



Dealer Program Guidelines

Schedule "A"

Effective August 2015

CONSUMER PORTFOLIO SERVICES, INC.

These guidelines, including the (Exhibit "A") attached hereto and incorporated herein by reference as though set forth in full, provide criteria that allow Dealers to understand what CPS will approve and purchase, and what CPS will not approve or purchase. Only authorized CPS personnel at the corporate office have the right of approval.

CPS is committed to maintaining a culture of fair lending throughout the organization. CPS does not discriminate against any applicant with respect to any aspect of a credit transaction on the basis of sex, marital status, race, color, religion, national origin, age (provided applicant has the legal capacity to enter into a binding contract), the fact that all or part of the applicant's income is derived from a public assistance program, the applicant's good faith exercise of rights under the Consumer Credit Protection Act, sexual orientation, military status, familial status or disability. All dealers shall treat all customers and prospective customers fairly and consistently throughout the entire credit process without regard to prohibited basis or nondiscriminatory category.

CPS reserves the right to approve or turn down any application or contract and all credit decisions are at the sole discretion of CPS.

Buyer Profile

The typical CPS Buyer has prior credit problems that may include bankruptcy, repossession, charge-offs, collection accounts, judgments or tax liens.

The CPS Buyer has experienced Situational Credit Problems and is not chronically unwilling to pay credit obligations.

The Buyer or Co-Applicant must be the person who will be driving the Vehicle (no straw purchases). Both Applicants must reside at the same address in order to **be considered Co-Applicants** and to combine their incomes.

The Buyer must be listed on line one of the Credit Application. If the Buyer has an existing auto loan, it must be traded in. No refinancing vehicles for the Buyer or Co-Applicant. Vehicles previously owned by or titled to the Buyer, Co-Applicant or other persons associated with the Buyer or Co-Applicant on or prior to the date of the Contract are prohibited without the written consent of CPS. Only one open auto loan per licensed applicant, multiple vehicles are acceptable on a case by case basis to CPS.

Residence

Residence Stability. Generally, a Buyer must have a minimum of one (1) year of continuous occupancy at the present residence or may be considered if less than one (1) year with a three (3) year history of residence in the same area. Changing residence due to relocation by the same employer is acceptable as long as CPS can verify the previous residence.

Buyers living in motels/hotels, RV's or any other temporary facility is unacceptable.

Employment

Employment Stability. Buyer must be a regular permanent W-2 employee on the date CPS purchases the Contract. Buyer must have a minimum of one (1) year of continuous regular, permanent employment at present job or CPS will consider with a three (3) year history of continuous regular, permanent employment with no major job gaps. Current employment less than 6 months is unacceptable. More than 2 jobs in one year or three jobs in three years are unacceptable. Minimum 1-year job for First Time Buyer programs. Current and previous employment (if applicable) will be verified.

Previous employment must be verifiable, no cell phones. Previous employment that is out of business or cannot be verified is unacceptable. Previous self-employment, Family Owned business, or 1099 employment is unacceptable.

Buyers paid through temp/third party agencies are acceptable provided they meet CPS job requirements on their current and previous assignment(s). (CPS does not accept buyers paid through temp/third party agencies that change assignments frequently or have gaps in assignments).

Seasonal employment is not acceptable. If affiliated with a Union, applicant must be a member for at least one year or otherwise must meet the Employment Stability requirements set forth above. Union employees whose income fluctuates or who have received income from more than one employer during the year will require a current paystub, the previous year's W2's and/or the last paystub from every assignment worked during the current year to document income.

CPS will not purchase a Contract for a Buyer on a leave of absence until Buyer has returned to permanent work status and can provide pay stubs documenting income for at least two full pay periods reflecting an amount of income acceptable to CPS. Buyer under agreement to terminate is unacceptable.

