaning specified in the Sale and Servicing Agreement.

"TRUST ESTATE" means (i) all money, instruments, rights and other property that are subject or intended to be subject to the lien and security interest of this Indenture for the benefit of the Noteholders and the Insurer (including all property and interests Granted to the Trustee), including all proceeds thereof and (ii) the right to receive payments pursuant to the Note Policy.

"TRUSTEE" means Bank One Trust Company, N.A. not in its individual capacity but as trustee under this Indenture, or any successor trustee under this
Indenture.

"TRUSTEE SECURED OBLIGATIONS" means all amounts and obligations which the Issuer may at any time owe to, or on behalf of, the Trustee for the benefit of the Noteholders under this Indenture or the Notes.

"TWO-YEAR SWAP RATE" means the two-year swap rate which appears on Telerate page 19901 determined by the Initial Note Purchaser at or about 11:00 a.m. New York City time (i) with respect to any Interest Period, on the Business Day immediately preceding such Interest Period and (ii) with respect to any other date of determination, on such date (or, if such date is not a Business Day, on the next succeeding Business Day); PROVIDED, HOWEVER, if the Two-Year Swap Rate does not appear on the Telerate Page 19901 on any such date of determination, the Two-Year Swap Rate shall be determined as follows:

With respect to a day on which the Two-Year Swap Rate does not appear on Telerate Page 19901, Two-Year Swap Rate will be determined at approximately 11:00 A.M., New York City time, on such day on the basis of (a) the arithmetic mean of the rates at which two-year interest rate swaps are offered by four (4) major banks in New York City that actively trade in such products selected by the Initial Note Purchaser and in a principal amount of not less than $75,000,000 that is representative for a single transaction in such market at such time.

"UCC" means, unless the context otherwise requires, the Uniform Commercial Code, as in effect in the relevant jurisdiction, as amended from time to time.

SECTION 1.2. [RESERVED].

SECTION 1.3. OTHER DEFINITIONAL PROVISIONS. Unless the context otherwise requires:

(i) All references in this instrument to designated "ARTICLES," "SECTIONS," "SUBSECTIONS" and other subdivisions are to the designated Articles, Sections, Subsections and other subdivisions of this instrument as originally executed.

(ii) The words "HEREIN," "HEREOF," "HEREUNDER" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section, Subsection or other subdivision.

(iii) Accounting terms used but not defined or partly defined in this Indenture, in any instrument governed hereby or in any certificate or other document made or delivered pursuant hereto, to the extent not defined, shall have the respective meanings given to them under U.S. generally accepted accounting principles as in effect on the date of this Indenture or any such instrument, certificate or other document, as applicable. To the extent that the definitions of accounting terms in this Indenture or in any such instrument, certificate or other document are inconsistent with the meanings of such terms under U.S. generally accepted accounting principles, the definitions contained in this Indenture or in any such instrument, certificate or other document shall control.

(iv) "OR" is not exclusive; and

(v) "INCLUDING" means including without limitation.

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

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

ARTICLE II

THE NOTES

SECTION 2.1. FORM.

(a) The Notes, together with the Trustee's certificate of authentication, shall be in substantially the form set forth in EXHIBIT A, with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon as may, consistently herewith, be determined by the officers executing such Notes, as evidenced by their execution of the Notes. Any portion of the text of any Note may be set forth on the reverse thereof, with an appropriate reference thereto on the face of such Note. It is anticipated that only one Note will be issued on the Closing Date which Note shall be subject to Note Increases and prepayments from time to time in accordance with Section 2.15 and Article X, respectively.

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

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

SECTION 2.2. EXECUTION, AUTHENTICATION AND DELIVERY.

(a) The Notes shall be executed on behalf of the Issuer by any of its Authorized Officers. The signature of any such Authorized Officer on the Notes may be manual or facsimile.

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

(c) The Trustee shall upon receipt of the Note Policy and Issuer Order for authentication and delivery, authenticate and deliver Notes for original issue in an aggregate principal amount up to, but not in excess of, the Facility Limit. Notes outstanding at any time may not exceed such amount except as provided in SECTION 2.6.

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

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

SECTION 2.3. [RESERVED](a) .

SECTION 2.4. REGISTRATION; REGISTRATION OF TRANSFER AND EXCHANGE.

(a) The Issuer shall cause to be kept a register (the "NOTE REGISTER") in which, subject to such reasonable regulations as it may prescribe and subject to the provisions of Section 2.5, the Issuer shall provide for the registration of Notes, and the registration of transfers and exchanges of Notes. The Trustee shall be "NOTE REGISTRAR" for the purpose of registering the Notes and transfers of Notes as herein provided. Upon any resignation or removal of any Note Registrar, the Issuer shall promptly appoint a successor or, if it elects not to make such an appointment, assume the duties of Note Registrar.

(b) If a Person other than the Trustee is appointed by the Issuer as Note Registrar, the Issuer will give the Trustee and the Insurer prompt written notice of the appointment of such Note Registrar and of the location, and any change in the location, of the Note Register, and the Trustee and the Insurer shall have the right to inspect the Note Register at all reasonable times and to obtain copies thereof. The Trustee shall have the right to conclusively rely upon a certificate executed on behalf of the Note Registrar by an Executive Officer thereof as to the names and addresses of the Holders of the Notes and the principal amounts and number of such Notes.

(c) Subject to SECTION 2.5 hereof, upon surrender for registration of transfer of any Note at the office or agency of the Issuer to be maintained as provided in SECTION 3.2, if the requirements of Section 8-401(a) of the UCC are met, the Trustee shall have the Issuer execute and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Notes in any authorized denominations and a like aggregate principal amount.

(d) At the option of the Holder, Notes may be exchanged for other Notes in any authorized denominations, of the same class and a like aggregate principal amount, upon surrender of the Notes to be exchanged at such office or agency. Whenever any Notes are so surrendered for exchange, subject to SECTION 2.5 hereof, if the requirements of Section 8-401(a) of the UCC are met, the Issuer shall execute, and upon request by the Issuer the Trustee shall authenticate, and the Noteholder shall obtain from the Trustee, the Notes which the Noteholder making the exchange is entitled to receive. Every Note presented or surrendered for registration of transfer or exchange shall be accompanied by a written instrument of transfer in form satisfactory to the Issuer, the Trustee and the Note Registrar duly executed by the Holder thereof or his attorney duly authorized in writing.

(e) All Notes issued upon any registration of transfer or exchange of Notes shall be the valid obligations of the Issuer, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Notes surrendered upon such registration of transfer or exchange.

(f) Every Note presented or surrendered for registration of transfer or exchange shall be (i) duly endorsed by, or accompanied by a written instrument of transfer in the form attached to EXHIBIT A duly executed by, the Holder thereof or such Holder's attorney, duly authorized in writing, with such signature guaranteed by an "ELIGIBLE GUARANTOR INSTITUTION" meeting the requirements of the Note Registrar which requirements include membership or participation in Securities Transfer Agents Medallion Program ("STAMP") or such other "SIGNATURE GUARANTEE PROGRAM" as may be determined by the Note Registrar in addition to, or in substitution for, STAMP, all in accordance with the Exchange Act and (ii) accompanied by such other documents as the Trustee may require.

(g) No service charge shall be made to a Holder for any registration of transfer or exchange of Notes, but the Note Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any registration of transfer or exchange of Notes, other than exchanges pursuant to SECTION 9.6 not involving any transfer.

(h) The preceding provisions of this SECTION 2.4 notwithstanding, the Issuer shall not be required to make and the Note Registrar shall not register transfers or exchanges of Notes selected for redemption or of any Note for a period of 15 days preceding the due date for any payment with respect to the Notes.

SECTION 2.5. RESTRICTIONS ON TRANSFER AND EXCHANGE.

(a) No transfer of a Note shall be made unless the transferor therefor has provided a certification substantially in the form of EXHIBIT B-2 that such transfer is (i) to the Issuer, or (ii) to any person the transferor reasonably believes is a Qualified Institutional Buyer in a transaction meeting the requirements of Rule 144A under the Securities Act, or (iii) in compliance with Section 2.5(c) hereof, (A) to an institutional investor that is an

"accredited investor" as defined in Rule 501(a)(1), (2), (3) or (7) of Regulation D promulgated under the Securities Act in compliance with Section 2.5(d) hereof, or (B) in a transaction complying with or exempt from the registration requirements of the Securities Act and in accordance with any applicable securities laws of any state of the United States or any other jurisdiction; PROVIDED, that (except with respect to the transfer of any Note or Note Increase made by the Initial Note Purchaser), in the case of CLAUSES (A) and (B) the Trustee or the Issuer may require an Opinion of Counsel to the effect that such transfer may be effected without registration under the Securities Act, which Opinion of Counsel, if so required, shall be addressed to the Issuer and the Trustee and shall be secured at the expense of the Holder. Each prospective purchaser by its acquisition of any Note, acknowledges that each Note will contain a legend substantially to the effect set forth in SECTION 2.5(C) (unless the Issuer determines otherwise in accordance with applicable law).

Any transfer or exchange of a Note to a proposed transferee shall be conducted in accordance with the provisions of SECTION 2.4, and shall be contingent upon receipt by the Note Registrar of (A) such Note properly endorsed for assignment or transfer and (B) such certificates or signatures as may be required under the Note or this SECTION 2.5 , in each case, in form and substance satisfactory to the Note Registrar. The Note Registrar shall cause any such transfers and related cancellations or increases and related reductions, as applicable, to be properly recorded in its books in accordance with the requirements of SECTION 2.4.

(b) [Reserved]

(c) TRANSFERS TO INSTITUTIONAL ACCREDITED INVESTORS OR QUALIFIED INSTITUTIONAL BUYERS.

(i) Any transfer to an institutional "ACCREDITED INVESTOR" or to a Qualified Institutional Buyer, is expressly conditioned upon the requirement that such transferee shall deliver a Transferee's Certificate in the form of EXHIBIT B-1.

(d) LEGENDING OF NOTES. Unless the Issuer determines otherwise in accordance with applicable law, each Note shall carry the following legend:

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS OR "BLUE SKY" LAWS. THE HOLDER HEREOF, BY PURCHASING ANY NOTE, AGREES FOR THE BENEFIT OF THE ISSUER THAT IT IS AN INSTITUTIONAL INVESTOR THAT IS AN "ACCREDITED INVESTOR" AS DEFINED IN RULE 501(A)(1), (2), (3) OR (7) OF REGULATION D PROMULGATED UNDER THE SECURITIES ACT AND THAT SUCH NOTE IS BEING ACQUIRED FOR ITS OWN ACCOUNT FOR INVESTMENT AND NOT WITH A VIEW TO DISTRIBUTION AND MAY BE RESOLD, PLEDGED OR TRANSFERRED ONLY TO (1) THE ISSUER (UPON REDEMPTION THEREOF OR OTHERWISE), (2) TO A PERSON THE

TRANSFEROR REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A OR (3) IN A TRANSACTION OTHERWISE EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION, IN EACH SUCH CASE, IN COMPLIANCE WITH THE INDENTURE AND ALL APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION; PROVIDED, THAT THE TRUSTEE OR THE ISSUER MAY REQUIRE AN OPINION OF COUNSEL TO THE EFFECT THAT SUCH TRANSFER MAY BE EFFECTED WITHOUT REGISTRATION UNDER THE SECURITIES ACT, WHICH OPINION OF COUNSEL, IF SO REQUIRED, SHALL BE ADDRESSED TO THE ISSUER AND THE TRUSTEE AND SHALL BE SECURED AT THE EXPENSE OF THE HOLDER.

SECTION 2.6. MUTILATED, DESTROYED, LOST OR STOLEN NOTES.

(a) If (i) any mutilated Note is surrendered to the Trustee, or the Trustee receives evidence to its satisfaction of the destruction, loss or theft of any Note, and (ii) there is delivered to the Trustee and the Insurer (unless an Insurer Default shall have occurred and be continuing) such security or indemnity as may be required by it to hold the Issuer, the Trustee and the Insurer harmless, then, in the absence of notice to the Issuer, the Note Registrar or the Trustee that such Note has been acquired by a bona fide purchaser, and, provided that the requirements of Section 8-405 and 8-406 of the UCC are met, the Issuer shall execute, and upon request by the Issuer, the Trustee shall authenticate and deliver in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Note, a replacement Note; provided, however, that if any such destroyed, lost or stolen Note, but not a mutilated Note, shall have become, or within seven days shall be, due and payable or shall have been called for redemption, instead of issuing a replacement Note, the Issuer may direct the Trustee, in writing, to pay such destroyed, lost or stolen Note when so due or payable without surrender thereof. If, after the delivery of such replacement Note or payment of a destroyed, lost or stolen Note pursuant to the preceding sentence, a bona fide purchaser of the original Note in lieu of which such replacement Note was issued, presents for payment such original Note, the Issuer, the Trustee and the Insurer shall be entitled to recover such replacement Note (or such payment) from the Person to whom it was delivered or any assignee of such Person, except a bona fide purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to the extent of any loss, damage, cost or expense incurred by the Issuer or the Trustee in connection therewith.

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

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

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

SECTION 2.7. PERSONS DEEMED OWNER.

