

CONSUMER PORTFOLIO SERVICES INC  
Form 10-Q  
August 14, 2009

UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT  
OF 1934

For the quarterly period ended June 30, 2009

Commission file number: 1-11416

CONSUMER PORTFOLIO SERVICES, INC.  
(Exact name of registrant as specified in its charter)

California	33-0459135
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

19500 Jamboree Road, Irvine, California	92612
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including Area Code: (949) 753-6800

Former name, former address and former fiscal year, if changed since last report: N/A

Indicate by check mark whether the registrant (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

Yes [X] No [ ]

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes [ ] No [X]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer a non-accelerated filer or a smaller reporting company. See definition of "accelerated filer", "large accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer [ ] Accelerated Filer [ ]  
Non-Accelerated Filer [ ] Smaller Reporting Company [X]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes [ ] No [X]

As of August 7, 2009 the registrant had 18,647,734 common shares outstanding.

CONSUMER PORTFOLIO SERVICES, INC. AND SUBSIDIARIES  
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Item 1. Financial Statements  
 CONSUMER PORTFOLIO SERVICES, INC. AND SUBSIDIARIES  
 UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands, except per share data)

	June 30, 2009	December 31, 2008
<b>ASSETS</b>		
Cash and cash equivalents	\$ 21,506	\$ 22,084
Restricted cash and equivalents	139,580	153,479
Finance receivables	1,130,705	1,417,343
Less: Allowance for finance credit losses	(43,597)	(78,036)
Finance receivables, net	1,087,108	1,339,307
Residual interest in securitizations	4,019	3,582
Furniture and equipment, net	1,592	1,404
Deferred financing costs	6,255	8,954
Deferred tax assets, net	52,727	52,727
Accrued interest receivable	11,175	14,903
Other assets	23,018	42,367
	\$ 1,346,980	\$ 1,638,807
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 23,807	\$ 21,702
Warehouse lines of credit	5,119	9,919
Residual interest financing	62,650	67,300
Securitization trust debt	1,128,158	1,404,211
Senior secured debt, related party	20,649	20,105
Subordinated renewable notes	22,855	25,721
	1,263,238	1,548,958
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>Shareholders' Equity</b>		
Preferred stock, \$1 par value; authorized 5,000,000 shares; none issued	-	-
Series A preferred stock, \$1 par value; authorized 5,000,000 shares; none issued	-	-
Common stock, no par value; authorized 75,000,000 shares; 18,650,234 and 19,110,077 shares issued and outstanding at June 30, 2009 and December 31, 2008, respectively	55,057	54,702
Additional paid in capital, warrants	7,471	7,471
Retained earnings	28,241	34,703
Accumulated other comprehensive loss	(7,027)	(7,027)
	83,742	89,849

\$	1,346,980	\$	1,638,807
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See accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

## CONSUMER PORTFOLIO SERVICES, INC. AND SUBSIDIARIES

## UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share data)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2009	2008	2009	2008
Revenues:				
Interest income	\$ 54,960	\$ 94,856	\$ 116,139	\$ 194,218
Servicing fees	942	280	1,971	708
Other income	2,420	3,645	6,261	7,156
	58,322	98,781	124,371	202,082
Expenses:				
Employee costs	8,980	12,886	18,242	26,368
General and administrative	5,842	7,574	12,452	14,921
Interest	28,971	40,955	61,103	79,989
Provision for credit losses	18,489	30,894	34,578	65,803
Marketing	908	2,622	2,080	6,242
Occupancy	889	1,043	2,034	2,039
Depreciation and amortization	196	98	344	237
	64,275	96,072	130,833	195,599
Income (loss) before income tax expense (benefit)	(5,953)	2,709	(6,462)	6,483
Income tax expense (benefit)	-	1,220	-	2,880
Net income (loss)	\$ (5,953)	\$ 1,489	\$ (6,462)	\$ 3,603
Earnings (loss) per share:				
Basic	\$ (0.32)	\$ 0.08	\$ (0.34)	\$ 0.19
Diluted	(0.32)	0.08	(0.34)	0.18
Number of shares used in computing earnings (loss) per share:				
Basic	18,744	18,830	18,874	19,063
Diluted	18,744	19,411	18,874	19,692

