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

FORM 10-Q

(Mark One)

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended March 31, 2012

OR

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from __________ to __________

Commission File Number 000-20202

CREDIT ACCEPTANCE CORPORATION

(Exact name of registrant as specified in its charter)

MICHIGAN	**38-1999511**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
25505 WEST TWELVE MILE ROAD	
SOUTHFIELD, MICHIGAN	**48034-8339**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: 248-353-2700

Indicate by check mark whether the registrant (1) has 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 ☑ No o

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 o

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 the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer o	Accelerated filer ☑	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

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

The number of shares of Common Stock, par value $0.01, outstanding on April 20, 2012 was 25,627,655.

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PART I. - FINANCIAL INFORMATION

ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

CREDIT ACCEPTANCE CORPORATION
CONSOLIDATED BALANCE SHEETS

(In thousands, except per share data)	As of March 31, 2012 (Unaudited)	As of December 31, 2011
ASSETS:		
Cash and cash equivalents	$ 4,691	$ 4,657
Restricted cash and cash equivalents	160,069	104,679
Restricted securities available for sale	819	810
Loans receivable (including $5,291 and $4,949 from affiliates as of March 31, 2012 and December 31, 2011, respectively)	1,897,169	1,752,891
Allowance for credit losses	(159,373)	(154,318)
Loans receivable, net	1,737,796	1,598,573
Property and equipment, net	21,168	18,472
Income taxes receivable	406	506
Other assets	30,084	30,901
Total Assets	$ 1,955,033	$ 1,758,598
LIABILITIES AND SHAREHOLDERS' EQUITY:		
Liabilities:		
Accounts payable and accrued liabilities	$ 107,325	$ 95,858
Revolving secured line of credit	173,600	43,900
Secured financing	604,550	599,281
Mortgage note	4,227	4,288
Senior notes	350,354	350,378
Deferred income taxes, net	129,388	123,449
Income taxes payable	13,023	1,493
Total Liabilities	1,382,467	1,218,647
Commitments and Contingencies - See Note 13		
Shareholders' Equity:		
Preferred stock, $.01 par value, 1,000 shares authorized, none issued	–	–
Common stock, $.01 par value, 80,000 shares authorized, 25,628 and 25,624 shares issued and outstanding as of March 31, 2012 and December 31, 2011, respectively	256	256
Paid-in capital	40,760	38,801
Retained earnings	531,540	500,888
Accumulated other comprehensive income	10	6
Total Shareholders' Equity	572,566	539,951
Total Liabilities and Shareholders' Equity	$ 1,955,033	$ 1,758,598

See accompanying notes to consolidated financial statements.

CREDIT ACCEPTANCE CORPORATION
CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)

(In thousands, except per share data)	For the Three Months Ended March 31, 2012	2011
Revenue:		
Finance charges	$ 126,066	$ 106,503
Premiums earned	10,770	8,543
Other income	5,568	8,466
Total revenue	142,404	123,512
Costs and expenses:		
Salaries and wages	19,404	16,071
General and administrative	7,409	5,633
Sales and marketing	7,753	6,409
Provision for credit losses	5,247	8,916
Interest	15,212	12,623
Provision for claims	8,552	6,599
Total costs and expenses	63,577	56,251
Income before provision for income taxes	78,827	67,261
Provision for income taxes	28,489	24,070
Net income	$ 50,338	$ 43,191
Net income per share:		
Basic	$ 1.92	$ 1.59
Diluted	$ 1.92	$ 1.57
Weighted average shares outstanding:		
Basic	26,158	27,196
Diluted	26,284	27,489

See accompanying notes to consolidated financial statements.

CREDIT ACCEPTANCE CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(UNAUDITED)

(In thousands)	For the Three Months Ended March 31, 2012	2011
Net income	$ 50,338	$ 43,191
Other comprehensive income, net of tax:		
Unrealized loss on derivatives qualifying as hedges		
Unrealized loss on cash flow hedge, net of tax of $0 and $3 for 2012 and 2011, respectively	–	(5)
Less: reclassification adjustment for loss on cash flow hedge included in net income, net of tax of $0 and $(25) for 2012 and 2011, respectively	–	44
Unrealized gain on available for sale securities		
Unrealized gain on securities, net of tax of $(5) and $0 for 2012 and 2011, respectively	4	3
Less: reclassification adjustment for gain on sale of securities included in net income, net of tax of $0 and $0 for 2012 and 2011, respectively	–	(1)
Other comprehensive income	4	41
Comprehensive income	$ 50,342	$ 43,232

See accompanying notes to consolidated financial statements.

CREDIT ACCEPTANCE CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

(In thousands)	For the Three Months Ended March 31, 2012	2011
Cash Flows From Operating Activities:		
Net income	$ 50,338	$ 43,191
Adjustments to reconcile cash provided by operating activities:		
Provision for credit losses	5,247	8,916
Depreciation	1,237	1,025
Amortization	1,605	1,463
Loss on retirement of property and equipment	–	4
Provision for deferred income taxes	5,934	(5,377)
Stock-based compensation	822	591
Change in operating assets and liabilities:		
Increase in accounts payable and accrued liabilities	11,467	21,959
Decrease in income taxes receivable	100	11,294
Increase in income taxes payable	11,530	10,542
Decrease (increase) in other assets	990	(7,537)
Net cash provided by operating activities	89,270	86,071
Cash Flows From Investing Activities:		
Increase in restricted cash and cash equivalents	(55,390)	(14,834)
Purchases of restricted securities available for sale	–	(303)
Maturities of restricted securities available for sale	–	305
Principal collected on Loans receivable	310,795	253,592
Advances to Dealer-Partners	(374,392)	(336,408)
Purchases of Consumer Loans	(34,789)	(32,726)
Accelerated payments of Dealer Holdback	(12,914)	(12,045)
Payments of Dealer Holdback	(33,205)	(15,574)
Net decrease (increase) in other loans	35	(230)
Purchases of property and equipment	(3,933)	(1,582)
Net cash used in investing activities	(203,793)	(159,805)
Cash Flows From Financing Activities:		
Borrowings under revolving secured line of credit	607,500	489,000
Repayments under revolving secured line of credit	(477,800)	(492,900)
Proceeds from secured financing	492,350	150,000
Repayments of secured financing	(487,081)	(51,500)
Principal payments under mortgage note and capital lease obligations	(61)	(58)
Proceeds from sale of senior notes	–	106,000
Payments of debt issuance costs	(1,802)	(3,028)
Repurchase of common stock	(19,999)	(126,675)
Proceeds from stock options exercised	172	1,915
Tax benefits from stock-based compensation plans	1,278	1,773
Net cash provided by financing activities	114,557	74,527
Net increase in cash and cash equivalents	34	793
Cash and cash equivalents, beginning of period	4,657	3,792
Cash and cash equivalents, end of period	$ 4,691	$ 4,585
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the period for interest	$ 13,413	$ 10,867
Cash paid during the period for income taxes	$ 9,665	$ 6,306

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

1. BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("generally accepted accounting principles" or "GAAP") for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. The results of operations for interim periods are not necessarily indicative of actual results achieved for full fiscal years. The consolidated balance sheet as of December 31, 2011 has been derived from the audited financial statements at that date but does not include all the information and footnotes required by GAAP for complete financial statements. For further information, refer to the consolidated financial statements and footnotes thereto included in the Annual Report on Form 10-K for the year ended December 31, 2011 for Credit Acceptance Corporation (the "Company", "Credit Acceptance", "we", "our" or "us").

Certain amounts for prior periods have been reclassified to conform to the current presentation. We have changed the presentation of our consolidated statement of cash flows to present depreciation and amortization as separate operating activities. Under our previous presentation, depreciation and amortization were presented as a combined operating activity.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

We have evaluated events and transactions occurring subsequent to the consolidated balance sheet date of March 31, 2012 for items that could potentially be recognized or disclosed in these financial statements. We did not identify any items which would require disclosure in or adjustment to the financial statements.

2. DESCRIPTION OF BUSINESS

Since 1972, Credit Acceptance has provided auto loans to consumers, regardless of their credit history. Our product is offered through a nationwide network of automobile dealers who benefit from sales of vehicles to consumers who otherwise could not obtain financing; from repeat and referral sales generated by these same customers; and from sales to customers responding to advertisements for our product, but who actually end up qualifying for traditional financing.

We refer to dealers who participate in our programs and who share our commitment to changing consumers' lives as "Dealer-Partners". Upon enrollment in our financing programs, the Dealer-Partner enters into a dealer servicing agreement with us that defines the legal relationship between Credit Acceptance and the Dealer-Partner. The dealer servicing agreement assigns the responsibilities for administering, servicing, and collecting the amounts due on retail installment contracts (referred to as "Consumer Loans") from the Dealer-Partners to us. We are an indirect lender from a legal perspective, meaning the Consumer Loan is originated by the Dealer-Partner and assigned to us.

We have two programs: the Portfolio Program and the Purchase Program. Under the Portfolio Program, we advance money to Dealer-Partners (referred to as a "Dealer Loan") in exchange for the right to service the underlying Consumer Loans. Under the Purchase Program, we buy the Consumer Loans from the Dealer-Partners (referred to as a "Purchased Loan") and keep all amounts collected from the consumer. Dealer Loans and Purchased Loans are collectively referred to as "Loans". The following table shows the percentage of Consumer Loans assigned to us based on unit volumes under each of the programs for each of the last five quarters:

Quarter Ended	Portfolio Program	Purchase Program
March 31, 2011	92.9%	7.1%
June 30, 2011	92.1%	7.9%
September 30, 2011	92.3%	7.7%
December 31, 2011	92.6%	7.4%
March 31, 2012	93.3%	6.7%

2. DESCRIPTION OF BUSINESS – (Continued)

Portfolio Program

As payment for the vehicle, the Dealer-Partner generally receives the following:

- a down payment from the consumer;
- a non-recourse cash payment (“advance”) from us; and
- after the advance has been recovered by us, the cash from payments made on the Consumer Loan, net of certain collection costs and our servicing fee (“Dealer Holdback”).

We record the amount advanced to the Dealer-Partner as a Dealer Loan, which is classified within Loans receivable in our consolidated balance sheets. Cash advanced to the Dealer-Partner is automatically assigned to the Dealer-Partner’s open pool of advances. We generally require Dealer-Partners to group advances into pools of at least 100 Consumer Loans. At the Dealer-Partner’s option, a pool containing at least 100 Consumer Loans can be closed and subsequent advances assigned to a new pool. All advances within a Dealer-Partner’s pool are secured by the future collections on the related Consumer Loans assigned to the pool. For Dealer-Partners with more than one pool, the pools are cross-collateralized so the performance of other pools is considered in determining eligibility for Dealer Holdback. We perfect our security interest in the Dealer Loans by taking possession of the Consumer Loans, which list us as lien holder on the vehicle title.

The dealer servicing agreement provides that collections received by us during a calendar month on Consumer Loans assigned by a Dealer-Partner are applied on a pool-by-pool basis as follows:

- First, to reimburse us for certain collection costs;
- Second, to pay us our servicing fee, which generally equals 20% of collections;
- Third, to reduce the aggregate advance balance and to pay any other amounts due from the Dealer-Partner to us; and
- Fourth, to the Dealer-Partner as payment of Dealer Holdback.

If the collections on Consumer Loans from a Dealer-Partner’s pool are not sufficient to repay the advance balance and any other amounts due to us, the Dealer-Partner will not receive Dealer Holdback.

Dealer-Partners have an opportunity to receive an accelerated Dealer Holdback payment each time 100 Consumer Loans have been assigned to us. The amount paid to the Dealer-Partner is calculated using a formula that considers the forecasted collections and the advance balance on the related Consumer Loans.

Since typically the combination of the advance and the consumer’s down payment provides the Dealer-Partner with a cash profit at the time of sale, the Dealer-Partner’s risk in the Consumer Loan is limited. We cannot demand repayment of the advance from the Dealer-Partner except in the event the Dealer-Partner is in default of the dealer servicing agreement. Advances are made only after the consumer and Dealer-Partner have signed a Consumer Loan contract, we have received the original Consumer Loan contract and supporting documentation, and we have approved all of the related stipulations for funding. The Dealer-Partner can also opt to repurchase Consumer Loans that have been assigned to us under the Portfolio Program, at their discretion, for a fee.

For accounting purposes, the transactions described under the Portfolio Program are not considered to be loans to consumers. Instead, our accounting reflects that of a lender to the Dealer-Partner. The classification as a Dealer Loan for accounting purposes is primarily a result of (1) the Dealer-Partner’s financial interest in the Consumer Loan and (2) certain elements of our legal relationship with the Dealer-Partner.

Purchase Program

The Purchase Program differs from our Portfolio Program in that the Dealer-Partner receives a one-time payment from us at the time of assignment to purchase the Consumer Loan instead of a cash advance at the time of assignment and future Dealer Holdback payments. For accounting purposes, the transactions described under the Purchase Program are considered to be originated by the Dealer-Partner and then purchased by us.

2. DESCRIPTION OF BUSINESS – (Concluded)

Program Enrollment

Dealer-Partners may enroll in our program by choosing one of our two enrollment options (referred to as "Option A" and "Option B"). In recent years, the terms of Option A have remained consistent while the terms of Option B have varied. The following table summarizes the terms of our enrollment options:

Effective Period	Option A	Option B
Since June 1, 2011	Upfront, one-time fee of $9,850	Agreement to allow us to retain 50% of their first accelerated Dealer Holdback payment
From September 1, 2009 to May 31, 2011	Upfront, one-time fee of $9,850	Upfront, one-time fee of $1,950 and agreement to allow us to retain 50% of their first accelerated Dealer Holdback payment

For Dealer-Partners enrolling in our program, access to the Purchase Program is typically only granted after the first accelerated Dealer Holdback payment has been received under the Portfolio Program.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business Segment Information

We currently operate in one reportable segment which represents our core business of offering auto loans, and related products and services to consumers through our network of Dealer-Partners. The consolidated financial statements reflect the financial results of our one reportable operating segment.

Loans Receivable and Allowance for Credit Losses

Consumer Loan Assignment. For accounting purposes, a Consumer Loan is considered to have been assigned to us after all of the following has occurred:

- the consumer and Dealer-Partner have signed a Consumer Loan contract;
- we have received the original Consumer Loan contract and supporting documentation;
- we have approved all of the related stipulations for funding; and
- we have provided funding to the Dealer-Partner in the form of either an advance under the Portfolio Program or one-time purchase payment under the Purchase Program.

Portfolio Segments and Classes. We are considered to be a lender to our Dealer-Partners for Consumer Loans assigned under our Portfolio Program and a purchaser of Consumer Loans assigned under our Purchase Program. As a result, our Loan portfolio consists of two portfolio segments: Dealer Loans and Purchased Loans. Each portfolio segment is comprised of one class of Consumer Loan assignments, which is Consumer Loans with deteriorated credit quality that were originated by Dealer-Partners to finance consumer purchases of vehicles and related ancillary products.

Dealer Loans. Amounts advanced to Dealer-Partners for Consumer Loans assigned under the Portfolio Program are recorded as Dealer Loans and are aggregated by Dealer-Partner for purposes of recognizing revenue and evaluating impairment. We account for Dealer Loans in a manner consistent with loans acquired with deteriorated credit quality. The outstanding balance of each Dealer Loan included in Loans receivable is comprised of the following:

- the aggregate amount of all cash advances paid;
- finance charges;
- Dealer Holdback payments;
- accelerated Dealer Holdback payments; and
- recoveries.

Less:
- collections (net of certain collection costs); and
- write-offs.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

An allowance for credit losses is maintained at an amount that reduces the net asset value (Dealer Loan balance less the allowance) to the value of forecasted future cash flows discounted at the yield established at the time of assignment. This allowance calculation is completed for each individual Dealer-Partner. The discounted value of future cash flows is comprised of estimated future collections on the Consumer Loans, less any estimated Dealer Holdback payments. We write off Dealer Loans once there are no forecasted future cash flows on any of the associated Consumer Loans, which generally occurs 120 months after the last Consumer Loan assignment.

Future collections on Dealer Loans are forecasted based on the historical performance of Consumer Loans with similar characteristics, adjusted for recent trends in payment patterns. Dealer Holdback is forecasted based on the expected future collections and current advance balance of each Dealer Loan. Cash flows from any individual Dealer Loan are often different than estimated cash flows at the time of assignment. If such difference is favorable, the difference is recognized prospectively into income over the remaining life of the Dealer Loan through a yield adjustment. If such difference is unfavorable, a provision for credit losses is recorded immediately as a current period expense and a corresponding allowance for credit losses is established. Because differences between estimated cash flows at the time of assignment and actual cash flows occur often, an allowance is required for a significant portion of our Dealer Loan portfolio. An allowance for credit losses does not necessarily indicate that a Dealer Loan is unprofitable, and during the last several years, very seldom were cash flows from a Dealer Loan insufficient to repay the initial amounts advanced to the Dealer-Partner.

Purchased Loans. Amounts paid to Dealer-Partners for Consumer Loans assigned under the Purchase Program are recorded as Purchased Loans and are aggregated into pools based on the month of purchase for purposes of recognizing revenue and evaluating impairment. We account for Purchased Loans as loans acquired with deteriorated credit quality. The outstanding balance of each Purchased Loan pool included in Loans receivable is comprised of the following:

- the aggregate amount of all amounts paid during the month of purchase to purchase Consumer Loans from Dealer-Partners;
- finance charges; and
- recoveries.

Less:

- collections (net of certain collection costs); and
- write-offs.

An allowance for credit losses is maintained at an amount that reduces the net asset value (Purchased Loan pool balance less the allowance) to the value of forecasted future cash flows discounted at the yield established at the time of assignment. This allowance calculation is completed for each individual monthly pool of Purchased Loans. The discounted value of future cash flows is comprised of estimated future collections on the pool of Purchased Loans. We write off pools of Purchased Loans once there are no forecasted future cash flows on any of the Purchased Loans included in the pool, which generally occurs 120 months after the month of purchase.

Future collections on Purchased Loans are forecasted based on the historical performance of Consumer Loans with similar characteristics, adjusted for recent trends in payment patterns. Cash flows from any individual pool of Purchased Loans are often different than estimated cash flows at the time of assignment. If such difference is favorable, the difference is recognized prospectively into income over the remaining life of the pool of Purchased Loans through a yield adjustment. If such difference is unfavorable, a provision for credit losses is recorded immediately as a current period expense and a corresponding allowance for credit losses is established.

Credit Quality. Substantially all of the Consumer Loans assigned to us are made to individuals with impaired or limited credit histories or higher debt-to-income ratios than are permitted by traditional lenders. Consumer Loans made to these individuals generally entail a higher risk of delinquency, default and repossession and higher losses than loans made to consumers with better credit. Since most of our revenue and cash flows are generated from these Consumer Loans, our ability to accurately forecast Consumer Loan performance is critical to our business and financial results. At the time the Consumer Loan is submitted to us for assignment, we forecast future expected cash flows from the Consumer Loan. Based on these forecasts, an advance or one-time purchase payment is made to the related Dealer-Partner at a price designed to achieve an acceptable return on capital.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

We monitor and evaluate the credit quality of Consumer Loans on a monthly basis by comparing our current forecasted collection rates to our initial expectations. We use a statistical model that considers a number of credit quality indicators to estimate the expected collection rate for each Consumer Loan at the time of assignment. The credit quality indicators considered in our model include attributes contained in the consumer's credit bureau report, data contained in the consumer's credit application, the structure of the proposed transaction, vehicle information and other factors. We continue to evaluate the expected collection rate of each Consumer Loan subsequent to assignment primarily through the monitoring of consumer payment behavior. Our evaluation becomes more accurate as the Consumer Loans age, as we use actual performance data in our forecast. Since all known, significant credit quality indicators have already been factored into our forecasts and pricing, we are not able to use any specific credit quality indicators to predict or explain variances in actual performance from our initial expectations. Any variances in performance from our initial expectations are the result of Consumer Loans performing differently than historical Consumer Loans with similar characteristics. We periodically adjust our statistical pricing model for new trends that we identify though our evaluation of these forecasted collection rate variances.