Buyers with Two Jobs: To consider income from two jobs, each job must demonstrate acceptable job history. The Buyer needs to have one (1) year on the primary job, or an acceptable three year history, and the Buyer must be on the second job for a minimum of one (1) year.

Co-buyers: CPS does not consider co-signers for applicants not meeting minimum requirements. Co-buyers without joint credit must qualify individually. Co-buyers must each meet the minimum qualifying credit, income, job and residence requirements (as applicable). Co-buyers living in separate addresses are not eligible. The Primary buyer (person driving the vehicle) must be on line one.

Powers of Attorney

CPS does not accept a Power of Attorney for the purpose of executing Applications or Contracts.

Military Buyer

A service member cannot be on terminal leave prior to or at time of funding. Member must be assigned to a duty station within the United States. All other requirements for CPS Buyers throughout this Schedule "A" and in the CPS Exhibit "A" also apply to Military Buyers.

First Time Buyer/ Limited Credit

A First Time Buyer (FTB)/Limited Credit (LTD) is defined as a Buyer who (excluding student loans) does not have at least one \$1500 high single Applied for Credit trade line with an opening date at least three (3) years prior to application date which is either a consumer loan, a credit card, or a mortgage, and which shows is the direct or joint responsibility of the Buyer. If the Buyer is an authorized user of the account, they are still a FTB.

A FTB who has had a Vehicle repossessed, filed bankruptcy or lives with a relative is not acceptable to CPS.

Buyers Employed By Dealership	Commission based employees of the selling dealership affiliates of dealership are not eligible for financing with CPS.
Buyer with Existing CPS Contract	A Buyer who has an existing Contract with CPS must either pay off that CPS Contract or trade in the Vehicle before Buyer is eligible for a new CPS Contract. Only one CPS loan per customer or household. CPS reserves the right to offset funds from new loan proceeds to pay off existing loan.
Budget/Credit	All budget calculations use the gross verifiable monthly income of Buyer.
Rent/House Payment	A minimum amount defined in our Exhibit "A" for the rent or house payment will be used in budget calculations, even if the actual monthly rent is less. This applies even if the Buyer is living rent free. For military Buyers living rent free in base housing there will be no minimum rent factor used in budget calculations. Actual mortgage payment will be used for a homeowner whose monthly payment is less than the minimum amount. Mortgage or lease in a spouse's name that is not on the sales contract will be budgeted for the full rent or mortgage amount as verified. Splitting of rent or mortgage is on a case-by-case basis. Section 8 Housing Assistance is acceptable.
Auto Insurance	<p>A minimum amount defined in our Exhibit "A" for Insurance premium payments will be used in all budget calculations.</p> <p>Casualty Insurance (PDI) cannot be financed in any Contract purchased by CPS. The Dealer must provide CPS with an insurance binder or policy as evidence of comprehensive and collision Vehicle insurance coverage (Maximum \$500 deductible to lienholder).</p> <p>Notwithstanding the above, Dealer is responsible for any and all losses and claims resulting from damage to Vehicle that occur before the date the Contract is purchased by CPS. CPS will not purchase a Contract on a totaled or stolen Vehicle, or on a Vehicle that has an unresolved accident.</p> <p>Proof of Automobile Insurance requires verification of a binder or a policy. CPS must be able to verify coverage and verify that CPS has been added to the policy as first lienholder and as an additional insured as:</p> <p style="text-align: right;">CPS, Inc. P.O. Box 57071 Irvine, CA 92619-7071</p>
Open Obligations	Open obligations shown on credit bureaus or other disclosed debts will be calculated using the scheduled monthly payments. Credit cards will be calculated using the payment amounts reported on the credit bureau or, if not reported, at 5% of the unpaid balance.
Delinquent Credit	CPS does not finance Buyers with multiple or significant currently past due payments.
Charge-Offs, Collections, Judgments and Tax Liens	<p>Charge-offs, collections, judgments and tax liens are generally acceptable if the amount of derogatory credit is less than the amount defined in Exhibit "A" on any given account or if the date of derogatory credit is more than two (2) years prior to the date of the application. The two-year period is calculated from the time the account was charged off, sent to collection or became a judgment. If combined total of tax liens is \$5,000 or more a percentage of the total will be used for budget purposes.</p> <p>CPS will not purchase a Contract on a Buyer who has previously had a charge-off of a Contract originated by CPS.</p>