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

## CONSUMER PORTFOLIO SERVICES, INC. AND SUBSIDIARIES

## UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands, except per share data)

	Six Months Ended	
	June 30,	
	2009	2008
Cash flows from operating activities:		
Net income (loss)	\$ (6,462)	\$ 3,603
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Gain on residual asset	-	(125)
Amortization of deferred acquisition fees	(4,145)	(8,572)
Amortization of discount on securitization notes	6,607	5,845
Amortization of discount on senior secured debt, related party	544	-
Depreciation and amortization	344	237
Amortization of deferred financing costs	2,699	5,047
Provision for credit losses	34,578	65,803
Stock-based compensation expense	659	654
Interest income on residual assets	(906)	(358)
Changes in assets and liabilities:		
Accrued interest receivable	3,728	4,046
Other assets	24,207	586
Tax assets	-	(10)
Accounts payable and accrued expenses	(2,283)	4,846
Tax liabilities	-	2,474
Net cash provided by operating activities	59,570	84,076
Cash flows from investing activities:		
Purchases of finance receivables held for investment	(2,032)	(255,924)
Proceeds received on finance receivables held for investment	223,798	339,818
Increases (decreases) in restricted cash and equivalents	13,899	(7,375)
Purchase of furniture and equipment	(532)	(57)
Net cash provided by investing activities	235,133	76,462
Cash flows from financing activities:		
Proceeds from issuance of securitization trust debt	-	285,389
Proceeds from issuance of subordinated renewable notes	1,064	2,982
Proceeds from issuance of senior secured debt	-	10,000
Payments on subordinated renewable notes	(3,930)	(2,341)
Net proceeds from (repayments to) warehouse lines of credit	(4,800)	(87,872)
Proceeds from (repayments of) residual interest financing debt	(4,650)	16,836
Repayment of securitization trust debt	(282,661)	(377,370)
Payment of financing costs	-	(4,602)
Repurchase of common stock	(304)	(2,719)
Exercise of options and warrants	-	78

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Net cash used in financing activities	(295,281)	(159,619)
Increase (decrease) in cash and cash equivalents	(578)	919
Cash and cash equivalents at beginning of period	22,084	20,880
Cash and cash equivalents at end of period	\$ 21,506	\$ 21,799
Supplemental disclosure of cash flow information:		
Cash paid (received) during the period for:		
Interest	\$ 52,581	\$ 69,104
Income taxes	\$ (12,372)	\$ 416
Non-cash financing activities:		
Common stock issued in connection with new senior secured debt, related party	\$ -	\$ 1,801
Warrants issued in connection with new senior secured debt, related party	\$ -	\$ 1,107

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements.



CONSUMER PORTFOLIO SERVICES, INC. AND SUBSIDIARIES

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(1) Summary of Significant Accounting Policies

Description of Business

We were formed in California on March 8, 1991. We specialize in purchasing and servicing retail automobile installment sale contracts ("automobile contracts" or "finance receivables") originated by licensed motor vehicle dealers located throughout the United States ("dealers") in the sale of new and used automobiles, light trucks and passenger vans. Through our purchases, we provide indirect financing to dealer customers for borrowers with limited credit histories, low incomes or past credit problems ("sub-prime customers"). We serve as an alternative source of financing for dealers, allowing sales to customers who otherwise might not be able to obtain financing. In addition to purchasing installment purchase contracts directly from dealers, we have also (i) acquired installment purchase contracts in three merger and acquisition transactions, (ii) purchased immaterial amounts of vehicle purchase money loans from non-affiliated lenders, and (iii) lent money directly to consumers for an immaterial amount of vehicle purchase money loans. In this report, we refer to all of such contracts and loans as "automobile contracts."

Basis of Presentation

Our Unaudited Condensed Consolidated Financial Statements have been prepared in conformity with accounting principles generally accepted in the United States of America, with the instructions to Form 10-Q and with Article 10 of Regulation S-X of the Securities and Exchange Commission, and include all adjustments that are, in our opinion, necessary for a fair presentation of the results for the interim period presented. All such adjustments are, in the opinion of management, of a normal recurring nature. In addition, certain items in prior period financial statements may have been reclassified for comparability to current period presentation. Results for the six-month period ended June 30, 2009 are not necessarily indicative of the operating results to be expected for the full year.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted from these Unaudited Condensed Consolidated Financial Statements. These Unaudited Condensed Consolidated Financial Statements should be read in conjunction with the Consolidated Financial Statements and Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2008.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the financial statements, as well as the reported amounts of income and expenses during the reported periods. Specifically, a number of estimates were made in connection with determining an appropriate allowance for finance credit losses, valuing residual interest in securitizations, accreting net acquisition fees, amortizing deferred costs, the recording of deferred tax assets and reserves for uncertain tax positions. These are material estimates that could be susceptible to changes in the near term and, accordingly, actual results could differ

from those estimates.