When overall forecasted collection rates underperform our initial expectations for certain Consumer Loan assignment periods, the decline in forecasted collections has a more adverse impact on the profitability of the Purchased Loans than on the profitability of the Dealer Loans. For Purchased Loans, the decline in forecasted collections is absorbed entirely by us. For Dealer Loans, the decline in the forecasted collections is substantially offset by a decline in forecasted payments of Dealer Holdback.

Forecast Methodology Changes and Modifications. For the three months ended March 31, 2012 and 2011, we did not make any methodology changes or significant modifications to our forecasts of future collections on Consumer Loans that had a material impact on our financial results.

Reinsurance

VSC Re Company ("VSC Re"), our wholly-owned subsidiary, is engaged in the business of reinsuring coverage under vehicle service contracts sold to consumers by Dealer-Partners on vehicles financed by us. VSC Re currently reinsures vehicle service contracts that are underwritten by one of our third party insurers. Vehicle service contract premiums, which represent the selling price of the vehicle service contract to the consumer, less fees and certain administrative costs, are contributed to trust accounts controlled by VSC Re. These premiums are used to fund claims covered under the vehicle service contracts. VSC Re is a bankruptcy remote entity. As such, our exposure to fund claims is limited to the trust assets controlled by VSC Re and our net investment in VSC Re.

Premiums from the reinsurance of vehicle service contracts are recognized over the life of the policy in proportion to expected costs of servicing those contracts. Expected costs are determined based on our historical claims experience. Claims are expensed through a provision for claims in the period the claim was incurred. Capitalized acquisition costs are comprised of premium taxes and are amortized as general and administrative expense over the life of the contracts in proportion to premiums earned. A summary of reinsurance activity is as follows:

(In thousands)	For the Three Months Ended March 31,	
	2012	2011
Net assumed written premiums	$ 16,290	$ 14,386
Net premiums earned	10,770	8,543
Provision for claims	8,552	6,599
Amortization of capitalized acquisition costs	279	213

We are considered the primary beneficiary of the trusts and as a result, the trusts have been consolidated on our balance sheet. The trust assets and related reinsurance liabilities are as follows:

(In thousands)		As of	
	Balance Sheet location	March 31, 2012	December 31, 2011
Trust assets	Restricted cash and cash equivalents	$ 46,423	$ 42,026
Unearned premium	Accounts payable and accrued liabilities	37,855	32,335
Claims reserve (1)	Accounts payable and accrued liabilities	1,406	1,297

(1) The claims reserve is estimated based on historical claims experience.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Our determination to consolidate the VSC Re trusts was based on the following:

- First, we determined that the trusts qualified as variable interest entities. The trusts have insufficient equity at risk as no parties to the trusts were required to contribute assets that provide them with any ownership interest.
- Next, we determined that we have variable interests in the trusts. We have a residual interest in the assets of the trusts, which is variable in nature, given that it increases or decreases based upon the actual loss experience of the related service contracts. In addition, VSC Re is required to absorb any losses in excess of the trusts' assets.
- Next, we evaluated the purpose and design of the trusts. The primary purpose of the trusts is to provide third party administrators ("TPAs") with funds to pay claims on vehicle service contracts and to accumulate and provide us with proceeds from investment income and residual funds.
- Finally, we determined that we are the primary beneficiary of the trusts. We control the amount of premium written and placed in the trusts through Consumer Loan assignments under our Programs, which is the activity that most significantly impacts the economic performance of the trusts. We have the right to receive benefits from the trusts that could potentially be significant. In addition, VSC Re has the obligation to absorb losses of the trusts that could potentially be significant.

Cash and Cash Equivalents

Cash equivalents consist of readily marketable securities with original maturities at the date of acquisition of three months or less. As of March 31, 2012 and December 31, 2011, we had $4.1 million in cash and cash equivalents that were not insured by the Federal Deposit Insurance Corporation ("FDIC").

Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents increased to $160.1 million as of March 31, 2012 from $104.7 million as of December 31, 2011. The following table summarizes restricted cash and cash equivalents:

(In thousands)	As of	
	March 31, 2012	December 31, 2011
Cash related to secured financings	$ 113,526	$ 62,536
Cash held in trusts for future vehicle service contract claims (1)	46,543	42,143
Total restricted cash and cash equivalents	$ 160,069	$ 104,679

(1) The unearned premium and claims reserve associated with the trusts are included in accounts payable and accrued liabilities in the consolidated balance sheets. As of March 31, 2012, the outstanding cash balance includes $46,423 related to VSC Re and $120 related to a discontinued profit sharing arrangement. As of December 31, 2011, the outstanding cash balance includes $42,026 related to VSC Re and $117 related to a discontinued profit sharing arrangement.

As of March 31, 2012 and December 31, 2011, we had $101.4 million and $97.5 million, respectively, in restricted cash and cash equivalents that was not insured by the FDIC.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Restricted Securities Available for Sale

Restricted securities available for sale consist of amounts held in a trust in accordance with a discontinued vehicle service contract profit sharing arrangement. We determine the appropriate classification of our investments in debt securities at the time of purchase and reevaluate such determinations at each balance sheet date. Debt securities for which we do not have the intent or ability to hold to maturity are classified as available for sale, and stated at fair value with unrealized gains and losses, net of income taxes included in the determination of comprehensive income and reported as a component of shareholders' equity.

Restricted securities available for sale consisted of the following:

(In thousands)	As of March 31, 2012			
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Corporate bonds	$ 804	$ 17	$ (2)	$ 819

(In thousands)	As of December 31, 2011			
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Corporate bonds	$ 804	$ 13	$ (7)	$ 810

The cost and estimated fair values of debt securities by contractual maturity were as follows (securities with multiple maturity dates are classified in the period of final maturity). Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

(In thousands)	As of			
	March 31, 2012		December 31, 2011	
	Cost	Estimated Fair Value	Cost	Estimated Fair Value
Contractual Maturity				
Within one year	$ 45	$ 44	$ 45	$ 44
Over one year to five years	759	775	759	766
Total restricted securities available for sale	$ 804	$ 819	$ 804	$ 810

Deferred Debt Issuance Costs

As of March 31, 2012 and December 31, 2011, deferred debt issuance costs were $18.2 million and $18.1 million, respectively, and are included in other assets in the consolidated balance sheets. Expenses associated with the issuance of debt instruments are capitalized and amortized as interest expense over the term of the debt instrument using the effective interest method for asset-backed secured financings ("Term ABS") and 9.125% First Priority Senior Secured Notes due 2017 ("Senior Notes") and the straight-line method for lines of credit and revolving secured warehouse ("Warehouse") facilities.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Concluded)

Derivative and Hedging Instruments

We rely on various sources of financing, some of which contain floating rates of interest and expose us to risks associated with increases in interest rates. We manage such risk primarily by entering into interest rate cap and interest rate swap agreements (“derivative instruments”).

For derivative instruments that are designated and qualify as hedging instruments, we formally document all relationships between the hedging instruments and hedged items, as well as their risk-management objective and strategy for undertaking various hedge transactions. This process includes linking all derivative instruments that are designated as cash flow hedges to specific assets and liabilities on the balance sheet. We also formally assess (both at the hedge’s inception and on a quarterly basis) whether the derivative instruments that are used in hedging transactions have been highly effective in offsetting changes in the cash flows of hedged items and whether those derivative instruments may be expected to remain highly effective in the future periods. The effective portion of changes in the fair value of the derivative instruments is recorded in other comprehensive income, net of income taxes. If it is determined that a derivative instrument is not (or has ceased to be) highly effective as a hedge, we would discontinue hedge accounting prospectively and the ineffective portion of changes in fair value would be recorded in interest expense. For derivative instruments not designated as hedges, changes in the fair value of these agreements increase or decrease interest expense.

We recognize derivative instruments as either other assets or accounts payable and accrued liabilities on our consolidated balance sheets. For additional information regarding our derivative and hedging instruments, see Note 6 to the consolidated financial statements.

New Accounting Updates

Accounting for Costs Associated with Acquiring or Renewing Insurance Contracts. In October 2010, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2010-26, which amends Topic 944 (Financial Services – Insurance). ASU No. 2010-26 is intended to address diversity in practice regarding the interpretation of which costs relating to the acquisition of new or renewal insurance contracts qualify for deferral. The amendments specify which costs incurred in the acquisition of new and renewal contracts should be capitalized. ASU No. 2010-26 is effective for fiscal years beginning after December 15, 2011. While the guidance in this ASU is required to be applied prospectively upon adoption, retrospective application is also permitted (to all prior periods presented). Early adoption is also permitted, but only at the beginning of an entity’s annual reporting period. The adoption of ASU No. 2010-26 on January 1, 2012 did not have a material impact on our consolidated financial statements.

Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs. In May 2011, the FASB issued ASU No. 2011-04 which amends Topic 820 (Fair Value Measurement). ASU No. 2011-04 is intended to provide a consistent definition of fair value and common requirements for measurement of and disclosure about fair value between U.S. GAAP and IFRS. The amendments in ASU No. 2011-04 include changes regarding how and when the valuation premise of highest and best use applies, the application of premiums and discounts, and new required disclosures. ASU No. 2011-04 is to be applied prospectively upon adoption and is effective for interim and annual periods beginning after December 15, 2011 with early adoption prohibited. The adoption of ASU No. 2011-04 on January 1, 2012 did not have a material impact on our consolidated financial statements, but expanded our disclosures related to fair value measurements.

4. LOANS RECEIVABLE

Loans receivable consists of the following:

(In thousands)	As of March 31, 2012		
	Dealer Loans	Purchased Loans	Total
Loans receivable	$ 1,652,065	$ 245,104	$ 1,897,169
Allowance for credit losses	(148,225)	(11,148)	(159,373)
Loans receivable, net	$ 1,503,840	$ 233,956	$ 1,737,796

(In thousands)	As of December 31, 2011		
	Dealer Loans	Purchased Loans	Total
Loans receivable	$ 1,506,539	$ 246,352	$ 1,752,891
Allowance for credit losses	(141,712)	(12,606)	(154,318)
Loans receivable, net	$ 1,364,827	$ 233,746	$ 1,598,573

A summary of changes in Loans receivable is as follows:

(In thousands)	For the Three Months Ended March 31, 2012		
	Dealer Loans	Purchased Loans	Total
Balance, beginning of period	$ 1,506,539	$ 246,352	$ 1,752,891
New Consumer Loan assignments (1)	374,392	34,789	409,181
Principal collected on Loans receivable	(269,650)	(41,145)	(310,795)
Accelerated Dealer Holdback payments	12,914	–	12,914
Dealer Holdback payments	33,205	–	33,205
Transfers (2)	(5,179)	5,179	–
Write-offs	(663)	(98)	(761)
Recoveries (3)	542	27	569
Net change in other loans	(35)	–	(35)
Balance, end of period	$ 1,652,065	$ 245,104	$ 1,897,169

(In thousands)	For the Three Months Ended March 31, 2011		
	Dealer Loans	Purchased Loans	Total
Balance, beginning of period	$ 1,082,039	$ 262,842	$ 1,344,881
New Consumer Loan assignments (1)	336,408	32,726	369,134
Principal collected on Loans receivable	(208,459)	(45,133)	(253,592)
Accelerated Dealer Holdback payments	12,045	–	12,045
Dealer Holdback payments	15,574	–	15,574
Transfers (2)	(4,596)	4,596	–
Write-offs	(351)	(78)	(429)
Recoveries (3)	497	16	513
Net change in other loans	230	–	230
Balance, end of period	$ 1,233,387	$ 254,969	$ 1,488,356

(1) The Dealer Loans amount represents advances paid to Dealer-Partners on Consumer Loans assigned under our Portfolio Program. The Purchased Loans amount represents one-time payments made to Dealer-Partners to purchase Consumer Loans assigned under our Purchase Program.
(2) Under our Portfolio Program, certain events may result in Dealer-Partners forfeiting their rights to Dealer Holdback. We transfer the Dealer-Partner's outstanding Dealer Loan balance to Purchased Loans in the period this forfeiture occurs.
(3) Represents collections received on previously written off Loans.

4. LOANS RECEIVABLE – (Continued)

Contractual net cash flows are comprised of the contractual repayments of the underlying Consumer Loans for Dealer and Purchased Loans, less the related Dealer Holdback payments for Dealer Loans. The difference between the contractual net cash flows and the expected net cash flows is referred to as the nonaccretable difference. This difference is neither accreted into income nor recorded in our balance sheets. We do not believe that the contractual net cash flows of our Loan portfolio are relevant in assessing our financial position. We are contractually owed repayments on many Consumer Loans, primarily those older than 120 months, where we are not forecasting any future net cash flows.

The excess of expected net cash flows over the carrying value of the Loans is referred to as the accretable yield and is recognized on a level-yield basis as finance charge income over the remaining lives of the Loans. A summary of changes in the accretable yield is as follows:

(In thousands)	For the Three Months Ended March 31, 2012		
	Dealer Loans	Purchased Loans	Total
Balance, beginning of period	$ 508,046	$ 120,082	$ 628,128
New Consumer Loan assignments (1)	157,636	16,112	173,748
Finance charge income	(105,652)	(20,414)	(126,066)
Forecast changes	3,504	670	4,174
Transfers (2)	(2,430)	3,908	1,478
Balance, end of period	$ 561,104	$ 120,358	$ 681,462

(In thousands)	For the Three Months Ended March 31, 2011		
	Dealer Loans	Purchased Loans	Total
Balance, beginning of period	$ 351,569	$ 124,520	$ 476,089
New Consumer Loan assignments (1)	151,360	17,717	169,077
Finance charge income	(84,568)	(21,935)	(106,503)
Forecast changes	6,889	326	7,215
Transfers (2)	(2,113)	3,607	1,494
Balance, end of period	$ 423,137	$ 124,235	$ 547,372

(1) The Dealer Loans amount represents the net cash flows expected at the time of assignment on Consumer Loans assigned under our Portfolio Program, less the related advances paid to Dealer-Partners. The Purchased Loans amount represents the net cash flows expected at the time of assignment on Consumer Loans assigned under our Purchase Program, less the related one-time payments made to Dealer-Partners.
(2) Under our Portfolio Program, certain events may result in Dealer-Partners forfeiting their rights to Dealer Holdback. We transfer the Dealer-Partner's outstanding Dealer Loan balance and related expected future net cash flows to Purchased Loans in the period this forfeiture occurs.

Additional information related to new Consumer Loan assignments is as follows:

(In thousands)	For the Three Months Ended March 31, 2012		
	Dealer Loans	Purchased Loans	Total
Contractual net cash flows at the time of assignment (1)	$ 575,982	$ 71,185	$ 647,167
Expected net cash flows at the time of assignment (2)	532,028	50,901	582,929
Fair value at the time of assignment (3)	374,392	34,789	409,181

(In thousands)	For the Three Months Ended March 31, 2011		
	Dealer Loans	Purchased Loans	Total
Contractual net cash flows at the time of assignment (1)	$ 522,980	$ 68,487	$ 591,467
Expected net cash flows at the time of assignment (2)	487,768	50,443	538,211
Fair value at the time of assignment (3)	336,408	32,726	369,134

(1) The Dealer Loans amount represents the repayments that we were contractually owed at the time of assignment on Consumer Loans assigned under our Portfolio Program, less the related Dealer Holdback payments that we would be required to make if we collected all of the contractual repayments. The Purchased Loans amount represents the repayments that we were contractually owed at the time of assignment on Consumer Loans assigned under our Purchase Program.
(2) The Dealer Loans amount represents the repayments that we expected to collect at the time of assignment on Consumer Loans assigned under our Portfolio Program, less the related Dealer Holdback payments that we expected to make. The Purchased Loans amount represents the repayments that we expected to collect at the time of assignment on Consumer Loans assigned under our Purchase Program.
(3) The Dealer Loans amount represents advances paid to Dealer-Partners on Consumer Loans assigned under our Portfolio Program. The Purchased Loans amount represents one-time payments made to Dealer-Partners to purchase Consumer Loans assigned under our Purchase Program.

4. LOANS RECEIVABLE – (Continued)

Credit Quality

We monitor and evaluate the credit quality of Consumer Loans assigned under our Portfolio and Purchase Programs on a monthly basis by comparing our current forecasted collection rates to our initial expectations. For additional information regarding credit quality, see Note 3 to the consolidated financial statements. The following table compares our forecast of Consumer Loan collection rates as of March 31, 2012, with the forecasts as of December 31, 2011, and at the time of assignment, segmented by year of assignment:

	Forecasted Collection Percentage as of (1)			Variance in Forecasted Collection Percentage from	
Consumer Loan Assignment Year	March 31, 2012	December 31, 2011	Initial Forecast	December 31, 2011	Initial Forecast
2003	73.7%	73.7%	72.0%	0.0%	1.7%
2004	73.0%	73.0%	73.0%	0.0%	0.0%
2005	73.6%	73.6%	74.0%	0.0%	-0.4%
2006	70.0%	70.0%	71.4%	0.0%	-1.4%
2007	68.1%	68.1%	70.7%	0.0%	-2.6%
2008	70.1%	70.0%	69.7%	0.1%	0.4%
2009	79.5%	79.4%	71.9%	0.1%	7.6%
2010	76.9%	76.8%	73.6%	0.1%	3.3%
2011	73.0%	73.2%	72.5%	-0.2%	0.5%

(1) Represents the total forecasted collections we expect to collect on the Consumer Loans as a percentage of the repayments that we were contractually owed on the Consumer Loans at the time of assignment. Contractual repayments include both principal and interest.

