



AUTOMOBILE DEALER AGREEMENT

As of _____, 20____, _____ ("Dealer") and Consumer Portfolio Services, Inc., a California corporation ("CPS"), in consideration of the mutual covenants contained herein and for other valuable consideration, receipt of which is hereby acknowledged, agree as follows:

1. Contracts - Dealer may from time to time forward to CPS for review credit applications received from a prospective or actual purchaser ("Buyer") of a motor vehicle. Such review will be for the purpose of determining (i) whether CPS would purchase from Dealer an installment contract and security agreement, or other enforceable form of agreement accepted by CPS, (in either case, a "Contract") relating to the purchase of a motor vehicle ("Vehicle") by Buyer from Dealer, and (ii) the terms on which CPS would purchase such Contract. The terms and conditions under which CPS currently purchases Contracts are described in the Program Guidelines attached hereto as Schedule A, which are incorporated herein by this reference. Any variance from Schedule A must be disclosed to and approved by CPS. The decision whether to purchase any Contract offered by Dealer shall at all times be at the sole and absolute discretion of CPS.

The purchase price of each such Contract shall be as specified by CPS at the time of purchase. Upon payment to Dealer of the purchase price, full title to the Contract shall pass to CPS. Each Contract will be sold on a "Non-Recourse" basis, subject to the terms and conditions of this Agreement.

2. Representations and Warranties of Dealer - Regarding each Contract sold to CPS, and the related Vehicle, Dealer represents and warrants that:

- (a) the Contract represents a *bona fide* absolute and unconditional sale by Dealer to Buyer of such Vehicle, in the ordinary course of the business of the Dealer, on a time price basis and not on a cash basis;
- (b) the Contract and the underlying sale of the Vehicle were completed in compliance with all applicable laws and regulations;
- (c) statements and information contained in the Contract and each other document submitted by Dealer to CPS are true and accurate;
- (d) the entire down payment described in the Contract was paid by the Buyer at the time and in the manner stated in such Contract;
- (e) the Contract and any Guaranty thereof are genuine, legally valid and enforceable in accordance with their terms;
- (f) there is no right of rescission, setoff, counterclaim or defense that exists or has been asserted or threatened with respect to the Contract, nor is there any valid basis for any such claim;
- (g) the Vehicle has been delivered to the Buyer in good condition and has been accepted by the Buyer;
- (h) the Vehicle is not a salvage vehicle, reconstructed vehicle, lemon law buyback, any vehicle as to which adverse notation is required on the certificate of title, or a structurally damaged vehicle;
- (i) the Buyer's obligations under the Contract are secured by a validly perfected first priority security interest in the Vehicle in favor of CPS, enforceable under state and federal law (including bankruptcy law), and CPS shall receive a certificate of title naming CPS as first priority lienholder within 110 days after the date of sale of the Vehicle to Buyer, and registered in Buyer's name exactly as shown on the Contract;
- (j) as of the date of the sale of the Contract to CPS, all representations and warranties made by Dealer to Buyer with respect to the Contract or the underlying Vehicle, are also made by Dealer to CPS;

- (k) Dealer has good title to the Vehicle, free and clear of all liens, encumbrances, and rights of any third parties, and has full right and authority to sell, transfer and assign the Contract;
 - (l) to the best of Dealer's knowledge, there is no fraudulent scheme, trick or device in connection with the Contract or the sale of the Vehicle that has the effect of evading any of the foregoing representations or warranties; and
 - (m) any service contract, credit insurance policy or other "finance add" that is sold to the Buyer and financed as part of the Contract is refundable at least to the extent required by law. Upon prepayment or default of the Contract within the term of any such item, the refund obligations set forth in Schedule "A" shall apply.
- 3. Authorized Assignment of Contract** - Delivery of a Contract to CPS shall be conclusive proof that the person executing the assignment on behalf of the Dealer was authorized to do so. Failure of the Dealer to object to any sale within 15 days of payment of the purchase price shall be conclusive proof that the assignment was authorized. Any objection by Dealer within those 15 days of payment shall be accompanied by tender of the full amount of the purchase price paid by CPS for the Contract, less any amounts collected by CPS from the Buyer of the related Vehicle.
- 4. Remedies** - Dealer understands that CPS has relied upon each representation, warranty, and agreement set forth in this Agreement as a material part of its decision to purchase any Contract, and agrees that each representation, warranty, and agreement is essential and integral to the terms of this Agreement. If any of these representations, warranties, or agreements is untrue or breached, CPS may recover any resulting damages, or may require (without election of remedies) that Dealer repurchase such Contract. The repurchase price shall be the unpaid Contract balance (including accrued interest) plus the costs and expenses of CPS, including attorney's fees. CPS shall have the right (without election of remedies) to set off against other amount(s) then or later due to Dealer such repurchase price or damages.
- 5. Agreed Interpretations** - In interpreting this Agreement and any assignment of Contracts, it is agreed as follows:
- (a) A down payment will not be considered to have been paid in the manner stated in a Contract if (i) any part thereof was a deferred obligation not properly disclosed as required by applicable law, (ii) any part thereof was lent or paid to the Buyer by Dealer or a representative of the Dealer, (iii) any part thereof is paid by a person other than Buyer (including, without limitation, a check guarantee service), (iv) any check or similar instrument tendered in payment or partial payment thereof was returned unpaid, or (v) Buyer has agreed to pay a deferred down payment (pick-up payment or hold check) prior to the due date of the first scheduled Contract payment, and Buyer fails or has failed to pay any such deferred payment as scheduled. CPS may waive any down payment irregularity described above, and Dealer agrees to advise CPS of the same, so as to enable CPS to decide whether to waive the same.
 - (b) A Contract and the underlying sale of the Vehicle will be considered to have been completed in violation of applicable law if (i) the Buyer did not receive a completely filled-in copy of such Contract at the time of its execution, (ii) any related goods or services, including, without limitation, accessories, credit or physical damage insurance and extended service agreements, were sold in violation of applicable law, or (iii) any of the names or signatures on such Contract are forged, fictitious or assumed, or otherwise not correct.
 - (c) If applicable state law does not provide for registration of a lien on a Vehicle, but does permit registration as a "legal owner," delivery of a certificate of title naming CPS as the original legal owner may take the place of delivery of a certificate of title naming CPS as lien holder. If applicable state law requires that only the Buyer may hold the certificate of title, then delivery of acceptable evidence of registration of the original first lien interest of CPS may take the place of delivery of a certificate of title.
 - (d) Devices that have the effect of evading the representations and warranties appearing above include (i) subsequent to execution of the Contract, and without the consent of CPS, Dealer agrees to any modification of the Contract, (ii) Buyer has agreed to make any payment or payments for purchase of the Vehicle that are not disclosed in the Contract, (iii) any trade-in vehicle whose equity was used

as all or part of the down payment was acquired by Buyer in a Dealer-assisted buy-sell transaction having the effect of inflating the stated value of such trade-in vehicle, and (iv) more than one instrument in the nature of a Contract is executed respecting a single Vehicle.

6. Indemnification by Dealer - Dealer shall indemnify, defend, and hold harmless CPS, its agents, successors, and assigns from and against all "Losses" from any "Claims" brought against CPS relating to the Contract or the underlying Vehicle; provided, however, that such indemnity shall only apply to Claims that arise out of Dealer's breach of its representations, warranties or covenants herein, or out of breach of Dealer's obligations to Buyer. "Losses" means liabilities assessed in a judicial, arbitral or administrative proceeding and include reasonable attorney fees and expenses incurred in such a proceeding or incurred in efforts to avoid such a proceeding. "Claims" means allegations that CPS has a legally enforceable liability, whether raised affirmatively or by way of defense. CPS may tender to Dealer the defense of any such indemnified Claim to Dealer, in which case Dealer, through its counsel, shall defend such Claim on behalf of Dealer and of CPS; alternatively, CPS at its sole discretion may retain its own counsel, in which case Dealer shall pay as incurred the costs and expenses of such defense.

7. Dealer Reserve Programs - CPS may, at its option, offer to purchase certain eligible Contracts for a purchase price greater than the "amount financed" that is stated in such Contracts. A portion of such purchase price is a "Dealer Reserve". The check stub or notice accompanying payment by check for the Contract, or notice accompanying payment by electronic funds transfer for the Contract, will identify a portion of the purchase price thereof as the Dealer Reserve.