Bankruptcy	<p>An open Chapter 7 bankruptcy is acceptable; an open Chapter 13 bankruptcy is acceptable upon approval with a Letter of Authorization from the Bankruptcy Trustee. Significant derogatory credit after the bankruptcy discharge will disqualify the Buyer. Chapter 11 Bankruptcy and Chapter 12 Bankruptcy must be discharged to qualify for CPS financing.</p> <p>Multiple discharged bankruptcies or multiple bankruptcy filings will disqualify the Buyer. Only one (1) per Buyer or Co-Buyer combined. However, a Chapter 13 bankruptcy converted directly to a Chapter 7 bankruptcy and discharged will be treated as a single bankruptcy.</p>
Foreclosures	Foreclosures are acceptable with no deficiency balance owed. Buyers currently residing in a home in foreclosure must vacate home and establish new permanent residency prior to contract purchase.
Repossessions	<p>Repossessions less than one year old from date of the credit application are unacceptable.</p> <p>Multiple repossessions are unacceptable. Buyers and Co-Buyers that each has a repossession are unacceptable. Repossessions less than two years old with a deficiency balance of \$5000 or greater are unacceptable unless the buyer can prove they are making payments on the deficiency balance. Repossessions included in a bankruptcy can be less than one year old. Multiple repossessions included in a bankruptcy will be considered on a case-by-case basis.</p>
Multiple Vehicle Loans	An existing CPS loan must be paid off or traded at funding. CPS reserves the right to offset funds from new loan proceeds to pay off existing loan.
Student Loans	CPS does not consider student loans for purposes of evaluating amount or performance of derogatory credit or positive credit. Student loans cannot be used to meet minimum required credit. CPS will budget a percentage of the student loans outstanding if the total of the student loans is \$5000 or greater.
Deal Structure	<p>CPS is looking to purchase contracts on “mainstream” conventional automobiles and light trucks. CPS does not purchase contracts on exotic, high performance or specialty vehicles. Vehicles used for commercial purposes are not acceptable to CPS.</p> <p>CPS will not purchase Contracts on gray market vehicles unless the vehicle meets current U.S. emissions, safety, and warranty standards.</p> <p>CPS will not purchase Contracts on “Salvage”, “Rebuilt”, “Lemon Law,” “TMU”, “Frame or Unibody Damage (including repaired frame or unibody damage)” or other like vehicles. The vehicle must be in good condition at the time CPS purchases the Contract (no stolen or totaled vehicles, unresolved accidents or mechanical issues).</p>
Model Year Change and vehicles not in book	<p>CPS will value past model year vehicles as new vehicles until March 31st each year. After March 31st, past model year vehicles will be valued using the “book” value if available or:</p> <ul style="list-style-type: none"> A. ≤6000 miles at 90% of invoice B. 6001 to 12000 at 85% of invoice C. 12001 to 25000 at 75% of invoice
Wholesale Book	<p>CPS accepts NADA, Kelley, or Black Book values. CPS uses Wholesale Book to determine vehicle value. Wholesale Book is determined by adding/subtracting applicable equipment plus/minus mileage adjustment. Used current model year vehicles will be valued using Kelley Bluebook Lending Value, NADA Clean Trade, or Black Book Clean Wholesale when these values are available. If none of the three values are available CPS will value current used model year vehicles using the following like invoice schedule:</p> <ul style="list-style-type: none"> A. ≤6000 miles at 90% of invoice B. 6001 to 12000 at 85% of invoice C. 12001 to 25000 at 75% of invoice

Service Contract

A Service Contract can be included in a Contract. For New Vehicles the Service Contract must be equal to the term of the Contract. If the Contract term is more than 60 months, CPS will accept a minimum of 60 months. For Used Vehicles the term of the Service Contract must be at least 24 months. CPS will accept a Service Contract with a term of 12 months with proof that the Dealer cannot obtain a 24 month Service Contract for the Vehicle. The advance is reduced for 12 month contracts.