Advances paid to Dealer-Partners on Consumer Loans assigned under our Portfolio Program and one-time payments made to Dealer-Partners to purchase Consumer Loans assigned under our Purchase Program are aggregated into pools for purposes of recognizing revenue and evaluating impairment. As a result of this aggregation, we are not able to segment the carrying value of the majority of our Loan portfolio by year of assignment. The following table summarizes Loan pools based on the performance of the underlying pool of Consumer Loans:

(In thousands)	As of March 31, 2012					
	Loan Pool Performance Meets or Exceeds Initial Estimates			Loan Pool Performance Less than Initial Estimates		
	Dealer Loans	Purchased Loans	Total	Dealer Loans	Purchased Loans	Total
Loans receivable	$ 529,085	$ 189,572	$ 718,657	$ 1,122,980	$ 55,532	$ 1,178,512
Allowance for credit losses	–	–	–	(148,225)	(11,148)	(159,373)
Loans receivable, net	$ 529,085	$ 189,572	$ 718,657	$ 974,755	$ 44,384	$ 1,019,139

(In thousands)	As of December 31, 2011					
	Loan Pool Performance Meets or Exceeds Initial Estimates			Loan Pool Performance Less than Initial Estimates		
	Dealer Loans	Purchased Loans	Total	Dealer Loans	Purchased Loans	Total
Loans receivable	$ 511,926	$ 192,502	$ 704,428	$ 994,613	$ 53,850	$ 1,048,463
Allowance for credit losses	–	–	–	(141,712)	(12,606)	(154,318)
Loans receivable, net	$ 511,926	$ 192,502	$ 704,428	$ 852,901	$ 41,244	$ 894,145

4. LOANS RECEIVABLE – (Concluded)

A summary of changes in the allowance for credit losses is as follows:

(In thousands)	For the Three Months Ended March 31, 2012		
	Dealer Loans	Purchased Loans	Total
Balance, beginning of period	$ 141,712	$ 12,606	$ 154,318
Provision for credit losses	6,634	(1,387)	5,247
Write-offs	(663)	(98)	(761)
Recoveries (1)	542	27	569
Balance, end of period	$ 148,225	$ 11,148	$ 159,373

(In thousands)	For the Three Months Ended March 31, 2011		
	Dealer Loans	Purchased Loans	Total
Balance, beginning of period	$ 113,227	$ 13,641	$ 126,868
Provision for credit losses	9,428	(512)	8,916
Write-offs	(351)	(78)	(429)
Recoveries (1)	497	16	513
Balance, end of period	$ 122,801	$ 13,067	$ 135,868

(1) Represents collections received on previously written off Loans.

5. DEBT

We currently utilize the following primary forms of debt financing: (1) a revolving secured line of credit; (2) Warehouse facilities; (3) Term ABS financings and (4) Senior Notes. General information for each of our financing transactions in place as of March 31, 2012 is as follows:

(Dollars in thousands)

Financings	Wholly-owned Subsidiary	Close Date	Maturity Date		Financing Amount		Interest Rate as of March 31, 2012
Revolving Secured Line of Credit	n/a	06/17/2011	06/22/2014		$	205,000	At our option, either LIBOR plus 225 basis points or the prime rate plus 125 basis points
Warehouse Facility II (1)	CAC Warehouse Funding Corp. II	06/17/2011	06/17/2014	(2)	$	325,000	Commercial paper rate plus 275 basis points or LIBOR plus 375 basis points (3) (4)
Warehouse Facility III (1)	CAC Warehouse Funding III, LLC	09/10/2010	09/10/2013	(5)	$	75,000	Commercial paper rate plus 160 basis points or LIBOR plus 160 basis points (3) (4)
Warehouse Facility IV (1)	CAC Warehouse Funding LLC IV	08/19/2011	02/19/2014	(2)	$	75,000	LIBOR plus 275 basis points (4)
Term ABS 2010-1 (1)	Credit Acceptance Funding LLC 2010-1	11/04/2010	10/15/2012	(2)	$	100,500	Fixed rate
Term ABS 2011-1 (1)	Credit Acceptance Funding LLC 2011-1	10/06/2011	09/16/2013	(2)	$	200,500	Fixed rate
Term ABS 2012-1 (1)	Credit Acceptance Funding LLC 2012-1	03/29/2012	03/17/2014	(2)	$	201,250	Fixed rate
Senior Notes	n/a	(6)	02/01/2017		$	350,000	Fixed rate

(1) Financing made available only to a specified subsidiary of the Company.
(2) Represents the revolving maturity date. The outstanding balance will amortize after the maturity date based on the cash flows of the pledged assets.
(3) The LIBOR rate is used if funding is not available from the commercial paper market.
(4) Interest rate cap agreements are in place to limit the exposure to increasing interest rates.
(5) Represents the revolving maturity date. The outstanding balance will amortize after the revolving maturity date and any amounts remaining on September 10, 2014 will be due.
(6) The close dates associated with the issuance of $250.0 million and $100.0 million of the Senior Notes were on February 1, 2010 and March 3, 2011, respectively.

5. DEBT – (Continued)

Additional information related to the amounts outstanding on each facility is as follows:

(In thousands)	For the Three Months Ended March 31, 2012	2011
Revolving Secured Line of Credit		
Maximum outstanding balance	$ 185,500	$ 149,700
Average outstanding balance	102,681	86,538
Warehouse Facility II		
Maximum outstanding balance	$ 177,200	$ 180,600
Average outstanding balance	158,870	124,633
Warehouse Facility III		
Maximum outstanding balance	$ 73,000	$ 40,000
Average outstanding balance	67,301	35,489
Warehouse Facility IV		
Maximum outstanding balance	$ 39,600	$ –
Average outstanding balance	37,905	–

5. DEBT – (Continued)

(Dollars in thousands)	As of March 31, 2012	As of December 31, 2011
Revolving Secured Line of Credit		
Balance outstanding	$ 173,600	$ 43,900
Amount available for borrowing (1)	31,400	161,100
Interest rate	2.50%	2.55%
Warehouse Facility II		
Balance outstanding	$ 7,000	$ 163,200
Amount available for borrowing (1)	318,000	161,800
Loans pledged as collateral	119,667	242,119
Restricted cash and cash equivalents pledged as collateral	7,513	6,117
Interest rate	2.93%	2.99%
Warehouse Facility III		
Balance outstanding	$ 57,700	$ 70,000
Amount available for borrowing (1)	17,300	5,000
Loans pledged as collateral	86,019	91,601
Restricted cash and cash equivalents pledged as collateral	5,004	3,321
Interest rate	1.84%	1.89%
Warehouse Facility IV		
Balance outstanding	$ 37,600	$ 37,500
Amount available for borrowing (1)	37,400	37,500
Loans pledged as collateral	60,296	62,260
Restricted cash and cash equivalents pledged as collateral	3,254	2,188
Interest rate	2.99%	3.05%
Term ABS 2009-1		
Balance outstanding	$ –	$ 27,581
Loans pledged as collateral	–	105,209
Restricted cash and cash equivalents pledged as collateral	410	13,526
Interest rate	–	5.68%
Term ABS 2010-1		
Balance outstanding	$ 100,500	$ 100,500
Loans pledged as collateral	125,609	125,541
Restricted cash and cash equivalents pledged as collateral	17,493	14,116
Interest rate	2.36%	2.36%
Term ABS 2011-1		
Balance outstanding	$ 200,500	$ 200,500
Loans pledged as collateral	250,186	248,167
Restricted cash and cash equivalents pledged as collateral	29,028	23,268
Interest rate	2.90%	2.90%
Term ABS 2012-1		
Balance outstanding	$ 201,250	$ –
Loans pledged as collateral	248,752	–
Restricted cash and cash equivalents pledged as collateral	50,824	–
Interest rate	2.38%	–
Senior Notes		
Balance outstanding (2)	$ 350,354	$ 350,378
Interest rate	9.13%	9.13%

(1) Availability may be limited by the amount of assets pledged as collateral.
(2) As of March 31, 2012 and December 31, 2011, the outstanding balance presented for the Senior Notes includes a net unamortized debt premium of $0.4 million.

5. DEBT – (Continued)

Revolving Secured Line of Credit Facility

We have a $205.0 million revolving secured line of credit facility with a commercial bank syndicate.

Borrowings under the revolving secured line of credit facility, including any letters of credit issued under the facility, are subject to a borrowing-base limitation. This limitation equals 80% of the net book value of Loans, less a hedging reserve (not exceeding $1.0 million), and the amount of other debt secured by the collateral which secures the revolving secured line of credit facility. Borrowings under the revolving secured line of credit facility agreement are secured by a lien on most of our assets.

Warehouse Facilities

We have three Warehouse facilities with total borrowing capacity of $475.0 million. Each of the facilities are with different institutional investors, and the facility limit is $325.0 million for Warehouse Facility II and $75.0 million for both Warehouse Facility III and IV.

Under each Warehouse facility, we can contribute Loans to our wholly-owned subsidiaries in return for cash and equity in each subsidiary. In turn, each subsidiary pledges the Loans as collateral to institutional investors to secure financing that will fund the cash portion of the purchase price of the Loans. The financing provided to each subsidiary under the applicable facility is limited to the lesser of 80% of the net book value of the contributed Loans plus the cash collected on such Loans or the facility limit.

The financings create indebtedness for which the subsidiaries are liable and which is secured by all the assets of each subsidiary. Such indebtedness is non-recourse to us, even though we are consolidated for financial reporting purposes with the subsidiaries. Because the subsidiaries are organized as legal entities separate from us, their assets (including the contributed Loans) are not available to our creditors.

Interest on borrowings under Warehouse Facility II has been limited through interest rate cap agreements to a maximum rate of 6.75% plus the spread over the LIBOR rate or the commercial paper rate, as applicable. Interest on borrowings for a portion of Warehouse Facility III has been limited through an interest rate cap agreement to a maximum rate of 6.75% plus the spread over the LIBOR rate or the commercial paper rate, as applicable. Interest on borrowings for Warehouse Facility IV has also been limited through an interest rate cap agreement to a maximum rate of 5.50% plus the spread over the LIBOR rate. For additional information, see Note 6 of these consolidated financial statements.

The subsidiaries pay us a monthly servicing fee equal to 6% of the collections received with respect to the contributed Loans. The fee is paid out of the collections. Except for the servicing fee and holdback payments due to Dealer-Partners, if a facility is amortizing, we do not have any rights in any portion of such collections until all outstanding principal, accrued and unpaid interest, fees and other related costs have been paid in full. If a facility is not amortizing, the applicable subsidiary may be entitled to retain a portion of such collections provided that the borrowing base requirements of the facility are satisfied.

Term ABS Financings

In 2009, 2010, 2011 and 2012, four of our wholly-owned subsidiaries (the “Funding LLCs”), completed secured financing transactions with qualified institutional investors. In connection with these transactions, we contributed Loans on an arms-length basis to each Funding LLC for cash and the sole membership interest in that Funding LLC. In turn, each Funding LLC contributed the Loans to a respective trust that issued notes to qualified institutional investors. The Term ABS 2009-1, 2010-1, 2011-1 and 2012-1 transactions each consist of three classes of notes. The Class A and Class B Notes for each Term ABS financing bear interest. The Class C Notes for each Term ABS financing do not bear interest and have been retained by us.

Each financing at the time of issuance has a specified revolving period during which we may be required, and are likely, to contribute additional Loans to each Funding LLC. Each Funding LLC will then contribute the Loans to their respective trust. At the end of the revolving period, the debt outstanding under each financing will begin to amortize.

5. DEBT – (Continued)

The financings create indebtedness for which the trusts are liable and which is secured by all the assets of each trust. Such indebtedness is non-recourse to us, even though we are consolidated for financial reporting purposes with the trusts and the Funding LLCs. Because the Funding LLCs are organized as legal entities separate from us, their assets (including the contributed Loans) are not available to our creditors. We receive a monthly servicing fee on each financing equal to 6% of the collections received with respect to the contributed Loans. The fee is paid out of the collections. Except for the servicing fee and Dealer Holdback payments due to Dealer-Partners, if a facility is amortizing, we do not have any rights in any portion of such collections until all outstanding principal, accrued and unpaid interest, fees and other related costs have been paid in full. If a facility is not amortizing, the applicable subsidiary may be entitled to retain a portion of such collections provided that the borrowing base requirements of the facility are satisfied. However, in our capacity as servicer of the Loans, we do have a limited right to exercise a "clean-up call" option to purchase Loans from the Funding LLCs and/or the trusts under certain specified circumstances. Alternatively, when a trust's underlying indebtedness is paid in full, either through collections or through a prepayment of the indebtedness, the trust is to pay any remaining collections over to its Funding LLC as the sole beneficiary of the trust. The collections will then be available to be distributed to us as the sole member of the respective Funding LLC.

The table below sets forth certain additional details regarding the outstanding Term ABS Financings:

(Dollars in thousands)

Term ABS Financings	Close Date	Net Book Value of Dealer Loans Contributed at Closing	Revolving Period
Term ABS 2010-1	November 4, 2010	$ 126,751	24 months (Through October 15, 2012)
Term ABS 2011-1	October 6, 2011	$ 250,827	24 months (Through September 16, 2013)
Term ABS 2012-1	March 29, 2012	$ 251,681	24 months (Through March 17, 2014)

Senior Notes

We have outstanding $350.0 million aggregate principal amount of our 9.125% First Priority Senior Secured Notes due 2017, $100.0 million of which we issued on March 3, 2011 and $250.0 million of which we issued on February 1, 2010. The Senior Notes are governed by an indenture, dated as of February 1, 2010, as amended and supplemented (the "Indenture"), among us, as the issuer; our subsidiaries Buyers Vehicle Protection Plan, Inc. and Vehicle Remarketing Services, Inc., as guarantors (the "Guarantors"); and U.S. Bank National Association, as trustee. The Senior Notes issued on March 3, 2011 have the same terms as the previously issued Senior Notes, other than issue price and issue date, and all of the Senior Notes are treated as a single class under the Indenture.

The Senior Notes mature on February 1, 2017 and bear interest at a rate of 9.125% per annum, computed on the basis of a 360-day year comprised of twelve 30-day months and payable semi-annually on February 1 and August 1 of each year. The Senior Notes issued on March 3, 2011 were issued at a price of 106.0% of their aggregate principal amount, resulting in gross proceeds of $106.0 million, and a yield to maturity of 7.83% per annum. The Senior Notes issued on February 1, 2010 were issued at a price of 97.495% of their aggregate principal amount, resulting in gross proceeds of $243.7 million, and a yield to maturity of 9.625% per annum. The premium with respect to the Senior Notes issued on March 3, 2011 and the discount with respect to the Senior Notes issued on February 1, 2010 are being amortized over the life of the Senior Notes using the effective interest method.

The Senior Notes are guaranteed on a senior secured basis by the Guarantors, which are also guarantors of obligations under our revolving secured line of credit facility. Other existing and future subsidiaries of ours may become guarantors of the Senior Notes. The Senior Notes and the Guarantors' Senior Note guarantees are secured on a first-priority basis (subject to specified exceptions and permitted liens), together with all indebtedness outstanding from time to time under the revolving secured line of credit facility and, under certain circumstances, certain future indebtedness, by a security interest in substantially all of our assets and those of the Guarantors, subject to certain exceptions such as real property, cash (except to the extent it is deposited with the collateral agent), certain leases, and equity interests of our subsidiaries (other than those of specified subsidiaries including the Guarantors). Our assets and those of the Guarantors securing the Senior Notes and the Senior Note guarantees will not include our assets transferred to special purpose subsidiaries in connection with Warehouse facilities and Term ABS financings and will generally be the same as the collateral securing indebtedness under the revolving secured line of credit facility and, under certain circumstances, certain future indebtedness, subject to certain limited exceptions as provided in the security and intercreditor agreements related to the revolving secured line of credit facility.

5. DEBT – (Concluded)

Debt Covenants

As of March 31, 2012, we were in compliance with all our debt covenants relating to the revolving secured line of credit facility, including those that require the maintenance of certain financial ratios and other financial conditions. These covenants require a minimum ratio of our earnings before interest, taxes and non-cash expenses to fixed charges. These covenants also limit the maximum ratio of our funded debt to tangible net worth. Additionally, we must maintain consolidated net income of not less than $1 for the two most recently ended fiscal quarters. Some of these debt covenants may indirectly limit the repurchase of common stock or payment of dividends on common stock.

Our Warehouse facilities and Term ABS financings also contain covenants that measure the performance of the contributed assets. As of March 31, 2012, we were in compliance with all such covenants. As of the end of the quarter, we were also in compliance with our covenants under the Indenture. The Indenture includes covenants that limit the maximum ratio of our funded debt to tangible net worth and also require a minimum collateral coverage ratio.

6. DERIVATIVE AND HEDGING INSTRUMENTS

Interest Rate Caps. We utilize interest rate cap agreements to manage the interest rate risk on our Warehouse facilities. The following table provides the terms of our interest rate cap agreements that were in effect as of both March 31, 2012 and December 31, 2011:

Facility (in millions)	Facility Name	Purpose	Start	End	Notional (in millions)	Cap Interest Rate (1)
$ 325.0	Warehouse Facility II	Cap Floating Rate	09/2010	06/2013	$ 325.0	6.75%
75.0	Warehouse Facility III	Cap Floating Rate	09/2010	09/2013	37.5	6.75%
75.0	Warehouse Facility IV	Cap Floating Rate	08/2011	03/2014	75.0	5.50%

(1) Rate excludes the spread over the LIBOR rate or the commercial paper rate, as applicable.

The interest rate caps have not been designated as hedging instruments.

Information related to the fair values of derivative instruments in our consolidated balance sheets as of March 31, 2012 and December 31, 2011 is as follows:

(In thousands)		Fair Value as of	
	Balance Sheet location	March 31, 2012	December 31, 2011
Derivatives not designated as hedging instruments			
Asset Derivatives			
Interest rate caps	Other assets	$ 2	$ 16

6. DERIVATIVE AND HEDGING INSTRUMENTS – (Concluded)

Information related to the effect of derivative instruments designated as hedging instruments in our consolidated financial statements for the three months ended March 31, 2012 and 2011 is as follows:

(In thousands)

Derivatives in Cash Flow Hedging Relationships	(Loss) / Gain Recognized in OCI on Derivative (Effective Portion) For the Three Months Ended March 31, 2012	2011	(Loss) / Gain Reclassified from Accumulated OCI into Income (Effective Portion) Location	For the Three Months Ended March 31, 2012	2011
Interest rate swap	$ –	$ (8)	Interest expense	$ –	$ (69)

Information related to the effect of derivative instruments not designated as hedging instruments on our consolidated statements of income for the three months ended March 31, 2012 and 2011 is as follows:

(In thousands)

Derivatives Not Designated as Hedging Instruments	Location	Amount of (Loss) / Gain Recognized in Income on Derivatives For the Three Months Ended March 31, 2012	2011
Interest rate caps	Interest expense	$ (14)	$ (20)

7. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate their value.

Cash and Cash Equivalents and Restricted Cash and Cash Equivalents. The carrying amount of cash and cash equivalents and restricted cash and cash equivalents approximate their fair value due to the short maturity of these instruments.

Restricted Securities Available for Sale. Restricted securities consist of amounts held in trusts by TPAs to pay claims on vehicle service contracts. Securities for which we do not have the intent or ability to hold to maturity are classified as available for sale and stated at fair value. The fair value of restricted securities are based on quoted market values.

Net Investment in Loans Receivable. Loans receivable, net represents our net investment in Loans. The fair value is determined by calculating the present value of future Loan payment inflows and Dealer Holdback outflows estimated by us utilizing a discount rate comparable with the rate used to calculate our allowance for credit losses.

Derivative Instruments. The fair value of interest rate caps and interest rate swaps are based on quoted prices for similar instruments in active markets, which are influenced by a number of factors, including interest rates, notional amount of the derivative, and number of months until maturity.

Liabilities. The fair values of our Term ABS financings and our Senior Notes are determined using quoted market prices. For our Revolving Secured Line of Credit, our Warehouse Facilities and our mortgage note, the fair values are calculated using the estimated value of each debt instrument based on current rates for debt with similar risk profiles and maturities.