Dealer's right to retain the Dealer Reserve with respect to any particular Contract shall terminate (i) if CPS declares such Contract in default prior to receiving from Buyer full payment of the first three regular installments due CPS under the Contract, provided that CPS is entitled under the terms of the Contract to declare such Contract in default, or (ii) if the balance on that Contract is paid in full prior to receipt by CPS of full payment of the first three regular installments due CPS under the Contract. In either such event, Dealer shall repay to CPS the Dealer Reserve within ten days of Dealer's receiving notice from CPS requesting repayment.

Declaration of default and request for repayment of Dealer Reserve shall not be an election of remedies, and the rights and obligations of Dealer and CPS with respect to a Contract shall otherwise be as set forth in this Agreement.

8. Modification and Termination - CPS may grant extensions of time for payment to be made under a Contract, without notice to Dealer and without affecting any obligations of Dealer under this Agreement or with respect to the Contract. The terms and conditions of this Agreement may be altered only by subsequent agreements in writing between Dealer and CPS, except that the Program Guidelines may be revised by CPS from time to time, effective only as to Contracts submitted for purchase after the effective date of such revisions. Any covenants, representations or warranties in the Contract or in the instrument by which Dealer assigns a Contract to CPS shall be in addition to, and shall not vary or limit, the covenants, conditions, representations and warranties contained in this Agreement. This Agreement may be terminated at any time by either party upon notice to the other party, provided, however, such termination shall not affect the responsibilities of CPS or of Dealer as to any Contract purchased prior to receipt of such notice.

9. Changes in Dealer Schedule - Additional Dealerships subject to this Agreement, if any, are listed in Schedule B. The parties agree that Dealer, from time to time, and as necessary because of dealership name changes, dealership closures, dealership divestitures, dealership acquisitions or other dealership status changes, may submit a list of additional Dealerships to be subject to this Agreement, or revise and update the list of additional Dealerships subject to this Agreement which are listed in Schedule B, as appropriate subsequent to the effective date of this Agreement by submitting a request in writing. Dealer hereby represents and warrants (i) that each additional Dealership that is added to Schedule B of this Agreement in accordance with this Section 8 is an affiliate of Dealer, (ii) that Dealer and each dealership are jointly and severally liable for any breach of this Agreement by such Dealership, and (iii) that each such Dealership agrees and understands that it is bound by the terms, conditions, covenants, warranties, and representations of this Agreement. The Dealer shall notify CPS in writing of any changes in Dealership control, ownership, or trade names, for any Dealership subject to this Agreement.

- 10. Compliance** - Dealer will comply with all applicable federal, state and local laws, ordinances, regulations, and orders, including all applicable consumer financial protection laws. Dealer attests that it has appropriate policies and procedures to comply with such laws and this Agreement. Dealer agrees that CPS will have the right, after reasonable notice, to perform an onsite or offsite audit of Dealer for purposes of auditing the Dealer's compliance with applicable laws and this Agreement. Dealer will provide access, documents, and management personnel to assist CPS with the audit. Upon request Dealer will provide complaint information to CPS, and Dealer will immediately notify CPS of any regulatory or enforcement action or material litigation against the Dealer.
- 11. Miscellaneous** - This Agreement is entered into in California, may be enforced in the courts of that State, and shall in all respects be interpreted, enforced and governed by the internal laws of that State. This Agreement shall bind and inure to the benefit of the legal successors and assigns of each party. This Agreement contains the entire agreement and understanding, written or oral, between the parties and concerning the subject matter hereof, and is effective as of the date first written above. All representations, warranties, and covenants contained herein shall apply to any Contract purchased by CPS from Dealer.

Consumer Portfolio Services, Inc.
a California corporation

(Dealer – Legal Name of Dealership)

(Dealer – DBA)

(Dealer – Business Address)

By: _____
(Signature of Owner, Managing Partner, Corporate Officer or LLC Managing Member)

Printed Name: _____

Title: _____

Date: _____

By: _____
(Counter Signature- if required)

Printed Name: _____

Title: _____

Date: _____

CPS: _____
(Signature of CPS Officer)

Title: _____

Date: _____

CONSUMER PORTFOLIO SERVICES, INC.

ACKNOWLEDGMENT FORM

I, _____ hereby confirm that I have received a copy of the CPS New York Fair Lending Plan and Fair Lending Program Policy and Procedure. I acknowledge my responsibility to comply with CPS's fair lending policies and procedures, federal fair lending law, and New York Executive Law § 296-a to the extent such laws are applicable to me.

_____, dba _____
Dealer Name (Legal Name) Dealer DBA (if applicable)

Dealer Address

By: _____
Signature of Owner, Managing Partner,
Corporate Officer, or LLC Managing Member

Printed
Name: _____

Title: _____

Date: _____

Fair Lending Policy and Procedure

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COMPLIANCE MANAGEMENT SYSTEM

Fair Lending Program Manual

This Fair Lending Policy and Procedure ("FL Policy and Procedure") summarizes Consumer Portfolio Services, Inc.'s ("CPS") policy and procedure for dealing with fair lending with respect to its business of purchasing and servicing retail installment contracts ("Contracts") from motor vehicle dealers ("Dealers") and direct lending.

I. General Policy Statement

CPS is committed to maintaining a culture of fair lending throughout the organization. In this regard, CPS has developed this Fair Lending Policy and Procedure ("FL Policy and Procedure") that complies with all applicable fair lending laws and regulations ("FL Laws") and reflects industry best practices. CPS is committed to comply with the letter and spirit of FL Laws. The goal of the FL Policy and Procedure is to carry out CPS's commitment and to be recognized internally and externally (*e.g.*, by senior management, employees, customers, vendors and the public) as dedicated to fair lending principles and demanding of compliance. The FL Policy and Procedure applies to all aspects of the credit products and services offered by CPS (collectively "Credit Products"), and across all of CPS's credit operations, including marketing, underwriting, origination, servicing, collection, loss mitigation, and payoff activities, and to all employees and agents that work for CPS ("Personnel"), members of the Board of Directors, and persons who perform material services for CPS ("Vendors").

II. Structure for Directing the FL Policy and Procedure

The Board of Directors ("Board"), ultimately responsible for CPS's fair lending practices, has reviewed and approved the FL Policy and Procedure. The Board appoints the Executive Vice President and Chief Legal Officer ("Responsible EVP" or "EVP/CLO") to design, implement, manage and maintain the FL Policy and Procedure. The Responsible EVP sits on the Risk Committee and the Compliance and Data Integrity Committee ("CADI") and reports directly to the CEO and President. The Responsible EVP is available to the Board at any time.

The Responsible EVP is supported by all Senior Vice Presidents ("SVPs"). The entire company is responsible for the success of the FL Policy and Procedure. To the extent the Responsible EVP is required to perform a task, the Responsible EVP may appoint a person to act on their behalf.

III. Fair Lending Policy

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 the 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 (15 U.S.C. §§ 1601 et seq.) ("prohibited basis" or "ECOA prohibited basis"), sexual orientation, gender identity, military status, familial status, or disability ("nondiscrimination category"). This prohibition applies to "any aspect of a credit transaction" which means any stage or element of the credit process, which includes application, credit evaluation, credit decision, credit terms, servicing, collection and payoff. All Personnel, Dealers, and Vendors shall treat all customers and prospective customers fairly and consistently throughout the entire credit process without regard to prohibited basis or nondiscrimination category. Collectively, the foregoing shall be referred to as the FL Policy.

The Board of Directors has approved and adopted the FL Policy. CPS's FL Policy will be made available to all Personnel and Vendors.

IV. Statutory and Regulatory Requirements

The fair lending legal and regulatory framework is comprised of federal, state, and local laws and regulations that generally prohibit discrimination in the credit process on specified prohibited bases and/or nondiscrimination categories. FL Laws include, but are not limited to:

- Equal Credit Opportunity Act (15 U.S.C. §§ 1691-1691f) and Regulation B (12 C.F.R. Part 202)
- Applicable state laws that prohibit credit discrimination on specified bases.