Gap

Gap protection written by dealers must be from a reputable provider. If the Gap provider fails to honor a legitimate claim or goes out of business, the dealer will be charged back for the amount of the Gap advance. Gap protection must be written to equal the term of the contract. Gap is only acceptable from dealers in states where Gap is permitted by law. CPS will advance only as noted on state specific Exhibit "A".

Premium Rebate – Dealer is obligated to rebate to CPS the unearned portion of the premium as of the date of default. For purposes of this Agreement the first date of default shall be the Contract date if the Contract is a "First Payment Default," however, for all other Contract defaults it will be the date of repossession or charge off, whichever occurs first. The unearned portion of the premium is to be calculated as follows:

1. For the Service Contract Premium - the unearned portion of the premium will be calculated based upon a "straight line" amortization of the premium based upon the actual term of the Service Contract or mileage used during the period the Service Contract was in force, whichever results in the larger rebate to CPS.
2. For the Gap Premium – the unearned portion of the premium will be calculated based upon a "straight line" amortization of the premium based upon the actual term of the Gap Contract used during the period the Gap Contract was in force.

The premium rebate is due to CPS from Dealer immediately upon receipt of the billing from CPS, regardless of whether the Dealer has applied for or has received any rebate or refund from the Service Contract or Gap Contract Company. In the event the Dealer, for any reason whatsoever, fails to pay premiums financed in the Contract purchased by CPS or in the event the Dealer, for any reason whatsoever, fails to pay to CPS unearned premiums billed to Dealer by CPS, CPS has, at its option and without having been deemed to have elected any remedy, the right to use funds from the proceeds of any Contract then or subsequently purchased from Dealer to pay those unpaid premiums or to pay those unpaid billings for unearned premium rebates.

Down Payment

Minimum down payment required is defined in Exhibit "A."

1. Cash down payment must be paid from Buyer's own funds and cannot be borrowed. CPS considers advances from Buyer's own credit cards to be borrowed down payment.
2. Deferred down payments (if any) must be disclosed on the contract and buyers order. Any deferred down payments must be scheduled prior to the first payment due date and must be paid prior to CPS purchasing the contract. Hold checks are considered deferred down payments—even if a check guarantee company guarantees them.
3. Third party down payments or dealer assisted down payments are not acceptable to CPS. CPS considers payments by check guarantee companies to be third party down payments.

Trade Equity

Trade in vehicles must be titled in the name of the Buyer (at least 30 days prior to the sale date) to be considered as down payment.

Manufacturer's Rebates

A Manufacturer's Rebate to the Buyer does not count toward the minimum down payment requirement set forth on the current CPS Exhibit "A". The Buyer's cash and/or net trade-in value must equal at least the minimum down payment required on the Exhibit "A".

Sales Tax

Applicable sales tax for customer's state of residency must be disclosed on contract.

**Standard Documents
("STIPS")**

The standard STIPS to be included in the package submitted for purchase:

1. Proof of Income ("POI") for each Buyer
2. Proof of Residence ("POR") for physical address (telephone bill or bank statement preferred)
3. Proof of monthly Rent/Mortgage payment amount
4. List of **5** complete personal references
5. Evidence of Vehicle insurance in customer's name

CPS personnel at the corporate office may stipulate additional documentation or conditions of approval on a case-by-case basis.