Prior to due presentment for registration of transfer of any Note, the Issuer, the Trustee, the Insurer and any agent of the Issuer, the Trustee or the Insurer may treat the Person in whose name any Note is registered (as of the applicable Record Date) as the owner of such Note for the purpose of receiving payments of principal of and interest, if any, on such Note, for all other purposes whatsoever and whether or not such Note be overdue, and none of the Issuer, the Insurer, the Trustee nor any agent of the Issuer, the Insurer or the Trustee shall be affected by notice to the contrary.

SECTION 2.8. PAYMENT OF PRINCIPAL AND INTEREST; DEFAULTED INTEREST.

(a) The Notes shall accrue interest as provided in the forms of Note set forth in EXHIBIT A, and such interest shall be due and payable on each Payment Date and each Insured Payment Date, as specified therein. Any installment of interest or principal, if any, payable on any Note which is punctually paid or duly provided for by the Issuer on the applicable Payment Date or Insured Payment Date shall be paid to the Person in whose name such Note is registered on the related Record Date, either by wire transfer in immediately available funds to such Person's account as it appears on the Note Register on such Record Date if (i) such Noteholder has provided to the Note Registrar appropriate written instructions at least five Business Days prior to such Payment Date or Insured Payment Date and such Holder's Notes in the aggregate evidence a denomination of not less than $1,000,000 or (ii) such Noteholder is the Initial Note Purchaser, the Seller, or an Affiliate thereof, or if not by check mailed to such Noteholder at the Address of such Noteholder appearing on the Note Register.

(b) The principal of each Note shall be due and payable in full on the Stated Maturity Date as provided in the forms of Note set forth in EXHIBIT A. Notwithstanding the foregoing, the entire unpaid principal amount of the Notes shall be due and payable, if not previously paid, on the date on which an Event of Default shall have occurred and be continuing in the manner and under the circumstances provided in SECTION 5.2. All principal payments on the Notes shall be made pro rata to the Noteholders entitled thereto. Upon written notice from the Issuer, the Trustee shall notify the Person in whose name a Note

is registered at the close of business on the Record Date preceding the Payment Date on which the Issuer expects that the final installment of principal of and interest on such Note will be paid. Such notice shall be mailed or transmitted by facsimile prior to such final Payment Date and shall specify that such final installment will be payable only upon presentation and surrender of such Note and shall specify the place where such Note may be presented and surrendered for payment of such installment.

(c) If the Issuer defaults in a payment of interest on the Notes, the Issuer shall pay defaulted interest (plus interest on such defaulted interest to the extent lawful) at the Note Interest Rate then in effect in any lawful manner. The Issuer may pay such defaulted interest to the Persons who are Noteholders on the immediately following Payment Date, and if such amount is not paid on such following Payment Date, then on a subsequent special record date, which date shall be at least five Business Days prior to the Payment Date. The Issuer shall fix or cause to be fixed any such special record date and Payment Date, and, at least 15 days before any such special record date, the Issuer shall mail to each Noteholder and the Trustee a notice that states the special record date, the payment date and the amount of defaulted interest to be paid.

(d) Promptly following the date on which all principal of and interest on the Notes has been paid in full and the Notes have been surrendered to the Trustee, the Trustee shall, if the Insurer has paid any amount in respect of the Notes under the Note Policy or otherwise which has not been reimbursed to it, deliver such surrendered Notes to the Insurer.

SECTION 2.9. CANCELLATION.

Subject to Section 2.8(c), all Notes surrendered for payment, registration of transfer, exchange or redemption shall, if surrendered to any Person other than the Trustee, be delivered to the Trustee and shall be promptly canceled by the Trustee. Subject to Section 2.8(c), the Issuer may at any time deliver to the Trustee for cancellation any Notes previously authenticated and delivered hereunder which the Issuer may have acquired in any manner whatsoever, and all Notes so delivered shall be promptly canceled by the Trustee. No Notes shall be authenticated in lieu of or in exchange for any Notes canceled as provided in this Section, except as expressly permitted by this Indenture. Subject to Section 2.8(c), all canceled Notes may be held or disposed of by the Trustee in accordance with its standard retention or disposal policy as in effect at the time unless the Issuer shall direct by an Issuer Order that they be destroyed or returned to it; provided that such Issuer Order is timely and the Notes have not been previously disposed of by the Trustee.

SECTION 2.10. RELEASE OF COLLATERAL.

Subject to the terms of the other Basic Documents and Section 11.1, the Trustee shall, on or after the Termination Date, release any remaining portion of the Trust Estate from the lien created by this Indenture and deposit

in the Collection Account any funds then on deposit in any other Trust Account. In addition, the Trustee shall release Ineligible Receivables from the lien created by this Indenture upon any dividend of such Ineligible Receivables pursuant to Section 5.13 of the Sale and Servicing Agreement, provided that the conditions in Section 10.4 are satisfied. The Trustee shall release property from the lien created by this Indenture pursuant to this Section 2.10 only upon receipt of an Issuer Request accompanied by an Officer's Certificate meeting the applicable requirements of Section 11.1.

SECTION 2.11. [RESERVED].

SECTION 2.12. [RESERVED].

SECTION 2.13. [RESERVED]

SECTION 2.14. [RESERVED].

SECTION 2.15. AMOUNT LIMITED; NOTE INCREASES.

The maximum aggregate principal amount of Notes which may be authenticated and delivered and Outstanding at any time under this Indenture is limited to the Facility Limit.

On each Business Day during the Revolving Period that is a Transfer Date under the Sale and Servicing Agreement, and upon the satisfaction of all conditions precedent to (a) the funding of a Note Increase and (b) the purchase of Receivables, in each case as set forth in SECTION 2.1(b) of the Sale and Servicing Agreement, the Issuer shall be entitled to borrow additional funds pursuant to a Note Increase on such Transfer Date in an aggregate principal amount equal to the lesser of (i) the excess of (x) the Facility Limit over (y) the outstanding principal amount of the Notes as of the close of business on the day immediately preceding such Transfer Date and (ii) the product of (x) the Aggregate Principal Balance of Receivables sold to the Purchaser pursuant to the Sale and Servicing Agreement and related Assignment on each Transfer Date relating to such Note Increase and (y) the Required Collateral Ratio. Each request by the Issuer for a Note Increase shall be deemed to be a certification by the Issuer as to the satisfaction of the conditions specified in the previous sentence.

The aggregate outstanding principal amount of the Notes may be increased through the funding of Note Increases. The Note Increase and corresponding Note Increase Amount shall be recorded on the grid maintained by the Trustee or in an electronic file substantially in the same form as such grid. The grid (or such electronic file) shall show all Note Increase Amounts,

prepayments and additional Note issuances. The Trustee shall be responsible for maintaining the grid with respect to each Note. Absent manifest error, all such grid entries (whether manual or in electronic form) shall be dispositive with respect to the determination of the outstanding principal amount of each Note. On each Note Increase Date the Trustee shall promptly upon the funding of the related Note Increase (including without limitation the Initial Note Increase), provide to each Noteholder a copy of the revised grid reflecting such Note Increase. The Notes (i) may be funded by Note Increases on any Transfer Date in an amount of $1,000,000 and any higher amount (subject to the Facility Limit) and (ii) subject to subsequent Note Increases pursuant to this Section 2.15, are subject to prepayment, as provided in Article X herein.

ARTICLE III

COVENANTS

SECTION 3.1. PAYMENT OF PRINCIPAL AND INTEREST.

The Issuer will duly and punctually pay the principal of and interest on the Notes in accordance with the terms of the Notes and this Indenture. Without limiting the foregoing, the Issuer will cause to be distributed on each Payment Date or each Insured Payment Date, if applicable, all amounts deposited in the Note Distribution Account pursuant to the Sale and Servicing Agreement to the Noteholders. Amounts properly withheld under the Code by any Person from a payment to any Noteholder of interest and/or principal shall be considered as having been paid by the Issuer to such Noteholder for all purposes of this Indenture.

SECTION 3.2. MAINTENANCE OF OFFICE OR AGENCY.

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

SECTION 3.3. MONEY FOR PAYMENTS TO BE HELD IN TRUST.

(a) On or before each Payment Date or each Insured Payment Date, if applicable, the Issuer shall deposit or cause to be deposited in the Note Distribution Account from the Collection Account an aggregate sum sufficient to pay the amounts then becoming due under the Notes, such sum to be held in trust for the benefit of the Persons entitled thereto and (unless the

Note Paying Agent is the Trustee) shall promptly notify the Trustee of its action or failure so to act.

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

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

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

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

(iv) immediately resign as a Note Paying Agent and forthwith pay to the Trustee all sums held by it in trust for the payment of Notes if at any time it ceases to meet the standards required to be met by a Note Paying Agent at the time of its appointment; and

(v) comply with all requirements of the Code with respect to the withholding from any payments made by it on any Notes of any applicable withholding taxes imposed thereon and with respect to any applicable reporting requirements in connection therewith.

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

(d) Subject to applicable laws with respect to the escheat of funds, any money held by the Trustee or any Note Paying Agent in trust for the payment of any amount due with respect to any Note and remaining unclaimed for two years after such amount has become due and payable shall be discharged from such trust and be paid to the Issuer on Issuer Request with the consent of the Insurer (unless an Insurer Default shall have occurred and be continuing) and shall be deposited by the Trustee in the Collection Account; and the Holder of such Note shall thereafter, as an unsecured general creditor, look only to the Issuer for payment thereof (but only to the extent of the amounts so paid to the

Issuer), and all liability of the Trustee or such Note Paying Agent with respect to such trust money shall thereupon cease; provided, however, that if such money or any portion thereof had been previously deposited by the Insurer with the Trustee for the payment of principal or interest on the Notes, to the extent any amounts are owing to the Insurer, such amounts shall be paid promptly to the Insurer upon receipt of a written request from the Insurer to such effect, and provided, further, that the Trustee or such Note Paying Agent, before being required to make any such repayment, shall at the expense of the Issuer cause to be published once, in a newspaper published in the English language, customarily published on each Business Day and of general circulation in the City of New York, notice that such money remains unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of such publication, any unclaimed balance of such money then remaining will be repaid to the Issuer. The Trustee shall also adopt and employ, at the expense of the Issuer, any other reasonable means of notification of such repayment (including, but not limited to, mailing notice of such repayment to Holders whose Notes have been called but have not been surrendered for redemption or whose right to or interest in moneys due and payable but not claimed is determinable from the records of the Trustee or of any Note Paying Agent, at the last address of record for each such Holder).

SECTION 3.4. EXISTENCE.

Except as otherwise permitted by the provisions of Section 3.10, the Issuer will keep in full effect its existence, rights and franchises as a limited liability Company under the laws of the State of Delaware (unless it becomes, or any successor Issuer hereunder is or becomes, organized under the laws of any other state or of the United States of America, in which case the Issuer will keep in full effect its existence, rights and franchises under the laws of such other jurisdiction) and will obtain and preserve its qualification to do business in each jurisdiction in which such qualification is or shall be necessary to protect the validity and enforceability of this Indenture, the Notes, the Collateral and each other instrument or agreement included in the Trust Estate.

SECTION 3.5. PROTECTION OF TRUST ESTATE.

The Issuer intends the security interest Granted pursuant to this Indenture in favor of the Issuer Secured Parties to be prior to all other liens in respect of the Trust Estate, and the Issuer shall take all actions necessary to obtain and maintain, in favor of the Trustee, for the benefit of the Issuer Secured Parties, a first lien on and a first priority, perfected security interest in the Trust Estate. The Issuer will from time to time prepare (or shall cause to be prepared), execute and deliver all such supplements and amendments hereto and all such financing statements, continuation statements, instruments of further assurance and other instruments, and will take such other action necessary or advisable to:

(i) Grant more effectively all or any portion of the Trust Estate;

(ii) maintain or preserve the lien and security interest (and the priority thereof) in favor of the Trustee for the benefit of the Issuer Secured Parties created by this Indenture or carry out more effectively the purposes hereof;

(iii) perfect, publish notice of or protect the validity of any Grant made or to be made by this Indenture;

(iv) enforce any of the Collateral;

(v) preserve and defend title to the Trust Estate and the rights of the Trustee and the Noteholders in such Trust Estate against the claims of all persons and parties; and

(vi) pay all taxes or assessments levied or assessed upon the Trust Estate when due.

The Issuer hereby designates the Trustee its agent and attorney-in-fact to execute any financing statement, continuation statement or other instrument required by the Trustee pursuant to this Section.

SECTION 3.6. OPINIONS AS TO TRUST ESTATE.

(a) On the Closing Date, the Issuer shall furnish to the Trustee, the Initial Note Purchaser and the Insurer an Opinion of Counsel either stating that, in the opinion of such counsel, such action has been taken with respect to the recording and filing of this Indenture, any indentures supplemental hereto, and any other requisite documents, and with respect to the execution and filing of any financing statements and continuation statements, as are necessary to perfect and make effective the first priority lien and security interest in favor of the Trustee, for the benefit of the Issuer Secured Parties, created by this Indenture and reciting the details of such action, or stating that, in the opinion of such counsel, no such action is necessary to make such lien and security interest effective.