A. Equal Credit Opportunity Act (15 U.S.C. §§ 1691-1691f) and Regulation B (12 C.F.R. Part 202)

1. The Equal Credit Opportunity Act ("ECOA") makes it unlawful for any creditor to:
 - Discriminate against any applicant with respect to any aspect of a credit transaction on an ECOA-defined prohibited basis; and
 - Make any oral or written statement, in advertising or otherwise, to applicants or prospective applicants that

would discourage on a prohibited basis a reasonable person from making or pursuing an application.

2. The ECOA prohibited bases are:
 - Race,
 - Color,
 - Religion,
 - National origin,
 - Sex,
 - Marital status,
 - Age (provided the applicant has the capacity to enter into a binding contract),
 - The applicant's receipt of income derived from any public assistance program, or
 - The applicant's exercise, in good faith, of any right under the Consumer Credit Protection Act.
3. Regulation B implements the ECOA and more specifically describes particular actions within the credit process that are prohibited, permitted, and/or required.
4. Actionable Legal Theories
 - a. *Disparate Treatment*. If a policy or practice treats protected classes differently on a prohibited basis (commonly known as "disparate treatment"), the creditor has violated the ECOA and Reg. B.
 - b. *Disparate Impact*. If a policy or practice does not discriminate on a prohibited basis, but has the result or effect of treating protected classes adversely on a prohibited basis (commonly known as "disparate impact" or "disparate effect"), the creditor may have violated the ECOA and Reg. B. The creditor with such a policy or practice does not need to intend to discriminate in order for there to be a violation. If the policy or practice has a discriminatory effect or impact on a prohibited basis, it may be a violation.
 1. The Consumer Financial Protection Bureau ("CFPB") will consider a policy or criterion to have a potentially disparate impact if:
 - A specific policy or criterion is involved;
 - The policy or criterion on its stated terms is neutral;

- The negative effects of the policy or criterion fall disproportionately on applicants in a prohibited basis group;
- There is a causal relationship between the policy or criterion and the adverse result;
- Either of the following:
 - The policy or criterion has no clear rationale, appears to exist merely for convenience or to avoid a minimal expense, or is far removed from common sense or standard industry underwriting practices;
 - OR**
 - Even if there is a sound justification for the policy, it appears that there may be an equally effective alternative for accomplishing the same objective with a smaller disproportionate adverse impact.

c. There is a three-part analysis to determine disparate impact.

1. Does the challenged practice have a disproportionately negative impact on a protected group? If so, the burden shifts to the creditor for the second step.
 2. Does the creditor have a reasonable business justification for the practice? Creditors should be able to establish a reasonable business justification for the practice. If there is no such justification, the practice is unlawful. If a business justification exists, the burden shifts back to the plaintiff for the third step.
 3. Could the creditor's legitimate business need have been met by other means that are less discriminatory in their net effects and less disparate in their impact? If not, then the creditor's challenged practice is not a violation.
5. Regulators may attempt to bring action based on disparate treatment or disparate impact. Please see CPS's Equal Credit Opportunity Act training for more details.

B. State and Local Fair Lending Laws

In addition to those prohibited bases identified under federal law, state laws may add the following prohibited bases:

- Ancestry,
- Childbearing capacity,
- Creed,
- Disability
- Familial status,
- Family responsibilities,
- Gender identity or expression,
- Genetic information,
- Learning disability,
- Matriculation,
- Military status,
- Personal appearance,
- Physical or mental disability,
- Political affiliation,
- Pregnancy,
- Parenthood,
- Order of protection status,
- Religious creed,
- Sexual orientation,
- Status as a victim of intrafamily offense, or
- Unfavorable discharge from the military.

The state laws also prohibit creditor inquiry concerning any of the above prohibited bases.

V. Policies and Procedures

- A.** The FL Policy and Procedure is intended to state with specificity CPS's obligation and commitment to comply with FL Laws, including:

A creditor is not permitted to discriminate on a prohibited basis. Prohibited basis means race, color, religion, national origin, sex, marital status, age, because the person receives some type of public assistance, or because a person has asserted rights under a consumer credit protection statute. Additionally, creditors are not allowed to discriminate based on sexual orientation, military status, familial status, or disability. Persons within these "prohibited basis" and nondiscrimination categories are often referred to as "protected classes."

The purpose of the ECOA, Reg. B and state anti-discrimination laws is for all applicants to be treated fairly in every aspect of a credit transaction, and for a creditor not to be influenced by an applicant's race, color, religion, national origin, sex, marital status, age, that the person receives some type of public assistance or benefits, the fact that the person has, in good faith, exercised a right under the Consumer Credit Protection Act, sexual orientation, military status, familial status, or disability.

The prohibition on discrimination applies to **every** stage of the credit process. This includes (but is not limited to):

- The application procedures, including how credit applications are evaluated;
- The credit terms that are offered;
- The criteria used to evaluate creditworthiness;
- How a customer's account is administered; and
- How a customer's account is handled with respect to delinquency and defaults.

If a policy or practice treats protected classes differently on a prohibited basis, the ECOA and Reg. B may be violated, along with, potentially, state law. This is true whether or not such policy or practice was intended to discriminate. Thus, if a policy or practice has the result or effect of treating protected classes differently on a prohibited basis, the ECOA and Reg. B, and potentially, state law may be violated.

B. CPS's FL Policy and Procedure is founded on policies and procedures that:

1. Ensure that CPS's FL Policy and Procedure are implemented.
 - a. Each department head shall be responsible for ensuring that the policies and procedures that implement CPS's FL Policy and Procedure are included in CPS's operational manuals and are put into effect in operations.
 - b. Each department head shall be responsible for ensuring that the FL Policy and Procedure is distributed to all applicable Personnel and internally marketed.
2. Applicable CPS Personnel are trained on the FL Policy and Procedure
 - a. The Responsible EVP shall ensure that a training program is implemented for all Personnel, as appropriate in light of

their job duties and CPS's fair lending risks, to receive appropriate training. The FL Policy and Procedure training shall be subject to, and may be incorporated into, CPS's overall training program. CPS's FL Policy and Procedure shall be published in connection with the foregoing training.

3. Provide for ongoing monitoring of the effectiveness of CPS's FL Policy and Procedure. The FL Policy and Procedure may be subject to review during the internal Quarterly Compliance Audit and the independent Annual Compliance Audit.
4. Provide for due diligence, assessment, contract requirements, monitoring and remedial action (as applicable and necessary) of Vendors and Dealers, to ensure commitment to compliance with all consumer financial protection laws, including FL Laws and CPS's FL Policy and Procedure.
5. Ensure that CPS's FL Policy and Procedure are reviewed and updated as appropriate. The Responsible EVP shall review the FL Policy and Procedure not less than annually. The Responsible EVP shall periodically report to the Board of Directors on the FL Policy and Procedure. The FL Policy and Procedure shall be subject to CPS's overall compliance review and updating process.

The Responsible EVP shall consider, in connection with their review and updating, the results from monitoring as discussed below and in particular, any indications of disparate treatment and/or disparate impact.

C. CPS requires that:

1. Personnel shall not discriminate in granting, withholding, extending, renewing, or in fixing the terms or conditions of any credit on the basis of race, creed or religion, color, national origin, age, sex, marital status, receipt of income derived from any public assistance program, good faith exercise of rights under the Consumer Credit Protection Act of 1968, sexual orientation, military status, familial status, or disability.
2. Personnel shall not use any form of application for credit or use or make any record or inquiry which expresses, directly or indirectly, any limitation, specification, or discrimination as to race, creed or religion, color, national origin, age, sex, marital status, receipt of income derived from any public assistance program, good faith exercise of rights under the

Consumer Credit Protection Act of 1968, sexual orientation, military status, familial status, or disability.