#### Other Income

Other income consists primarily of gains recognized on our residual interest in securitizations, recoveries on previously charged off contracts from previously unconsolidated trusts, convenience fees charged to obligors for certain types of payment transaction methods and fees paid to us by dealers for certain direct mail services we provide. The gain recognized related to the residual interest was \$567,000 and \$125,000 for the six months ended June 30, 2009

## CONSUMER PORTFOLIO SERVICES, INC. AND SUBSIDIARIES

## NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

and 2008, respectively. The recoveries on the charged-off contracts relate to contracts from previously unconsolidated trusts were \$879,000 and \$1.2 million for the six months ended June 30, 2009 and 2008, respectively. The convenience fees charged to obligors, which can be expected to increase or decrease in rough proportion to increases or decreases in our managed portfolio, were \$2.5 million and \$2.8 million for the same periods, respectively. The direct mail revenues were \$1.5 million and \$2.7 million for the six months ended June 30, 2009 and 2008, respectively.

## Stock-based Compensation

We recognize compensation costs in the financial statements for all share-based payments granted subsequent to January 1, 2006 based on the grant date fair value estimated in accordance with the provisions of Statement of Financial Accounting Standards No. 123(R), "Share-Based Payment, revised 2004" ("SFAS 123R").

For the six months ended June 30, 2009 and 2008, we recorded stock-based compensation costs in the amount of \$659,000 and \$654,000, respectively. As of June 30, 2009, unrecognized stock-based compensation costs to be recognized over future periods equaled \$4.1 million. This amount will be recognized as expense over a weighted-average period of 3.5 years.

The following represents stock option activity for the three months ended June 30, 2009:

	Number of Shares	Weighted Average	Weighted Average Remaining Contractual Term
	(in thousands)	Exercise Price	
Options outstanding at the beginning of period	6,320	\$ 4.35	N/A
Granted	1,395	0.77	N/A
Exercised	-	-	N/A
Forfeited	(228)	4.64	N/A
Options outstanding at the end of period	7,487	\$ 3.68	6.24 years
Options exercisable at the end of period	4,709	\$ 4.02	4.67 years

At June 30, 2009, the aggregate intrinsic value of options outstanding and exercisable was zero. The total intrinsic value of options exercised was \$32,000 for the six months ended June 30, 2008. New shares were issued for all options exercised during the six-month period ended June 30, 2008. There were no options exercised for the six months ended June 30, 2009. There were 1.2 million shares available for future stock option grants under existing plans as of June 30, 2009.

At the annual shareholders meeting in July 2009, the Company's shareholders approved an amendment of the 2006 Long-term Equity Incentive Plan which will permit an exchange and repricing of eligible options to purchase

approximately 4.2 million shares with exercise prices ranging from \$2.50 to \$7.18 per share. Under this Option Exchange Program, eligible employees would be able to elect to exchange outstanding eligible options for new options with an exercise price of \$1.50. This transaction will result in some additional compensation expense. Assuming a market price for our stock of \$1.00 per share on the date of the exchange, if all the options eligible for the Option Exchange Program are exchanged, we will incur additional compensation expense, in accordance with applicable accounting rules, of approximately \$457,000 at the time of the exchange and approximately \$232,000 over the remaining vesting periods of the exchanged options. The actual amounts of additional compensation expense will vary to the extent the market price for our stock is more or less than \$1.00 per share at the time of the exchange.

We use the Black-Scholes option valuation model to estimate the fair value of each option on the date of grant, using the assumptions noted in the following table. The expected term of options granted is computed as the mid-point between the vesting date and the end of the contractual term. The risk-free rate is based on U.S. Treasury instruments in effect at the time of grant whose terms are consistent with the expected term of our stock options. Expected volatility is based on historical volatility of our stock. The dividend yield is based on historical experience and the lack of any expected future changes.