7. FAIR VALUE OF FINANCIAL INSTRUMENTS – (Continued)

A comparison of the carrying value and estimated fair value of these financial instruments is as follows:

(In thousands)

	As of March 31, 2012		As of December 31, 2011	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Assets				
Cash and cash equivalents	$ 4,691	$ 4,691	$ 4,657	$ 4,657
Restricted cash and cash equivalents	160,069	160,069	104,679	104,679
Restricted securities available for sale	819	819	810	810
Net investment in Loans receivable	1,737,796	1,754,610	1,598,573	1,615,009
Derivative instruments	2	2	16	16
Liabilities				
Revolving secured line of credit	$ 173,600	$ 173,600	$ 43,900	$ 43,900
Secured financing	604,550	608,006	599,281	598,622
Mortgage note	4,227	4,227	4,288	4,288
Senior notes	350,354	378,000	350,378	365,500

Fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. We group assets and liabilities at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

Level 1 Valuation is based upon quoted prices for identical instruments traded in active markets.

Level 2 Valuation is based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market.

Level 3 Valuation is generated from model-based techniques that use at least one significant assumption not observable in the market. These unobservable assumptions reflect estimates or assumptions that market participants would use in pricing the asset or liability.

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7. FAIR VALUE OF FINANCIAL INSTRUMENTS – (Concluded)

The following table provides the level of measurement used to determine the fair value for each of our financial instruments on a recurring basis, as of March 31, 2012 and December 31, 2011:

(In thousands)

	As of March 31, 2012			
	Level 1	Level 2	Level 3	Total Fair Value
Assets				
Cash and cash equivalents	$ 4,691	$ –	$ –	$ 4,691
Restricted cash and cash equivalents	160,069	–	–	160,069
Restricted securities available for sale	819	–	–	819
Net investment in Loans receivable	–	–	1,754,610	1,754,610
Derivative instruments	–	2	–	2
Liabilities				
Revolving secured line of credit	$ –	$ 173,600	$ –	$ 173,600
Secured financing	–	608,006	–	608,006
Mortgage note	–	4,227	–	4,227
Senior notes	378,000	–	–	378,000

(In thousands)

	As of December 31, 2011			
	Level 1	Level 2	Level 3	Total Fair Value
Assets				
Cash and cash equivalents	$ 4,657	$ –	$ –	$ 4,657
Restricted cash and cash equivalents	104,679	–	–	104,679
Restricted securities available for sale	810	–	–	810
Net investment in Loans receivable	–	–	1,615,009	1,615,009
Derivative instruments	–	16	–	16
Liabilities				
Revolving secured line of credit	$ –	$ 43,900	$ –	$ 43,900
Secured financing	–	598,622	–	598,622
Mortgage note	–	4,288	–	4,288
Senior notes	365,500	–	–	365,500

8. RELATED PARTY TRANSACTIONS

In the normal course of our business, affiliated Dealer-Partners assign Consumer Loans to us under the Portfolio and Purchase Programs. Dealer Loans and Purchased Loans with affiliated Dealer-Partners are on the same terms as those with non-affiliated Dealer-Partners. Affiliated Dealer-Partners are comprised of Dealer-Partners owned or controlled by: (1) our Chairman and significant shareholder; and (2) a member of the Chairman's immediate family.

Affiliated Dealer Loan balances were $5.3 million and $4.9 million as of March 31, 2012 and December 31, 2011, respectively. As of March 31, 2012 and December 31, 2011, affiliated Dealer Loan balances were 0.3% of total consolidated Dealer Loan balances. A summary of related party Loan activity is as follows:

(In thousands)	For the Three Months Ended March 31,			
	2012		2011	
	Affiliated Dealer-Partner activity	% of consolidated	Affiliated Dealer-Partner activity	% of consolidated
Dealer Loan revenue	$ 277	0.3 %	$ 545	0.6 %
New Consumer Loan assignments (1)	1,166	0.3 %	347	0.1 %
Accelerated Dealer Holdback payments	70	0.5 %	24	0.2 %
Dealer Holdback payments	991	3.0 %	465	3.0 %

(1) Represents advances paid to Dealer-Partners on Consumer Loans assigned under our Portfolio Program and one-time payments made to Dealer-Partners to purchase Consumer Loans assigned under our Purchase Program.

Our Chairman and significant shareholder has indirect control over entities that, in the past, offered secured lines of credit to automobile dealers, and has the right or obligation to reacquire these entities under certain circumstances until December 31, 2014 or the repayment of the related purchase money note.

9. INCOME TAXES

A reconciliation of the U.S. federal statutory rate to our effective tax rate is as follows:

	For the Three Months Ended March 31,	
	2012	2011
U.S. federal statutory rate	35.0%	35.0%
State income taxes	1.4%	1.7%
Changes in reserve for uncertain tax positions as a result of settlements and lapsed statutes and related interest	-0.4%	-1.0%
Other	0.1%	0.1%
Effective tax rate	36.1%	35.8%

The differences between the U.S. federal statutory rate and our effective tax rate are primarily due to state income taxes and reserves for uncertain tax positions and related interest that are included in the provision for income taxes.

The increase in the effective tax rate for the three months ended March 31, 2012, as compared to 2011, is primarily due to a $0.5 million refund we received in the first quarter of 2011 as part of a resolution of a dispute with the Internal Revenue Service ("IRS"), partially offset by changes in the reserve for uncertain tax positions.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)
(UNAUDITED)

10. NET INCOME PER SHARE

Basic net income per share has been computed by dividing net income by the basic number of weighted average shares outstanding. Diluted net income per share has been computed by dividing net income by the diluted number of weighted average shares outstanding using the treasury stock method. The share effect is as follows:

(In thousands)	For the Three Months Ended March 31, 2012	2011
Weighted average shares outstanding:		
Common shares	25,636	26,833
Vested restricted stock units	522	363
Basic number of weighted average shares outstanding	26,158	27,196
Dilutive effect of stock options	57	174
Dilutive effect of restricted stock and restricted stock units	69	119
Dilutive number of weighted average shares outstanding	26,284	27,489

For the three months ended March 31, 2012 and 2011, there were 9,558 and 8,842 shares of restricted stock outstanding, respectively, excluded from the calculation of diluted net income per share because the impact would have been anti-dilutive.

11. STOCK REPURCHASES

On August 5, 1999, our board of directors approved a stock repurchase program which authorizes us to repurchase common shares in the open market or in privately negotiated transactions at price levels we deem attractive. On March 26, 2012, the board of directors authorized the repurchase of up to one million shares of our common stock in addition to the board's prior authorizations. As of March 31, 2012, we had authorization to repurchase up to $6.2 million of our common stock in addition to the one million shares recently approved by the board.

During the first quarter of 2012, we repurchased 190,843 shares of our common stock in the open market at a cost of $18.7 million.

During the first quarter of 2011, we commenced a tender offer to repurchase 1.9 million shares of our common stock at a price of $65.625 per share. Upon expiration of the tender offer during the first quarter of 2011, we repurchased 1.9 million common shares at a cost of $125.0 million, which included 1.3 million shares beneficially owned by Donald A. Foss, our Chairman of the Board, and 0.5 million shares beneficially owned by the trustee of certain grantor retained annuity trusts created by Mr. Foss. We financed the repurchase of our common stock in the tender offer using the proceeds from the issuance of $100.0 million of Senior Notes and by borrowing under our revolving secured line of credit facility.

12. STOCK-BASED COMPENSATION PLANS

On March 26, 2012, our board of directors approved, subject to shareholder approval at the Annual Meeting of Shareholders, an amendment to our Amended and Restated Incentive Compensation Plan (the "Incentive Plan") increasing the number of shares authorized for issuance by 500,000 shares, to 2 million shares. Pursuant to the Incentive Plan, we can grant restricted stock, restricted stock units, stock options, and performance awards to team members, officers, directors, and contractors at any time prior to March 26, 2022. The shares available for future grants under the Incentive Plan totaled 331,206 as of March 31, 2012.

On March 26, 2012, the compensation committee of our board of directors approved an award of 310,000 restricted stock units and 190,000 shares of restricted stock to our Chief Executive Officer. The grant of the restricted stock units is subject to shareholder approval of the increase in the number of shares available for issuance under the Incentive Plan. The 310,000 restricted stock units and 90,000 shares of restricted stock are eligible to vest over a ten year period beginning in 2012 based on the cumulative improvement in our annual adjusted economic profit, a non-GAAP financial measure. The remaining 100,000 shares of restricted stock are eligible to vest in equal annual installments over a five year period beginning in 2022 based on the attainment of annual adjusted economic profit targets.

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12. STOCK-BASED COMPENSATION PLANS – (Continued)

A summary of the restricted stock activity under the Incentive Plan for the three months ended March 31, 2012 and 2011 is presented below:

(In thousands) Restricted Stock	Number of Shares For the Three Months Ended March 31, 2012	2011
Outstanding Beginning Balance	48	112
Granted	199	9
Vested	(37)	(63)
Forfeited	(1)	(3)
Outstanding Ending Balance	209	55

The grant-date fair value per share is estimated to equal the market price of our common stock on the date of grant. In addition to the 190,000 shares of restricted stock granted to our Chief Executive Officer in 2012, we grant time-based shares of restricted stock annually to team members based on attaining certain individual and company performance criteria as a part of our annual incentive compensation program. Based on the terms of individual restricted stock grant agreements, these time-based shares generally vest over a period of three to five years, based on continuous employment.

A summary of the restricted stock unit activity under the Incentive Plan for the three months ended March 31, 2012 and 2011 is presented below:

(In thousands, except per share data)	Nonvested		Vested		Total
Restricted Stock Units	Number of Restricted Stock Units	Weighted Average Grant-Date Fair Value Per Share	Number of Restricted Stock Units	Weighted Average Grant-Date Fair Value Per Share	Number of Restricted Stock Units
Outstanding as of December 31, 2011	348	$ 24.06	428	$ 22.14	776
Granted	313	106.32	–	–	313(1)
Vested	(143)	21.48	143	21.48	–(2)
Outstanding as of March 31, 2012	518	$ 74.45	571	$ 21.97	1,089

(In thousands, except per share data)	Nonvested		Vested		Total
Restricted Stock Units	Number of Restricted Stock Units	Weighted Average Grant-Date Fair Value Per Share	Number of Restricted Stock Units	Weighted Average Grant-Date Fair Value Per Share	Number of Restricted Stock Units
Outstanding as of December 31, 2010	521	$ 19.99	270	$ 22.94	791
Granted	5	62.20	–	–	5(3)
Vested	(158)	20.99	158	20.99	–(4)
Outstanding as of March 31, 2011	368	$ 20.13	428	$ 22.22	796

(1) The distribution date of vested restricted stock units is February 18, 2019 for 3 restricted stock units. For 310 restricted stock units, the vested restricted stock units will be distributed in equal installments on December 31, 2022, 2023, 2024, 2025 and 2026.
(2) The distribution date of vested restricted stock units is February 22, 2014 for 60 restricted stock units, February 22, 2016 for 77 restricted stock units and February 22, 2017 for 6 restricted stock units.
(3) The distribution date of vested restricted stock units is February 22, 2018.
(4) The distribution date of vested restricted stock units is February 22, 2014 for 60 restricted stock units, February 22, 2016 for 90 restricted stock units and February 22, 2017 for 8 restricted stock units.

Each restricted stock unit represents and has a value equal to one share of common stock. The grant-date fair value per share is estimated to equal the market price of our common stock on the date of grant. In addition to the 310,000 restricted stock units granted to our Chief Executive Officer in 2012, we grant performance-based restricted stock units to team members as part of our long-term incentive compensation program. These restricted stock units will be earned over a five-year period based upon the compounded annual growth rate in our adjusted economic profit, a non-GAAP financial measure.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONCLUDED)
(UNAUDITED)

12. STOCK-BASED COMPENSATION PLANS – (Concluded)

Stock compensation expense consists of the following:

(In thousands)	For the Three Months Ended March 31, 2012	2011
Restricted stock	$ 221	$ 216
Restricted stock units	601	375
Total	$ 822	$ 591

While the restricted stock units and shares of restricted stock are generally expected to vest in equal, annual installments over the corresponding requisite service periods of the grants, the related stock-based compensation expense is not recognized on a straight-line basis over the same periods. Each installment is accounted for as a separate award and as a result, the fair value of each installment is recognized as stock-based compensation expense on a straight-line basis over the related vesting period. The following table details how the expenses associated with restricted stock and restricted stock units, which are expected to be recognized over a weighted average period of 3.4 years, will be recorded assuming performance targets are achieved in the periods currently estimated:

(In thousands)

Year	Restricted Stock Units	Restricted Stock	Total Projected Expense (pre-tax)
Remainder of 2012	$ 7,557	$ 2,993	$ 10,550
2013	8,036	3,258	11,294
2014	5,881	2,549	8,430
2015	4,615	2,125	6,740
2016	3,415	1,797	5,212
Thereafter	6,439	8,552	14,991
Total	$ 35,943	$ 21,274	$ 57,217

13. LITIGATION AND CONTINGENT LIABILITIES

In the normal course of business and as a result of the customer-oriented nature of the industry in which we operate, industry participants are frequently subject to various customer claims and litigation seeking damages and statutory penalties. The claims allege, among other theories of liability, violations of state, federal and foreign truth-in-lending, credit availability, credit reporting, customer protection, warranty, debt collection, insurance and other customer-oriented laws and regulations, including claims seeking damages for physical and mental damages relating to our repossession and sale of the customer's vehicle and other debt collection activities. As the assignee of Consumer Loans originated by Dealer-Partners, we may also be named as a co-defendant in lawsuits filed by customers principally against Dealer-Partners. We may also have disputes and litigation with Dealer-Partners. The claims may allege, among other theories of liability, that we breached our dealer servicing agreement. Many of these cases are filed as purported class actions and seek damages in large dollar amounts. Current actions to which we are a party include the following matters.

On December 3, 2010, we received a civil investigative demand from the Missouri Attorney General Office relating to our practices regarding collections from Missouri consumers who claim to have not received title from the Dealer-Partner at the time of their purchase. On January 24, 2011, we provided an initial response and on May 16, 2011, we filed a supplemental response. We are in continued discussions with the Attorney General with respect to the demand for information. We are cooperating with the inquiry.

On November 22, 2011, an arbitration proceeding against us was commenced before the American Arbitration Association ("AAA") in Southfield, Michigan. The arbitration demand was brought by a Dealer-Partner and seeks unspecified money damages for alleged breach of the dealer servicing agreement. The claimant purports to proceed on behalf of a putative class of similarly situated Dealer-Partners. On or about January 3, 2012, we filed an answer, denying the allegations in the demand and opposing claimant's attempt to proceed on a class-wide basis based on the terms of the parties' arbitration agreement, which does not authorize classwide arbitration, and recent controlling Supreme Court authority. The arbitration panel has not yet been appointed and various procedural matters relating to the arbitration, including whether the matter will proceed as a class action, have not yet been adjudicated. We intend to vigorously defend ourselves against the allegations made in this proceeding.

An adverse ultimate disposition in any action to which we are a party or otherwise subject could have a material adverse impact on our financial position, liquidity and results of operations.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with the consolidated financial statements and related notes included in Item 8 - Financial Statements and Supplementary Data, of our 2011 Annual Report on Form 10-K, as well as Item 1- Consolidated Financial Statements, of this Form 10-Q, which is incorporated herein by reference.

Overview

We provide auto loans to consumers regardless of their credit history. Our product is offered through a nationwide network of automobile dealers who benefit from sales of vehicles to consumers who otherwise could not obtain financing; from repeat and referral sales generated by these same customers; and from sales to customers responding to advertisements for our product, but who actually end up qualifying for traditional financing.

For the three months ended March 31, 2012, consolidated net income was $50.3 million, or $1.92 per diluted share, compared to $43.2 million, or $1.57 per diluted share, for the same period in 2011. The increase in consolidated net income for the three months ended March 31, 2012 was primarily due to an increase in the size of our Loan portfolio.

Critical Success Factors

Critical success factors include our ability to access capital on acceptable terms, accurately forecast Consumer Loan performance, and maintain or grow Consumer Loan volume at the level and on the terms that we anticipate, with an objective to maximize economic profit. Economic profit is a financial metric we use to evaluate our financial results and determine incentive compensation. Economic profit measures how efficiently we utilize our total capital, both debt and equity, and is a function of the return on capital in excess of the cost of capital and the amount of capital invested in the business.

Access to Capital

Our strategy for accessing capital on acceptable terms needed to maintain and grow the business is to: (1) maintain consistent financial performance; (2) maintain modest financial leverage; and (3) maintain multiple funding sources. Our funded debt to equity ratio is 2.0:1 as of March 31, 2012. We currently utilize the following primary forms of debt financing: (1) a revolving secured line of credit; (2) Warehouse facilities; (3) Term ABS financings; and (4) Senior Notes.

Consumer Loan Performance

At the time a Consumer Loan is submitted to us for assignment, we forecast future expected cash flows from the Consumer Loan. Based on the amount and timing of these forecasts and expected expense levels, an advance or one-time purchase payment is made to the related Dealer-Partner at a price designed to achieve an acceptable return on capital. If Consumer Loan performance equals or exceeds our initial expectation, it is likely our target return on capital will be achieved.

We use a statistical model to estimate the expected collection rate for each Consumer Loan at the time of assignment. We continue to evaluate the expected collection rate of each Consumer Loan subsequent to assignment. Our evaluation becomes more accurate as the Consumer Loans age, as we use actual performance data in our forecast. By comparing our current expected collection rate for each Consumer Loan with the rate we projected at the time of assignment, we are able to assess the accuracy of our initial forecast. The following table compares our forecast of Consumer Loan collection rates as of March 31, 2012, with the forecasts as of December 31, 2011, and at the time of assignment, segmented by year of assignment:

	Forecasted Collection Percentage as of			Variance in Forecasted Collection Percentage from	
Consumer Loan Assignment Year	March 31, 2012	December 31, 2011	Initial Forecast	December 31, 2011	Initial Forecast
2003	73.7%	73.7%	72.0%	0.0%	1.7%
2004	73.0%	73.0%	73.0%	0.0%	0.0%
2005	73.6%	73.6%	74.0%	0.0%	-0.4%
2006	70.0%	70.0%	71.4%	0.0%	-1.4%
2007	68.1%	68.1%	70.7%	0.0%	-2.6%
2008	70.1%	70.0%	69.7%	0.1%	0.4%
2009	79.5%	79.4%	71.9%	0.1%	7.6%
2010	76.9%	76.8%	73.6%	0.1%	3.3%
2011	73.0%	73.2%	72.5%	-0.2%	0.5%

Consumer Loans assigned in 2003, 2009 and 2010 have yielded forecasted collection results materially better than our initial estimates, while Consumer Loans assigned in 2006 and 2007 have yielded forecasted collection results materially worse than our initial estimates. For all other assignment years presented, actual results have been very close to our initial estimates. For the three months ended March 31, 2012, forecasted collection rates declined for Consumer Loans assigned during 2011 and were generally consistent with expectations at the start of the period for all other assignment years presented.

Forecasting collection rates precisely at Loan inception is difficult. With this in mind, we establish advance rates that are intended to allow us to achieve acceptable levels of profitability, even if collection rates are less than we currently forecast.