3. Personnel shall not ask about birth control practices or whether an applicant is going to have children. Personnel may ask about the number and ages of an applicant's children or about dependent-related financial obligations or expenditures if the information is requested without regard to sex, marital status, or any other prohibited basis or nondiscrimination category. Personnel shall not make assumptions, or use aggregate statistics, relating to the likelihood that certain categories of persons will have children or will, for that reason, receive less or interrupted income in the future.
4. Personnel shall not refuse to consider the source of a credit applicant's income, and shall not subject such an applicant's income to discounting, in whole or in part, because of an applicant's race, creed or religion, color, national origin, age, sex, marital status, receipt of income derived from any public assistance program, good faith exercise of rights under the Consumer Credit Protection Act of 1968, sexual orientation, military status, familial status, or disability.
5. Personnel shall not discriminate against a married person because such person does not use or is not known by the surname of his or her spouse.
6. Personnel shall not ask an applicant for information about a spouse or former spouse. However, if the applicant lives in a community property state, Personnel may ask for certain information about the spouse.
7. Personnel may ask whether the applicant will rely on alimony, child support, or separate maintenance payments from a spouse or former spouse as a basis for repaying the credit he or she is applying for.
8. Personnel shall not ask an applicant his or her nationality; but can inquire about permanent residency and immigration status. For example, an applicant's immigration status and ties to the community (like employment and continued residency in the area) could bear on a creditor's ability to obtain repayment. Therefore, creditors may consider immigration status, and they may differentiate between a non-citizen who is a longtime resident with permanent resident status and a non-citizen who is temporarily in the U.S. on a student visa. A creditor must be careful not to arbitrarily deny credit to some aliens, and not others, merely on the grounds that the ones denied credit are not citizens.

9. If an applicant is of age to legally enter into and be bound by a contract, Personnel shall not discriminate on the basis of age. If an applicant is not of legal age, the application shall be declined.
10. Personnel shall not discount or exclude from consideration the income of an applicant or spouse because of a prohibited basis, nondiscrimination category, or because the income comes from part-time employment or an annuity, pension, or other retirement benefit. However, Personnel may consider the amount and probable continuance of any income. When an applicant relies on alimony, child support, or separate maintenance payments in applying for credit, the creditor may consider the payments as income to the extent that they are likely to be consistently received by the applicant.
11. Personnel may consider whether an applicant's income is from a public assistance program only for the purpose of determining a pertinent element of creditworthiness, such as likelihood of continuation of income. This would be similar to how any other type of source of income would be evaluated.
12. Personnel shall not make any oral or written statement, in advertising or otherwise, to applicants or prospective applicants that would discourage them from applying for credit.
13. When using credit history to evaluate an applicant's creditworthiness, Personnel shall consider all of the following:
 - The credit history of accounts that the applicant and spouse are permitted to use or for which both are contractually liable
 - On the applicant's request, any information the applicant provides to explain that the credit history does not accurately reflect the applicant's creditworthiness
 - On the applicant's request, the credit history of any account reported in the name of the applicant's spouse or former spouse that the applicant can demonstrate accurately reflects the applicant's creditworthiness
14. Personnel shall evaluate married and unmarried applicants by the same standards. If CPS receives a joint application, the applicants shall not be treated differently based on the existence, absence, or likelihood of a marital relationship between the parties.
15. Personnel may consider state property laws directly or indirectly to the extent that they affect creditworthiness or the difficulty of recovering collateral upon default.
16. When an applicant is qualified for the applied-for credit, Personnel shall not require the signature of an applicant's

spouse or other person, other than a joint applicant, on any credit instrument. Unless it is clear that an application is "joint," Personnel shall not assume that it is, even if the applicant submits information that includes details about a spouse or other person.

17. With respect to advertising, marketing and otherwise seeking out customers, Personnel shall ensure that
 - a. Advertisements do not state racial or ethnic limitations;
 - b. Advertisements do not use code words or use photos that convey racial or ethnic limitations or preferences;
 - c. CPS not place an advertisement that a reasonable person would regard as indicating minority consumers are less desirable;
 - d. CPS not conduct other forms of marketing differentially in minority or non-minority areas of the market;
 - e. CPS not use a prohibited basis or nondiscrimination category in any pre-screened solicitation; and
 - f. CPS not provide financial incentives to its personnel to place applicants in less advantageous Credit Products.
18. Personnel may not do any of the following on a prohibited basis or nondiscrimination category (*i.e.*, race, creed or religion, color, national origin, age, sex, marital status, receipt of income derived from any public assistance program, good faith exercise of rights under the Consumer Credit Protection Act of 1968, sexual orientation, military status, familial status, or disability):
 - a. Refuse to deal with individuals inquiring about credit;
 - b. Discourage inquiries or applicants by delays, discourtesy, or other means;
 - c. Provide different, incomplete, or misleading information about the availability of credit, application requirements, and processing and approval standards or procedures (including selectively informing applicants about certain credit options while failing to inform them of alternatives);
 - d. Encourage or more vigorously assist only certain inquirers or applicants;
 - e. Refer credit seekers to other institutions, to more costly credit products, or to Credit Products with potentially onerous features;
 - f. Waive or grant exceptions to application procedures or credit standards;
 - g. State a willingness to negotiate;

- h. Use different procedures or standards to evaluate applications;
 - i. Provide certain applicants opportunities to correct or explain adverse or inadequate information, or to provide additional information;
 - j. Accept alternative proofs of creditworthiness;
 - k. Require co-signers;
 - l. Offer or authorize modifications, deferrals, extensions, due date changes;
 - m. Impose or waive late charges and/or other fees;
 - n. Offer payment waivers, alternative payment options and/or settlements;
 - o. Handle skiptracing;
 - p. Initiate repossession or other collection remedies; or
 - q. Offer or handle redemptions, reinstatements or other policies that provide customers the right to retain collateral.
19. Personnel shall advise Dealer if an applicant meets CPS's underwriting standards that would typically qualify him for an alternate credit product, and shall instruct the Dealer to notify the applicant.
20. Personnel shall advise Dealer if CPS has a program wherein it refers applicants to an affiliate, and shall instruct the Dealer to notify the applicant.

VI. Internal Controls

The department heads are responsible for reviewing applicable Policies and Procedures, department manuals, and practices to ensure compliance with FL Laws and to mitigate risk of violating FL law ("fair lending risk(s)). Reviews are to be conducted in all relevant areas of CPS's operations, including, but not limited to:

- Advertising and Marketing
- Credit Product Development
- Dealer Relationships
- Application and Processing
- Credit Risk and Underwriting
- Pricing
- Service Providers
- Servicing and Collection
- Complaint Management
- Compensation
- Training

A. Advertising and Marketing.

1. The SVP of Program Development and/or SVP of Sales, as applicable, are to review, and then forward to the Corporate Legal Department for review, all advertising and marketing materials, campaigns and promotions (collectively "Marketing Material"). The SVP of Program Development and/or SVP of Sales will work with heads of relevant departments, as applicable.
2. The review of Marketing Material will include consideration of fair lending implications, the risk of violation of the FL Law, and the risk of a fair lending claim being asserted with respect to the Marketing Material.
3. When advertising and marketing may include marketing of CPS products by third parties, the SVP of Program Development and/or SVP of Sales and the Corporate Legal Department shall consider any special guidance to such third parties concerning the content and use of such marketing materials.

B. Credit Product Development.

1. The EVP/CLO and applicable senior management are to review new Credit Product development and changes to existing Credit Products ("collectively Product Development"). Changes to existing Credit Products include any material change, adjustment, variation, alteration, enhancement, or other modification of an existing Credit Product.
2. The EVP/CLO and applicable senior management are to review all Product Development prior to launch and consider fair lending implications, the risk of a violation of FL Law, and the risk of a fair lending claim being asserted with respect to the proposed Credit Products.

C. Dealer Relationships.

1. *Solicitation and Selection of Dealers.* CPS shall solicit and select Dealers without regard to the race, creed or religion, color, national origin, age, sex, marital status, receipt of income derived from any public assistance program, good faith exercise of rights under the Consumer Credit Protection

Act of 1968, sexual orientation, military status, familial status, or disability of the dealership's owners or personnel, or of the population of the market area served by the Dealer.

2. *Establishment of Relationship with Dealers.* CPS shall notify Dealers of CPS's commitment to fair lending. CPS shall inform Dealers that CPS expects, and indeed demands, that Dealers comply with all FL Law and inform Dealers that they are prohibited from discriminating against any applicant on a prohibited basis or nondiscrimination category.
3. *Compensation paid to Dealers for Contracts Purchased from Dealers.*
 - a. If CPS has a program that pays Dealers participation in connection with the purchase of Contracts, CPS shall establish a maximum participation amount ("Participation Program"). CPS shall have a maximum participation amount for every program that gives the Dealer the option of marking up the buy-rate provided by CPS.

In establishing the maximum participation amount, CPS shall consider the potential for adverse effects on protected classes, as compared to non-protected classes, and potential for UDAAPs.