## CONSUMER PORTFOLIO SERVICES, INC. AND SUBSIDIARIES

## NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

	Six Months Ended
	June 30, 2009
Risk-free interest rate	1.98%
Expected term, in years	5.4
Expected volatility	79.28%
Dividend yield	0%

## Purchases of Company Stock

During the six-month periods ended June 30, 2009 and 2008, we purchased 460,543 and 925,276 shares, respectively, of our common stock, at average prices of \$0.66 and \$2.94, respectively.

## New Accounting Pronouncements

In April 2009, the FASB issued Staff Position (FSP) No. 157-4, Determining Fair Value When the Volume and Level of Activity for the Asset and Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly. This FSP emphasizes that even if there has been a significant decrease in the volume and level of activity, the objective of a fair value measurement remains the same. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction (that is, not a forced liquidation or distressed sale) between market participants. The FSP provides a number of factors to consider when evaluating whether there has been a significant decrease in the volume and level of activity for an asset or liability in relation to normal market activity. In addition, when transactions or quoted prices are not considered orderly, adjustments to those prices based on the weight of available information may be needed to determine the appropriate fair value. The FSP also requires increased disclosures. This FSP is effective for interim and annual reporting periods ending after June 15, 2009, and shall be applied prospectively. The adoption of this FSP at June 30, 2009 did not have a material impact on the results of operations or financial position.

In April 2009, the FASB issued Staff Position (FSP) No. 115-2 and No. 124-2, Recognition and Presentation of Other-Than-Temporary Impairments, which amends existing guidance for determining whether impairment is other-than-temporary (OTTI) for debt securities. The FSP requires an entity to assess whether it intends to sell, or it is more likely than not that it will be required to sell a security in an unrealized loss position before recovery of its amortized cost basis. If either of these criteria is met, the entire difference between amortized cost and fair value is

recognized in earnings. For securities that do not meet the aforementioned criteria, the amount of impairment recognized in earnings is limited to the amount related to credit losses, while impairment related to other factors is recognized in other comprehensive income. Additionally, the FSP expands and increases the frequency of existing disclosures about other-than-temporary impairments for debt and equity securities. This FSP is effective for interim and annual reporting periods ending after June 15, 2009, with early adoption permitted for periods ending after March 15, 2009. The Company adopted the FSP effective April 1, 2009. The adoption of this FSP on April 1, 2009 did not have a material impact on the results of operations or financial position.

In April 2009, the FASB issued FSP No. 107-1 and APB 28-1, Interim Disclosures about Fair Value of Financial Instruments. This FSP amends FASB Statement No. 107, Disclosures about Fair Value of Financial Instruments, to require disclosures about fair value of financial instruments for interim reporting periods of publicly traded companies that were previously only required in annual financial statements. This FSP is effective for interim reporting periods ending after June 15, 2009. The adoption of this FSP at June 30, 2009 did not have a material impact on the results of operations or financial position. The relevant disclosures have been added to Note 9.

CONSUMER PORTFOLIO SERVICES, INC. AND SUBSIDIARIES

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Recent Developments

Uncertainty of Capital Markets and General Economic Conditions

Historically, we have depended upon the availability of warehouse credit facilities and access to long-term financing through the issuance of asset-backed securities collateralized by our automobile contracts. Since 1994, we have completed 49 term securitizations of approximately \$6.6 billion in contracts. We conducted four term securitizations in 2006, four in 2007, and two in 2008. From July 2003 through April 2008 all of our securitizations were structured as secured financings. The second of our two securitization transactions in 2008 (completed in September 2008) was in substance a sale of the related contracts, and is treated as a sale for financial accounting purposes.

Since the fourth quarter of 2007, we have observed unprecedented adverse changes in the market for securitized pools of automobile contracts. These changes include reduced liquidity, and reduced demand for asset-backed securities, particularly for securities carrying a financial guaranty and for securities backed by sub-prime automobile receivables. Moreover, many of the firms that previously provided financial guarantees, which were an integral part of our securitization program, are no longer offering such guarantees. As of June 30, 2009, we have no available warehouse credit facilities and no immediate plans to complete a term securitization. The adverse changes that have taken place in the market have caused us to seek to conserve liquidity by reducing our purchases of automobile contracts to nominal levels. If the current adverse circumstances that have affected the capital markets should continue or worsen, we may curtail further or cease our purchases of new automobile contracts, which could lead to a material adverse effect on our operations.