The following table presents forecasted Consumer Loan collection rates, advance rates, the spread (the forecasted collection rate less the advance rate), and the percentage of the forecasted collections that had been realized as of March 31, 2012. All amounts, unless otherwise noted, are presented as a percentage of the initial balance of the Consumer Loan (principal + interest). The table includes both Dealer Loans and Purchased Loans.

	As of March 31, 2012			
Consumer Loan Assignment Year	**Forecasted Collection %**	**Advance % (1)**	**Spread %**	**% of Forecast Realized (2)**
2003	73.7%	43.4%	30.3%	99.5%
2004	73.0%	44.0%	29.0%	99.4%
2005	73.6%	46.9%	26.7%	99.3%
2006	70.0%	46.6%	23.4%	98.5%
2007	68.1%	46.5%	21.6%	97.1%
2008	70.1%	44.6%	25.5%	94.1%
2009	79.5%	43.9%	35.6%	87.4%
2010	76.9%	44.7%	32.2%	61.5%
2011	73.0%	45.5%	27.5%	27.6%
2012	70.5%	45.0%	25.5%	3.5%

(1) Represents advances paid to Dealer-Partners on Consumer Loans assigned under our Portfolio Program and one-time payments made to Dealer-Partners to purchase Consumer Loans assigned under our Purchase Program as a percentage of the initial balance of the Consumer Loans. Payments of Dealer Holdback and accelerated Dealer Holdback are not included.
(2) Presented as a percentage of total forecasted collections.

The risk of a material change in our forecasted collection rate declines as the Consumer Loans age. For 2008 and prior Consumer Loan assignments, the risk of a material forecast variance is modest, as we have currently realized in excess of 90% of the expected collections. Conversely, the forecasted collection rates for more recent Consumer Loan assignments are less certain as a significant portion of our forecast has not been realized.

The spread between the forecasted collection rate and the advance rate declined during the 2004 through 2007 period as we increased advance rates during this period in response to a more difficult competitive environment. During 2008 and 2009, the spread increased as the competitive environment improved, and we reduced advance rates. In addition, during 2009, the spread was positively impacted by better than expected Consumer Loan performance. During the 2010 through 2012 period, the spread decreased as we increased advance rates during this period in an attempt to maximize the amount of economic profit we generate in response to an increase in the amount of capital available to fund new Loans.

The following table presents forecasted Consumer Loan collection rates, advance rates, and the spread (the forecasted collection rate less the advance rate) as of March 31, 2012 for Dealer Loans and Purchased Loans separately. All amounts are presented as a percentage of the initial balance of the Consumer Loan (principal + interest).

	Consumer Loan Assignment Year	Forecasted Collection %	Advance % (1)	Spread %
Dealer Loans	2007	68.0%	45.8%	22.2%
	2008	70.6%	43.3%	27.3%
	2009	79.5%	43.5%	36.0%
	2010	76.9%	44.4%	32.5%
	2011	72.9%	45.2%	27.7%
	2012	70.5%	44.7%	25.8%
Purchased Loans	2007	68.3%	49.1%	19.2%
	2008	69.3%	46.7%	22.6%
	2009	79.4%	45.3%	34.1%
	2010	76.9%	46.5%	30.4%
	2011	74.0%	48.3%	25.7%
	2012	70.9%	49.1%	21.8%

(1) Represents advances paid to Dealer-Partners on Consumer Loans assigned under our Portfolio Program and one-time payments made to Dealer-Partners to purchase Consumer Loans assigned under our Purchase Program as a percentage of the initial balance of the Consumer Loans. Payments of Dealer Holdback and accelerated Dealer Holdback are not included.

The advance rates presented for each Consumer Loan assignment year change over time due to the impact of transfers between Dealer and Purchased Loans. Under our Portfolio Program, certain events may result in Dealer-Partners forfeiting their rights to Dealer Holdback. We transfer the Dealer-Partner's Consumer Loans from the Dealer Loan portfolio to the Purchased Loan portfolio in the period this forfeiture occurs.

Although the advance rate on Purchased Loans is higher as compared to the advance rate on Dealer Loans, Purchased Loans do not require us to pay Dealer Holdback.

Consumer Loan Volume

The following table summarizes changes in Consumer Loan assignment volume in each of the last five quarters as compared to the same period in the previous year:

	Year over Year Percent Change	
Three Months Ended	Unit Volume	Dollar Volume (1)
March 31, 2011	36.7%	59.3%
June 30, 2011	28.7%	41.3%
September 30, 2011	28.6%	40.5%
December 31, 2011	25.3%	32.1%
March 31, 2012	10.6%	10.7%

(1) Represents advances paid to Dealer-Partners on Consumer Loans assigned under our Portfolio Program and one-time payments made to Dealer-Partners to purchase Consumer Loans assigned under our Purchase Program. Payments of Dealer Holdback and accelerated Dealer Holdback are not included.

Consumer Loan assignment volumes depend on a number of factors including (1) the overall demand for our product, (2) the amount of capital available to fund new Loans, and (3) our assessment of the volume that our infrastructure can support. Our pricing strategy is intended to maximize the amount of economic profit we generate, within the confines of capital and infrastructure constraints.

Unit and dollar volumes grew 10.6% and 10.7%, respectively, during the first quarter of 2012 as the number of active Dealer-Partners grew 29.5% and average volume per active Dealer-Partner declined 14.6%. We believe the decline in volume per Dealer-Partner is the result of increased competition. Unit volume for the one month ended April 30, 2012 increased by 0.3% as compared to the same period in 2011.

The following table summarizes the changes in Consumer Loan unit volume and active Dealer-Partners:

	For the Three Months Ended March 31,		
	2012	2011	% Change
Consumer Loan unit volume	58,796	53,183	10.6%
Active Dealer-Partners (1)	3,594	2,775	29.5%
Average volume per active Dealer-Partner	16.4	19.2	-14.6%

(1) Active Dealer-Partners are Dealer-Partners who have received funding for at least one Loan during the period.

The following table provides additional information on the changes in Consumer Loan unit volume and active Dealer-Partners:

	For the Three Months Ended March 31,		
	2012	2011	% Change
Consumer Loan unit volume from Dealer-Partners active both periods	44,369	48,303	-8.1%
Dealer-Partners active both periods	2,146	2,146	–
Average volume per Dealer-Partners active both periods	20.7	22.5	-8.1%
Consumer Loan unit volume from new Dealer-Partners	4,089	2,177	87.8%
New active Dealer-Partners (1)	554	321	72.6%
Average volume per new active Dealer-Partners	7.4	6.8	8.8%
Attrition (2)	-9.2%	-10.9%	

(1) New active Dealer-Partners are Dealer-Partners who enrolled in our program and have received funding for their first Loan from us during the period.
(2) Attrition is measured according to the following formula: decrease in Consumer Loan unit volume from Dealer-Partners who have received funding for at least one Loan during the comparable period of the prior year but did not receive funding for any Loans during the current period divided by prior year comparable period Consumer Loan unit volume.

Consumer Loans are assigned to us as either Dealer Loans through our Portfolio Program or Purchased Loans through our Purchase Program. The following table summarizes the portion of our Consumer Loan volume that was assigned to us as Dealer Loans:

	For the Three Months Ended March 31,	
	2012	2011
Dealer Loan unit volume as a percentage of total unit volume	93.3%	92.9%
Dealer Loan dollar volume as a percentage of total dollar volume (1)	91.5%	91.1%

(1) Represents advances paid to Dealer-Partners on Consumer Loans assigned under our Portfolio Program and one-time payments made to Dealer-Partners to purchase Consumer Loans assigned under our Purchase Program. Payments of Dealer Holdback and accelerated Dealer Holdback are not included.

For the three months ended March 31, 2012, new Dealer Loan unit and dollar volume as a percentage of total unit and dollar volume were generally consistent with the same period in 2011.

As of March 31, 2012 and December 31, 2011, the net Dealer Loans receivable balance was 86.5% and 85.4%, respectively, of the total net Loans receivable balance.

Results of Operations

Three Months Ended March 31, 2012 Compared to Three Months Ended March 31, 2011

The following is a discussion of our results of operations and income statement data on a consolidated basis.

(In thousands, except per share data)	For the Three Months Ended March 31, 2012	2011	% Change
Revenue:			
Finance charges	$ 126,066	$ 106,503	18.4%
Premiums earned	10,770	8,543	26.1%
Other income	5,568	8,466	-34.2%
Total revenue	142,404	123,512	15.3%
Costs and expenses:			
Salaries and wages	19,404	16,071	20.7%
General and administrative	7,409	5,633	31.5%
Sales and marketing	7,753	6,409	21.0%
Provision for credit losses	5,247	8,916	-41.2%
Interest	15,212	12,623	20.5%
Provision for claims	8,552	6,599	29.6%
Total costs and expenses	63,577	56,251	13.0%
Income before provision for income taxes	78,827	67,261	17.2%
Provision for income taxes	28,489	24,070	18.4%
Net income	50,338	43,191	16.5%
Net income per share:			
Basic	$ 1.92	$ 1.59	
Diluted	$ 1.92	$ 1.57	
Weighted average shares outstanding:			
Basic	26,158	27,196	
Diluted	26,284	27,489	

The following table highlights changes in net income for the three months ended March 31, 2012, as compared to 2011:

(In thousands)	Change
Net income for the three months ended March 31, 2011	$ 43,191
Increase in finance charges	19,563
Increase in premiums earned	2,227
Decrease in other income	(2,898)
Increase in operating expenses (1)	(6,453)
Decrease in provision for credit losses	3,669
Increase in interest	(2,589)
Increase in provision for claims	(1,953)
Increase in provision for income taxes	(4,419)
Net income for the three months ended March 31, 2012	$ 50,338

(1) Operating expenses consist of salaries and wages, general and administrative, and sales and marketing expenses.

Finance Charges. For the three months ended March 31, 2012, finance charges increased $19.6 million, or 18.4%, as compared to the same period in 2011. The increase was primarily the result of an increase in the average net Loans receivable balance partially offset by a decrease in the average yield on our Loan portfolio, as follows:

(Dollars in thousands)	For the Three Months Ended March 31,		
	2012	2011	Change
Average net Loans receivable balance	$ 1,649,743	$ 1,258,789	$ 390,954
Average yield on our Loan portfolio	30.6%	33.8%	-3.2%

The following table summarizes the impact each component had on the overall increase in finance charges for the three months ended March 31, 2012:

(In thousands) **Impact on finance charges:**	Year over Year Change For the Three Months Ended March 31, 2012
Due to an increase in the average net Loans receivable balance	$ 33,078
Due to a decrease in the average yield	(13,515)
Total increase in finance charges	$ 19,563

The increase in the average net Loans receivable balance was primarily due to growth in new Loan volume throughout 2011 and the first quarter of 2012, which was primarily a result of increases in active Dealer-Partners, the size of the average Consumer Loan assignment and advance rates. The average yield on our Loan portfolio for the three months ended March 31, 2012 decreased as compared to the same period in 2011 due to lower yields on new Loans, partially offset by improvements in forecasted collection rates throughout 2011.

Premiums Earned. For the three months ended March 31, 2012, premiums earned increased $2.2 million, or 26.1%, as compared to the same period in 2011. The increase is primarily due to growth in the size of our reinsurance portfolio which resulted from growth in new Consumer Loan assignments throughout 2011 and the first quarter of 2012.

Other Income. For the three months ended March 31, 2012, other income decreased $2.9 million, or 34.2%, as compared to the same period in 2011. The decrease in other income is primarily due to the change in the timing of the recognition of our annual profit sharing payments received from our third party Guaranteed Asset Protection ("GAP") provider based on the performance of our GAP program. Prior to the second quarter of 2011, we received and recognized GAP profit sharing payments annually in the first quarter of each year. Beginning with the second quarter of 2011, we modified our revenue recognition to begin recognizing this income as earned over the life of the GAP contracts. In addition, profit sharing income for the first quarter of 2012 was reduced by a $0.5 million reversal of previously recognized income as a result of a change in our profit sharing arrangement. For the three months ended March 31, 2012, we recognized $3.5 million less GAP profit sharing than in the same quarter in 2011. The decrease in GAP profit sharing was partially offset by a $0.9 million increase in GDP/SID fee income primarily due to increases in the fee earned per unit and the number of units sold.

Operating Expenses. For the three months ended March 31, 2012, operating expenses increased $6.5 million, or 23.0%, as compared to the same period in 2011. The change in operating expenses is due to the following:

- An increase in salaries and wages expense of $3.3 million, or 20.7%, primarily due to a $1.5 million and a $0.8 million increase in hourly wages and salaries, respectively, to support the growth of our Loan portfolio and an increase of $0.9 million in fringe benefits primarily due to an increase in team members and an increase in medical expenses incurred per team member.
- An increase in general and administrative expense of $1.8 million, or 31.5%, was due to the reversal of previously recognized property taxes during the first quarter of 2011 as a result of the successful appeal of our property tax assessment, increased legal costs, and increased information technology costs.
- An increase in sales and marketing expense of $1.4 million, or 21.0%, primarily due to a 57% expansion of our field sales force.

Provision for Credit Losses. For the three months ended March 31, 2012, the provision for credit losses decreased $3.7 million, or 41.2%, as compared to the same period in 2011. Under GAAP, when the present value of forecasted future cash flows decline relative to our expectations at the time of assignment, a provision for credit losses is recorded immediately as a current period expense and a corresponding allowance for credit losses is established. For purposes of calculating the required allowance, Dealer Loans are grouped by Dealer-Partner and Purchased Loans are grouped by month of purchase. As a result, regardless of the overall performance of the portfolio of Consumer Loans, a provision can be required if any individual Loan pool performs worse than expected. Conversely, a previously recorded provision can be reversed if any previously impaired individual Loan pool experiences an improvement in performance.

During the three months ended March 31, 2012, overall Consumer Loan performance was generally consistent with our expectations at the start of the period. However, the performance of certain Loan pools declined from our expectations during the period, resulting in a provision for credit losses of $5.2 million for the three months ended March 31, 2012, of which $6.6 million related to Dealer Loans partially offset by a reversal of a provision of $1.4 million related to Purchased Loans. During the three months ended March 31, 2011, overall Consumer Loan performance was generally consistent with our expectations at the start of the period. However, the performance of certain Loan pools declined from our expectations during the period, resulting in a provision for credit losses of $8.9 million for the three months ended March 31, 2011, of which $9.4 million related to Dealer Loans offset by a reversal of provision of $0.5 million related to Purchased Loans.

Interest. For the three months ended March 31, 2012, interest expense increased $2.6 million, or 20.5%, as compared to the same period in 2011. The following table shows interest expense, the average outstanding debt balance, and the pre-tax average cost of debt for the three months ended March 31, 2012 and 2011:

(Dollars in thousands)	For the Three Months Ended March 31, 2012	For the Three Months Ended March 31, 2011
Interest expense	$ 15,212	$ 12,623
Average outstanding debt balance	1,031,160	723,781
Pre-tax average cost of debt	5.9%	7.0%

For the three months ended March 31, 2012, the increase in interest expense is primarily due to the increase in the average outstanding debt balance, partially offset by a decline in our pre-tax average cost of debt. The average outstanding debt balance increased compared to the same period in 2011 due to the use of the debt proceeds to fund the growth in new Consumer Loan assignments and stock repurchases. The decline in our pre-tax average cost of debt was primarily a result of a change in the mix of our outstanding debt.

Provision for Claims. For the three months ended March 31, 2012, provision for claims increased $2.0 million, or 29.6%, as compared to the same period in 2011. The increase was due to an increase in the size of our reinsurance portfolio partially offset by a decrease in claims paid per reinsured vehicle service contract.

Provision for Income Taxes. For the three months ended March 31, 2012, the effective tax rate increased to 36.1%, from 35.8% in the same period in 2011. The increase was partially due to a $0.5 million refund the company received in the first quarter of 2011 as part of a resolution of a dispute with the IRS.

Liquidity and Capital Resources

We need capital to maintain and grow our business. Our primary sources of capital are cash flows from operating activities, collections of Consumer Loans and borrowings under: (1) a revolving secured line of credit; (2) Warehouse facilities; (3) Term ABS financings; and (4) Senior Notes. There are various restrictive debt covenants for each financing arrangement and we are in compliance with those covenants as of March 31, 2012. For information regarding these financings and the covenants included in the related documents, see Note 5 to the consolidated financial statements contained in Item 1 of this Form 10-Q, which is incorporated herein by reference.

During the first quarter of 2012, we completed a $201.3 million Term ABS financing which was used to repay outstanding indebtedness. The financing has an expected annualized cost of approximately 2.8% (including the initial purchaser's fees and other costs) and it will revolve for 24 months after which it will amortize based upon the cash flows on the contributed loans.

Cash and cash equivalents as of March 31, 2012 and December 31, 2011 was $4.7 million. Our total balance sheet indebtedness increased $134.9 million to $1,132.7 million as of March 31, 2012 from $997.8 million as of December 31, 2011 due to the growth in new Consumer Loan assignments and stock repurchases.

Contractual Obligations

A summary of our scheduled principal debt maturities as of March 31, 2012 is as follows:

(In thousands)

Year	Scheduled Principal Debt Maturities (1)
Remainder of 2012	$ 24,033
2013	172,803
2014	565,338
2015	20,202
2016	-
Thereafter	350,000
Total	$ 1,132,376

(1) The principal maturities of certain financings are estimated based on forecasted collections.

The amounts presented exclude the net unamortized debt premium of $0.4 million.

Based upon anticipated cash flows, management believes that cash flows from operations and its various financing alternatives will provide sufficient financing for debt maturities and for future operations. Our ability to borrow funds may be impacted by economic and financial market conditions. If the various financing alternatives were to become limited or unavailable to us, our operations and liquidity could be materially and adversely affected.

Critical Accounting Estimates

Our consolidated financial statements are prepared in accordance with GAAP. The preparation of these financial statements requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. On an ongoing basis, we review our accounting policies, assumptions, estimates and judgments to ensure that our financial statements are presented fairly and in accordance with GAAP. Item 7 of our Annual Report on Form 10-K for the year ended December 31, 2011 discusses several critical accounting estimates, which we believe involve a high degree of judgment and complexity. There have been no material changes to the estimates and assumptions associated with these accounting estimates from those discussed in our Annual Report on Form 10-K for the year ended December 31, 2011.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements that have or are reasonably likely to have a material current or future effect on our financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

Forward-Looking Statements

We make forward-looking statements in this report and may make such statements in future filings with the Securities and Exchange Commission ("SEC"). We may also make forward-looking statements in our press releases or other public or shareholder communications. Our forward-looking statements are subject to risks and uncertainties and include information about our expectations and possible or assumed future results of operations. When we use any of the words "may," "will," "should," "believe," "expect," "anticipate," "assume," "forecast," "estimate," "intend," "plan," "target" or similar expressions, we are making forward-looking statements.

We claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995 for all of our forward-looking statements. These forward-looking statements represent our outlook only as of the date of this report. While we believe that our forward-looking statements are reasonable, actual results could differ materially since the statements are based on our current expectations, which are subject to risks and uncertainties. Factors that might cause such a difference include, but are not limited to, the factors set forth in Item 1A of our Form 10-K for the year ended December 31, 2011, other risk factors discussed herein or listed from time to time in our reports filed with the SEC and the following:

- Our inability to accurately forecast and estimate the amount and timing of future collections could have a material adverse effect on results of operations.