- b. If CPS has a program that purchases Contracts on discount or charges a fee to the Dealer to purchase the Contract ("Discount/Fee Program"), CPS shall inform Dealers that they are not permitted to pass along, charge, or otherwise specifically recoup (*i.e.*, increase the price of the vehicle for the amount of the discount or fee) the discount or fee from the customer.

CPS shall consider the potential for adverse effects on protected classes, as compared to non-protected classes, and potential for UDAAPs.

4. *Review of Fair Lending Complaints, Claims and Litigation against Dealers.* Dealers shall be required to report, upon request, to CPS any complaints, claims, or litigation involving alleged or actual fair lending issues, allegations, or violations. Moreover, the Dealer Compliance department monitors

complaints against Dealers, including any complaints involving potential fair lending issues.

5. *Corrective Action with respect to Dealers.* Corrective action may include, but is not limited to: (i) reminding Dealer of CPS's commitment to fair lending and its FL Policy and Procedure, (ii) directing the Dealer to additional materials on fair lending laws and obligations, (iii) restricting or eliminating a Dealer's involvement and/or participation in a program(s) (e.g., reducing/eliminating discretion to markup a buy rate, or withdrawing Dealer from a program), (iv) refusing to purchase Contracts from the Dealer, or (v) other appropriate action.

D. Application and Processing.

1. *Applications.* Credit applications are submitted to CPS via dealers ("Dealers") or directly from consumers and CPS purchases related retail installment sales contracts ("Contracts") from Dealers. Generally, CPS does not have direct contact with applicants from Dealerships prior to making a decision with respect to a credit application. In the event CPS has direct contact with applicants, it will comply with the requirements of all applicable laws during these interactions. Photo identification cards are not accepted and are disposed of before Personnel view, evaluate, and process application packages.
2. *Processing.* CPS will require that all applications be submitted to CPS via DealerTrak, Route One, the CPS website, or other approved systems. If an application is received and it is complete, CPS will evaluate it and make a credit decision.
3. *Documentation.* Personnel will use only the documents specified by CPS's Credit Department for evaluating and processing applications.
4. *Online/ Internet Credit Application Processes.* The Responsible EVP will be advised of all online credit evaluation-related processes, content and materials, including: (i) solicitations to apply online, via telephone, in-person or otherwise; (ii) the online credit application; (iii) content about the online application process; or (iv) about any of CPS's

application methods (collectively "Online Application") prior to such application being launched and/or materially changed.

E. Credit Risk and Underwriting.

The VP of Risk, the SVP of Originations, and/or the Risk Committee shall review material changes to CPS's credit risk and underwriting criteria, including any credit scoring system information. The Responsible EVP shall be advised whenever the credit risk and/or underwriting are materially changed, and assess whether the proposed change(s) violates a FL Law, creates a fair lending risk, and is compatible with CPS's fair lending culture. If the change(s) does not violate a FL Law, but creates or increases a fair lending risk, the VP of Risk, the SVP of Originations, and/or the Risk Committee shall consult with the Responsible EVP to determine how to proceed.

The VP of Risk, the SVP of Originations, the Responsible EVP, and/or the Risk Committee shall consider, in connection with its review of the credit risk and underwriting criteria, the results from any applicable monitoring and in particular, any indications of disparate treatment and/or disparate impact.

CPS's credit scoring system (*i.e.*, scorecard) shall be:

- Based on data that is derived from an empirical comparison of sample groups or the population of creditworthy and non-creditworthy applicants who applied for credit within a reasonable preceding period of time;
- Developed for the purpose of evaluating the creditworthiness of applicants with respect to the legitimate business interests of CPS using the system (including, but not limited to, minimizing bad debt losses and operating expenses in accordance with CPS's business judgment);
- Developed and validated using accepted statistical principles and methodology; and
- Periodically evaluated by the use of appropriate statistical principles and methodology and adjusted as necessary to maintain predictive ability.

The foregoing information shall be documented and maintained by the Systems Department.

F. Pricing.

The Risk Committee shall periodically review CPS's pricing. The Responsible EVP shall be advised whenever pricing is materially changed and assess whether any proposed material change violates a FL Law or creates a fair lending risk. If the change(s) does not violate a FL Law, but creates or increases a fair lending risk, the Responsible EVP shall consult with the CEO and President to determine how to proceed.

The Responsible EVP shall consider, in connection with its review of the pricing, the results from any relevant monitoring.

G. Vendors.

Vendors are subject to CPS's Vendor Management Program and undergo initial and ongoing due diligence to confirm that vendors understand and are capable of complying with relevant consumer protection laws, including FL laws.

H. Servicing and Collection.

1. Personnel involved in servicing accounts, collection, loss mitigation, repossession and bankruptcy shall generally not have access to data that may reveal prohibited basis and nondiscrimination categories information about a customer ("Protected Data") (except certain information required to service the account, for example, name and date of birth). The Responsible EVP and applicable Senior Management shall determine what Personnel, if any, need access to Protected Data to perform their job duties.
2. CPS has a Servicing and Collection Policies and Procedures defining the rules and parameters for the various servicing and collection functions. The Servicing and Collection Policy and Procedure provides an overview of the components of the servicing and collection of an Account, and outlines the processes, procedures and guidelines for those activities.
 - a. The issues include, but are not limited to, processing times, posting of payments, enrolling in or cancelling automatic payments, granting access privileges to additional persons, address changes, name changes, due date changes, requests for account documentation, responding to inquiries, waiving of fees (including late

- fees), assessing of fees (including late fees), credit reporting issues, extensions, payment waivers, payment promises, settlements; skip tracing, the application of Servicemembers Civil Relief Act benefits, payoffs, lien release assistance, initiation of repossession or other collection remedies; offering or handling of rights to cure, redemptions, reinstatements or other policies that provide customers the ability to cure a default and/or retain the collateral, bankruptcy issues; and, the application of exceptions to established policies in connection with servicing.
- b. As appropriate, sample scripts may be developed and used to implement the policies. The Responsible EVP shall be involved in the development, personnel training and implementation of the scripts to identify and address fair lending concerns prior to script implementation. CPS shall have the scripts periodically reviewed for compliance with applicable law.
3. To ensure all customers are treated consistently in the servicing and collection of accounts, CPS will monitor and review calls to identify and address concerns relating to the treatment of customers in its servicing and collection of accounts. Call issues include, but are not limited to FDCPA restrictions, noting the account, verifications, greetings, use of sample scripts, resolution, payment arrangements, offering appropriate assistance, overall tone, and signs of discrimination or violation of FL Law.
 4. Exceptions from established policies and procedures will be logged and tracked as described in the Monitoring Policy and Procedure. Management, in consultation with the Vice President of Legal, will monitor and analyze the frequency, types, and generally the use of exceptions to, at a minimum:
 - (i) understand how exceptions are used;
 - (ii) determine whether the exceptions are appropriate; and
 - (iii) determine whether there is a need to (1) adjust policies and procedures (e.g., the frequency of exceptions indicate that the exceptions are really the policies), (2) increase or adjust training (e.g.,

to train how the exceptions should be applied), (3) discipline for inappropriate exceptions, and/or (4) otherwise respond.

I. Complaint Management.

CPS shall maintain a record of any complaints it receives with respect to compliance in the Customer Complaints Log within the CACS System. See the Complaint Management Program Policy and Procedure for more details.

1. If the person taking the complaint ("Complaint Taker") reasonably believes there may be a fair lending issue, the Complaint Taker will route the complaint to management, or the Corporate Legal Department. Fair lending issues may be identified in complaints about Service Providers and third parties, including dealers, as well as in complaints about CPS.
2. Complaint reporting will identify the number of complaints by category type and the CADI will receive such reporting. The EVP/CLO will analyze the compliance complaint data, along with litigation trends, to identify any trends in the volume, type and frequency of complaints.

The Asset Recovery Department will monitor complaints related to the conduct of Vendors, and the Dealer Compliance Department will monitor complaints related to the conduct of Dealers. The applicable department head will use the complaints to help detect and mitigate any risks that relate to FL Law. Management will review the results and findings and discuss with applicable Senior Management and with the EVP/CLO, as necessary, to determine an appropriate response.

J. Compensation.

All Personnel who are involved in creating and/or modifying compensation and incentive programs shall consider this FL Policy in creating and/or modifying such programs. The Responsible EVP shall be advised of all compensation and incentive programs (collectively "Compensation Program") prior to being launched and ensure that the Compensation Program is consistent with and does not violate CPS's FL Policy.