(b) Within 90 days after the beginning of each calendar year, beginning with the first calendar year beginning more than three months after the first day of the Amortization Period, the Issuer shall furnish to the Trustee, the Initial Note Purchaser (for so long as the Initial Note Purchaser is a Noteholder) and the Insurer an Opinion of Counsel either stating that, in the opinion of such counsel, such action has been taken with respect to the recording, filing, re-recording and refiling of this Indenture, any indentures supplemental hereto and any other requisite documents and with respect to the execution and filing of any financing statements and continuation statements as are necessary to maintain the lien and security interest created by this Indenture and reciting the details of such action or stating that in the opinion of such counsel no such action is necessary to maintain such lien and security interest. Such Opinion of Counsel shall also describe any action necessary (as of the date of such opinion) to be taken in the following year to maintain the lien and security interest of this Indenture.

SECTION 3.7. PERFORMANCE OF OBLIGATIONS; SERVICING OF RECEIVABLES.

(a) The Issuer will not take any action and will use its best efforts not to permit any action to be taken by others that would release any Person from any of such Person's material covenants or obligations under any instrument or agreement included in the Trust Estate or that would result in the amendment, hypothecation, subordination, termination or discharge of or impair the validity or effectiveness of, any such instrument or agreement, except as ordered by any bankruptcy or other court or as expressly provided in this Indenture, the other Basic Documents or such other instrument or agreement.

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

(c) The Issuer will punctually perform and observe all of its obligations and agreements contained in this Indenture, the other Basic Documents and in the instruments and agreements included in the Trust Estate, including but not limited to preparing (or causing to be prepared) and filing (or causing to be filed) all UCC financing statements and continuation statements required to be filed by the terms of this Indenture and the Sale and Servicing Agreement in accordance with and within the time periods provided for herein and therein. Except as otherwise expressly provided therein, the Issuer shall not waive, amend, modify, supplement or terminate any Basic Document or any provision thereof without the consent of the Trustee or the Controlling Party.

(d) If a responsible officer of the Issuer shall have written notice or actual knowledge of the occurrence of a Servicer Termination Event or Amortization Event under the Sale and Servicing Agreement, the Issuer shall promptly notify the Trustee, the Insurer and the Rating Agencies thereof in accordance with SECTION 11.4, and shall specify in such notice the action, if any, the Issuer is taking in respect of such default. If an Amortization Event shall arise from the failure of the Servicer to perform any of its duties or obligations under the Sale and Servicing Agreement with respect to the Receivables, the Issuer shall take all reasonable steps available to it to remedy such failure.

(e) The Issuer agrees that it will not waive timely performance or observance by the Servicer or the Seller of their respective duties under the Basic Documents (x) without the prior consent of the Controlling Party.

SECTION 3.8. NEGATIVE COVENANTS.

So long as any Notes are Outstanding, the Issuer shall not:

(i) except as expressly permitted by this Indenture or the other Basic Documents, sell, transfer, exchange or otherwise dispose of any of the properties or assets of the Issuer, including those included in the Trust Estate, unless directed to do so by the Controlling Party;

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

(iii) (A) permit the validity or effectiveness of this Indenture to be impaired, or permit the lien created by this Indenture to be amended, hypothecated, subordinated, terminated or discharged, or permit any Person to be released from any covenants or obligations with respect to the Notes under this Indenture except as may be expressly permitted hereby, (B) permit any lien, charge, excise, claim, security interest, mortgage or other encumbrance (other than the lien created by this Indenture) to be created on or extend to or otherwise arise upon or burden the Trust Estate or any part thereof or any interest therein or the proceeds thereof (other than tax liens, mechanics' liens and other liens that arise by operation of law, in each case on a Financed Vehicle and arising solely as a result of an action or omission of the related Obligor), (C) permit the lien created by this Indenture not to constitute a valid first priority (other than with respect to any such tax, mechanics' or other lien) perfected security interest in the Trust Estate or (D) amend, modify or fail to comply with the provisions of the Basic Documents without the prior written consent of the Controlling Party.

SECTION 3.9. ANNUAL STATEMENT AS TO COMPLIANCE.

The Issuer will deliver to the Trustee, the Initial Note Purchaser (for so long as the Initial Note Purchaser is a Noteholder) and the Insurer, on or before July 31 of each year, beginning July 31, 2004 an Officer's Certificate, dated as of March 31 of such year, stating, as to the Authorized Officer signing such Officer's Certificate, that

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

(ii) to the best of such Authorized Officer's knowledge, based on such review, the Issuer has complied with all conditions and covenants under this Indenture throughout such year, or, if there has been a default in the compliance of any such condition or covenant, specifying each such default known to such Authorized Officer and the nature and status thereof.

SECTION 3.10. ISSUER MAY CONSOLIDATE, ETC. ONLY ON CERTAIN TERMS.

(a) The Issuer shall not consolidate or merge with or into any other Person, unless

(i) the Person (if other than the Issuer) formed by or surviving such consolidation or merger shall be a Delaware limited liability company and shall expressly assume, by an indenture supplemental hereto, executed and delivered to the Trustee, in form satisfactory to the Trustee and the Insurer, the due and punctual payment of the principal of and interest on all Notes and the performance or observance of every agreement and covenant of this Indenture on the part of the Issuer to be performed or observed, all as provided herein;

(ii) immediately after giving effect to such transaction, no Default, Event of Default, or Amortization Event shall have occurred and be continuing;

(iii) the Rating Agency Condition shall have been satisfied with respect to such transaction;

(iv) the Issuer shall have received an Opinion of Counsel (and shall have delivered copies thereof to the Trustee the Initial Note Purchaser (for so long as the Initial Note Purchaser is a Noteholder) and the Insurer) to the effect that such transaction will not have any material adverse tax consequence to the Insurer or any Noteholder;

(v) any action as is necessary to maintain the lien and first priority, perfected security interest created by this Indenture shall have been taken;

(vi) the Issuer shall have delivered to the Trustee and the Initial Note Purchaser (for so long as the Initial Note Purchaser is a Noteholder) and the Insurer an Officer's Certificate and an Opinion of Counsel each stating that such consolidation or merger and such supplemental indenture comply with this SECTION 3.10 and that all conditions precedent herein provided for relating to such transaction have been complied with; and

(vii) so long as no Insurer Default shall have occurred and be continuing, the Issuer shall have given the Insurer written notice of such conveyance or transfer at least 20 Business Days prior to the consummation of such action and shall have received the prior written approval of the Insurer of such conveyance or transfer and the Issuer or the Person (if other than the Issuer) formed by or surviving such conveyance or transfer has a net worth, immediately after such conveyance or transfer, that is (a) greater than zero and (b) not less than the net worth of the Issuer immediately prior to giving effect to such conveyance or transfer.

(b) The Issuer shall not convey or transfer all or substantially all of its properties or assets, including those included in the Trust Estate, to any Person, unless

(i) the Person that acquires by conveyance or transfer the properties and assets of the Issuer the conveyance or transfer of which is hereby restricted shall (A) be a Delaware limited liability company, (B) expressly assume, by an indenture supplemental hereto, executed and delivered to the Trustee, in form satisfactory to the Trustee, and the Insurer, the due and punctual payment of the principal of and interest on all Notes and the performance or observance of every agreement and covenant of this Indenture and each of the other Basic Documents on the part of the Issuer to be performed or observed, all as provided herein, (C) expressly agree by means of such supplemental indenture that all right, title and interest so conveyed or transferred shall be subject and subordinate to the rights of Holders of the Notes, and (D) unless otherwise provided in such supplemental indenture, expressly agree to indemnify, defend and hold harmless the Issuer against and from any loss, liability or expense arising under or related to this Indenture and the Notes;

(ii) immediately after giving effect to such transaction, no Default, Event of Default or Amortization Event shall have occurred and be continuing;

(iii) the Rating Agency Condition shall have been satisfied with respect to such transaction;

(iv) the Issuer shall have received an Opinion of Counsel (and shall have delivered copies thereof to the Trustee, the Initial Note Purchaser (for so long as the Initial Note Purchaser is a Noteholder) and the Insurer) to the effect that such transaction will not have any material adverse tax consequence to the Insurer or any Noteholder;

(v) any action as is necessary to maintain the lien and security interest created by this Indenture shall have been taken;

(vi) the Issuer shall have delivered to the Trustee, the Initial Note Purchaser (for so long as the Initial Note Purchaser is a Noteholder) and the Insurer an Officers' Certificate and an Opinion of Counsel each stating that such conveyance or transfer and such supplemental indenture comply with this SECTION 3.10 and that all conditions precedent herein provided for relating to such transaction have been complied with; and

(vii) so long as no Insurer Default shall have occurred and be continuing, the Issuer shall have given the Insurer written notice of such conveyance or transfer at least 20 Business Days prior to the consummation of such action and shall have received the prior written approval of the Insurer of such conveyance or transfer and the Issuer or the Person (if other than the Issuer) formed by or surviving such conveyance or transfer has a net worth, immediately after such conveyance or transfer, that is (a) greater than zero and (b) not less than the net worth of the Issuer immediately prior to giving effect to such consolidation or merger.

SECTION 3.11. SUCCESSOR OR TRANSFEREE.

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

(b) Upon a conveyance or transfer of all the assets and properties of the Issuer pursuant to SECTION 3.10(B), CPS Funding LLC will be released from every covenant and agreement of this Indenture to be observed or performed on the part of the Issuer with respect to the Notes immediately upon the delivery of written notice to the Trustee stating that CPS Funding LLC is to be so released.

No Other Business. The Issuer shall not engage in any business other than financing, purchasing, owning, selling and managing the Receivables in the manner contemplated by this Indenture and the other Basic Documents and activities incidental thereto. After the Revolving Period, the Issuer shall not purchase any additional Receivables.

SECTION 3.12. NO BORROWING.

The Issuer shall not issue, incur, assume, guarantee or otherwise become liable, directly or indirectly, for any Indebtedness except for (i) the Notes (ii) obligations owing from time to time to the Insurer under the Insurance Agreement and (iii) any other Indebtedness permitted by or arising under the Basic Documents. The proceeds of the Notes shall be used exclusively to fund the Issuer's purchase of the Receivables and the other assets specified in the Sale and Servicing Agreement, to fund the Liquidity Amount and to pay the Issuer's organizational, transactional and start-up expenses.

SECTION 3.13. SERVICER'S OBLIGATIONS.

The Issuer shall cause the Servicer to comply with Sections 4.9, 4.10, 4.11 and 5.11 of the Sale and Servicing Agreement.

SECTION 3.14. GUARANTEES, LOANS, ADVANCES AND OTHER LIABILITIES.

Except as contemplated by the Sale and Servicing Agreement, this Indenture or the other Basic Documents, the Issuer shall not make any loan or advance or credit to, or guarantee (directly or indirectly or by an instrument having the effect of assuring another's payment or performance on any obligation or capability of so doing or otherwise), endorse or otherwise become contingently liable, directly or indirectly, in connection with the obligations, stocks or dividends of, or own, purchase, repurchase or acquire (or agree contingently to do so) any stock, obligations, assets or securities of, or any other interest in, or make any capital contribution to, any other Person.

SECTION 3.15. CAPITAL EXPENDITURES.

The Issuer shall not make any expenditure (by long-term or operating lease or otherwise) for capital assets (either realty or personalty).

SECTION 3.16. COMPLIANCE WITH LAWS.

The Issuer shall comply with the requirements of all applicable laws, the non-compliance with which would, individually or in the aggregate, materially and adversely affect the ability of the Issuer to perform its obligations under the Notes, this Indenture or any Basic Document.

SECTION 3.17. RESTRICTED PAYMENTS.

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

SECTION 3.18. NOTICE OF EVENTS OF DEFAULT AND AMORTIZATION EVENTS.

Upon a responsible officer of the Issuer having notice or actual knowledge thereof, the Issuer agrees to give the Trustee, the Insurer, the Initial Note Purchaser and the Rating Agencies prompt written notice of each Event of Default hereunder and each Amortization Event or other Default on the part of the Servicer or the Seller of its obligations under the Sale and Servicing Agreement.

SECTION 3.19. FURTHER INSTRUMENTS AND ACTS.

Upon request of the Trustee or the Insurer, the Issuer will execute and deliver such further instruments and do such further acts as may be reasonably necessary or proper to carry out more effectively the purpose of this Indenture.

SECTION 3.20. AMENDMENTS OF SALE AND SERVICING AGREEMENT.

The Issuer shall not agree to any amendment to Section 13.1 of the Sale and Servicing Agreement to eliminate the requirements thereunder that the Trustee, the Insurer or the Holders of the Notes consent to amendments thereto as provided therein.

SECTION 3.21. INCOME TAX CHARACTERIZATION.

For purposes of federal income tax, state and local income tax, franchise tax and any other income taxes, the Issuer and the Noteholders will treat the Notes as indebtedness and hereby instructs the Trustee to treat the Notes as indebtedness for federal and state income tax reporting purposes.

SECTION 3.22. SEPARATE EXISTENCE OF THE ISSUER.

During the term of the Indenture, the Issuer shall observe the applicable legal requirements for the recognition of the Issuer as a legal entity separate and apart from its Affiliates, as set out in Section 9(j) of the Amended and Restated Limited Liability Company Agreement of the Issuer dated January 9, 2003.

SECTION 3.23. AMENDMENT OF ISSUER'S ORGANIZATIONAL DOCUMENTS.

The Issuer shall not amend its organizational documents except in accordance with the provisions thereof.