- We may be unable to execute our business strategy due to current economic conditions.

- We may be unable to continue to access or renew funding sources and obtain capital needed to maintain and grow our business.

- The terms of our debt limit how we conduct our business.

- A violation of the terms of our Term ABS facilities or Warehouse facilities could have a materially adverse impact on our operations.

- The conditions of the U.S. and international capital markets may adversely affect lenders with which we have relationships, causing us to incur additional costs and reducing our sources of liquidity, which may adversely affect our financial position, liquidity and results of operations.

- Our substantial debt could negatively impact our business, prevent us from satisfying our debt obligations and adversely affect our financial condition.

- Due to competition from traditional financing sources and non-traditional lenders, we may not be able to compete successfully.

- We may not be able to generate sufficient cash flows to service our outstanding debt and fund operations and may be forced to take other actions to satisfy our obligations under such debt.

- Interest rate fluctuations may adversely affect our borrowing costs, profitability and liquidity.

- Reduction in our credit rating could increase the cost of our funding from, and restrict our access to, the capital markets and adversely affect our liquidity, financial condition and results of operations.

- We may incur substantially more debt and other liabilities. This could exacerbate further the risks associated with our current debt levels.

- The regulation to which we are or may become subject could result in a material adverse effect on our business.

- Adverse changes in economic conditions, the automobile or finance industries, or the non-prime consumer market could adversely affect our financial position, liquidity and results of operations, the ability of key vendors that we depend on to supply us with services, and our ability to enter into future financing transactions.

- Litigation we are involved in from time to time may adversely affect our financial condition, results of operations and cash flows.

- Changes in tax laws and the resolution of uncertain income tax matters could have a material adverse effect on our results of operations and cash flows from operations.

- Our operations are dependent on technology.

- Reliance on third parties to administer our ancillary product offerings could adversely affect our business and financial results.

- We are dependent on our senior management and the loss of any of these individuals or an inability to hire additional team members could adversely affect our ability to operate profitably.

- Our reputation is a key asset to our business, and our business may be affected by how we are perceived in the marketplace.

- The concentration of our Dealer-Partners in several states could adversely affect us.

- Failure to properly safeguard confidential consumer information could subject us to liability, decrease our profitability and damage our reputation.

- Our Chairman and founder controls a significant percentage of our common stock, has the ability to significantly influence matters requiring shareholder approval and has interests which may conflict with the interests of our other security holders.

- Reliance on our outsourced business functions could adversely affect our business.

- Natural disasters, acts of war, terrorist attacks and threats or the escalation of military activity in response to these attacks or otherwise may negatively affect our business, financial condition and results of operations.

Other factors not currently anticipated by management may also materially and adversely affect our results of operations. We do not undertake, and expressly disclaim any obligation, to update or alter our statements whether as a result of new information, future events or otherwise, except as required by applicable law.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Refer to our Annual Report on Form 10-K for the year ended December 31, 2011 for a complete discussion of our market risk. There have been no material changes to the market risk information included in our 2011 Annual Report on Form 10-K.

ITEM 4. CONTROLS AND PROCEDURES.

Evaluation of disclosure controls and procedures.

(a) *Disclosure Controls and Procedures.* Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of the end of the period covered by this report. Based on such evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of such period, our disclosure controls and procedures are effective in recording, processing, summarizing and reporting, on a timely basis, information required to be disclosed by us in the reports that we file or submit under the Exchange Act and are effective in ensuring that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

(b) *Internal Control Over Financial Reporting.* There have not been any changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fiscal quarter to which this report relates that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. - OTHER INFORMATION

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Stock Repurchases

On August 5, 1999, our board of directors approved a stock repurchase program which authorizes us to repurchase common shares in the open market or in privately negotiated transactions at price levels we deem attractive. On March 26, 2012, the board of directors authorized the repurchase of up to one million shares of our common stock in addition to the board's prior authorizations. As of March 31, 2012, we have authorization to repurchase up to $6.2 million of our common stock in addition to the one million shares recently approved by the board.

The following table summarizes stock repurchases for the three months ended March 31, 2012:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Dollar Value that May Yet Be Used to Purchase Shares Under the Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs
January 1 to January 31, 2012	-	$ -	-	$ 24,909,622	
February 1 to February 29, 2012	65,372*	94.68	52,319	19,963,854	
March 1 to March 31, 2012	138,524	99.64	138,524	6,161,954	1,000,000
	203,896	$ 98.05	190,843		

**Amount includes 13,053 shares of common stock released to us by team members as payment of tax withholdings due to us upon the vesting of restricted stock.*

ITEM 6. EXHIBITS

See Index of Exhibits following the signature page, which is incorporated herein by reference.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CREDIT ACCEPTANCE CORPORATION
(Registrant)

By:	/s/ Kenneth S. Booth
	Kenneth S. Booth Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)
Date: May 2, 2012	

INDEX OF EXHIBITS

The following documents are filed as part of this report. Those exhibits previously filed and incorporated herein by reference are identified below. Exhibits not required for this report have been omitted. Unless otherwise noted, the Company's commission file number for all exhibits incorporated by reference herein is 000-20202.

Exhibit No.	Description
4.66	Indenture dated as of March 29, 2012, between Credit Acceptance Auto Loan Trust 2012-1 and Wells Fargo Bank, National Association (incorporated by reference to an exhibit to the Company's Current Report on Form 8-K, dated April 4, 2012)
4.67	Sale and Servicing Agreement dated as of March 29, 2012, among the Company, Credit Acceptance Auto Loan Trust 2012-1, Credit Acceptance Funding LLC 2012-1, and Wells Fargo Bank, National Association (incorporated by reference to an exhibit to the Company's Current Report on Form 8-K, dated April 4, 2012)
4.68	Backup Servicing Agreement dated as of March 29, 2012, among the Company, Credit Acceptance Funding LLC 2012-1, Credit Acceptance Auto Loan Trust 2012-1, and Wells Fargo Bank, National Association (incorporated by reference to an exhibit to the Company's Current Report on Form 8-K, dated April 4, 2012)
4.69	Amended and Restated Trust Agreement dated as of March 29, 2012, between Credit Acceptance Funding LLC 2012-1 and U.S. Bank Trust National Association (incorporated by reference to an exhibit to the Company's Current Report on Form 8-K, dated April 4, 2012)
4.70	Sale and Contribution Agreement dated as of March 29, 2012, between the Company and Credit Acceptance Funding LLC 2012-1 (incorporated by reference to an exhibit to the Company's Current Report on Form 8-K, dated April 4, 2012)
4.71	Amended and Restated Intercreditor Agreement dated March 29, 2012, among the Company, CAC Warehouse Funding Corporation II, CAC Warehouse Funding III, LLC, CAC Warehouse Funding LLC IV, Credit Acceptance Funding LLC 2012-1, Credit Acceptance Funding LLC 2011-1, Credit Acceptance Funding LLC 2010-1, Credit Acceptance Auto Loan Trust 2012-1, Credit Acceptance Auto Loan Trust 2011-1, Credit Acceptance Auto Loan Trust 2010-1, Fifth Third Bank, as agent, Wells Fargo Bank, National Association, as agent, Bank of Montreal, as agent and Comerica Bank, as agent (incorporated by reference to an exhibit to the Company's Current Report on Form 8-K, dated April 4, 2012)
10.16	Credit Acceptance Corporation Restricted Stock Unit Award Agreement, dated March 26, 2012. *
10.17	Credit Acceptance Corporation Restricted Stock Award Agreement, dated March 26, 2012. *
10.18	Credit Acceptance Corporation Amended and Restated Incentive Compensation Plan, as amended, March 26, 2012 (incorporated by reference to Annex A to the Company's Definitive Proxy Statement on Schedule 14A, dated April 5, 2012) *
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101(INS)	XBRL Instance Document. **
101(SCH)	XBRL Taxonomy Extension Schema Document. **
101(CAL)	XBRL Taxonomy Extension Calculation Linkbase Document. **
101(LAB)	XBRL Taxonomy Extension Label Linkbase Document. **
101(PRE)	XBRL Taxonomy Extension Presentation Linkbase Document. **

* Management compensatory contracts and arrangements.

** Users of this data are advised pursuant to Rule 406T of Regulation S-T that this interactive data file is deemed not filed or part of a registration statement or prospectus for purposes of sections 11 or 12 of the Securities Act of 1933, is deemed not filed for purposes of section 18 of the Securities Exchange Act of 1934, and otherwise is not subject to liability under these sections.

Exhibit 10.16

CREDIT ACCEPTANCE CORPORATION
RESTRICTED STOCK UNIT AWARD AGREEMENT

Credit Acceptance Corporation (the "***Corporation***") hereby grants you, Brett A. Roberts (the "***Participant***"), a Restricted Stock Unit Award (the **"Award"**) under the Credit Acceptance Corporation 2004 Incentive Compensation Plan, dated as of April 1, 2004, as amended April 3, 2009 (the "***Plan***"). The terms and conditions of the Award are set forth herein (the "***Award Agreement***") and in the Plan, which is incorporated herein in its entirety.

Grant Date:	March 26, 2012
Total Restricted Stock Units:	310,000
Performance Period:	See Appendix A

TERMS AND CONDITIONS

1. Definitions. In this Award Agreement:

"***Restricted Stock Units***" means the three-hundred ten thousand (310,000) Restricted Stock Units vesting based on the performance measure and schedule set forth in Appendix A to this Award Agreement.

All other capitalized terms have the meaning ascribed to them in the Plan, unless specifically set forth otherwise herein.

2. No Effect on Employment. Nothing in the Plan or this Award Agreement shall confer upon the Participant any right to continue in the employ or service of the Corporation or any Affiliate. The terms of the Participant's employment will be determined from time to time by the Corporation or the Affiliate employing the Participant (as the case may be), and the Corporation or the Affiliate will have the right, which is hereby expressly reserved, to terminate or change the terms of the employment of the Participant, or to terminate the employment of the Participant, at any time for any reason whatsoever, with or without cause. If the Participant has a written employment agreement with Corporation or any Affiliate which contains different or additional provisions relating to Plan awards, or otherwise conflicts with the terms of this Award Agreement, the provisions of the employment agreement will govern.

3. Vesting. The Restricted Stock Units shall vest in accordance with the performance measure and schedule set forth in Appendix A of this Award Agreement, provided that the Participant is employed by the Corporation as its Chief Executive Officer through the applicable vesting date.

4. Form and Timing of Payment of Restricted Stock Units. Except as set forth in paragraph 7 of this Award Agreement, payment of the vested Restricted Stock Units shall be made in stock and payment of 20% of the earned and vested Restricted Stock Units shall be made on each of December 31, 2022, 2023, 2024, 2025 and 2026.

5. Dividends. After the Grant Date but prior to payment of the Restricted Stock Units, on each date that the Corporation pays a dividend to holders of Common Stock generally, the Corporation shall credit to the Participant an additional number of Restricted Stock Units ("Additional Restricted Stock Units") equal to (i) the total number of outstanding Restricted Stock Units and Additional Restricted Stock Units previously credited to the Participant under this Award Agreement multiplied by the aggregate amount or value of the dividend paid per share of Common Stock by the Corporation on such date, (ii) divided by the Fair Market Value per share of Common Stock on the payment date for such dividend. Any Additional Restricted Stock Units issued pursuant to this paragraph shall be subject to same vesting and payment provisions as the underlying Restricted Stock Units.

6. Termination of Employment. Notwithstanding paragraph 3, if the Participant ceases to be employed by the Corporation as its Chief Executive Officer prior to vesting of the Restricted Stock Units for any reason, any unvested Restricted Stock Units shall be forfeited by the Participant. For the avoidance of doubt, termination for any reason under any circumstance will have no effect on the ratable payment of vested Restricted Stock Units pursuant to paragraph 4.

7. Change in Control. Notwithstanding anything to the contrary in this Award Agreement, in the event of a Change in Control, (i) as provided by Section 6.02 of the Plan, the restrictions applicable to the Restricted Stock Units granted under this Award Agreement shall lapse, the performance measures set forth in Appendix A shall be deemed to have been achieved, and all other terms and conditions shall be deemed to have been satisfied and (ii) subject to the requirements of Section 409A of the Code (as set forth in Section 6.02 of the Plan), each Restricted Stock Unit shall be settled in shares of Common Stock immediately prior to the Change in Control. For purposes of this Award Agreement, "***Change in Control***" shall have the meaning set forth in the Plan; provided, however, that a Change in Control shall not occur by reason of a Business Combination following which (i) individuals or entities who were the beneficial owners of at least 35% of the outstanding Common Stock and outstanding Voting Stock immediately prior to such Business Combination beneficially own, directly or indirectly, more than 35% of the then outstanding shares of Common Stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the Surviving Corporation and/or (ii) at least a majority of the members of the board of directors of the Surviving Corporation were Incumbent Directors immediately prior to the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination.

8. Taxes. Notwithstanding any contrary provision of this Award Agreement, Restricted Stock Units may not be paid pursuant to paragraph 4 unless and until satisfactory arrangements (as determined by the Committee) are made by the Participant with respect to the payment of income and employment taxes, if any, which the Corporation determines must be withheld with respect to payment of the Restricted Stock Units. The Participant may satisfy such tax withholding obligation, if any, in whole or in part, pursuant to such procedures as the Committee may specify from time to time, by (a) electing to have the Corporation withhold otherwise payable Restricted Stock Units, (b) delivering to the Corporation already vested and owned Shares having a Fair Market Value equal to the minimum amount required to be withheld, or (c) cash or check. If the Participant does not deposit with the Corporation (on or before the date taxes are to be remitted by the Corporation) the full required amount then due for taxes, if any, before payment, the Corporation shall sell (in a market transaction or in a non-market transaction at the market price) sufficient vested and payable Shares held for the Participant and deduct such taxes from the proceeds of sale.

9. No Rights as a Shareholder. Prior to payment, neither the Participant nor any person claiming under or through the Participant will have any of the rights or privileges of a shareholder of the Corporation with regards to voting or the receipt of dividends (subject to paragraph 5) in respect of any Restricted Stock Units granted under this Award Agreement

10. Notices. Any notice under this Award Agreement shall be addressed to the Corporation in care of its Secretary at the principal executive office of the Corporation and to the Participant at the address appearing in the personnel records of the Corporation for the Participant or to either party at such other address as either party hereto may hereafter designate in writing to the other. Any such notice shall be deemed effective upon receipt thereof by the addressee.

11. Transfer Restrictions. The Award and the rights and privileges conferred hereby may not be sold, assigned, transferred, or otherwise disposed of, or pledged, encumbered, or otherwise hypothecated (each, a "***Transfer***"), except by will, by the laws of descent and distribution, by a domestic relations order, or as otherwise permitted by the Corporation (provided that, following such a permitted Transfer, the Award remains subject to the terms and conditions applicable to the Award prior to the Transfer). Upon any attempt by the Participant to Transfer the Award, or any right or privilege conferred hereby, in violation of this Award Agreement, the Award and the Participant's rights and privileges conferred hereby immediately will become null and void.

12. Binding Agreement. Subject to the limitation on the transferability of the Award contained herein, this Award Agreement will be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors, and assigns of the parties hereto.

13. Committee Authority. The Committee will have the power and discretion to interpret this Award Agreement and to adopt such rules for the administration, interpretation, and application of the Award Agreement as are consistent herewith and with the Plan and consistent with this Award Agreement remaining exempt from Code Section 409A. All actions taken and all interpretations and determinations made by the Committee in good faith will be final and binding upon the Participant, the Corporation, and all other interested persons. No member of the Committee will be personally liable for any action, determination or interpretation made in good faith with respect to this Award Agreement.

14. Code Section 162(m). It is intended that payments pursuant to this Award Agreement to a Participant who is a “covered employee” within the meaning of Section 162(m) of the Code constitute “qualified performance based compensation” within the meaning of Section 1.162-27(e) of the Income Tax Regulations. To the maximum extent possible, this Award Agreement and the Plan shall be so interpreted and construed.

15. Captions. Captions in this Award Agreement are for convenience only and are not to serve as a basis for interpretation or construction of this Award Agreement.

16. Agreement Severable. In the event that any provision in this Award Agreement is held invalid or unenforceable, such provision will be severable from, and such invalidity or unenforceability will not be construed to have any effect on, the remaining provisions of this Award Agreement.

17. Modifications to the Agreement. This Award Agreement and the Plan together constitute the entire understanding of the parties on the subjects covered. The Participant expressly warrants that he or she is not accepting this Award Agreement in reliance on any promises, representations, or inducements other than those contained herein and in the Plan. Modifications to this Award Agreement can be made only in an express written contract executed by a duly authorized officer of the Corporation.

18. Governing Law. This Award Agreement will be governed by, and construed in accordance with, the laws of the State of Michigan without regard to principles of conflict of laws.

19. Additional Actions. The parties will execute such further instruments and take such further action as may reasonably be necessary to carry out the intent of this Award Agreement.

20. Counterparts. This Award Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Any counterpart or other signature hereupon delivered by facsimile shall be deemed for all purposes as constituting good and valid execution and delivery of this Award Agreement by such party.

21. Specific Restrictions upon Shares. The Participant hereby agrees with the Corporation as follows:

a) The Participant shall acquire the shares issuable with respect to the Restricted Stock Units granted hereunder for investment purposes only not with a view of resale or other distribution thereof to the public in violation of the Securities Act of 1933, as amended (the “1933 Act”) and shall not dispose of any such shares in transactions which, in the opinion of counsel to the Corporation, violate the 1933 Act, or the rules and regulations thereunder, or any applicable state securities or “Blue Sky” laws.

b) If any shares acquired with respect to the Restricted Stock Units shall be registered under the 1933 Act, no public offering (otherwise than on a national securities exchange, as defined in the Exchange Act) of any such shares shall be made by the Participant under such circumstances that he or she (or such other person) may be deemed an underwriter, as defined in the 1933 Act.

22. Section 16 Compliance. If the Participant is subject to Section 16 of the Exchange Act, except in the case of death or disability, or unless otherwise exempt, at least six months must elapse from the date of grant of the Restricted Stock Units hereunder to the date of the Participant’s disposition of such Restricted Stock Units or the underlying shares of stock.

23. Code Section 409A. The Restricted Stock Units are intended to comply with Section 409A of the Code, to the extent subject thereto, and accordingly, to the maximum extent permitted, this Award Agreement shall be interpreted and administered to be in compliance therewith. Notwithstanding anything contained herein to the contrary, the Participant shall not be considered to have terminated employment with the Corporation for purposes of any payments under this Award Agreement which are subject to Section 409A of the Code until the Participant has incurred a “separation from service” from the Corporation within the meaning of Section 409A of the Code. Each amount to be paid or benefit to be provided under this Award Agreement shall be construed as a separate identified payment for purposes of Section 409A of the Code. Without limiting the foregoing and notwithstanding anything contained herein to the contrary, to the extent required in order to avoid an accelerated or additional tax under Section 409A of the Code, amounts that would otherwise be payable and benefits that would otherwise be provided pursuant to this Award Agreement during the six-month period immediately following the Participant’s separation from service shall instead be paid on the first business day after the date that is six months following the Participant’s separation from service (or, if earlier, the Participant’s date of death). To the extent required to avoid an accelerated or additional tax under Section 409A of the Code, (i) amounts reimbursable to the Participant shall be paid to the Participant on or before the last day of the year following the year in which the expense was incurred and the amount of expenses eligible for reimbursement (and in kind benefits provided to the Participant) during one year may not affect amounts reimbursable or provided in any subsequent year, and (ii) any tax gross-up payments (and related reimbursements) payable to the Participant under this Award Agreement shall be paid no later than the end of the calendar year following the year in which the tax resulting in the gross-up is paid. The Corporation makes no representation that any or all of the payments described in this Award Agreement will be exempt from or comply with Section 409A of the Code and makes no undertaking to preclude Section 409A of the Code from applying to any such payment.