K. Training.

The Responsible EVP shall ensure that a training program is implemented for all Personnel, as appropriate in light of their job duties and CPS's fair lending risks, to receive appropriate training on not engaging in fair lending violations and how to identify possible fair lending issues and concerns.

L. Notices

1. Adverse Action Notices. CPS will provide adverse action notices as described in the Credit Policy and Procedure.
2. Risk Based Pricing Notice. The Dealer at which the consumer applied for indirect financing will provide the risk-based pricing notice. Approved applicants to the direct lending program will receive an automated risk-based pricing notice in the next mail cycle following the approval. The notice shall follow the Model Form for Risk-Based Pricing and Credit Score Disclosure Exception Notices.

VII. Monitoring

A. Overall Considerations.

With respect to any monitoring, review, testing or audit contemplated or conducted, the Responsible EVP and applicable department heads shall consider the following factors:

- a. Whether it should be conducted pursuant to the advice and supervision of counsel.
- b. Whether the results, reports, work papers or associated documentation must be disclosed to a regulator upon request, or are privileged under § 1002.15 of Regulation B.

B. Fair Lending Monitoring.

The Risk Department, CADI, and applicable department heads shall monitor on an ongoing basis CPS's implementation of and adherence to the policies and procedures of the FL Policy and Procedure. Such monitoring may consist of the following:

1. Monitoring CPS's policies and procedures to ensure they are updated or revised as necessary.
2. Monitoring CPS's training programs to ensure that they provide appropriate training with respect to fair lending, and to ensure that those programs and materials are updated or revised as necessary.

C. Complaint Reviews.

The CADI, Dealer Compliance Department, Asset Recovery Department, and Corporate Legal Department, as applicable, shall monitor and review on an ongoing basis customer complaints involving fair lending issues.

D. Litigation Reviews.

The EVP/CLO shall monitor and review on an ongoing basis, litigation involving fair lending issues, including with respect to a Dealer or Vendor.

E. Fair Lending Risk Assessments.

CPS will determine whether a specific fair lending risk assessment is appropriate given its size, complexity, Credit Products involved, portfolio size and other appropriate factors. The fair lending risk assessment will be discussed by CADI. Material fair lending risks will be reported to the Board and Senior Management, as applicable.

F. Monitoring of Vendors and Dealers.

Please see under "Internal Controls" the sections applicable to Dealers and Vendors.

G. Independent/Third-Party Audits or Reviews.

CPS will consider and determine whether independent/third-party audits and/or reviews are appropriate given its size, complexity, Credit Products, portfolio size and other appropriate factors.

H. Additional Analyses.

CADI shall consider whether the results/findings under any of the above-described monitoring warrant further review or analysis, or potentially indicate a systemic issue(s).

I. Remediation.

Depending upon the results/findings of any of the above-described monitoring or the results of any additional review/analyses, the Responsible EVP, together with CADI, and Senior Management, shall consider whether: (i) corrective action is appropriate, (ii) remuneration is appropriate for affected applicant/consumer(s), and/or (iii) changes are required to CPS's FL Policy and Procedure.

VIII. Training

All CPS employees that work in the area of marketing/advertising, credit evaluation (analysis, underwriting, making credit decisions), servicing accounts, collection of accounts or who otherwise interact with consumers or develop Credit Products, as well as other applicable personnel, are to receive initial, as well as, periodic and recurring training, on the laws and regulations pertaining to fair lending, including the prohibition on discriminating on a ECOA prohibited basis or other nondiscrimination category and CPS's FL Policy and Procedure.

The initial training shall be conducted within 30 days of an employee's hire date, and the periodic and recurring training shall occur at least annually thereafter, or more frequently as changes in FL Laws or identified fair lending concerns may require.

The training programs and materials shall include specific instruction concerning the requirements of applicable FL Laws and the obligations of all Personnel to comply with those requirements. The EVP/CLO shall oversee the development, implementation and maintenance of the fair lending training programs and materials, including reviewing the material prior to implementation and establishing a process whereby the materials and program are updated to reflect changes in the law, developments and trends relating to fair lending and changes, and developments in CPS's operations and Credit Products. The EVP/CLO shall ensure the fair lending material and program are reviewed at least annually. In the event of such changes or developments, the EVP/CLO shall provide affected personnel with updated information concerning the fair lending requirements relevant to their responsibilities.

IX. Recordkeeping

CPS must retain the original or a copy of the following records:

- A. For Applications. CPS shall retain the following for 25 months after notice is provided to the applicant of the action taken or a notice of incompleteness is provided to the applicant: (i) any application received and any other written or recorded information used in evaluating the application that was not returned to the applicant at the applicant's requests; (ii) the notification of the action taken by CPS; (iii) a statement of the specific reasons for any adverse action taken concerning the applicant; and (iv) any written statement received from the applicant alleging a violation of the ECOA or its implementing Regulation B.
- B. For Existing Accounts. CPS shall retain the following for 25 months after notice is provided to the applicant of the adverse action taken regarding an existing account: (i) any written or received information concerning the adverse action; and (ii) any written statement received from the applicant alleging a violation of the ECOA or its implementing Regulation B.
- C. With Regard to Enforcement Proceedings. CPS shall retain the following beyond 25 months if CPS has actual notice that it is under investigation or is subject to an enforcement proceeding for an alleged violation of the ECOA or its implementing Regulation B. CPS shall retain this information until final disposition of the matter unless an earlier time is allowed by agency order or court order.
- D. For Prescreened Solicitations. CPS shall retain the following for 25 months after the date on which an offer of credit is made to prescreened customers: (i) the text of any prescreened solicitation. CPS shall retain the following for 3 years following the date on which the offer of credit is made to the consumer: (i) the consumer report selection criteria used to select the consumer to receive the offer; (ii) all criteria bearing on creditworthiness that forms the basis for determining whether or not to extend credit to the consumer pursuant to the offer; and (iii) any requirement for the furnishing of collateral as a condition of the extension of credit.

X. Periodic Review and Legal Review

The EVP/CLO shall review the FL Policy and Procedure annually to ensure that it remains current (taking into consideration, at a minimum, changes and developments in the law, changes and developments in CPS's operations, industry best practices, audit/testing results, results/lessons

learned from internal controls, complaint data, CPS’s litigation, and a study/analysis of exceptions).

Revision History

Any changes or modification to this document must be logged in the Revision History table that follows.

Version	Effective Date	Name & Title of Person Making Changes	Name & Title of Person Approving Changes	Description & Comments
1.0	1/28/15	Lavin, EVP/CLO	Lavin, EVP/CLO	Initial draft.
1.1	10/27/15	Lavin, EVP/CLO	Lavin, EVP/CLO	Updated Section IX.D.
2.0	2/17/15	Crisp, Corporate Counsel	Lavin, EVP/CLO	Updated footer Removed references to COO. 2.0 approved by the Board.
3.0	1/26/17			Approved by the Board for 2017 version 3.0.
3.1		Legal Department	Michael Lavin, EVP/CLO	<p>III. Fair Lending Policy Added gender identity as a protected class.</p> <p>IV. Statutory and Regulatory Requirements A. Equal Credit Opportunity Act and Regulation B 4. Changed that business justification must be "reasonable" (vs. "compelling") for 3-part disparate impact test.</p> <p>IV. Statutory and Regulatory Requirements B. State and Local Fair Lending Laws Added "disability" as a protected basis.</p> <p>V. Policies and Procedures A. Removed that is it prohibited to discriminate "to whom credit is targeted or advertised" (not clear as a legal matter).</p> <p>V. Policies and Procedures B. 4. a. and b. SVP of Risk and Fair Lending Committee (not CADI) to identify fair lending risks for dealers. SVP of ARD (not VP of Systems or Risk), CADI, and applicable department management will identify fair lending risks for vendors.</p> <p>V. Policies and Procedures B. 5. Removed requirement that the EVP/CLO report to the Board quarterly in connection with review of the Fair Lending P&P. Instead EVP/CLO to report to the Board on the Fair Lending P&P periodically (including when there are material risks as stated previously in the P&P).</p>