Current economic conditions have negatively affected many aspects of our industry. First, as stated above, there is reduced demand for asset-backed securities secured by consumer finance receivables, including sub-prime automobile receivables. Second, lenders who previously provided short-term warehouse financing for sub-prime automobile finance companies such as ours are reluctant to provide such short-term financing due to the uncertainty regarding the prospects of obtaining long-term financing through the issuance of asset-backed securities. In addition, many capital market participants such as investment banks, financial guaranty providers and institutional investors who previously played a role in the sub-prime auto finance industry have withdrawn from the industry, or in some cases, have ceased to do business. Finally, the broad economic weakness and increasing unemployment has made many of the obligors under our receivables less willing or able to pay, resulting in higher delinquency, charge-offs and losses. Each of these factors has adversely affected our results of operations. Should existing economic conditions worsen, both our ability to purchase new contracts and the performance of our existing managed portfolio may be impaired, which, in turn, could have a further material adverse effect on our results of operations.

Financial Covenants

Certain of our securitization transactions and our warehouse credit facility contain various financial covenants requiring certain minimum financial ratios and results. Such covenants include maintaining minimum levels of liquidity and net worth and not exceeding maximum leverage levels and maximum financial losses. In addition, certain securitization and non-securitization related debt contain cross-default provisions that would allow certain creditors to declare a default if a default occurred under a different facility.

The agreements under which we receive periodic fees for servicing automobile contracts in securitizations are terminable by the respective financial guaranty insurance companies (also referred to as note insurers) upon defined events of default, and, in some cases, at the will of the insurance company. Without the waivers we have received from the related note insurers, we would have been in violation of certain financial and operating covenants relating to minimum net worth and maintenance of active warehouse facilities with respect to eight of our 17 currently outstanding securitization transactions with this filing. Upon such an event of default, and subject to the right of the related note insurers to waive such terms, the agreements governing



## CONSUMER PORTFOLIO SERVICES, INC. AND SUBSIDIARIES

## NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

the securitizations call for payment of a default insurance premium, ranging from 25 to 100 basis points per annum on the aggregate outstanding balance of the related insured senior notes, and for the diversion of all excess cash generated by the assets of the respective securitization pools into the related spread accounts to increase the credit enhancement associated with those transactions. The cash so diverted into the spread accounts would otherwise be used to make principal payments on the subordinated notes in each related securitization or would be released to us. In addition, upon an event of default, the note insurers have the right to terminate us as servicer. Although the diversion of such cash and our termination as servicer have been waived, we are paying default premiums, or their equivalent, with respect to insured notes representing \$655.7 million of the \$1,128.2 million of securitization trust debt outstanding at June 30, 2009. It should be noted that the principal amount of such securitization trust debt is not increased, but that the increased insurance premium is reflected as increased interest expense. Furthermore, such waivers as we have obtained are temporary, and there can be no assurance as to their future extension. We do, however, believe that we will obtain such future extensions of our servicing agreements because it is generally not in the interest of any party to the securitization transaction to transfer servicing. Nevertheless, there can be no assurance as to our belief being correct. Were an insurance company in the future to exercise its option to terminate such agreements or to pursue other remedies, such remedies could have a material adverse effect on our liquidity and results of operations, depending on the number and value of the affected transactions. Our note insurers continue to extend our term as servicer on a monthly and/or quarterly basis, pursuant to the servicing agreements.

## (2) Finance Receivables

The following table presents the components of Finance Receivables, net of unearned interest and deferred acquisition fees and origination costs:

	June 30, 2009	December 31, 2008
Finance Receivables	(In thousands)	
Automobile finance receivables, net of unearned interest	\$ 1,139,641	\$ 1,430,227
Less: Unearned acquisition fees and origination costs	(8,936)	(12,884)
Finance Receivables	\$ 1,130,705	\$ 1,417,343

The following table presents a summary of the activity for the allowance for credit losses for the six-month periods ended June 30, 2009 and 2008:

	June 30, 2009	June 30, 2008
	(In thousands)	
Balance at beginning of period	\$ 78,036	\$ 100,138
Provision for credit losses on finance receivables	34,578	65,803
Charge offs	(84,806)	(93,671)

Recoveries		15,789		16,340
Balance at end of period	\$	43,597	\$	88,610

We have excluded from finance receivables those contracts that we previously classified as finance receivables, but which we reclassified as other assets because we have repossessed the vehicle securing the contract. The following table presents a summary of such repossessed inventory, together with the valuation adjustment for losses in repossessed inventory that is not included in the allowance for credit losses. This valuation adjustment results in the repossessed inventory being valued at the estimated fair value less selling costs.