ARTICLE IV

SATISFACTION AND DISCHARGE

SECTION 4.1. SATISFACTION AND DISCHARGE OF INDENTURE.

This Indenture shall cease to be of further effect with respect to the Notes except as to (i) rights of registration of transfer and exchange, (ii) substitution of mutilated, destroyed, lost or stolen Notes, (iii) rights of Noteholders to receive payments of principal thereof and interest thereon, (iv) SECTIONS 3.3, 3.4, 3.5, 3.8, 3.10, 3.12, 3.13, 3.20, 3.21 and 3.22, (v) the rights, obligations and immunities of the Trustee hereunder (including the rights of the Trustee under Section 6.7 and the obligations of the Trustee under SECTION 4.2) and (vi) the rights of Noteholders as beneficiaries hereof with respect to the property so deposited with the Trustee payable to all or any of them, and the Trustee, on demand of and at the expense of the Issuer, shall execute proper instruments acknowledging satisfaction and discharge of this Indenture with respect to the Notes, when

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

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

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

SECTION 4.2. APPLICATION OF TRUST MONEY.

All moneys deposited with the Trustee pursuant to Section 4.1 hereof shall be held in trust and applied by it, in accordance with the provisions of the Notes and this Indenture, to the payment, either directly or through any Note Paying Agent, as the Trustee may determine, to the Holders of the particular Notes for the payment or redemption of which such moneys have been deposited with the Trustee, of all sums due and to become due thereon for principal and interest; but such moneys need not be segregated from other funds except to the extent required herein, in the Sale and Servicing Agreement or in the other Basic Documents or required by law.

SECTION 4.3. REPAYMENT OF MONEYS HELD BY NOTE PAYING AGENT.

In connection with the satisfaction and discharge of this Indenture with respect to the Notes, all moneys then held by any Note Paying Agent other than the Trustee under the provisions of this Indenture with respect to such Notes shall, upon demand of the Issuer, be paid to the Trustee to be held and applied according to Section 3.3 and thereupon such Note Paying Agent shall be released from all further liability with respect to such moneys.

ARTICLE V

REMEDIES

SECTION 5.1. EVENTS OF DEFAULT

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

(i) default in the payment of any interest on any Note when the same becomes due and payable and such default shall continue for a period of 2 Business Days (solely for purposes of this clause, (x) so long as no Insurer Default has occurred and is continuing, payment due on a Payment Date shall not be considered "due" until the immediately following Insured Payment Date and (y) a payment on the Notes funded by the Insurer or the Collateral Agent pursuant to the Spread Account Supplement shall be deemed to be a payment made by the Issuer); or

(ii) default in the payment of the principal of or any installment of the principal of any Note when the same becomes due and payable and such default shall continue for a period of 2 Business Days (solely for purposes of this clause, (x) so long as no Insurer Default has occurred and is continuing, a payment due on a Payment Date shall not be considered "due" until the immediately following Insured Payment Date and (y) a payment on the Notes funded by the Insurer or the Collateral Agent pursuant to the Spread Account Supplement, shall be deemed to be a payment made by the Issuer); or

(iii) so long as an Insurer Default shall not have occurred and be continuing, an Insurance Agreement Indenture Cross Default shall have occurred; provided, however, that the occurrence of an Insurance Agreement Indenture Cross Default may not form the basis of an Event of Default unless the Insurer shall, upon prior written notice to the Rating Agencies, have delivered to the Issuer and the Trustee and not rescinded a written notice specifying that such Insurance Agreement Indenture Cross Default constitutes an Event of Default under the Indenture; or

(iv) so long as an Insurer Default shall have occurred and be continuing, default in the observance or performance of any covenant or agreement of the Issuer made in this Indenture (other than a covenant or agreement, a default in the observance or performance of which is elsewhere in this Section specifically dealt with), or any representation or warranty of the Issuer made in this Indenture or in any certificate or other writing delivered pursuant hereto or in connection herewith proving to have been incorrect in any material respect as of the time when the same shall have been made, and such default shall continue or not be cured, or the circumstance or condition in respect of which such misrepresentation or warranty was incorrect shall not have been eliminated or otherwise cured, for a period of 30 days (or for such longer period, not in excess of 90 days, as may be reasonably necessary to remedy such default; provided that such default is capable of remedy within 90 days or less and the Servicer on behalf of the Issuer delivers an Officer's Certificate to the Trustee to the effect that the Issuer has commenced, or will promptly commence and diligently pursue, all reasonable efforts to remedy such default) after there shall have been given, by registered or certified mail, to the Issuer by the Trustee or to the Issuer and the Trustee by the Holders of at least 25% of the Outstanding Amount of the Notes, a written notice specifying such default or incorrect representation or warranty and requiring it to be remedied and stating that such notice is a "NOTICE OF DEFAULT" hereunder; or

(v) so long as an Insurer Default shall have occurred and be continuing, the filing of a decree or order for relief by a court having jurisdiction in the premises in respect of the Issuer or any substantial part of the Trust Estate in an involuntary case under any applicable Federal or state bankruptcy, insolvency or other similar law now or hereafter in effect, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Issuer or for any substantial part of the Trust Estate, or ordering the winding-up or liquidation of the Issuer's affairs, which decree or order shall remain unstayed and in effect for a period of 60 consecutive days; or

(vi) so long as an Insurer Default shall have occurred and be continuing, the commencement by the Issuer of a voluntary case under any applicable Federal or state bankruptcy, insolvency or other similar law now or hereafter in effect, or the consent by the Issuer to the entry of an order for relief in an involuntary case under any such law, or the consent by the Issuer to the appointment or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Issuer or for any substantial part of the Trust Estate, or the making by the Issuer of any general assignment for the benefit of creditors, or the failure by the Issuer generally to pay its debts as such debts become due, or the taking of action by the Issuer in furtherance of any of the foregoing.

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

SECTION 5.2. RIGHTS UPON EVENT OF DEFAULT.

(a) If an Insurer Default shall not have occurred and be continuing and an Event of Default shall have occurred and be continuing, the Notes shall become immediately due and payable at par, together with accrued interest thereon. If an Event of Default shall have occurred and be continuing, the Controlling Party may exercise any of the remedies specified in Section 5.4. In the event of any acceleration of any Notes by operation of this Section 5.2, the Trustee shall continue to be entitled to make claims under the Note Policy pursuant to the Sale and Servicing Agreement for Scheduled Payments on the Notes. Payments under the Note Policy following acceleration of any Notes shall be applied by the Trustee:

FIRST: on any Insured Payment Date, to Noteholders for amounts due and unpaid on the Notes for interest, ratably, without preference or priority of any kind, according to the amounts due and payable on the Notes for interest; and

SECOND: on the Final Scheduled Payment Date, for amounts due and unpaid on the Notes, to the Noteholders, the Noteholders' Principal Distributable Amount together with any Noteholders' Principal Carryover Shortfall, to pay principal of the Notes until the outstanding principal amount of the Notes has been reduced to zero.

(b) In the event any Notes are accelerated due to an Event of Default, the Insurer shall have the right (in addition to its obligation to pay Scheduled Payments on the Notes in accordance with the Note Policy), but not the obligation, to make payments under the Note Policy or otherwise of interest and principal due on such Notes, in whole or in part, on any date or dates following such acceleration as the Insurer, in its sole discretion, shall elect.

(c) If an Insurer Default shall have occurred and be continuing and an Event of Default shall have occurred and be continuing, the Trustee in its discretion may, or if so requested in writing by Holders holding Notes representing not less than a majority of the Outstanding Amount of the Notes, the Trustee shall, declare by written notice to the Issuer that the Notes become, whereupon they shall become, immediately due and payable at par, together with accrued interest thereon.

(d) If an Insurer Default shall have occurred and be continuing, then at any time after such declaration of acceleration of maturity has been made and before a judgment or decree for payment of the money due has been obtained by the Trustee as hereinafter in this Article V provided, the Holders of Notes representing a majority of the Outstanding Amount of the Notes, by written notice to the Issuer and the Trustee, may rescind and annul such declaration and its consequences if:

(i) the Issuer has paid or deposited with the Trustee a sum sufficient to pay

(ii) all payments of principal of and interest on all Notes and all other amounts that would then be due hereunder or upon such Notes if the Event of Default giving rise to such acceleration had not occurred; and

(iii) all sums paid or advanced by the Trustee hereunder and the reasonable compensation, expenses, disbursements and advances of the Trustee and its agents and counsel; and

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

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

SECTION 5.3. COLLECTION OF INDEBTEDNESS AND SUITS FOR ENFORCEMENT BY TRUSTEE.

(a) The Issuer covenants that if (i) default is made in the payment of any interest on, or principal of, any Note when the same becomes due and payable, the Issuer will, upon demand of the Trustee, pay to it, for the benefit of the Holders of the Notes, the whole amount then due and payable on such Notes for principal and interest, with interest upon the overdue principal, and, to the extent payment at such rate of interest shall be legally enforceable, upon overdue installments of interest, at the Note Interest Rate and in addition thereto such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee and its agents and counsel.

(b) Each Issuer Secured Party hereby irrevocably and unconditionally appoints the Controlling Party as the true and lawful attorney-in-fact of such Issuer Secured Party for so long as such Issuer Secured Party is not the Controlling Party, with full power of substitution, to execute, acknowledge and deliver any notice, document, certificate, paper, pleading or instrument and to do in the name of the Controlling Party as well as in the name, place and stead of such Issuer Secured Party such acts, things and deeds for or on behalf of and in the name of such Issuer Secured Party under this Indenture (including specifically under SECTION 5.4) and under the other Basic Documents which such Issuer Secured Party could or might do or which may be necessary, desirable or convenient in such Controlling Party's sole discretion to effect the purposes contemplated hereunder and under the other Basic Documents and, without limitation, following the occurrence of an Event of Default, exercise full right, power and authority to take, or defer from taking, any and all acts with respect to the administration, maintenance or disposition of the Trust Estate.

(c) If an Event of Default occurs and is continuing, the Trustee may in its discretion subject to the consent of the Controlling Party and shall, at the direction of the Controlling Party (except as provided in SECTION 5.3(D) below), proceed to protect and enforce its rights and the rights of the Noteholders by such appropriate Proceedings as the Trustee or the Controlling Party shall deem most effective to protect and enforce any such rights, whether for the specific enforcement of any covenant or agreement in this Indenture or in aid of the exercise of any power granted herein, or to enforce any other proper remedy or legal or equitable right vested in the Trustee by this Indenture or by law.

(d) [RESERVED].

(e) In case there shall be pending, relative to the Issuer or any other obligor upon the Notes or any Person having or claiming an ownership interest in the Trust Estate, proceedings under Title 11 of the United States Code or any other applicable Federal or state bankruptcy, insolvency or other similar law, or in case a receiver, assignee or trustee in bankruptcy or reorganization, liquidator, sequestrator or similar official shall have been appointed for or taken possession of the Issuer or its property or such other obligor or Person, or in case of any other comparable judicial proceedings relative to the Issuer or other obligor upon the Notes, or to the creditors or property of the Issuer or such other obligor, the Trustee, irrespective of whether the principal of any Notes shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Trustee shall have made any demand pursuant to the provisions of this Section, shall be entitled and empowered, by intervention in such proceedings or otherwise:

(i) to file and prove a claim or claims for the whole amount of principal and interest owing and unpaid in respect of the Notes and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for reasonable compensation to the Trustee and each predecessor Trustee, and their respective agents, attorneys and counsel, and for

reimbursement of all expenses and liabilities incurred, and all advances made, by the Trustee and each predecessor Trustee, except as a result of negligence, bad faith or willful misconduct) and of the Noteholders allowed in such proceedings;

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

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

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

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

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

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

(i) In any proceedings brought by the Trustee (and also any proceedings involving the interpretation of any provision of this Indenture or the Master Spread Account Agreement), the Trustee shall be held to represent all the Holders of the Notes, and it shall not be necessary to make any Noteholder a party to any such proceedings.

SECTION 5.4. REMEDIES.

If an Event of Default shall have occurred and be continuing, the Controlling Party may do one or more of the following (subject to Section 5.5):

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

(ii) institute or direct the Trustee to institute Proceedings from time to time for the complete or partial foreclosure of this Indenture with respect to the Trust Estate;

(iii) exercise or direct the Trustee to exercise any remedies of a secured party under the UCC and take any other appropriate action to protect and enforce the rights and remedies of the Trustee and the Holders of the Notes; and

(iv) sell or direct the Trustee to sell the Trust Estate or any portion thereof or rights or interest therein, at one or more public or private sales (including, without limitation, the sale of the Collateral in connection with a securitization thereof) called and conducted in any manner permitted by law; provided, however, that if the Trustee is the Controlling Party, the Trustee may not sell or otherwise liquidate the Trust Estate following an Event of Default unless

(A) such Event of Default is of the type described in Section 5.1(i) or (ii), or

(B) either

(x) the Holders of a Note Majority consent thereto, or

(y) the proceeds of such sale or liquidation distributable to the Noteholders are sufficient to discharge in full all amounts then due and unpaid upon such Notes for principal and interest.

Solely with respect to clause (y), in determining such sufficiency or insufficiency the Trustee may, but need not, obtain and rely upon an opinion of an Independent investment banking or accounting firm of national reputation as to the feasibility of such proposed action and as to the sufficiency of the Trust Estate for such purpose.