				<p>V. Policies and Procedures C. 17. Removed restrictions to whom advertising is targeted.</p> <p>VI. Internal Controls A. Advertising and Marketing Removed requirement that SVPs of Special Projects or Marketing "certify" that a fair lending evaluation was performed on new marketing material (must still be reviewed).</p> <p>VI. Internal Controls D. Application and Processing Added requirement that photo IDs are not accepted and must be disposed of.</p> <p>VI. Internal Controls E. Credit Risk and Underwriting Clarified that SVP of Risk (not Systems and Risk) is tasked with reviewing credit risk and underwriting criteria for fair lending risks.</p> <p>VI. Internal Controls H. Servicing and Collection Exceptions from policies will be monitored by management (not CADI).</p> <p>VI. Internal Controls I. Complaint Management Clarified that the Asset Recovery Department will monitor complaints related to vendors, and the Dealer Compliance Department will monitor complaints related to dealers. Such reports are to be reviewed by applicable senior management and the EVP/CLO (not CADI).</p> <p>VI. Internal ControlsJ. Compensation Removed requirement that personnel involved in developing compensation programs "certify" that a fair lending evaluation was performed (must still be reviewed).</p> <p>VII. Monitoring B. Fair Lending Monitoring Added that the Risk Department (not Systems) and CADI (in addition to Fair Lending Committee) will monitor adherence to the Fair Lending P&P.</p> <p>VII. Monitoring C. Complaint Reviews Added Asset Recovery as one of the departments responsible for complaint reviews.</p> <p>VII. Monitoring E. Complaint Reviews and I. Additional Analyses Fair lending risks to be assessed by Fair Lending Committee (in addition to CADI).</p> <p>VII. Monitoring J. Remediation Added CADI as responsible for determining appropriate remediation (in addition to EVP/CLO, Senior Management, and FL Committee).</p> <p>VIII. Training Removed requirement for certification as part of the Fair Lending Training</p>
4.0	1/31/18		Board	Board approved 4.0 version.
4.1		Corp. Legal Dept.	Michael Lavin, EVP/CLO	V.4. Removed the requirement that the SVP of Risk and ARD develop specific marker/flags for detecting fair lending risk with vendors/dealers. Added that all vendors/dealers are subject to

				<p>CPS's due diligence, contract requirements, monitoring, and remedial action to ensure commitment to all consumer financial protection laws, including fair lending laws.</p> <p>Throughout: Removed reference to the Fair Lending Dealer Monitoring Program & Fair Lending Committee.</p> <p>VI. Internal Controls E. Credit Risk and Underwriting. Removed "no less than annually" from the requirement that the VP of Risk and SVP of Originations shall review material changes to CPS's credit risk and underwriting criteria.</p> <p>VI. Internal Controls F. Pricing. Removed "no less than annually" from the requirement that the Risk Committee review CPS's pricing. Added that it be reviewed periodically.</p> <p>VI.L. Added section VI.L re adverse action notices and risk based pricing notices</p>
5.0	2/1/19		Board	Board approved 5.0 version.
5.1		Corp. Legal Dept.	Michael Lavin, EVP/CLO	V. Added that Vendors are subject to CPS's Vendor Management Program and will undergo initial and ongoing due diligence to confirm vendors understand and are capable of complying with relevant consumer financial protection laws.
6.0	1/16/20		Board	Board approved 6.0 version.
6.1		Corp. Legal Dept.	Lisette Reynoso, VP Legal	VI. Internal Control A. Advertising and Marketing. Changes VP of Marketing to VP of Sales
7.0	2/4/21		Board	Board approved 7.0 version.

CONSUMER PORTFOLIO SERVICES, INC.

FAIR LENDING PLAN

Consumer Portfolio Services, Inc.
NYS Lender License [License Pending]

Last Revised: March 4, 2019

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MISSION STATEMENT

Consumer Portfolio Services, Inc. is committed to providing high-quality credit services to potential and current customers on an equal basis. It is our policy to treat all our customers consistently and in compliance with fair lending laws, throughout the credit process, from application to satisfaction, including collection and enforcement. Our employees offer assistance and services in a fair and consistent manner during the performance of their jobs to all potential customers without regard to race, creed, military status, color, religion, national origin, sex, sexual orientation, gender identity or expression, marital status, disability, familial status, age (provided the applicant has legal capacity to enter into a binding contract), receipt of public assistance, or the exercise of legal rights under the federal Consumer Credit Protection Act (15 U.S.C. §§ 1601, et seq.). Consumer Portfolio Services, Inc. is committed to informing its employees of and implementing policies that ensure compliance with all fair lending laws, including New York Executive Law § 296-a.

FAIR LENDING OVERVIEW

The legal aspects of fair lending are contained in several federal and state laws. The purpose of these laws is to ensure that fair and equal treatment is provided to individuals seeking consumer credit.

The federal Equal Credit Opportunity Act (15 U.S.C. §§ 1691, et seq.) and its implementing regulation, Regulation B (12 C.F.R. Part 1002), prohibit discrimination in any aspect of a credit transaction. The prohibited bases of discrimination under the ECOA are the following: race; religion; national origin; sex; marital status; age (provided that the applicant has the capacity to enter a binding contract); the applicant's receipt of income through a public assistance program; and the good faith exercise of the applicant of a right under the federal Consumer Credit Protection Act (15 U.S.C. §§ 1601, et seq.).

New York law also prohibits discrimination in credit transactions. Under New York Executive Law § 296-a (enforced by the State of New York Department of Financial Services), it is an unlawful discriminatory practice for any creditor to discriminate on the basis of race, creed, color, national origin, sexual orientation, gender identity or expression, military status, age, sex, marital status, disability or familial status; to use any form of application for credit or use or make any record or inquiry which expresses, directly or indirectly, any limitation, specification, or discrimination as to a prohibited basis; to make any inquiry of an applicant concerning his or her capacity to reproduce, or his or her use or advocacy of any form of birth control or family planning; to refuse to consider sources of an applicant's income or to subject an applicant's income to discounting, in whole or in part, because of a prohibited basis or childbearing potential; or to discriminate against a married person because such person neither uses nor is known by the surname of his or her spouse.

STRUCTURAL ORGANIZATION

The commitment of Consumer Portfolio Services to fair lending is reflected in its belief in the shared responsibility for compliance with fair lending laws at every level of the organization.

Board of Directors

The Board of Directors ensures compliance with fair lending laws in the following ways:

1. Providing fair lending guidance and direction to Senior Management.
2. Approving and adopting the Fair Lending Plan annually.
3. Reviewing high-level fair lending monitoring results.
4. Ascertaining that the Compliance Officer has sufficient experience, training, authority, independence and staff to implement the policies outlined in this Plan.

The Board's Audit Committee is responsible for the institution's compliance with all fair lending laws, including New York Executive Law § 296-a. The Committee meets not less often than quarterly, takes reports from the Compliance Officer and others, and questions management regarding fair lending and other risks. The membership of the Committee is periodically reviewed to ensure that all departments are adequately represented.

Senior Management

Senior Management ensures that our business practices comply with this Fair Lending Plan in the following ways:

1. Clearly communicating our fair lending policies to the management of each business unit, including, without limitation, the Marketing, Originations and Collections departments.
2. Allocating, on an ongoing basis, sufficient fiscal, technological, and human resources to ensure the successful implementation of this Plan.
3. Reviewing the results of monitoring, and recommending corrective action where necessary.
4. Communicating this Plan to all new employees and any third-party originators, and to current employees and to any third party originators on an annual basis.
5. Periodically review this Plan with the Compliance Officer to ensure that this Plan remains current.

Business Unit Management

The managers of each business unit are responsible for ensuring the implementation of fair lending policies in their individual units in the following ways:

1. Managers shall clearly communicate fair lending responsibilities to each employee within the unit.
2. Managers shall identify fair lending risks.

3. Managers shall conduct applicable fair lending monitoring, and shall convey the results to Senior Management.

4. Managers shall coordinate with Human Resources to ensure that fair lending responsibilities are incorporated into each job description, and are incorporated into the systems for evaluation of employee performance.

5. Managers shall incorporate fair lending principles into operating procedures.

6. Managers shall obtain input and guidance from the Compliance Officer on significant business decisions that may have an effect on fair lending.

7. Managers shall ensure that new and current employees within the unit receive fair lending compliance training adequate for their positions.