NOTE 1: CPS will not purchase a Contract with a past due payment. Any payments which are currently due or could become due prior to CPS purchasing the Contract, must accompany the package. No more than 2 payments can be due on any Contract. If more than 2 payments are due on Contract, the total amount of payments due must be collected as additional down payment and Contract rewritten.

NOTE 2: Upon receipt of Contract and supporting documents for purchase, CPS will verify Employment, Tenancy, Insurance, and References prior to purchasing each Contract. CPS also conducts a Welcome Call interview with the Buyer. These verifications must satisfactorily support the information used to issue the Approval. If the Buyer information verified is different than submitted on the credit application, the Contract may not qualify to be purchased.

NOTE 3: Buyer must be in possession of the vehicle at time of funding. Any unresolved issues including, but not limited to, vehicle not in acceptable working condition, must be resolved prior to funding.

NOTE 4: CPS will not purchase a contract for a customer residing in an area with restrictions on the ability to repossess.

Proof of Income

All income must be verifiable. Cash income is not acceptable. Buyer or Co-Applicant must earn the required minimum gross verifiable income from a single source, not including any overtime. CPS requires specific proof of income.

W-2 Employees

W-2 employees are Buyers who are employed by others and have income taxes and social security contributions withheld and remitted on their behalf by their employer. Required proof of income for W-2 employees includes:

1. Most recent pay stub (within 30 days of Contract) showing year-to-date earnings.
2. If YTD information is not shown, CPS requires consecutive pay stubs disclosing all taxes and deductions covering the past two (2) months. Copies of canceled checks will be required to support hand written pay stubs and may be required for any pay stub if the verification of employment is unsatisfactory.
3. Before May 1st of each year, only base pay will be considered if a previous year's W-2 or December pay stub is not available.
4. Bonus income will be considered on a case-by-case basis. Bonus income received less than quarterly will not be considered in YTD income calculations.

Military

The most recent LES must be a part of the Contract package. See page 2 for details.

**Self Employed or
Independent
Contractor 1099 (Not
Acceptable)**

Self-employed buyers, independent contractors, or 1099 buyers (earned compensation) are not acceptable to CPS.

Self-employed (business for self) previous job time will not be considered in establishing job history. 1099 (independent contractor) previous job time, that can be verified, will be considered on a case-by-case basis in establishing job history.

1099 employees are Buyers who do not have income taxes and social security contributions withheld by an employer.

CPS considers business owners (full or partial) and applicants working for a family owned business to be self-employed –even if they are paid salary on a W-2 basis for regularly scheduled work.

**Unearned Income
Verification**

Unearned income is regular monthly payments to the Buyer from sources other than the Buyer's employer, or place of business. This includes, but is not limited to, Child Support, Alimony, Permanent Disability, Public Assistance, Social Security, Trust Funds, Annuities, and Interest Income. Any unearned income used for the purpose of meeting any budget or income requirements must be verifiable. Unearned income cannot be "grossed up".

Unearned income Ok as primary income: SSI, Permanent Disability, Pension, Public Assistance

Unearned income Ok as secondary income: Child Support/Alimony, Rental Income, Foster/Adoption Income

Supporting documentation, including Court Order, Award Letter, etc., **AND** evidence that the payments are actually being paid to the Buyer must be sent to CPS. The following are acceptable methods of verifying this type of income. Must be for term of the loan.

1. **Child Support** must be court ordered and supported by a copy of the court order plus evidence that payments are actually being received by the Buyer directly through the court or three months consecutive canceled checks or bank statements showing deposits if paid directly to the Buyer.
2. **Alimony** must be court ordered and supported by a copy of the divorce decree plus evidence that payments are actually being received by the Buyer directly through the court or three-months consecutive canceled checks or bank statements if paid directly to buyer.
3. **Permanent Disability Income** will be considered when supported by an award letter, the payments are continuous and there is evidence that the payments are actually being paid to the Buyer. Temporary disability income is not acceptable without evidence that income will continue for the term of the Contract.
4. **Public Assistance** will be considered when supported by documentation showing it is consistent, verifiable and must be received for the term of the loan.
5. **Social Security** payments must be supported by evidence that the payments are currently being paid to the Buyer. Social Security for a dependent being paid to the Buyer must be supported by proof of receiving the payments for the previous six (6) months. Payments to the Buyer must be payable for the term of the loan.
6. **Trust Funds, Interest, Annuities**, etc. Income from these sources must be supported by documentation and will be considered on a case-by-case basis.