SECTION 5.5. OPTIONAL PRESERVATION OF THE RECEIVABLES.

If the Trustee is the Controlling Party and if the Notes have been declared to be due and payable under Section 5.2 following an Event of Default and such declaration and its consequences have not been rescinded and annulled, the Trustee may, but need not, elect to maintain possession of the Trust Estate. It is the desire of the parties hereto and the Noteholders that there be at all times sufficient funds for the payment of principal of and interest on the Notes, and the Trustee shall take such desire into account when determining whether or not to maintain possession of the Trust Estate. In determining whether to maintain possession of the Trust Estate, the Trustee may, but need not, obtain and rely upon an opinion of an Independent investment banking or accounting firm of national reputation as to the feasibility of such proposed action and as to the sufficiency of the Trust Estate for such purpose.

SECTION 5.6. PRIORITIES.

(a) Following (1) the acceleration of the Notes pursuant to SECTION 5.2 or (2) if an Insurer Default shall have occurred and be continuing, the occurrence of an Event of Default pursuant to SECTION 5.1(i), 5.1(ii), 5.1(iv), 5.1(v) or 5.1(VI) of this Indenture, the Total Distribution Amount, together with any other amounts on deposit in the Collection Account and the Principal Funding Account, including any money or property collected pursuant to SECTION 5.4 of this Indenture shall be applied by the Trustee on the related Payment Date in the order of priority specified in Section 5.7 of the Sale and Servicing Agreement.

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

SECTION 5.7. LIMITATION OF SUITS.

No Holder of any Note shall have any right to institute any proceeding, judicial or otherwise, with respect to this Indenture, or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless:

(i) such Holder has previously given written notice to the Trustee of a continuing Event of Default;

(ii) the Holders of not less than 25% of the Outstanding Amount of the Notes have made written request to the Trustee to institute such proceeding in respect of such Event of Default in its own name as Trustee hereunder;

(iii) such Holder or Holders have offered to the Trustee indemnity reasonably satisfactory to it against the costs, expenses and liabilities to be incurred in complying with such request;

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

(v) no direction inconsistent with such written request has been given to the Trustee during such 60-day period by the Holders of a majority of the Outstanding Amount of the Notes; and

(vi) an Insurer Default shall have occurred and be continuing;

it being understood and intended that no one or more Holders of Notes shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the rights of any other Holders of Notes or to obtain or to seek to obtain priority or preference over any other Holders or to enforce any right under this Indenture, except in the manner herein provided.

In the event the Trustee shall receive conflicting or inconsistent requests and indemnity from two or more groups of Holders of Notes, each representing less than a majority of the Outstanding Amount of the Notes, the Trustee in its sole discretion may determine what action, if any, shall be taken, notwithstanding any other provisions of this Indenture.

SECTION 5.8. UNCONDITIONAL RIGHTS OF NOTEHOLDERS TO RECEIVE PRINCIPAL AND INTEREST.

Notwithstanding any other provisions of this Indenture, the Holder of any Note shall have the right, which is absolute and unconditional, to receive payment of the principal of and interest, if any, on such Note on or after the respective due dates thereof expressed in such Note or in this Indenture (or, in the case of prepayment, on or after the Prepayment Date) and to institute suit for the enforcement of any such payment, and such right shall not be impaired without the consent of such Holder.

SECTION 5.9. RESTORATION OF RIGHTS AND REMEDIES.

If the Controlling Party or any Noteholder has instituted any proceeding to enforce any right or remedy under this Indenture and such proceeding has been discontinued or abandoned for any reason or has been determined adversely to the Trustee or to such Noteholder, then and in every such case the Issuer, the Trustee and the Noteholders shall, subject to any determination in such Proceeding, be restored severally and respectively to their former positions hereunder, and thereafter all rights and remedies of the Trustee and the Noteholders shall continue as though no such proceeding had been instituted.

SECTION 5.10. RIGHTS AND REMEDIES CUMULATIVE.

No right or remedy herein conferred upon or reserved to the Controlling Party or to the Noteholders is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

SECTION 5.11. DELAY OR OMISSION NOT A WAIVER.

No delay or omission of the Controlling Party or any Holder of any Note to exercise any right or remedy accruing upon any Default or Event of Default shall impair any such right or remedy or constitute a waiver of any such Default or Event of Default or an acquiescence therein. Every right and remedy given by this Article V or by law to the Trustee or to the Noteholders may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the Noteholders, as the case may be.

SECTION 5.12. CONTROL BY NOTEHOLDERS.

If the Trustee is the Controlling Party, the Holders of a majority of the Outstanding Amount of the Notes shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee with respect to the Notes or exercising any trust or power conferred on the Trustee; provided that

(i) such direction shall not be in conflict with any rule of law or with this Indenture;

(ii) subject to the express terms of SECTION 5.4, any direction to the Trustee to sell or liquidate the Trust Estate shall be by the Holders of Notes representing not less than a Note Majority;

(iii) if the conditions set forth in SECTION 5.5 have been satisfied and the Trustee elects to retain the Trust Estate pursuant to such Section, then any direction to the Trustee by Holders of Notes representing less than a Note Majority to sell or liquidate the Trust Estate shall be of no force and effect; and

(iv) the Trustee may take any other action deemed proper by the Trustee that is not inconsistent with such direction;

PROVIDED, HOWEVER, that, subject to SECTION 6.1, the Trustee need not take any action that it determines might involve it in liability or might materially adversely affect the rights of any Noteholders not consenting to such action.

SECTION 5.13. WAIVER OF PAST DEFAULTS.

If an Insurer Default shall have occurred and be continuing, prior to the declaration of the acceleration of the maturity of the Notes as provided in Section 5.2, the Holders of Notes of not less than a majority of the Outstanding Amount of the Notes may waive any past Default or Event of Default and its consequences except a Default or Event of Default (i) in payment of principal of or interest on any of the Notes or (ii) in respect of a covenant or

provision hereof which cannot be modified or amended without the consent of the Holder of each Note. In the case of any such waiver, the Issuer, the Trustee and the Holders of the Notes shall be restored to their former positions and rights hereunder, respectively; but no such waiver shall extend to any subsequent or other Default or Event of Default or impair any right consequent thereto.

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

SECTION 5.14. UNDERTAKING FOR COSTS.

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

SECTION 5.15. WAIVER OF STAY OR EXTENSION LAWS.

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

SECTION 5.16. SUBROGATION.

The Trustee shall receive as attorney-in-fact of each Noteholder any Note Policy Claim Amount from the Insurer. Any and all Note Policy Claim Amounts disbursed by the Trustee from claims made under the Note Policy shall not be considered payment by the Issuer with respect to such Notes, and shall not discharge the obligations of the Issuer with respect thereto. The Insurer shall, to the extent it makes any payment with respect to the Notes,

become subrogated to the rights of the recipient of such payments to the extent of such payments. Subject to and conditioned upon any payment with respect to the Notes by or on behalf of the Insurer, the Trustee shall assign to the Insurer all rights to the payment of interest or principal with respect to the Notes which are then due for payment to the extent of all payments made by the Insurer, and the Insurer may exercise any option, vote, right, power or the like with respect to the Notes to the extent that it has made payment pursuant to the Note Policy. To evidence such subrogation, the Note Registrar shall note the Insurer's rights as subrogee upon the register of Noteholders upon receipt from the Insurer of proof of payment by the Insurer of any Noteholders' Interest Distributable Amount or Noteholders' Principal Distributable Amount. The foregoing subrogation shall in all cases be subject to the rights of the Noteholders to receive all Scheduled Payments in respect of the Notes.

SECTION 5.17. PREFERENCE CLAIMS.

(a) In the event that the Trustee has received a certified copy of a final, non-appealable order of the appropriate court that any Noteholders' Interest Distributable Amount or Noteholders' Principal Distributable Amount paid on a Note has been avoided in whole or in part as a preference payment under applicable bankruptcy law, the Trustee shall so notify the Insurer, shall comply with the provisions of the Note Policy to obtain payment by the Insurer of such avoided payment, and shall, at the time it provides notice to the Insurer, notify Holders of the Notes by mail that, in the event that any Noteholder's payment is so recoverable, such Noteholder will be entitled to payment pursuant to the terms of the Note Policy. The Trustee shall furnish to the Insurer at its written request, the requested records it holds in its possession evidencing the payments of principal of and interest on Notes, if any, which have been made by the Trustee and subsequently recovered from Noteholders, and the dates on which such payments were made. Pursuant to the terms of the Note Policy, the Insurer will make such payment on behalf of the Noteholder to the receiver, conservator, debtor-in-possession or trustee in bankruptcy named in the Order (as defined in the Note Policy) and not to the Trustee or any Noteholder directly (unless a Noteholder has previously paid such payment to the receiver, conservator, debtor-in-possession or trustee in bankruptcy, in which case the Insurer will make such payment to the Trustee for distribution to such Noteholder upon proof of such payment reasonably satisfactory to the Insurer).

(b) The Trustee shall promptly notify the Insurer of any proceeding or the institution of any action (of which the Trustee has actual knowledge) seeking the avoidance as a preferential transfer under applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (a "PREFERENCE CLAIM") of any payment made with respect to the Notes. Each Holder, by its purchase of Notes, and the Trustee hereby agree that so long as (i) an Insurer Default shall not have occurred and be continuing, (ii) any amounts due to the Insurer under the Insurance Agreement or the other Basic Documents remain unpaid or (iii) the Note Policy has not expired in accordance with its terms,

the Insurer may at any time during the continuation of any proceeding relating to a Preference Claim direct all matters relating to such Preference Claim including, without limitation, (1) the direction of any appeal of any order relating to any Preference Claim and (2) the posting of any surety, supersedeas or performance bond pending any such appeal at the expense of the Insurer, but subject to reimbursement as provided in the Insurance Agreement. In addition, and without limitation of the foregoing, as set forth in Section 5.16, the Insurer shall be subrogated to, and each Noteholder and the Trustee hereby delegate and assign, to the fullest extent permitted by law, the rights of the Trustee and each Noteholder in the conduct of any proceeding with respect to a Preference Claim, including, without limitation, all rights of any party to an adversary proceeding action with respect to any court order issued in connection with any such Preference Claim.

ARTICLE VI

THE TRUSTEE

SECTION 6.1. DUTIES OF TRUSTEE.

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

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

(i) the Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

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

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

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

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

(iii) the Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to SECTION 5.12.

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

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

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

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

(h) The Trustee shall permit any representative of the Insurer or the Initial Note Purchaser, during the Trustee's normal business hours, to examine all books of account, records, reports and other papers of the Trustee relating to the Notes, to make copies and extracts therefrom and to discuss the Trustee's affairs and actions, as such affairs and actions relate to the Trustee's duties with respect to the Notes, with the Trustee's officers and employees responsible for carrying out the Trustee's duties with respect to the Notes.

(i) The Trustee shall, and hereby agrees that it will, perform all of the obligations and duties required of it under the Sale and Servicing Agreement.

(j) The Trustee shall, and hereby agrees that it will, hold the Note Policy in trust, and will hold any proceeds of any claim on the Note Policy in trust solely for the use and benefit of the Noteholders.

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

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

SECTION 6.2. RIGHTS OF TRUSTEE.

Subject to Sections 6.1 and this Section 6.2, the Trustee shall be protected and shall incur no liability to the Issuer or any Issuer Secured Party in relying upon the accuracy, acting in reliance upon the contents, and assuming the genuineness of any notice, demand, certificate, signature, instrument or other document reasonably believed by the Trustee to be genuine and to have been duly executed by the appropriate signatory, and, except to the extent the Trustee has actual knowledge to the contrary or as required pursuant to Section 6.1 the Trustee shall not be required to make any independent investigation with respect thereto.

(a) Before the Trustee acts or refrains from acting, it may require an Officer's Certificate. Subject to Section 6.1(c), the Trustee shall not be liable for any action it takes or omits to take in good faith in reliance on the Officer's Certificate.

(b) The Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys or a custodian or nominee, and the Trustee shall not be responsible for any misconduct or negligence on the part of, or for the supervision of Consumer Portfolio Services, Inc., or any other such agent, attorney, custodian or nominee appointed with due care by it hereunder.

(c) The Trustee shall not be liable for any action it takes or omits to take in good faith which it believes to be authorized or within its rights or powers; provided, however, that the Trustee's conduct does not constitute willful misconduct, negligence or bad faith.

(d) The Trustee may consult with counsel, and the advice of such counsel or any Opinion of counsel with respect to legal matters relating to this Indenture and the Notes shall be full and complete authorization and protection from liability in respect to any action taken, omitted or suffered by it hereunder in good faith and in accordance with the advice or opinion of such counsel or Opinion of counsel.

(e) The Trustee shall be under no obligation to institute, conduct or defend any litigation under this Indenture or in relation to this Indenture, at the request, order or direction of any of the Holders of Notes or the Controlling Party, pursuant to the provisions of this Indenture, unless such Holders of Notes or the Controlling Party shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities that may be incurred therein or thereby; PROVIDED, HOWEVER, that the Trustee shall, upon the occurrence of an Event of Default (that has not been cured), exercise the rights and powers vested in it by this Indenture in accordance with SECTION 6.1.