Legal Department

The Legal Department, led by the Compliance Officer, implements the policies outlined in this Plan in the following ways:

1. The Legal Department shall monitor implementation of and adherence to the fair lending policies and procedures, for the organization as a whole and for each of its component parts.

2. The Legal Department shall review credit service provided by individual employees and branch offices, as well as on company-wide and state-wide bases.

3. The Legal Department shall monitor, on an ongoing basis, our application and underwriting process as well as our pricing and credit service policies.

4. The Legal Department shall ensure that the business personnel understand their duties and responsibilities under this Plan through regular training and other communications, and ensure that such duties are being carried out.

5. The Legal Department shall review, at least annually, the Fair Lending Plan to determine that it still accurately reflects the procedures we follow and that it conforms to federal and state law.

6. The Legal Department shall assist the Human Resources department in maintaining training materials to keep up to date with changes in the law, regulation, and judicial interpretation.

TRAINING

The Human Resources Department conducts training for all new and current employees, including management and other key personnel. Training for new employees includes correctly and adequately describing prohibited bases under the Equal Credit Opportunity Act, Regulation B, and applicable state laws, and the different types of discrimination (e.g., overt, disparate treatment, and disparate impact).

After each training session, participants must certify that they understand and commit to upholding the policies and procedures contained in this Plan and the principles of New York Executive Law § 296-a.

Further training for current employees is the responsibility of the management of each business unit, working in conjunction with Senior Management and the Legal Department. Lending personnel shall be provided with at least semi-annual updates on fair lending issues.

In addition to the on-site training, the Legal Department informs our lending and credit service personnel of new developments and issues in fair lending through its periodic compliance updates.

The Legal Department keeps the materials used in training up to date with changes in the law, regulation, and judicial interpretation. The Legal Department periodically reviews our training program to ensure that our employees receive adequate and timely fair lending training.

MARKETING

The marketing efforts of Consumer Portfolio Services through the date of this Policy have been two-fold:

(i) mass solicitation via the Internet of consumer applications for direct loans (limited to the states where Consumer Portfolio Services is duly licensed to make direct loans); and

(ii) personal solicitation of motor vehicle dealer personnel for installment purchase financing (limited to the states where Consumer Portfolio Services purchases retail installment contracts from dealerships).

None of these efforts to date have been directed to any protected class applicants or minority communities. The Marketing Department is required to submit to the Legal Department for review and approval, prior to distribution, any marketing strategies that may be directed to any protected class applicants or minority communities, to ensure compliance with fair lending laws, including New York Executive Law § 296-a. The Legal Department also periodically reviews the existing marketing strategies of Consumer Portfolio Services to confirm that they are still in compliance with fair lending laws.

The Legal Department also reviews each marketing strategy to determine whether it targets protected classes in ways inconsistent with fair lending principles; for example, to prevent more expensive credit products being promoted to certain groups and not others.

The Marketing Department is responsible for ensuring that the use of human models in advertisements will reasonably represent all races and both genders.

FAIR LENDING POLICY AND THE CREDIT PROCESS

We are aware that the risk of unfair lending practices runs throughout the credit process. We are committed to implementing training and policies that protect against discriminatory practices at every level of the credit process, from pre-application to loan/contract satisfaction, and to taking immediate corrective action should fair lending discrimination occur. If fair lending

deficiencies are observed or appear in an employee's job evaluation, the employee will receive additional training or counseling in an effort to correct the deficiency. If the deficiency persists, the employee will be subject to more severe action, including termination.

Customer Contact

Potential or current customers who feel that they have been treated in a manner not in compliance with fair lending principles, including the principles of New York Executive Law § 296-a, may file a complaint. Complaints are reviewed by the Compliance Officer for investigation and formal response. The Compliance Officer is responsible for ensuring that all complaints receive a fair and timely response.

Complaints are referred to the Legal Department, which prepares the Company's responses to the complainants as a matter of course, and advises line management on means to avoid recurrence of any improper behavior.

Underwriting and Pricing

Underwriting guidelines are established through written policies and procedures in order to promote and ensure consistency throughout all credit classes. The guidelines address all aspects of the underwriting process, including collateral standards, credit, income, source of funds, debt ratios, and other factors relevant to the underwriting decision.

Separate guidelines exist for each risk grade and product type. Underwriters use the guidelines to arrive at risk grading, loan underwriting and Contract purchase decisions (limited to states where Consumer Portfolio Services purchases Contracts from dealerships). The work of the underwriters is reviewed by the management of the Underwriting Department. The reviews may reveal deficiencies that can be used as training opportunities for underwriters.

The credit focus of the Company is on applicants with blemished or non-traditional credit histories. Substantially all of our credit is granted to applicants who do not meet the credit underwriting guidelines of traditional finance sources.

We use standard pricing sheets throughout the organization. Pricing sheets are sufficiently comprehensive to provide pricing guidance in nearly all situations. We retain copies of pricing sheets for future reference.

Underwriters must document pricing exceptions and the reasons for such exceptions. Such exceptions must be approved by a senior level underwriter. Underwriters must also record their grounds for a denied application. Those recorded grounds are then disclosed to denied applicants routinely by letter, pursuant to the Equal Credit Opportunity Act and the Fair Credit Reporting Act.

Initially, each denied application will be automatically reviewed by a higher level supervisor to determine whether the application was handled in a nondiscriminatory manner. A denied application will be given this second look before the applicant or the Dealer is notified that the application was denied. In that review of denied applications, the higher level supervisor will consider whether the original underwriter made his or her decision on proper grounds. The higher level supervisor will also consider whether the application may be approved based on non-

traditional alternatives, such as other means of documenting employment history or income sources. (The Company has no affiliated lenders and, as a result, will not refer applicants to affiliated lenders.)

All withdrawn applications will also be automatically and timely reviewed by a higher level supervisor to determine whether those applications were handled in a nondiscriminatory manner.

Servicing, Refinancing, Collection, and Repossession

The Plan's principles of fair lending apply throughout the entire transaction process (from pre-application to satisfaction, including refinancing, servicing, collection and repossession/replevin), and the Company is committed to implementing policies, procedures, employee training and management oversight to ensure fair and equal treatment of all customers.

Our policies include responding to customer inquiries, concerns, and complaints in a timely, fair, and consistent manner; granting payment extensions in a consistent manner; waiving late fees in a consistent manner; accepting delinquent payments consistently for similar patterns and methods of tender; negotiating default remedies consistently for similar circumstances; and entering into agreements to refrain from exercise of remedies in a fair and consistent manner.

THIRD PARTY ORIGINATIONS

The Company's commitment to complying with fair lending laws extends to its relationships with its third-party originators, including Dealers. Dealers doing business with us must acknowledge in writing their responsibility to comply with this Plan's fair lending policies and procedures, federal fair lending law, and New York Executive Law § 296-a to the extent such laws are applicable to them. These agreements are updated regularly.

Dealers within the State of New York are to receive a copy of this Plan as well as any other fair lending policies and procedures applicable to them, at the beginning of their relationship with us.

Dealers are notified of any fair lending deficiencies noted in monitoring. They are responsible for correcting any deficiencies. If deficiencies are not corrected, we may terminate our association with that dealer.

MONITORING

We implement monitoring processes that review the credit extension and loan/contract servicing practices of the Company as a whole as well its various departments and branches, and individuals within the departments and branches. Our monitoring program focuses on ensuring that our personnel understand their duties and responsibilities under this Plan and are carrying them out.

Pricing Monitoring

We regularly monitor our pricing policies by implementing, reviewing, and maintaining our pricing guidelines. Pricing exceptions must be documented and reviewed by higher level supervisors before final approval is granted. The Underwriting Department monitors pricing exceptions to ensure that they do not adversely affect protected communities.

“Packing” and “Flipping” Monitoring

We regularly monitor the origination and underwriting of loans/Contracts to ensure that practices referred to as “packing” (i.e., causing buyers to purchase contract add-ons that are not permitted by law) do not occur. Because we do not engage in refinancing, we do not engage in “flipping” (i.e., permitting multiple refinances to generate additional fees). If we engage in refinancing in the future, we will monitor our refinancing process to ensure that flipping does not occur.

PERIODIC REVIEW

This Plan will be periodically reviewed by the Compliance Officer and Senior Management to ensure that it remains current. Such periodic review will occur on at least an annual basis.