**Landline/
Cellphone**

Buyer must have an active telephone at their residence at time of application and funding. Buyer with a cell phone may be considered but cell phones in a third party name are unacceptable.

**Proof of
Residence**

Proof of residence is a document showing the buyers name, physical address and date. Acceptable forms of POR include: gas bill, electricity bill, water bill, bank statement, etc. A US Postal Service postmark cancelled pre-addressed envelope mailed to the Buyer at Buyer's current address is also acceptable. A window envelope is not acceptable. The address must reflect the actual physical location of the property; a post office box or a rural route box is not acceptable.

Homeowner - A Buyer who is a homeowner owns a home, condominium, town home, or other traditional (stick built) residence in Buyer's name. A homeowner may also be a Buyer who owns a manufactured home (mobile home) and who also owns the land upon which the manufactured home is located. CPS does require documentation that the Buyer owns both the manufactured home and the land and that the title to both is in the Buyer's name in order to consider the Buyer a homeowner.

Renter - A Buyer who is a renter does not own the home, condominium, town home, or multi family residence in which they live. CPS classifies a manufactured (mobile) homeowner as a renter if they do not own the land the mobile home sits on.

A Military Buyer living on base is considered to be a renter.

**First Time Buyers/
Limited Credit**

Lives with relatives - A Buyer living with a relative is someone who lives in the same residence with an immediate family member such as father, mother, grandparent, brother, sister, aunt, uncle, child, grandchild, nephew, niece or cousin. A Buyer living with an immediate family member of their spouse is considered to be living with relatives. Even if the Buyer described herein is paying rent to the relative, they are considered to be living with relatives. Living with relatives is unacceptable for the First Time Buyer Program.

First Time Buyer customers must be on the lease where they reside.

Proof of Rent

Proof of Rent/Mortgage payment amount requires a rent receipt, rental Agreement, mortgage statement, or a copy of rent check paid to landlord. Buyer must be current on rental or mortgage payments. NOTE: For renters, the landlord's name and daytime telephone number are required. Buyer's residential status must be current. Buyer's status will be considered not current if property owner is in foreclosure or BK. CPS will budget full rent or mortgage amount as verified. Splitting of rent or mortgage is on a case-by-case basis. Section 8 Housing Assistance is acceptable.

5 Personal References

Personal references must include full name, home address, city, state, zip code, and home telephone number and work telephone number (if applicable) of **five (5)** friends or relatives. CPS prefers at least two (2) relatives of the Buyer. Individuals with same address and/or same phone number will count as only one (1) reference.

Driver's License

A Valid Driver's License for each open auto is required. An identification card or a learner's permit is not acceptable. CPS will not purchase a Contract on a Buyer with an expired or suspended driver license.

Chapter 7 Bankruptcy

A Chapter 7 Bankruptcy Discharge form may be required for recently discharged Chapter 7 bankruptcies or if disposition of the BK filing is unclear.

Chapter 13 Bankruptcy

A Chapter 13 Bankruptcy Discharge form may be required for discharged Chapter 13. Open Chapter 13 BK: Plan must be open for one year, confirmed and need authorization letter from trustee or judge to incur new debt.

Lienholder

The First Lienholder on the ownership certificate, application for title, or other evidence of ownership, must be shown as:

**Consumer Portfolio Services, Inc.
P.O. Box 57071
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