(f) The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, approval, bond or other paper or document, unless requested in writing to do so by the Insurer (so

long as no Insurer Default shall have occurred and be continuing) or (if an Insurer Default shall have occurred and be continuing) by the Holders of Notes evidencing not less than 25% of the Outstanding Amount thereof; provided, however, that if the payment within a reasonable time to the Trustee of the costs, expenses or liabilities likely to be incurred by it in the making of such investigation is, in the opinion of the Trustee, not reasonably assured to the Trustee by the security afforded to it by the terms of this Indenture or the Sale and Servicing Agreement, the Trustee may require reasonable indemnity against such cost, expense or liability as a condition to so proceeding; the reasonable expense of every such examination shall be paid by the Person making such request, or, if paid by the Trustee, shall be reimbursed by the Person making such request upon demand.

SECTION 6.3. INDIVIDUAL RIGHTS OF TRUSTEE.

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

SECTION 6.4. TRUSTEE'S DISCLAIMER.

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

SECTION 6.5. NOTICE OF DEFAULTS.

If an Event of Default occurs and is continuing and if it is either known by, or written notice of the existence thereof has been delivered to, a Responsible Officer of the Trustee, the Trustee shall mail to each Noteholder notice of the Default within 30 days after such knowledge or notice occurs. Except in the case of a Default in payment of principal of or interest on any Note (including payments pursuant to the mandatory redemption provisions of such Note, if any), the Trustee may withhold the notice if and so long as a committee of its Responsible Officers in good faith determines that withholding the notice is in the interests of Noteholders.

SECTION 6.6. REPORTS BY TRUSTEE TO HOLDERS.

The Trustee shall on behalf of the Issuer deliver to each Noteholder such information as may be reasonably required to enable such Holder to prepare its Federal and state income tax returns.

SECTION 6.7. COMPENSATION AND INDEMNITY.

(a) The Issuer shall pay to the Trustee from time to time compensation for its services pursuant to Section 5.7 of the Sale and Servicing Agreement or as otherwise agreed pursuant to the Fee Schedule or other writing in accordance with the Sale and Servicing Agreement. The Trustee's compensation shall not be limited by any law on compensation of a trustee of an express trust. The Issuer shall reimburse the Trustee, pursuant to Section 5.7 of the Sale and Servicing Agreement, for all reasonable out-of-pocket expenses incurred or made by it, including costs of collection, in addition to the compensation for its services. Such expenses shall include the reasonable compensation and expenses, disbursements and advances of the Trustee's agents, counsel, accountants and experts. The Issuer shall or shall cause the Servicer to indemnify the Trustee against any and all loss, liability or expense incurred by the Trustee without willful misfeasance, negligence or bad faith on its part arising out of or in connection with the acceptance or the administration of this trust and the performance of its duties hereunder, including the costs and expenses of defending itself against any claim or liability in connection therewith. The Trustee shall notify the Issuer and the Servicer promptly of any claim for which it may seek indemnity. Failure by the Trustee to so notify the Issuer and the Servicer shall not relieve the Issuer of its obligations hereunder or the Servicer of its obligations under Article XII of the Sale and Servicing Agreement. The Trustee may have separate counsel and the Issuer shall or shall cause the Servicer to pay the fees and expenses of such counsel. Neither the Issuer nor the Servicer need reimburse any expense or indemnify against any loss, liability or expense incurred by the Trustee through the Trustee's own willful misconduct, negligence or bad faith.

(b) The Issuer's payment obligations to the Trustee pursuant to this Section shall survive the discharge of this Indenture. When the Trustee incurs expenses after the occurrence of a Default specified in SECTION 5.1(A)(V) or (VI) with respect to the Issuer, the expenses are intended to constitute expenses of administration under Title 11 of the United States Code or any other applicable Federal or state bankruptcy, insolvency or similar law. Notwithstanding anything else set forth in this Indenture or the other Basic Documents, the recourse of the Trustee hereunder and under the other Basic Documents shall be to the Trust Estate only and specifically shall not be recourse to the other assets of the Issuer or the assets of any Noteholder. In addition, the Trustee agrees that its recourse to the Issuer, the Trust Estate, the Seller and amounts held pursuant to the Master Spread Account Agreement shall be limited to the right to receive the distributions referred to in Section 5.7 of the Sale and Servicing Agreement.

SECTION 6.8. REPLACEMENT OF TRUSTEE.

The Trustee may resign at any time by providing 60 days' prior written notice to the Issuer, the Noteholders, the Insurer and the Rating Agencies; provided however that no such resignation shall be effective unless and until a successor Trustee has been appointed and has accepted such appointment in accordance with this Section 6.8. The Issuer may, with the consent of the Controlling Party, and at the request of the Controlling Party, shall remove the Trustee if:

(i) the Trustee fails to comply with SECTION 6.11;

(ii) a court having jurisdiction in the premises in respect of the Trustee in an involuntary case or proceeding under federal or state banking or bankruptcy laws, as now or hereafter constituted, or any other applicable federal or state bankruptcy, insolvency or other similar law, shall have entered a decree or order granting relief or appointing a receiver, liquidator, assignee, custodian, trustee, conservator, sequestrator (or similar official) for the Trustee or for any substantial part of the Trustee's property, or ordering the winding-up or liquidation of the Trustee's affairs;

(iii) an involuntary case under the federal bankruptcy laws, as now or hereafter in effect, or another present or future federal or state bankruptcy, insolvency or similar law is commenced with respect to the Trustee and such case is not dismissed within 60 days;

(iv) the Trustee commences a voluntary case under any federal or state banking or bankruptcy laws, as now or hereafter constituted, or any other applicable federal or state bankruptcy, insolvency or other similar law, or consents to the appointment of or taking possession by a received, liquidator, assignee, custodian, trustee, conservator or sequestrator (or other similar official) for the Trustee or for any substantial part of the Trustee's property, or makes any assignment for the benefit of creditors or fails generally to pay its debts as such debts become due or takes any corporate action in furtherances of any of the foregoing; or

(v) the Trustee otherwise becomes incapable of acting.

If the Trustee resigns or is removed or if a vacancy exists in the office of Trustee for any reason (the Trustee in such event being referred to herein as the retiring Trustee), the Issuer shall promptly appoint a successor Trustee acceptable to the Insurer (so long as an Insurer Default shall not have occurred and be continuing). If the Issuer fails to appoint such a successor Trustee, the Controlling Party may appoint a successor Trustee.

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

If a successor Trustee does not take office within 60 days after the retiring Trustee resigns or is removed, the retiring Trustee, the Issuer or the Holders of a majority in outstanding Amount of the Notes may petition any court of competent jurisdiction for the appointment of a successor Trustee.

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

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

SECTION 6.9. SUCCESSOR TRUSTEE BY MERGER.

(a) If the Trustee consolidates with, merges or converts into, or transfers all or substantially all its corporate trust business or assets to, another corporation or banking association, the resulting, surviving or transferee corporation without any further act shall be the successor Trustee. The Trustee shall provide the Rating Agencies prior written notice of any such transaction.

(b) In case at the time such successor or successors to the Trustee by merger, conversion or consolidation shall succeed to the trusts created by this Indenture any of the Notes shall have been authenticated but not delivered, any such successor to the Trustee may adopt the certificate of authentication of any predecessor trustee, and deliver such Notes so authenticated; and in case at that time any of the Notes shall not have been authenticated, any successor to the Trustee may authenticate such Notes either in the name of any predecessor hereunder or in the name of the successor to the Trustee; and in all such cases such certificates shall have the full force which it is anywhere in the Notes or in this Indenture provided that the certificate of the Trustee shall have.

SECTION 6.10. APPOINTMENT OF CO-TRUSTEE OR SEPARATE TRUSTEE.

(a) Notwithstanding any other provisions of this Indenture, at any time, for the purpose of meeting any legal requirement of any jurisdiction in which any part of the Trust Estate may at the time be located, the Trustee with the consent of the Insurer (so long as an Insurer Default shall not have occurred and be continuing) shall have the power and may execute and deliver all instruments to appoint one or more Persons to act as a co-trustee or co-trustees, or separate trustee or separate trustees, of all or any part of the Trust Estate, and to vest in such Person or Persons, in such capacity and for the benefit of the Noteholders, such title to the Trust Estate, or any part thereof, and, subject to the other provisions of this Section, such powers, duties, obligations, rights and trusts as the Trustee may consider necessary or desirable. No co-trustee or separate trustee hereunder shall be required to meet the terms of eligibility as a successor trustee under Section 6.11 and no notice to Noteholders of the appointment of any co-trustee or separate trustee shall be required under Section 6.8 hereof.

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

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

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

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

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

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

SECTION 6.11. ELIGIBILITY: DISQUALIFICATION.

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

SECTION 6.12. [RESERVED].

SECTION 6.13. APPOINTMENT AND POWERS.

Subject to the terms and conditions hereof, each of the Issuer Secured Parties hereby appoints Bank One Trust Company, N.A. as the Trustee, custodian, agent and bailee with respect to the Collateral, and Bank One Trust Company, N.A. hereby accepts such appointment and agrees to act as Trustee, custodian, agent and bailee with respect to the Collateral for the Issuer Secured Parties, to maintain custody and possession of such Collateral (except as otherwise provided hereunder) and to perform the other duties of the Trustee in accordance with the provisions of this Indenture and the other Basic Documents. Each Issuer Secured Party hereby authorizes the Trustee to take such action on its behalf, and to exercise such rights, remedies, powers and privileges hereunder, as the Controlling Party may direct and as are specifically authorized to be exercised by the Trustee by the terms hereof, together with such actions, rights, remedies, powers and privileges as are reasonably incidental thereto. The Trustee shall act upon and in compliance with the written instructions of the Controlling Party delivered pursuant to this Indenture promptly following receipt of such written instructions; provided that the Trustee shall not act in accordance with any instructions (i) which are not authorized by, or in violation of the provisions of, this Indenture, (ii) which are in violation of any applicable law, rule or regulation or (iii) for which the Trustee has not received reasonable indemnity. Receipt of such instructions shall not be a condition to the exercise by the Trustee of its express duties hereunder, except where this Indenture provides that the Trustee is permitted to act only following and in accordance with such instructions.

SECTION 6.14. PERFORMANCE OF DUTIES.

The Trustee shall have no duties or responsibilities except those expressly set forth in this Indenture and the other Basic Documents to which the Trustee is a party or as directed by the Controlling Party in accordance with this Indenture. The Trustee shall not be required to take any discretionary actions hereunder except at the written direction and with the indemnification of the Controlling Party and as provided in Section 5.12. The Trustee shall, and hereby agrees that it will, perform all of the duties and obligations required of it under the Sale and Servicing Agreement.

SECTION 6.15. LIMITATION ON LIABILITY.

Neither the Trustee nor any of its directors, officers or employees shall be liable for any action taken or omitted to be taken by it or them in good faith hereunder, or in connection herewith, except that the Trustee shall be liable for its negligence, bad faith or willful misconduct. Notwithstanding any term or provision of this Indenture, the Trustee shall incur no liability to the Issuer or the Issuer Secured Parties for any action taken or omitted by the Trustee in connection with the Collateral, except for the negligence, bad faith or willful misconduct on the part of the Trustee, and,

further, shall incur no liability to the Issuer Secured Parties except for negligence, bad faith or willful misconduct in carrying out its duties to the Issuer Secured Parties. The Trustee shall at all times be free independently to establish to its reasonable satisfaction, but shall have no duty to independently verify, the existence or nonexistence of facts that are a condition to the exercise or enforcement of any right or remedy hereunder or under any of the Basic Documents. The Trustee may consult with counsel, and shall not be liable for any action taken or omitted to be taken by it hereunder in good faith and in accordance with the written advice of such counsel. The Trustee shall not be under any obligation to exercise any of the remedial rights or powers vested in it by this Indenture or to follow any direction from the Controlling Party unless it shall have received reasonable security or indemnity satisfactory to the Trustee against the costs, expenses and liabilities which might be incurred by it.

SECTION 6.16. [RESERVED].

SECTION 6.17. SUCCESSOR TRUSTEE.

(a) MERGER. Any Person into which the Trustee may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its trust business and assets as a whole or substantially as a whole, or any Person resulting from any such conversion, merger, consolidation, sale or transfer to which the Trustee is a party, shall (provided it is otherwise qualified to serve as the Trustee hereunder) be and become a successor Trustee hereunder and be vested with all of the title to and interest in the Collateral and all of the trusts, powers, descriptions, immunities, privileges and other matters as was its predecessor without the execution or filing of any instrument or any further act, deed or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding, except to the extent, if any, that any such action is necessary to perfect, or continue the perfection of, the security interest of the Issuer Secured Parties in the Collateral; provided that any such successor shall also be the successor Trustee under SECTION 6.9.

(b) REMOVAL. The Trustee may be removed by the Insurer (or, if an Insurer Default has occurred and is continuing, by a Note Majority) at any time, with or without cause, by an instrument or concurrent instruments in writing delivered to the Trustee, the other Issuer Secured Party and the Issuer. A temporary successor may be removed at any time to allow a successor Trustee to be appointed pursuant to SUBSECTION (c) below. Any removal pursuant to the provisions of this subsection (b) shall take effect only upon the date which is the latest of (i) the effective date of the appointment of a successor Trustee and the acceptance in writing by such successor Trustee of such appointment and of its obligation to perform its duties hereunder in accordance with the provisions hereof, and (ii) receipt by the Insurer (or, if an Insurer Default has occurred and is continuing, all the Holders of the Notes) of an Opinion of Counsel to the effect described in SECTION 3.6.