	June 30, 2009	December 31, 2008
	(In thousands)	
Gross balance of repossessions in inventory	\$ 33,370	\$ 47,452
Adjustment for losses on repossessed inventory	(24,136)	(32,690)
Net repossessed inventory included in other assets	\$ 9,234	\$ 14,762

## CONSUMER PORTFOLIO SERVICES, INC. AND SUBSIDIARIES

## NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## (3) Securitization Trust Debt

We have completed a number of securitization transactions that are structured as secured borrowings for financial accounting purposes. The debt issued in these transactions is shown on our Unaudited Condensed Consolidated Balance Sheets as “Securitization trust debt,” and the components of such debt are summarized in the following table:

						Weighted Average	
	Final	Receivables		Outstanding		Outstanding	Contractual Interest Rate
	Scheduled Payment	Pledged at June 30, 2009	Initial Principal	Principal at June 30, 2009	Principal at December 31, 2008	at June 30, 2009	
Series	Date (1)						
(Dollars in thousands)							
CPS 2003-C	March 2010	\$ -	\$ 87,500	\$ -	\$ 1,023	-	
CPS 2003-D	October 2010	-	75,000	-	1,704	-	
CPS 2004-A	October 2010	1,102	82,094	1,256	3,277	4.32%	
CPS 2004-B	February 2011	2,788	96,369	3,057	6,192	4.17%	
CPS 2004-C	April 2011	4,249	100,000	4,579	8,223	4.24%	
CPS 2004-D	December 2011	-	120,000	-	12,395	-	
CPS 2005-A	October 2011	12,063	137,500	11,652	17,586	5.30%	
CPS 2005-B	February 2012	16,069	130,625	15,332	21,991	4.67%	
CPS 2005-C	March 2012	29,410	183,300	28,540	39,478	5.13%	
CPS 2005-TFC	July 2012	8,243	72,525	8,228	12,333	5.76%	
CPS 2005-D	July 2012	26,988	145,000	27,114	36,548	5.73%	
CPS 2006-A	November 2012	55,799	245,000	55,885	73,257	5.33%	
CPS 2006-B	January 2013	71,606	257,500	73,004	92,106	6.44%	
CPS 2006-C	June 2013	79,719	247,500	81,688	101,716	5.72%	
		85,529	220,000	86,159	105,687	5.62%	

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CPS 2006-D	August 2013					
CPS 2007-A	November 2013	132,746	290,000	131,775	160,122	5.57%
CPS 2007-TFC	December 2013	39,771	113,293	39,692	51,115	5.78%
CPS 2007-B	January 2014	164,208	314,999	164,056	195,800	6.07%
CPS 2007-C	May 2014	191,160	327,499	192,475	228,478	6.15%
CPS 2008-A	October 1, 2014	213,485	310,359	203,666	235,180	6.99%
		\$ 1,134,935	\$ 3,556,063	\$ 1,128,158	\$ 1,404,211	

- (1) The Final Scheduled Payment Date represents final legal maturity of the securitization trust debt. Securitization trust debt is expected to become due and to be paid prior to those dates, based on amortization of the finance receivables pledged to the Trusts. Expected payments, which will depend on the performance of such receivables, as to which there can be no assurance, are \$303.6 million in 2009, \$453.6 million in 2010, \$254.6 million in 2011, \$100.9 million in 2012 and \$15.4 million in 2013.

All of the securitization trust debt was sold in private placement transactions to qualified institutional buyers. The debt was issued through our wholly-owned bankruptcy remote subsidiaries and is secured by the assets of such subsidiaries, but not by our other assets. Principal of \$981 million, and the related interest payments, are guaranteed by financial guaranty insurance policies issued by third party financial institutions.

The terms of the various securitization agreements related to the issuance of the securitization trust debt and the warehouse credit facilities require that we meet certain delinquenc