IMPORTANT:

Your signature below indicates your agreement and understanding that this grant is subject to all of the terms and conditions contained in the Plan, this Award Agreement, in its Appendices. BY SIGNING THIS AWARD AGREEMENT, YOU ACKNOWLEDGE THE FOLLOWING:

1. THAT YOU HAVE RECEIVED A COPY OF THE PLAN AND THAT YOU HAVE READ THE PLAN, THIS AWARD AGREEMENT, AND ITS APPENDICES.

2. THAT IF THERE IS ANY INCONSISTENCY BETWEEN THE TERMS OF THE PLAN AND THE TERMS OF THIS AWARD AGREEMENT AND ITS APPENDICES, THE PLAN'S TERMS SHALL SUPERSEDE AND REPLACE THE CONFLICTING TERMS OF THIS AWARD AGREEMENT AND ITS APPENDICES.

2. THAT THE PLAN IS SUBJECT TO AMENDMENT AND THIS GRANT WILL BE SUBJECT TO THE TERMS OF ANY FUTURE AMENDMENT TO THE PLAN, PROVIDED THAT (A) SUCH AMENDMENT SHALL NOT ADVERSELY AFFECT YOUR RIGHTS THAT HAVE VESTED UNDER THIS AWARD AGREEMENT PRIOR TO THE EFFECTIVE DATE OF THE AMENDMENT AND (B) SUCH AMENDMENT SHALL NOT RESULT IN POSTPONEMENT OF TAXABILITY ASSOCIATED WITH LAPSE OF RESTRICTIONS UPON VESTING.

CREDIT ACCEPTANCE CORPORATION Brett A Roberts
Participant

By /s/ Kenneth S. Booth /s/ Brett A. Roberts
(Participant's signature)

March 2012

Appendix A

On March 1, 2013, and on each of the nine subsequent anniversaries of such date, provided that the Participant is employed by the Corporation as its Chief Executive Officer through the applicable vesting date, a number of Restricted Stock Units shall vest equal to (A) the quotient of (i) the EVA Improvement (as defined in Appendix B) for the prior calendar year over (ii) the EVA Target Improvement (as defined in Appendix B), multiplied by (B) the total number of Restricted Stock Units; provided, however, that the cumulative number of Restricted Stock Units vested as of any single vesting date may not exceed the Cap (as defined in Appendix B). The number of vesting Restricted Stock Units shall be rounded up, if necessary, to the next higher whole number of shares. For the avoidance of doubt, if the EVA Improvement as of December 31, 2021 exceeds the EVA Target Improvement, each of the unvested Restricted Stock Units shall vest on March 1, 2022, provided that the Participant is employed by the Corporation as its Chief Executive Officer through March 1, 2022, notwithstanding the Company's EVA for the prior calendar years. Once the Restricted Stock Units vest, they shall remain vested regardless of the future performance of the Corporation.

The following examples illustrate the vesting schedule of the Restricted Stick Units under this Appendix:

a) In General. If the Corporation's EVA for the 2012 calendar year is ten-million dollars ($10,000,000) greater than the Corporation's EVA for 2011, fifteen-thousand five-hundred (15,500) Restricted Stock Units shall vest on March 1, 2013 ($10,000,000/$200,000,000*310,000).

b) Cumulative EVA Measurement. If the Corporation's EVA for the 2012 calendar year is twenty-million dollars ($20,000,000) less than the Corporation's EVA for the 2011 calendar year and the Corporation's EVA for the 2013 calendar year is thirty-million dollars ($30,000,000) more than the Corporation's EVA for the 2012 calendar year, zero (0) Restricted Stock Units shall vest on March 1, 2013, but fifteen-thousand five-hundred (15,500) Restricted Stock Units shall vest on March 1, 2014 ($10,000,000/$200,000,000*310,000) due to the ten-million dollar ($10,000,000) cumulative EVA improvement in 2013 relative to 2011.

c) Cap and Carryover. The Corporation's EVA for the 2012 calendar year is thirty-million dollars ($30,000,000) greater than the Corporation's EVA for the 2011 calendar year, entitling the Participant, absent the Cap, to the vesting of forty-six thousand five-hundred (46,500) Restricted Stock Units on March 1, 2013 ($30,000,000/$200,000,000*310,000). However, the application of the Cap results in only thirty-one thousand (31,000) Restricted Stock Units (31,000*(2012-2011)) vesting on March 1, 2013. If EVA growth remains flat in 2013, fifteen-thousand five-hundred (15,500) Restricted Stock Units ($10,000,000/$200,000,000*310,000) shall nonetheless vest on March 1, 2014, reflecting credit for the EVA improvement of ten million dollars ($10,000,000) relative to 2011 for which Restricted Stock Units had not yet vested because of the application of the cap on March 1, 2013.

d) No Double Credit. The Corporation's EVA for the 2012 calendar year is twenty million dollars ($20,000,000) greater than the Corporation's EVA for the 2011 calendar year, resulting in the vesting of the thirty-one thousand (31,000) Restricted Stock Units on March 1, 2013 ($20,000,000/$200,000,000*310,000). For the 2013 calendar year, the Corporation's EVA decreases by twenty-million dollars ($20,000,000), erasing the 2012 EVA Improvement. If the Corporation's EVA for the 2014 calendar year then increases by twenty-million dollars ($20,000,000) over the Corporation's EVA for the 2013 calendar year, zero (0) Restricted Stock Units vest on March 1, 2015, since thirty-one thousand (31,000) Restricted Stock Units have already vested on March 1, 2013 on account of the total cumulative twenty-million dollar ($20,000,000) EVA improvement over the entire period relative to 2011.

Appendix B

"***Cap***" means a number of Restricted Stock Units equal to thirty-one thousand (31,000) multiplied by the number of full calendar years that have elapsed since January 1, 2012.

"***EVA***" means the Corporation's calculation of economic profit as reported in the Corporation's quarterly earnings releases. Economic profit is a measure of profitability that differs from net income because economic profit considers a cost of equity while net income does not (if additional shares of Common Stock are issued (other than issuances made pursuant to the Company's equity compensation programs), the cost of equity related to such shares is to be agreed upon by the Committee and the Participant immediately before the issuance). Economic profit is equal to the Corporation's return on capital, less its cost of capital, multiplied by the average amount of capital employed during the period. As reported in its press releases, the Corporation's calculation of economic profit is based upon adjusted earnings, or GAAP net income adjusted for certain items. The adjustments can be grouped in the following categories:

(1) The Floating Yield Adjustments as reported in the Corporation's press releases,

(2) Adjustments made to eliminate the impact of different accounting treatments of certain items in the periods being compared,

(3) Adjustments made to eliminate the impact of non-recurring items,

(4) Adjustments made to eliminate the non-cash impact of valuing interest rate derivative products at fair value,

(5) Adjustments made to eliminate the results of discontinued operations,

(6) Adjustments made to eliminate any inconsistency in the tax rates used in the periods being compared.

"***EVA Improvement***" means the increase in the Corporation's EVA for the applicable calendar year minus the Corporation's 2011 EVA; provided, however, that the Participant shall not receive credit towards vesting under this Award Agreement for the same increase in EVA relative to the Corporation's EVA for the 2011 calendar year more than once (see example (d) in Appendix A).

"***EVA Target Improvement***" means two hundred million dollars ($200,000,000.00).

Exhibit 10.17

CREDIT ACCEPTANCE CORPORATION
RESTRICTED STOCK AWARD AGREEMENT

Credit Acceptance Corporation (the "***Corporation***") hereby grants you, Brett A. Roberts (the "***Participant***"), a Restricted Stock Award (the "***Award***") under the Credit Acceptance Corporation 2004 Incentive Compensation Plan, dated as of April 1, 2004, as amended April 3, 2009 (the "***Plan***"). The terms and conditions of the Award are set forth herein (the "***Award Agreement***") and in the Plan, which is incorporated herein in its entirety.

Grant Date:	March 26, 2012
Total Restricted Shares:	190,000
Performance Period:	See Appendices A and B

TERMS AND CONDITIONS

1. Definitions. In this Award Agreement:

"***Change in Control***" shall have the meaning set forth in the Plan; provided, however, that a Change in Control shall not occur by reason of a Business Combination following which (i) individuals or entities who were the beneficial owners of at least 35% of the outstanding Common Stock and outstanding Voting Stock immediately prior to such Business Combination beneficially own, directly or indirectly, more than 35% of the then outstanding shares of Common Stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the Surviving Corporation and/or (ii) at least a majority of the members of the board of directors of the Surviving Corporation were Incumbent Directors immediately prior to the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination.

"***Dividend Reference Time***" means, for any dividend, (i) if the Common Stock is traded on an exchange or market, the close of the trading day immediately preceding the first day on which the Common Stock trades on the applicable exchange or in the applicable market without the right to receive such dividend or (ii) if the Common Stock is not so traded, the record date for such dividend.

"***Dividend Percentage***" means, for any dividend paid in respect of the Common Stock, a percentage equal to (i) the aggregate amount of cash paid in such dividend, divided by (ii) the aggregate Fair Market Value of the Fully Diluted Common Stock as of the Dividend Reference Time for such dividend.

"***Fully Diluted Common Stock***" means, as of any time, the total number of shares of the Common Stock then outstanding plus (without duplication) all options, warrants and other securities or instruments of the Company issued and outstanding that are convertible, exercisable or exchangeable for shares of Common Stock, but only to the extent that such options, warrants, and other such securities or instruments are then vested or exercisable.

“***Grant A Restricted Shares***” means the ninety-thousand (90,000) Restricted Shares vesting based on the performance measure and schedule set forth in Appendix A to this Award Agreement.

“***Grant B Restricted Shares***” means the one-hundred thousand (100,000) Restricted Shares vesting based on the performance measure and schedule set forth in Appendix B to this Award Agreement.

“***Maximum Released Shares***” means a number of Grant A Restricted Shares, initially equal to zero (0), as recalculated from time to time pursuant to paragraph 4 of this Award Agreement.

“***Maximum Vested Shares***” means, as of any particular time, a number equal to (i) the maximum number of Grant A Restricted Shares that could have vested pursuant to Appendix A of this Award Agreement as of such time plus (ii) the maximum number of RSUs that could have vested pursuant to Appendix A of the Restricted Stock Unit Award Agreement, dated as of March 26, 2012, between the parties hereto, as of such time.

“***Net Shares***” means the vested Grant A Restricted Shares held by the Participant after subtracting any shares withheld by the Corporation in payment of tax withholding obligations pursuant to paragraph 9.

“***Performance Percentage***” means, as of any particular time, a percentage equal to (i) the number of Grant A Restricted Shares that have vested pursuant to Appendix A of this Award Agreement as of such time plus (ii) the number of RSUs that have vested pursuant to Appendix A of the Restricted Stock Unit Award Agreement, dated as of March 26, 2012, between the parties hereto, as of such time, divided by (ii) the Maximum Vested Shares as of such time.

“***Released Shares***” means a number of Grant A Restricted Shares, initially equal to zero (0), as recalculated from time to time pursuant to paragraph 4 of this Award Agreement.

“***Repurchase Percentage***” means, for any particular calendar year, a percentage equal to (i) the number of shares of the Common Stock repurchased by the Corporation during such calendar year (including any number of shares repurchased in any issuer self tenders) divided by (ii) the number of shares of Fully Diluted Common Stock as of the close of the trading day immediately preceding the first day of such calendar year.

“***Restricted Shares***” means the total of one-hundred ninety-thousand (190,000) shares of Restricted Stock comprising the Award granted to the Participant pursuant to the Plan and this Award Agreement.

“***RSUs***” means the three hundred ten thousand (310,000) Restricted Stock Units vesting based on the performance measure and schedule set forth in Appendix A to the Restricted Stock Unit Award Agreement, dated as of March 26, 2012, between the parties hereto.

“***Vested Shares***” means, collectively, the vested Grant A Restricted Shares and the vested RSUs granted to and held by Participant.

All other capitalized terms have the meaning ascribed to them in the Plan, unless specifically set forth otherwise herein.

2. No Effect on Employment. Nothing in the Plan or this Award Agreement shall confer upon the Participant any right to continue in the employ or service of the Corporation or any Affiliate. The terms of the Participant’s employment will be determined from time to time by the Corporation or the Affiliate employing the Participant (as the case may be), and the Corporation or the Affiliate will have the right, which is hereby expressly reserved, to terminate or change the terms of the employment of the Participant, or to terminate the employment of the Participant, at any time for any reason whatsoever, with or without cause. If the Participant has a written employment agreement with Corporation or any Affiliate which contains different or additional provisions relating to Plan awards, or otherwise conflicts with the terms of this Award Agreement, the provisions of the employment agreement will govern.

3. Restricted Period and Vesting. The Restricted Shares shall vest in accordance with the performance measures and schedules set forth in Appendices A and B of this Award Agreement, as applicable, provided, in each case, that the Participant is employed by the Corporation as its Chief Executive Officer through the applicable vesting date. The period prior to the date on which the Restricted Shares vest is referred to herein as the “***Restricted Period***.”

4. Additional Sales Restrictions. Except as otherwise permitted by the Corporation in paragraph 13 or otherwise, and in addition to the restrictions set forth in paragraph 13, following the expiration of the Restricted Period, the Participant may not directly or indirectly, voluntarily or involuntarily, by operation of law or otherwise, sell, assign, transfer, or otherwise dispose of, or pledge, encumber or otherwise hypothecate (each a “***Transfer***”) any Net Shares until the occurrence of the dates or events set forth in this paragraph 4 (the “***Additional Sales Restrictions***”). The Participant may be required to execute and deliver such other agreements as may be reasonably requested by the Corporation that are consistent with the foregoing or that are necessary to give further effect thereto. In order to enforce the foregoing, the Corporation may impose stop-transfer instructions with respect to such shares until the end of such period, or place legends on stock certificates issued pursuant to the Plan restricting the Transfer of such shares until the end of such period. In addition to any other remedies the Corporation has at law or equity arising out of or relating to any violation of the Additional Sales Restrictions, in the event of any Transfer of Net Shares, or entering into an agreement to Transfer any Net Shares, in violation of the Additional Sales Restrictions, the Participant shall be required to remit to the Corporation an amount equal to the Fair Market Value of the shares on the date of the Transfer.

a) *General*. On each of December 31, 2022, 2023, 2024, 2025 and 2026, the Additional Sales Restrictions on the Net Shares shall terminate ratably as to 20% of the Net Shares as of December 31, 2022.

b) *Released Shares*. The Participant shall be permitted to transfer any number of Net Shares, without violating the Additional Sales Restrictions, if, immediately after giving effect to such Transfer, the total number of Net Shares Transferred since the Grant Date would be less than or equal to the Released Shares as determined below.

(i) Repurchases. On each March 1st through and including March 1, 2022:

(1) the Maximum Released Shares shall, on such date and effective until next recalculated, be increased by (x) (1) the Maximum Vested Shares as of such date minus (2) the Released Shares as of the previous date multiplied by (y) the Repurchase Percentage for the previous calendar year, and

(2) the Released Shares shall, on such date and effective until next recalculated, be increased by (x) (1) the Maximum Released Shares as of such date, minus (2) the Released Shares as of the previous date multiplied by (y) the Performance Percentage as of such date.

(ii) Dividends. On the date of payment by the Corporation of a dividend with respect to the Common Stock, through and including December 30, 2022:

(1) the Maximum Released Shares shall, on such date and effective until next recalculated, be increased by (x) the Maximum Vested Shares minus the Released Shares, in each case as of the Dividend Reference Time for such dividend, multiplied by (y) the Dividend Percentage for such dividend, and

(2) the Released Shares shall, on such date and effective until next recalculated, be increased by (x) (1) the Maximum Released Shares as of such date, minus (2) the Released Shares as of the previous date, multiplied by (y) the Performance Percentage as of the Dividend Reference Time.

(iii) Recalculation of Released Shares. If, pursuant to any provision of this paragraph 4, the Released Shares or the Maximum Released Shares would otherwise be recalculated to equal a fractional number, then, notwithstanding such other provision, the Released Shares shall equal the next whole number greater than such fractional number.

An example of the application of this paragraph 4(b) is set forth in Appendix D to this Award Agreement.

c) *Notice*. The Participant shall provide written notice to the Corporation at least five (5) business days prior to Transferring any Net Shares in reliance on any provision of this paragraph 4.

d) *Equitable Adjustment*. In addition to and not in limitation of paragraph 16 of this Agreement and Section 6.01 of the Plan, if a dividend or other distribution (whether in the form of cash, Common Stock, other securities, or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, or exchange of Common Stock or other securities of the Company, issuance of warrants or other rights to purchase Common Stock or other securities of the Company, or other corporate transaction or event affects the Common Stock such that an adjustment is appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under this paragraph 4, the Committee may equitably adjust the result of any calculation of the Released Shares performed pursuant to any provision of this paragraph 4.

5. Dividends. Any dividends paid in respect of Restricted Shares prior to the date on which the Restricted Shares vest will be converted into additional Restricted Shares by dividing (i) the aggregate amount or value of the dividends paid with respect to such unvested Restricted Shares by (ii) the Fair Market Value per share of Common Stock on the payment date for such dividend. Any additional Restricted Shares issued pursuant to this paragraph shall be subject to same vesting provisions as the underlying Restricted Shares.

6. Termination of Employment. Notwithstanding paragraph 3, if the Participant ceases to be employed by the Corporation as its Chief Executive Officer during the applicable Restricted Period for any reason, any Restricted Shares as to which the Restricted Period has not yet lapsed or been waived shall be forfeited by the Participant. For the avoidance of doubt, termination for any reason under any circumstance will have no effect on (i) the termination of the Additional Sales Restrictions on each of December 31, 2022, 2023, 2024, 2025 and 2026 pursuant to paragraph 4(a) or (ii) the increase in Released Shares and other related calculations pursuant to paragraph 4(b).

7. Forfeiture. Restricted Shares that are forfeited pursuant to paragraph 6 shall be deemed automatically transferred to and reacquired by the Corporation at no cost to the Corporation upon the date of the forfeiture. The Participant hereby appoints the Corporation, with full power of substitution, as the Participant's true and lawful attorney-in-fact with irrevocable power and authority in the name and on behalf of the Participant to take any action and execute all documents and instruments, including, without limitation, stock powers which may be necessary to transfer any certificate or certificates evidencing such unvested Restricted Shares to the Corporation upon forfeiture.

8. Change in Control. Notwithstanding anything to the contrary in this Award Agreement, in the event of a Change in Control, any Restricted Shares as to which the Restricted Period has not yet lapsed will vest immediately, as provided by Section 6.02 of the Plan.

9. Taxes. Notwithstanding any contrary provision of this Award Agreement, Restricted Shares may not be Transferred (even after the Restricted Period ends), and no certificate representing Restricted Shares may be released from the escrow established pursuant to paragraph 14, unless and until satisfactory arrangements (as determined by the Committee) are made by the Participant with respect to the payment of income and employment taxes, if any, which the Corporation determines must be withheld with respect to the Restricted Shares. The Participant may satisfy such tax withholding obligation, if any, in whole or in part, pursuant to such procedures as the Committee may specify from time to time, by (a) electing to surrender to the Corporation Restricted Shares otherwise scheduled to vest, (b) delivering to the Corporation already vested and owned Shares having a Fair Market Value equal to the minimum amount required to be withheld or (c) cash or check. If the Participant does not deposit with the Corporation (on or before the date taxes are to be remitted by the Corporation) the full required amount then due for taxes, if any, before a certificate for any shares is delivered, the Corporation shall sell (in a market transaction or in a non-market transaction at the market price) sufficient vested shares held for the Participant and deduct such taxes from the proceeds of sale. If the Participant makes an election under Section 83(b) of the Code, or any successor section thereto, to be taxed with respect to the Restricted Shares as of the date of grant of the Restricted Shares rather than as of the date or dates upon which the Participant would otherwise be taxable under Section 83(a) of the Code, the Participant shall deliver a copy of such election to the Corporation immediately after filing such election with the Internal Revenue Service, together with any tax withholding required by the Committee. Neither the Corporation nor any Affiliate nor the Committee makes any commitment or guarantee that any federal or state tax treatment will apply or be available to any person eligible for benefits under this Award Agreement.

10. Rights as Shareholder. Neither the Participant nor any person claiming under or through the Participant will have any of the rights or privileges of a shareholder of the Corporation in respect of any Restricted Shares deliverable hereunder unless and until such Restricted Shares have been issued, recorded on the records of the Corporation or its transfer agents or registrars, and (if certificated) delivered to the Participant or the Escrow Agent. Except as provided in Part III of the Plan, after such issuance, recordation, and delivery, the Participant will have all the rights of a shareholder of the Corporation with respect to voting such Restricted Shares and receipt of dividends and distributions on such Restricted Shares (subject to the terms of this Award Agreement, including without limitation, paragraphs 4 and 5). The Participant hereby consents and agrees to electronic delivery of any Plan documents, proxy materials, annual reports, and other related documents. If the Corporation establishes procedures for an electronic signature system for delivery and acceptance of Plan documents (including documents relating to any programs adopted under the Plan), the Participant hereby consents to such procedures and agrees that his or her electronic signature is the same as, and shall have the same force and effect as, his or her manual signature. The Participant consents and agrees that any such procedures and delivery may be effected by a third party engaged by the Corporation to provide administrative services related to the Plan, including any program adopted under the Plan. Delay in delivery or transfer of share rights shall not result in postponement of taxability associated with lapse of restrictions upon vesting, unless such postponement shall be warranted as a result of a bona fide dispute or as otherwise permitted by Code Section 409A and regulations thereunder.

11. Additional Conditions to Release from Escrow. If at any time the Corporation determines, in its discretion, that the listing, registration, or qualification of the Restricted Shares upon any securities exchange or under any state or federal law, or the consent or approval of any governmental regulatory authority, is necessary or desirable as a condition to the release of the Restricted Shares from the restrictions on Transfer contained in this Award Agreement (and, if applicable, the escrow established pursuant to paragraph 14), such release will not occur unless and until such listing, registration, qualification, consent, or approval has been effected or obtained free of any conditions not acceptable to the Corporation. The Corporation will make all reasonable efforts to meet the requirements of any such state or federal law or securities exchange and to obtain any such consent or approval of any such governmental authority.

12. Notices. Any notice under this Award Agreement shall be addressed to the Corporation in care of its Secretary at the principal executive office of the Corporation and to the Participant at the address appearing in the personnel records of the Corporation for the Participant or to either party at such other address as either party hereto may hereafter designate in writing to the other. Any such notice shall be deemed effective upon receipt thereof by the addressee.

13. Transfer Restrictions. The Award and the rights and privileges conferred hereby may not be Transferred by the Participant except by will, by the laws of descent and distribution, by a domestic relations order, or as otherwise permitted by the Corporation (provided that, following such a permitted Transfer, the Award remains subject to the terms and conditions applicable to the Award prior to the Transfer, including but not limited to the restrictions on Transfer set forth in paragraph 4). Upon any attempt by the Participant to Transfer in violation of this Agreement the Award, or any right or privilege conferred hereby, the Award and the Participant’s rights and privileges conferred hereby immediately will become null and void.

14. Uncertificated and Certificated Shares. The Corporation, at its option, may issue certificates representing Restricted Shares or may issue Restricted Shares without certificates. In either case, the Restricted Shares will be issued in the name of the Participant. If the Restricted Shares are issued without certificates, a record of the number of shares so issued and other relevant information will be maintained by the transfer agent for the Common Stock, and, within a reasonable time after issuance, the Participant will receive a written statement of the information that would have appeared on the certificate if the Restricted Shares had been represented by a certificate.

If Restricted Shares are represented by a certificate, the certificate will be held by the Secretary of the Corporation as escrow agent (the “***Escrow Agent***”). The Corporation may instruct the transfer agent for its Common Stock to place a legend on the certificates setting forth or referring to the restrictions on Transfer set forth in the Plan and this Award Agreement.

No certificates representing Restricted Shares will be delivered by the Corporation or the Escrow Agent to the Participant unless and until the Restricted Shares have vested, all other restrictions have lapsed (including, without limitation, the restrictions set forth in paragraph 4), and all other applicable terms and conditions in this Award Agreement have been satisfied. Such certificates shall be delivered to the Participant no later than sixty (60) days following vesting, lapse of restrictions, and satisfaction of all applicable terms and conditions.

Whether or not the Restricted Shares are represented by a certificate, the Corporation may instruct the transfer agent for its Common Stock to note in its records the restrictions on Transfer set forth in the Plan and this Award Agreement.

15. Binding Agreement. Subject to the limitation on the transferability of the Award contained herein, this Award Agreement will be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors, and assigns of the parties hereto.

16. Committee Authority. The Committee will have the power and discretion to interpret this Award Agreement and to adopt such rules for the administration, interpretation, and application of the Award Agreement as are consistent herewith and with the Plan and consistent with this Award Agreement remaining exempt from Code Section 409A. All actions taken and all interpretations and determinations made by the Committee in good faith will be final and binding upon the Participant, the Corporation, and all other interested persons. No member of the Committee will be personally liable for any action, determination or interpretation made in good faith with respect to this Award Agreement.

17. Code Section 162(m). It is intended that payments pursuant to this Award Agreement to a Participant who is a "covered employee" within the meaning of Code Section 162(m) constitute "qualified performance based compensation" within the meaning of Section 1.162-27(e) of the Income Tax Regulations. To the maximum extent possible, this Award Agreement and the Plan shall be so interpreted and construed.

18. Captions. Captions in this Award Agreement are for convenience only and are not to serve as a basis for interpretation or construction of this Award Agreement.

19. Agreement Severable. In the event that any provision in this Award Agreement is held invalid or unenforceable, such provision will be severable from, and such invalidity or unenforceability will not be construed to have any effect on, the remaining provisions of this Award Agreement.

20. Modifications to the Agreement. This Award Agreement and the Plan together constitute the entire understanding of the parties on the subjects covered. The Participant expressly warrants that he or she is not accepting this Award Agreement in reliance on any promises, representations, or inducements other than those contained herein and in the Plan. Modifications to this Award Agreement can be made only in an express written contract executed by a duly authorized officer of the Corporation.

21. Governing Law. This Award Agreement will be governed by, and construed in accordance with, the laws of the State of Michigan without regard to principles of conflict of laws.

22. Additional Actions. The parties will execute such further instruments and take such further action as may reasonably be necessary to carry out the intent of this Award Agreement.

23. Counterparts. This Award Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Any counterpart or other signature hereupon delivered by facsimile shall be deemed for all purposes as constituting good and valid execution and delivery of this Award Agreement by such party.

IMPORTANT:

Your signature below indicates your agreement and understanding that this grant is subject to all of the terms and conditions contained in the Plan, this Award Agreement, in its Appendices. BY SIGNING THIS AWARD AGREEMENT, YOU ACKNOWLEDGE THE FOLLOWING:

1. THAT YOU HAVE RECEIVED A COPY OF THE PLAN AND THAT YOU HAVE READ THE PLAN, THIS AWARD AGREEMENT, AND ITS APPENDICES.

2. THAT IF THERE IS ANY INCONSISTENCY BETWEEN THE TERMS OF THE PLAN AND THE TERMS OF THIS AWARD AGREEMENT AND ITS APPENDICES, THE PLAN'S TERMS SHALL SUPERSEDE AND REPLACE THE CONFLICTING TERMS OF THIS AWARD AGREEMENT AND ITS APPENDICES.

2. THAT THE PLAN IS SUBJECT TO AMENDMENT AND THIS GRANT WILL BE SUBJECT TO THE TERMS OF ANY FUTURE AMENDMENT TO THE PLAN, PROVIDED THAT (A) SUCH AMENDMENT SHALL NOT ADVERSELY AFFECT YOUR RIGHTS THAT HAVE VESTED UNDER THIS AWARD AGREEMENT PRIOR TO THE EFFECTIVE DATE OF THE AMENDMENT AND (B) SUCH AMENDMENT SHALL NOT RESULT IN POSTPONEMENT OF TAXABILITY ASSOCIATED WITH LAPSE OF RESTRICTIONS UPON VESTING.

CREDIT ACCEPTANCE CORPORATION Brett A Roberts
Participant

By /s/ Kenneth S. Booth /s/ Brett A. Roberts
(Participant's signature)

March 2012

Appendix A

On March 1, 2013, and on each of the nine subsequent anniversaries of such date, provided that the Participant is employed by the Corporation as its Chief Executive Officer through the applicable vesting date, a number of Grant A Restricted Shares shall vest equal to (A) the quotient of (i) the EVA Improvement (as defined in Appendix C) for the prior calendar year over (ii) the EVA Target Improvement (as defined in Appendix C), multiplied by (B) the total number of Grant A Restricted Shares; provided, however, that the cumulative number of Grant A Restricted Shares vested as of any single vesting date may not exceed the Cap (as defined in Appendix C). The number of vesting Grant A Restricted Shares shall be rounded up, if necessary, to the next higher whole number of shares. For the avoidance of doubt, if the EVA Improvement as of December 31, 2021 exceeds the EVA Target Improvement, each of the unvested Grant A Restricted Shares shall vest on March 1, 2022, provided that the Participant is employed by the Corporation as its Chief Executive Officer through March 1, 2022, notwithstanding the Company's EVA for the prior calendar years. Once the Grant A Restricted Shares vest, they shall remain vested regardless of the future performance of the Corporation.

The following examples illustrate the vesting schedule of Grant A Restricted Shares under this Appendix:

a) In General. If the Corporation's EVA for the 2012 calendar year is ten-million dollars ($10,000,000) greater than the Corporation's EVA for 2011, four-thousand five-hundred (4,500) Grant A Restricted Shares shall vest on March 1, 2013 ($10,000,000/$200,000,000*90,000).

b) Cumulative EVA Measurement. If the Corporation's EVA for the 2012 calendar year is twenty-million dollars ($20,000,000) less than the Corporation's EVA for the 2011 calendar year and the Corporation's EVA for the 2013 calendar year is thirty-million dollars ($30,000,000) more than the Corporation's EVA for the 2012 calendar year, zero (0) Grant A Restricted Shares shall vest on March 1, 2013, but four-thousand five-hundred (4,500) Grant A Restricted Shares shall vest on March 1, 2014 ($10,000,000/$200,000,000*90,000) due to the ten-million dollar ($10,000,000) cumulative EVA improvement in 2013 relative to 2011.

c) Cap and Carryover. The Corporation's EVA for the 2012 calendar year is thirty-million dollars ($30,000,000) greater than the Corporation's EVA for the 2011 calendar year, entitling the Participant, absent the Cap, to the vesting of thirteen-thousand five-hundred (13,500) Grant A Restricted Shares on March 1, 2013 ($30,000,000/$200,000,000*90,000). However, the application of the Cap results in only nine-thousand (9,000) Grant A Restricted Shares (9,000*(2012-2011)) vesting on March 1, 2013. If EVA growth remains flat in 2013, four-thousand five-hundred (4,500) Grant A Restricted Shares ($10,000,000/$200,000,000*90,000) shall nonetheless vest on March 1, 2014, reflecting credit for the EVA improvement of ten million dollars ($10,000,000) relative to 2011 for which Grant A Restricted Shares had not yet vested because of the application of the cap on March 1, 2013.

d) No Double Credit. The Corporation's EVA for the 2012 calendar year is twenty million dollars ($20,000,000) greater than the Corporation's EVA for the 2011 calendar year, resulting in the vesting of the nine-thousand (9,000) Grant A Restricted Shares on March 1, 2013 ($20,000,000/$200,000,000*90,000). For the 2013 calendar year, the Corporation's EVA decreases by twenty-million dollars ($20,000,000), erasing the 2012 EVA Improvement. If the Corporation's EVA for the 2014 calendar year then increases by twenty-million dollars ($20,000,000) over the Corporation's EVA for the 2013 calendar year, zero (0) Grant A Restricted Shares vest on March 1, 2015, since nine-thousand (9,000) Grant A Restricted Shares have already vested on March 1, 2013 on account of the total cumulative twenty-million dollar ($20,000,000) EVA improvement over the entire period relative to 2011.

Appendix B

On March 1, 2023, and on each of the four subsequent anniversaries of such date, twenty-thousand (20,000) Grant B Restricted Shares shall vest, provided that the Corporation's EVA (as defined in Appendix C) for the applicable year is at least $343,143,000 and provided further that the Participant is employed by the Corporation as its Chief Executive Officer through the applicable vesting date. Once Grant B Restricted Shares vest, they shall remain vested regardless of the future performance of the Corporation.

Appendix C

“***Cap***” means a number of Grant A Restricted Shares equal to nine-thousand (9,000) multiplied by the number of full calendar years that have elapsed since January 1, 2012.

“***EVA***” means the Corporation’s calculation of economic profit as reported in the Corporation’s quarterly earnings releases. Economic profit is a measure of profitability that differs from net income because economic profit considers a cost of equity while net income does not (if additional shares of Common Stock are issued (other than issuances made pursuant to the Company’s equity compensation programs), the cost of equity related to such shares is to be agreed upon by the Committee and the Participant immediately before the issuance). Economic profit is equal to the Corporation’s return on capital, less its cost of capital, multiplied by the average amount of capital employed during the period. As reported in its press releases, the Corporation’s calculation of economic profit is based upon adjusted earnings, or GAAP net income adjusted for certain items. The adjustments can be grouped in the following categories:

(1) The Floating Yield Adjustments as reported in the Corporation’s press releases,

(2) Adjustments made to eliminate the impact of different accounting treatments of certain items in the periods being compared,

(3) Adjustments made to eliminate the impact of non-recurring items,

(4) Adjustments made to eliminate the non-cash impact of valuing interest rate derivative products at fair value,

(5) Adjustments made to eliminate the results of discontinued operations,

(6) Adjustments made to eliminate any inconsistency in the tax rates used in the periods being compared.

“***EVA Improvement***” means the increase in the Corporation’s EVA for the applicable calendar year minus the Corporation’s 2011 EVA; provided, however, that the Participant shall not receive credit towards vesting under this Award Agreement for the same increase in EVA relative to the Corporation’s EVA for the 2011 calendar year more than once (see example (d) in Appendix A).

“***EVA Target Improvement***” means two hundred million dollars ($200,000,000.00).

Appendix D

If, for example,

1. as of the close of the trading day immediately preceding the first day of calendar year 2012, there were one hundred million (100,000,000) shares of Fully Diluted Common Stock;

2. during calendar year 2012, the Corporation repurchased one million (1,000,000) shares of the Common Stock (including 500,000 shares of the Common Stock purchased in an issuer tender offer); and

3. on March 1, 2013, the number of Vested Shares increased from zero (0) to twenty thousand (20,000);

then

4. on March 1, 2013, the Maximum Released Shares shall be increased by four hundred (400) (((500,000+500,000) ÷ 100,000,000) * (40,000-0)), for a total of four hundred (400) Maximum Released Shares, and the Released Shares shall be increased by two hundred (200) ((400-0) * (20,000 ÷ 40,000)), for a total of two hundred (200) Released Shares;

and, further, if

5. on March 15, 2013, the Corporation pays a dividend with respect to the Common Stock consisting, in the aggregate, of ninety-nine million dollars ($99,000,000); and

6. as of the Dividend Reference Time for such dividend, there were ninety-nine million (99,000,000) shares of Fully Diluted Common Stock, and the Common Stock traded at one hundred dollars ($100) per share;

then

7. on March 15, 2013, the Maximum Released Shares shall be increased by three hundred ninety-eight (398) (($99,000,000 ÷ ($100/share * 99,000,000 shares)) * (40,000-200)), for a total of seven hundred ninety-eight (798) Maximum Released Shares, and the Released Shares shall be increased by two hundred ninety-nine (299) ((798-200) * (20,000 ÷ 40,000)), for a total of four hundred ninety-nine (499) Released Shares;

and, further, if

8. as of the close of the trading day immediately preceding the first day of calendar year 2013, there were ninety-nine million (99,000,000) shares of Fully Diluted Common Stock;

9. during calendar year 2013, the Corporation repurchased nine hundred ninety thousand (990,000) shares of the Common Stock; and

10. on March 1, 2014, the number of Vested Shares increased from twenty thousand (20,000) to eighty thousand (80,000);

then

11. on March 1, 2014, the Maximum Released Shares shall be increased by seven hundred ninety-six (796) ((80,000-499) * (990,000 ÷ 99,000,000)), for a total of one thousand five hundred ninety-four (1,594) Maximum Released Shares, and the Released Shares shall be increased by one thousand ninety-five (1,095) ((1,594-499) * (80,000 ÷ 80,000)), for a total of one thousand five hundred ninety-four (1,594) Released Shares.

Credit Acceptance Corporation

**CERTIFICATION PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002**

I, Brett A. Roberts, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Credit Acceptance Corporation;

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

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

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

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

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant’s fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

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

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 2, 2012

By: /s/ Brett A. Roberts
Brett A. Roberts
Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31.2

Credit Acceptance Corporation

**CERTIFICATION PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002**

I, Kenneth S. Booth, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Credit Acceptance Corporation;

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

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

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

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

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant’s fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

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

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 2, 2012

By: /s/ Kenneth S. Booth
Kenneth S. Booth
Chief Financial Officer
(Principal Financial Officer)

EXHIBIT 32.1

Credit Acceptance Corporation

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Credit Acceptance Corporation (the "Company") for the quarterly period ending March 31, 2012 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Brett A. Roberts, as Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 2, 2012

By: /s/ Brett A. Roberts
Brett A. Roberts
Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 32.2

Credit Acceptance Corporation

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Credit Acceptance Corporation (the "Company") for the quarterly period ending March 31, 2012 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Kenneth S. Booth, as Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 2, 2012

By: /s/ Kenneth S. Booth
Kenneth S. Booth
Chief Financial Officer
(Principal Financial Officer)