(c) ACCEPTANCE BY SUCCESSOR. The Insurer (or, if an Insurer Default has occurred and is continuing, a Note Majority) shall have the sole right to appoint each successor Trustee. Every temporary or permanent successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor and to the Trustee, each Issuer Secured Party and the Issuer an instrument in writing accepting such appointment hereunder and the relevant predecessor shall execute, acknowledge and deliver such other documents and instruments as will effectuate the delivery of all Collateral to the successor Trustee, whereupon such successor, without any further act, deed or conveyance, shall become fully vested with all the estates, properties, rights, powers, duties and obligations of its predecessor. Such predecessor shall, nevertheless, on the written request of either Issuer Secured Party or the Issuer, execute and deliver an instrument transferring to such successor all the estates, properties, rights and powers of such predecessor hereunder. In the event that any instrument in writing from the Issuer or an Issuer Secured Party is reasonably required by a successor Trustee to more fully and certainly vest in such successor the estates, properties, rights, powers, duties and obligations vested or intended to be vested hereunder in the Trustee, any and all such written instruments shall at the request of the temporary or permanent successor Trustee, be forthwith executed, acknowledged and delivered by the Trustee or the Issuer, as the case may be. The designation of any successor Trustee and the instrument or instruments removing any Trustee and appointing a successor hereunder, together with all other instruments provided for herein, shall be maintained with the records relating to the Collateral and, to the extent required by applicable law, filed or recorded by the successor Trustee in each place where such filing or recording is necessary to effect the transfer of the Collateral to the successor Trustee or to protect or continue the perfection of the security interests granted hereunder.

SECTION 6.18. [RESERVED].

SECTION 6.19. REPRESENTATIONS AND WARRANTIES OF THE TRUSTEE.

The Trustee represents and warrants to the Issuer and to each Issuer Secured Party as follows:

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

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

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

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

SECTION 6.20. WAIVER OF SETOFFS.

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

SECTION 6.21. CONTROL BY THE CONTROLLING PARTY.

The Trustee shall comply with notices and instructions given by the Issuer pursuant to the Basic Documents only if accompanied by the written consent of the Controlling Party, except that if any Event of Default shall have occurred and be continuing, the Trustee shall act upon and comply with notices and instructions given by the Controlling Party alone in the place and stead of the Issuer.

ARTICLE VII

NOTEHOLDERS' LISTS AND REPORTS

SECTION 7.1. ISSUER TO FURNISH TO TRUSTEE NAMES AND ADDRESSES OF NOTEHOLDERS.

The Issuer will furnish or cause to be furnished to the Trustee (a) not more than five days after the earlier of (i) each Record Date and (ii) three months after the last Record Date, a list, in such form as the Trustee may reasonably require, of the names and addresses of the Holders as of such Record Date, (b) at such other times as the Trustee may request in writing, within 30 days after receipt by the Issuer of any such request, a list of similar form and content as of a date not more than 10 days prior to the time such list is furnished; provided, however, that so long as the Trustee is the Note Registrar, no such list shall be required to be furnished. The Trustee or, if the Trustee is not the Note Registrar, the Issuer shall furnish to the Insurer in writing on an annual basis on each March 31 and at such other times as the Insurer may request a copy of the list.

SECTION 7.2. PRESERVATION OF INFORMATION; COMMUNICATIONS TO NOTEHOLDERS.

The Trustee shall preserve, in as current a form as is reasonably practicable, the names and addresses of the Holders contained in the most recent list furnished to the Trustee as provided in Section 7.1 and the names and addresses of Holders received by the Trustee in its capacity as Note Registrar. The Trustee may destroy any list furnished to it as provided in such Section 7.1 upon receipt of a new list so furnished.

ARTICLE VIII

COLLECTION OF MONEY AND RELEASES OF TRUST ESTATE

SECTION 8.1. COLLECTION OF MONEY.

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

SECTION 8.2. RELEASE OF TRUST ESTATE.

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

(b) The Trustee shall, at such time as there are no Notes outstanding and all sums due the Insurer under any of the Basic Documents and all sums due the Trustee pursuant to SECTION 6.7 have been paid, release any remaining portion of the Trust Estate that secured the Notes from the lien created by this Indenture and release to the Issuer or any other Person entitled thereto any funds then on deposit in the Pledged Accounts. The Trustee shall release property from the lien created by this Indenture pursuant to this SECTION 8.2(b) only upon receipt of an Issuer Request accompanied by an Officer's Certificate.

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

ARTICLE IX

SUPPLEMENTAL INDENTURES

SECTION 9.1. SUPPLEMENTAL INDENTURES WITH THE CONSENT OF THE INSURER.

(a) Without the consent of the Holders of any Notes but with the prior written consent of the Insurer (unless an Insurer Default shall have occurred and be continuing) and with prior notice to the Rating Agencies by the Issuer, as evidenced to the Trustee, the Issuer and the Trustee, when authorized by an Issuer Order, at any time and from time to time, may enter into one or more indentures supplemental hereto, in form satisfactory to the Trustee, for any of the following purposes:

(i) to correct or amplify the description of any property at any time subject to the lien created by this Indenture, or better to assure, convey and confirm unto the Trustee any property subject or required to be subjected to the lien created by this Indenture, or to subject additional property to the lien created by this Indenture;

(ii) to evidence the succession, in compliance with the applicable provisions hereof, of another person to the Issuer, and the assumption by any such successor of the covenants of the Issuer herein and in the Notes contained;

(iii) to add to the covenants of the Issuer, for the benefit of the Holders of the Notes, or to surrender any right or power herein conferred upon the Issuer;

(iv) to convey, transfer, assign, mortgage or pledge any property to or with the Trustee;

(v) to cure any ambiguity, to correct or supplement any provision herein or in any supplemental indenture which may be inconsistent with any other provision herein or in any supplemental indenture or to make any other provisions with respect to matters or questions arising under this Indenture or in any supplemental indenture; PROVIDED that such action

shall not materially and adversely affect the interests of the Noteholders or the Insurer as evidenced by satisfaction of the Rating Agency Condition; or

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

The Trustee is hereby authorized to join in the execution of any such supplemental indenture and to make any further appropriate agreements and stipulations that may be therein contained.

(b) The Issuer and the Trustee, when authorized by an Issuer Order, may, also without the consent of any of the Holders of the Notes but with the consent of the Insurer, if no Insurer Default has occurred and is continuing, and with prior notice to the Rating Agencies by the Issuer, as evidenced to the Trustee, enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to, or changing in any manner or eliminating any of the provisions of, this Indenture or of modifying in any manner the rights of the Holders of the Notes under this Indenture; provided, however, that such action shall not, as evidenced by an Opinion of Counsel, adversely affect in any material respect the interests of any Noteholder.

SECTION 9.2. SUPPLEMENTAL INDENTURES WITH CONSENT OF NOTEHOLDERS.

(a) The Issuer and the Trustee, when authorized by an Issuer Order, also may, with prior written notice to the Rating Agencies, with the consent of the Insurer (unless an Insurer Default shall have occurred and be continuing) and if the Insurer is no longer the Controlling Party, with the consent of the Holders of not less than a majority of the Outstanding Amount of the Notes, enter into an indenture or indentures supplemental hereto for any purpose; provided, however, that, no such supplemental indenture shall, without the consent of the Holder of each Outstanding Note affected thereby:

(i) change the date of payment of any installment of principal of or interest on any Note, or reduce the principal amount thereof, the interest rate thereon or the Prepayment Price with respect thereto, change the provision of this Indenture relating to the application of collections on, or the proceeds of the sale of, the Trust Estate to payment of principal of or interest on the Notes, or change any place of payment where, or the coin or currency in which, any Note or the interest thereon is payable; PROVIDED, HOWEVER, that any change necessitated by the assumption by the Backup Servicer or Standby Servicer or other successor Servicer to the duties of CPS, as Servicer, which results in the Payment Date becoming the same date as the Insured Payment Date shall not be considered an event which requires the consent of the Trustee, the Insurer or any Noteholder;

(ii) impair the right to institute suit for the enforcement of the provisions of this Indenture requiring the application of funds available therefor, as provided in Article V, to the payment of any such amount due on the Notes on or after the respective due dates thereof (or, in the case of redemption, on or after the Prepayment Date);

(iii) reduce the percentage of the Outstanding Amount of the Notes, the consent of the Holders of which is required for any such supplemental indenture, or the consent of the Holders of which is required for any waiver of compliance with certain provisions of this Indenture or certain defaults hereunder and their consequences provided for in this Indenture;

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

(v) reduce the percentage of the Outstanding Amount of the Notes required to direct the Trustee to direct the Issuer to sell or liquidate the Trust Estate pursuant to Section 5.4;

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

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

(viii) permit the creation of any lien ranking prior to or on a parity with the lien created by this Indenture with respect to any part of the Trust Estate or, except as otherwise permitted or contemplated herein or in any of the Basic Documents, terminate the lien created by this Indenture on any property at any time subject hereto or deprive the Holder of any Note of the security provided by the lien created by this Indenture.

(b) The Trustee may determine whether or not any Notes would be affected by any supplemental indenture and any such determination shall be conclusive upon the Holders of all Notes, whether theretofore or thereafter authenticated and delivered hereunder. The Trustee shall not be liable for any such determination made in good faith.

(c) It shall not be necessary for any Act of Noteholders under this Section to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such Act shall approve the substance thereof.

(d) Promptly after the execution by the Issuer and the Trustee of any supplemental indenture pursuant to this Section, the Trustee shall mail to the Insurer and the Holders of the Notes to which such amendment or supplemental indenture relates a notice setting forth in general terms the substance of such supplemental indenture. Any failure of the Trustee to mail such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such supplemental indenture.

SECTION 9.3. EXECUTION OF SUPPLEMENTAL INDENTURES.

In executing, or permitting the additional trusts created by, any supplemental indenture permitted by this Article IX or the modifications thereby of the trusts created by this Indenture, the Trustee shall be entitled to receive, and subject to SECTIONS 6.1 and 6.2, shall be fully protected in relying upon, an Opinion of Counsel stating that the execution of such supplemental indenture is authorized or permitted by this Indenture. The Trustee may, but shall not be obligated to, enter into any such supplemental indenture that affects the Trustee's own rights, duties, liabilities or immunities under this Indenture or otherwise.

SECTION 9.4. EFFECT OF SUPPLEMENTAL INDENTURE.

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

SECTION 9.5. [RESERVED].

SECTION 9.6. REFERENCE IN NOTES TO SUPPLEMENTAL INDENTURES.

Notes authenticated and delivered after the execution of any supplemental indenture pursuant to this Article IX may, and if required by the Issuer shall, bear a notation in form approved by the Issuer as to any matter provided for in such supplemental indenture. If the Issuer shall so determine, new Notes so modified as to conform, in the opinion of the Issuer, to any such supplemental indenture may be prepared and executed by the Issuer and authenticated and delivered by the Trustee in exchange for Outstanding Notes.

ARTICLE X

PREPAYMENT OF NOTES

SECTION 10.1. PREPAYMENT OF NOTES.

Subject to the provisions of Section 2.15 following any prepayment in accordance herewith, the Notes shall be prepayable in whole, but not in part, on any Business Day (each such day, a "Prepayment Date") at a price (the "Prepayment Price") equal to the sum of (a) the outstanding principal amount of the Notes as of the Accounting Date related to such Prepayment Date and (b) all interest accrued on the Notes and unpaid as of such Prepayment Date in accordance with the terms hereof. In addition, subject to the provisions of Section 2.15, the Notes may be prepaid in whole upon the direction of the Majority Noteholders without the consent of the Controlling Party, or in part upon the discretion of the Majority Noteholders with the consent of the Controlling Party, in each case in accordance with Section 10.4 herein. To the extent there is more than one Note Outstanding, principal prepayments with respect thereto shall be applied pro rata among all such Notes, without priority or preference of any kind.

SECTION 10.2. NOTICE OF PREPAYMENT.

Notice of the prepayment of the Notes shall be given (a) at any time prior to the occurrence of an Amortization Event, at the direction of the Majority Noteholders in accordance with Section 10.4, and (b) after the occurrence of an Amortization Event, upon the direction of the Controlling Party, in each case by the Trustee by facsimile transmission, courier or first class mail, postage prepaid, mailed, faxed or couriered not less than 30 days prior to the related Prepayment Date, to each Holder of Notes, at such Holder's address appearing in the Note Register, to the Initial Note Purchaser and to the Insurer.

All notices of prepayment shall state:

(a) the Prepayment Date;

(b) the aggregate outstanding principal balance of the Notes to be prepaid; and

(c) the Prepayment Price.

Failure to give notice of prepayment, or any defect therein, to any Holder of any Note shall not impair or affect the validity of such prepayment.

SECTION 10.3. DEPOSIT OF PREPAYMENT PRICE; RELEASE OF LIEN OF INDENTURE.

(a) On or prior to any Prepayment Date, as a condition to the release of the lien created by this Indenture with respect to the Collateral related to the prepayment to occur on such Prepayment Date, an amount equal to the sum of (a) the Prepayment Price and (b) all amounts due and owing (as of the next succeeding Payment Date) pursuant to Section 5.7(a)(i)-(vi) and (ix) of the

Sale and Servicing Agreement shall be on deposit in the Collection Account, the Principal Funding Account and/or the Note Distribution Account for payment in accordance with Section 5.7(a) of the Sale and Servicing Agreement on such Prepayment Date.

SECTION 10.4. PREPAYMENT UPON SECURITIZATION OF RECEIVABLES.

Subject to Section 10.2, the Majority Noteholders may direct the Issuer to sell all or portions of the Receivables into a term securitization transaction approved by the Majority Noteholders (a "Take-Out Securitization") (a) the proceeds of which are sufficient to pay (i) all amounts due in connection with a full or partial prepayment of the Notes in accordance with this ARTICLE X and (ii) all amounts then due and owing the Insurer and (b) in which equity and any residual interest therein is retained by the Issuer or an Affiliate thereof. Upon such direction, the Majority Noteholders shall direct the Trustee to deliver a notice of prepayment of the Notes in accordance with Section 10.2 and the Notes shall be repaid in accordance with this ARTICLE X. In the event that the requirements for a Take-Out Securitization set forth above are not satisfied, the sale of receivables and Take-Out Securitization shall not be consummated and the Notes shall remain outstanding and payable in accordance with their terms. No Noteholder shall have any claim against the Issuer or the Insurer resulting solely from the Issuer's failure to consummate such Take-Out Securitization, unless such failure results from the Issuer's or any Affiliate's (i) refusal to consummate a Take-Out Securitization that would, absent such refusal, result in the Notes being paid in full or (ii) negligence, bad faith or willful misconduct.

SECTION 10.5. NOTES PREPAYABLE ON ANY DATE.

Notice of prepayment having been given as aforesaid, the Notes so to be prepaid shall, on the date on which such prepayment shall occur, become due and payable at the Prepayment Price therein specified, and from and after such date (unless the Issuer shall default in the payment of the Prepayment Price and subject to the provisions of Section 2.15) such Notes shall cease to bear interest.

If any Note called for prepayment shall not be so paid upon presentment thereof for prepayment in whole, the principal shall, until paid, bear interest from the date on which such prepayment in whole shall occur at the Note Interest Rate.

ARTICLE XI

MISCELLANEOUS

SECTION 11.1. COMPLIANCE CERTIFICATES AND OPINIONS, ETC.

(a) Except as set forth herein, upon any application or request by the Issuer to the Trustee to take any action under any provision of this Indenture (other than any request hereunder by the Issuer for a Note Increase), the Issuer shall furnish to the Trustee and to the Insurer (i) an

Officer's Certificate stating that all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with, and (ii) an Opinion of Counsel stating that in the opinion of such counsel all such conditions precedent, if any, have been complied with, except that, in the case of any such application or request as to which the furnishing of such documents is specifically required by any provision of this Indenture, no additional certificate or opinion need be furnished.

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

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

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

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

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

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

(c) Whenever the Issuer is required to furnish to the Trustee and the Insurer an Officer's Certificate certifying or stating the opinion of any signer thereof as to the matters described in CLAUSE (b) above, the Issuer shall also deliver to the Trustee and the Insurer an Independent Certificate as to the same matters, if the fair value to the Issuer of the securities to be so deposited and of all other such securities made the basis of any such withdrawal or release since the commencement of the then-current fiscal year of the Issuer, as set forth in the certificates delivered pursuant to CLAUSE (b) above and this CLAUSE (c) is 10% or more of the Outstanding Amount of the Notes, but such a certificate need not be furnished with respect to any securities so deposited, if the fair value thereof to the Issuer as set forth in the related Officer's Certificate is less than $25,000 or less than 1% percent of the Outstanding Amount of the Notes.

(d) Other than with respect to the release of any Purchased Receivables or Liquidated Receivables, whenever any property or securities are to be released from the lien created by this Indenture, the Issuer shall also furnish to the Trustee and the Insurer an Officer's Certificate certifying or stating the opinion of each person signing such certificate as to the fair value (within 90 days of such release) of the property or securities proposed to be released and stating that in the opinion of such person the proposed release will not impair the security under this Indenture in contravention of the provisions hereof.

(e) Whenever the Issuer is required to furnish to the Trustee and the Insurer an Officer's Certificate certifying or stating the opinion of any signer thereof as to the matters described in CLAUSE (d) above, the Issuer shall also furnish to the Trustee and the Insurer an Independent Certificate as to the same matters if the fair value of the property or securities and of all other property other than Purchased Receivables and Liquidated Receivables, or securities released from the lien created by this Indenture since the commencement of the then current calendar year, as set forth in the certificates required by CLAUSE (d) above and this CLAUSE (e), equals 10% or more of the Outstanding Amount of the Notes, but such certificate need not be furnished in the case of any release of property or securities if the fair value thereof as set forth in the related Officer's Certificate is less than $25,000 or less than 1 percent of the then Outstanding Amount of the Notes.

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

SECTION 11.2. FORM OF DOCUMENTS DELIVERED TO TRUSTEE.

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

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

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

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

(d) Whenever in this Indenture, in connection with any application or certificate or report to the Trustee, it is provided that the Issuer shall deliver any document as a condition of the granting of such application, or as evidence of the Issuer's compliance with any term hereof, it is intended that the truth and accuracy, at the time of the granting of such application or at the effective date of such certificate or report (as the case may be), of the facts and opinions stated in such document shall in such case be conditions precedent to the right of the Issuer to have such application granted or to the sufficiency of such certificate or report. The foregoing shall not, however, be construed to affect the Trustee's right to rely upon the truth and accuracy of any statement or opinion contained in any such document as provided in Article VI.

SECTION 11.3. ACTS OF NOTEHOLDERS.

(a) Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be given or taken by Noteholders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Noteholders in person or by agents duly appointed in writing; and except as herein otherwise expressly provided such action shall become effective when such instrument or instruments are delivered to the Trustee, and, where it is hereby expressly required, to the Issuer. Such instrument or instruments (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the "Act" of the Noteholders signing such instrument or instruments. Proof of execution of any such instrument or of a writing appointing any such agent shall be sufficient for any purpose of this Indenture and (subject to Section 6.1) conclusive in favor of the Trustee and the Issuer, if made in the manner provided in this Section.

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

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

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

SECTION 11.4. NOTICES, ETC., TO TRUSTEE, ISSUER AND RATING AGENCIES.

(a) Any request, demand, authorization, direction, notice, consent, waiver or Act of Noteholders or other documents provided or permitted by this Indenture to be made upon, given or furnished to or filed with:

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

(ii) the Issuer by the Trustee or by any Noteholder shall be sufficient for every purpose hereunder if personally delivered, delivered by overnight courier or mailed certified mail, return receipt requested and shall deemed to have been duly given upon receipt to the Issuer addressed to: CPS Funding LLC, in care of the Chief Financial Officer or at such other address previously furnished in writing to the Trustee by the Issuer. The Issuer shall promptly transmit any notice received by it from the Noteholders to the Trustee; or

(iii) the Insurer by the Issuer or the Trustee shall be sufficient for any purpose hereunder if in writing and mailed by registered mail or personally delivered or telexed or telecopied to the recipient as follows:

To the Insurer:

Financial Security Assurance Inc.
350 Park Avenue
New York, NY 10022
Attention: Surveillance Department
Telex No.: (212) 688-3101
Confirmation: (212) 826-0100
Telecopy Nos.: (212) 339-3518 or
(212) 339-3529

(In each case in which notice or other communication to the Insurer refers to an Event of Default, a claim on the Note Policy or with respect to which failure on the part of the Insurer to respond shall be deemed to constitute consent or acceptance, then a copy of such notice or other communication should also be sent to the attention of the General Counsel and the Head--Financial Guaranty Group "URGENT MATERIAL ENCLOSED.")

(iv) the Initial Purchaser shall be sufficient for any purpose hereunder if in writing and mailed by registered mail or personally delivered or telexed or telecopied to the recipient as follows:

To the Initial Purchaser:

Greenwich Capital Markets, Inc.
600 Steamboat Road
Greenwich, Connecticut 06830
Telex No.: (203) 618-2153
Confirmation No.:(203) 625-2757
Telecopy No.: (203) 618-2154

(b) Notices required to be given to the Rating Agencies by the Issuer or the Trustee shall be in writing, personally delivered, delivered by overnight courier or mailed certified mail, return receipt requested to (i) in the case of Moody's, at the following address: Moody's Investors Service, Inc., 99 Church Street, New York New York 10004 and (ii) in the case of S&P, at the following address: Standard & Poor's Ratings Group, a Division of The McGraw Hill Companies, 55 Water Street, New York, New York 10041, Attention: Asset-Backed Surveillance Department; or as to each of the foregoing, at such other address as shall be designated by written notice to the other parties.

SECTION 11.5. NOTICES TO NOTEHOLDERS; WAIVER.

(a) Where this Indenture provides for notice to Noteholders of any event, such notice shall be sufficiently given (unless otherwise expressly provided herein) if in writing and mailed, first-class, postage prepaid to each Noteholder affected by such event, at his address as it appears on the Note Register, not later than the latest date, and not earlier than the earliest date, prescribed for the giving of such notice. In any case where notice to Noteholders is given by mail, neither the failure to mail such notice nor any defect in any notice so mailed to any particular Noteholder shall affect the sufficiency of such notice with respect to other Noteholders, and any notice that is mailed in the manner herein provided shall conclusively be presumed to have been duly given.

(b) Where this Indenture provides for notice in any manner, such notice may be waived in writing by any Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Noteholders shall be filed with the Trustee but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such a waiver.

(c) In case, by reason of the suspension of regular mail service as a result of a strike, work stoppage or similar activity, it shall be impractical to mail notice of any event to Noteholders when such notice is required to be given pursuant to any provision of this Indenture, then any manner of giving such notice as shall be satisfactory to the Trustee shall be deemed to be a sufficient giving of such notice.

(d) Where this Indenture provides for notice to the Rating Agencies, failure to give such notice shall not affect any other rights or obligations created hereunder, and shall not under any circumstance constitute a Default or Event of Default.

SECTION 11.6. ALTERNATE PAYMENT AND NOTICE PROVISIONS.

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

SECTION 11.7. [RESERVED].

SECTION 11.8. EFFECT OF HEADINGS AND TABLE OF CONTENTS.

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

SECTION 11.9. SUCCESSORS AND ASSIGNS.

All covenants and agreements in this Indenture and the Notes by the Issuer shall bind its successors and assigns, whether so expressed or not. All agreements of the Trustee in this Indenture shall bind its successors. All agreements of the Trustee in this Indenture shall bind its successors.

SECTION 11.10. SEVERABILITY.

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

SECTION 11.11. BENEFITS OF INDENTURE.

The Insurer and its successors and assigns shall be a third-party beneficiary to the provisions of this Indenture, and shall be entitled to rely upon and directly to enforce such provisions of this Indenture so long as no Insurer Default shall have occurred and be continuing. Nothing in this Indenture or in the Notes, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder, and the Noteholders, and any other party secured hereunder, and any other person with an ownership interest in any part of the Trust Estate, any benefit or any legal or equitable right, remedy or claim under this Indenture. The Insurer may disclaim any of its rights and powers under this Indenture (in which case the Trustee may exercise such right or power hereunder), but not its duties and obligations under the Note Policy, upon delivery of a written notice to the Trustee.

SECTION 11.12. LEGAL HOLIDAYS.

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

SECTION 11.13. GOVERNING LAW.

THIS INDENTURE SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REFERENCE TO ITS CONFLICT OF LAW PROVISIONS, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

SECTION 11.14. COUNTERPARTS.

This Indenture may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

SECTION 11.15. RECORDING OF INDENTURE.

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

SECTION 11.16. ISSUER OBLIGATION.

No recourse may be taken, directly or indirectly, with respect to the obligations of the Issuer, the Seller, the Servicer or the Trustee on the Notes or under this Indenture or any certificate or other writing delivered in connection herewith or therewith, against (i) the Seller, the Servicer, or the Trustee in its individual capacity (ii) any owner of a beneficial interest in the Issuer or (iii) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Seller, the Servicer or the Trustee in its individual capacity, any holder of a beneficial interest in the Issuer, the Seller, the Servicer or the Trustee or of any successor or assign of the Seller, the Servicer, or the Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Trustee has no such obligations in its individual capacity) and except that any such partner, owner or beneficiary shall be fully liable, to the extent provided by applicable law, for any unpaid consideration for stock, unpaid capital contribution or failure to pay any installment or call owing to such entity.

SECTION 11.17. NO PETITION.

The Trustee, by entering into this Indenture, and each Noteholder, by purchasing a Note, hereby covenants and agrees that they will not at any time institute against the Issuer, or join in any institution against the Issuer of, any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings, or other proceedings under any United States Federal or state bankruptcy or similar law in connection with any obligations relating to the Notes, this Indenture or any of the Basic Documents.

SECTION 11.18. INSPECTION.

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

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

CPS FUNDING LLC

By:

Name:
Title:

BANK ONE TRUST COMPANY N.A.

By:

Name:
Title: