

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 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 June 30, 2019

OR

☐ **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
(State or other jurisdiction of incorporation or organization)
25505 W. Twelve Mile Road
Southfield, Michigan
(Address of principal executive offices)

38-1999511
(I.R.S. Employer Identification No.)

48034-8339
(Zip Code)

Registrant’s telephone number, including area code: **(248) 353-2700**

Not Applicable

(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Common Stock, \$0.01 par value	CACC	The Nasdaq Stock Market

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 ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted 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 such files). Yes ☒ No ☐

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

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐ Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

The number of shares of Common Stock, \$0.01 par value, outstanding on July 23, 2019 was 18,796,809.

TABLE OF CONTENTS

PART I. — FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS	
Consolidated Balance Sheets - As of June 30, 2019 and December 31, 2018	1
Consolidated Statements of Income - Three and six months ended June 30, 2019 and 2018	2
Consolidated Statements of Comprehensive Income - Three and six months ended June 30, 2019 and 2018	3
Consolidated Statements of Shareholders' Equity - Three and six months ended June 30, 2019 and 2018	4
Consolidated Statements of Cash Flows - Six months ended June 30, 2019 and 2018	5
Notes to Consolidated Financial Statements	6
ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	41
ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK	57
ITEM 4. CONTROLS AND PROCEDURES	57

PART II. — OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS	58
ITEM 6. EXHIBITS	59
SIGNATURES	60

PART I. - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CREDIT ACCEPTANCE CORPORATION CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(Dollars in millions, except per share data)

	As of	
	June 30, 2019	December 31, 2018
ASSETS:		
Cash and cash equivalents	\$ 19.7	\$ 25.7
Restricted cash and cash equivalents	328.8	303.6
Restricted securities available for sale	61.5	58.6
Loans receivable	6,873.6	6,225.2
Allowance for credit losses	(489.6)	(461.9)
Loans receivable, net	6,384.0	5,763.3
Property and equipment, net	53.1	40.2
Income taxes receivable	21.8	7.9
Other assets	39.6	38.1
Total Assets	\$ 6,908.5	\$ 6,237.4
LIABILITIES AND SHAREHOLDERS' EQUITY:		
Liabilities:		
Accounts payable and accrued liabilities	\$ 203.4	\$ 186.4
Revolving secured line of credit	38.4	171.9
Secured financing	3,233.0	3,092.7
Senior notes	939.6	544.4
Mortgage note	11.6	11.9
Deferred income taxes, net	267.0	236.7
Income taxes payable	0.2	2.5
Total Liabilities	4,693.2	4,246.5
Commitments and Contingencies - See Note 15		
Shareholders' Equity:		
Preferred stock, \$0.01 par value, 1,000,000 shares authorized, none issued	—	—
Common stock, \$0.01 par value, 80,000,000 shares authorized, 18,796,876 and 18,972,558 shares issued and outstanding as of June 30, 2019 and December 31, 2018, respectively	0.2	0.2
Paid-in capital	153.7	154.9
Retained earnings	2,060.6	1,836.1
Accumulated other comprehensive gain (loss)	0.8	(0.3)
Total Shareholders' Equity	2,215.3	1,990.9
Total Liabilities and Shareholders' Equity	\$ 6,908.5	\$ 6,237.4

See accompanying notes to consolidated financial statements.

CREDIT ACCEPTANCE CORPORATION
CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)

(Dollars in millions, except per share data)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2019	2018	2019	2018
Revenue:				
Finance charges	\$ 341.5	\$ 289.7	\$ 663.4	\$ 560.0
Premiums earned	13.1	11.7	25.3	22.0
Other income	16.0	14.0	35.7	29.0
Total revenue	370.6	315.4	724.4	611.0
Costs and expenses:				
Salaries and wages	47.3	39.7	96.0	82.2
General and administrative	16.8	12.7	30.7	27.2
Sales and marketing	17.7	17.2	36.5	35.0
Provision for credit losses	15.4	1.8	29.9	25.2
Interest	49.8	38.7	94.8	73.2
Provision for claims	8.3	7.3	14.9	12.5
Total costs and expenses	155.3	117.4	302.8	255.3
Income before provision for income taxes	215.3	198.0	421.6	355.7
Provision for income taxes	50.9	47.0	92.8	84.6
Net income	\$ 164.4	\$ 151.0	\$ 328.8	\$ 271.1
Net income per share:				
Basic	\$ 8.68	\$ 7.76	\$ 17.35	\$ 13.94
Diluted	\$ 8.68	\$ 7.75	\$ 17.33	\$ 13.92
Weighted average shares outstanding:				
Basic	18,944,672	19,465,563	18,949,902	19,451,726
Diluted	18,949,962	19,472,164	18,976,289	19,471,959

See accompanying notes to consolidated financial statements.

CREDIT ACCEPTANCE CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(UNAUDITED)

(In millions)	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2019	2018	2019	2018
Net income	\$ 164.4	\$ 151.0	\$ 328.8	\$ 271.1
Other comprehensive income (loss), net of tax:				
Unrealized gain (loss) on securities, net of tax	0.5	(0.1)	1.1	(0.4)
Other comprehensive income (loss)	0.5	(0.1)	1.1	(0.4)
Comprehensive income	\$ 164.9	\$ 150.9	\$ 329.9	\$ 270.7

See accompanying notes to consolidated financial statements.

CREDIT ACCEPTANCE CORPORATION
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(UNAUDITED)

	For the Three Months Ended June 30, 2019					
	Common Stock		Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity
	Number	Amount				
Balance, beginning of period	18,797,071	\$ 0.2	\$ 152.2	\$ 1,896.2	\$ 0.3	\$ 2,048.9
Net income	—	—	—	164.4	—	164.4
Other comprehensive income	—	—	—	—	0.5	0.5
Stock-based compensation	—	—	1.5	—	—	1.5
Restricted stock awards, net of forfeitures	(195)	—	—	—	—	—
Balance, end of period	18,796,876	\$ 0.2	\$ 153.7	\$ 2,060.6	\$ 0.8	\$ 2,215.3

	For the Three Months Ended June 30, 2018					
	Common Stock		Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity
	Number	Amount				
Balance, beginning of period	19,309,937	\$ 0.2	\$ 147.7	\$ 1,509.3	\$ (0.5)	\$ 1,656.7
Net income	—	—	—	151.0	—	151.0
Other comprehensive loss	—	—	—	—	(0.1)	(0.1)
Stock-based compensation	—	—	2.0	—	—	2.0
Restricted stock awards, net of forfeitures	(292)	—	—	—	—	—
Balance, end of period	19,309,645	\$ 0.2	\$ 149.7	\$ 1,660.3	\$ (0.6)	\$ 1,809.6

	For the Six Months Ended June 30, 2019					
	Common Stock		Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity
	Number	Amount				
Balance, beginning of period	18,972,558	\$ 0.2	\$ 154.9	\$ 1,836.1	\$ (0.3)	\$ 1,990.9
Net income	—	—	—	328.8	—	328.8
Other comprehensive income	—	—	—	—	1.1	1.1
Stock-based compensation	—	—	3.7	—	—	3.7
Restricted stock awards, net of forfeitures	5,087	—	—	—	—	—
Repurchase of common stock	(268,611)	—	(4.9)	(104.3)	—	(109.2)
Restricted stock units converted to common stock	87,842	—	—	—	—	—
Balance, end of period	18,796,876	\$ 0.2	\$ 153.7	\$ 2,060.6	\$ 0.8	\$ 2,215.3

	For the Six Months Ended June 30, 2018					
	Common Stock		Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity
	Number	Amount				
Balance, beginning of period	19,310,049	\$ 0.2	\$ 145.5	\$ 1,390.3	\$ (0.2)	\$ 1,535.8
Net income	—	—	—	271.1	—	271.1
Other comprehensive income	—	—	—	—	(0.4)	(0.4)
Stock-based compensation	—	—	5.1	—	—	5.1
Restricted stock awards, net of forfeitures	4,342	—	—	—	—	—
Repurchase of common stock	(6,185)	—	(0.9)	(1.1)	—	(2.0)
Restricted stock units converted to common stock	1,439	—	—	—	—	—
Balance, end of period	19,309,645	\$ 0.2	\$ 149.7	\$ 1,660.3	\$ (0.6)	\$ 1,809.6

See accompanying notes to consolidated financial statements.

CREDIT ACCEPTANCE CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

(In millions)

	For the Six Months Ended June 30,	
	2019	2018
Cash Flows From Operating Activities:		
Net income	\$ 328.8	\$ 271.1
Adjustments to reconcile cash provided by operating activities:		
Provision for credit losses	29.9	25.2
Depreciation	3.4	2.6
Amortization	7.3	6.3
Provision for deferred income taxes	30.0	38.9
Stock-based compensation	3.7	5.1
Change in operating assets and liabilities:		
Increase in accounts payable and accrued liabilities	10.9	22.7
Increase in income taxes receivable	(13.9)	(23.4)
Decrease in income taxes payable	(2.3)	(39.7)
Decrease in other assets	2.8	1.2
Net cash provided by operating activities	400.6	310.0
Cash Flows From Investing Activities:		
Purchases of restricted securities available for sale	(24.8)	(28.4)
Proceeds from sale of restricted securities available for sale	17.1	13.0
Maturities of restricted securities available for sale	6.2	6.4
Principal collected on Loans receivable	1,508.6	1,301.7
Advances to Dealers	(1,327.8)	(1,313.5)
Purchases of Consumer Loans	(732.8)	(642.7)
Accelerated payments of Dealer Holdback	(28.0)	(29.4)
Payments of Dealer Holdback	(70.6)	(66.1)
Purchases of property and equipment	(16.3)	(5.2)
Net cash used in investing activities	(668.4)	(764.2)
Cash Flows From Financing Activities:		
Borrowings under revolving secured line of credit	2,120.6	1,433.2
Repayments under revolving secured line of credit	(2,254.1)	(1,447.1)
Proceeds from secured financing	1,051.4	1,900.0
Repayments of secured financing	(913.5)	(1,288.8)
Proceeds from issuance of senior notes	400.0	—
Payments of debt issuance costs	(10.7)	(9.3)
Repurchase of common stock	(109.2)	(2.0)
Other	2.5	(1.9)
Net cash provided by financing activities	287.0	584.1
Net increase in cash and cash equivalents and restricted cash and cash equivalents	19.2	129.9
Cash and cash equivalents and restricted cash and cash equivalents beginning of period	329.3	263.8
Cash and cash equivalents and restricted cash and cash equivalents end of period	\$ 348.5	\$ 393.7
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the period for interest	\$ 79.1	\$ 65.8
Cash paid during the period for income taxes	\$ 76.4	\$ 105.7

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, 2018 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, 2018 for Credit Acceptance Corporation (the “Company”, “Credit Acceptance”, “we”, “our” or “us”).

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 June 30, 2019 for items that could potentially be recognized or disclosed in these financial statements. For additional information regarding subsequent events, see Note 16 of these consolidated financial statements.

Reclassification

Certain amounts for prior periods have been reclassified to conform to the current presentation.

2. DESCRIPTION OF BUSINESS

Since 1972, Credit Acceptance has offered financing programs that enable automobile dealers to sell vehicles to consumers, regardless of their credit history. Our financing programs are 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 financing programs, but who actually end up qualifying for traditional financing.

Without our financing programs, consumers are often unable to purchase vehicles or they purchase unreliable ones. Further, as we report to the three national credit reporting agencies, an important ancillary benefit of our programs is that we provide consumers with an opportunity to improve their lives by improving their credit score and move on to more traditional sources of financing.

We refer to automobile dealers who participate in our programs and who share our commitment to changing consumers’ lives as “Dealers”. Upon enrollment in our financing programs, the Dealer enters into a Dealer servicing agreement with us that defines the legal relationship between Credit Acceptance and the Dealer. 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 Dealers to us. We are an indirect lender from a legal perspective, meaning the Consumer Loan is originated by the Dealer and assigned to us.

Substantially all of the Consumer Loans assigned to us are made to consumers with impaired or limited credit histories. The following table shows the percentage of Consumer Loans assigned to us with either FICO® scores below 650 or no FICO® scores:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2019	2018	2019	2018
Consumer Loan Assignment Volume				
Percentage of total unit volume with either FICO® scores below 650 or no FICO® scores	95.7%	95.3%	96.2%	95.9%

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

We have two programs: the Portfolio Program and the Purchase Program. Under the Portfolio Program, we advance money to Dealers (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 Dealers (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 as Dealer Loans and Purchased Loans for each of the last six quarters:

Three Months Ended	Unit Volume		Dollar Volume (1)	
	Dealer Loans	Purchased Loans	Dealer Loans	Purchased Loans
March 31, 2018	70.1%	29.9%	67.4%	32.6%
June 30, 2018	69.7%	30.3%	66.8%	33.2%
September 30, 2018	69.5%	30.5%	67.0%	33.0%
December 31, 2018	69.4%	30.6%	67.4%	32.6%
March 31, 2019	67.4%	32.6%	65.0%	35.0%
June 30, 2019	66.7%	33.3%	63.7%	36.3%

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

Portfolio Program

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

- a down payment from the consumer;
- a non-recourse cash payment (“advance”) from us; and
- after the advance balance (cash advance and related Dealer Loan fees and costs) 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 as a Dealer Loan, which is classified within Loans receivable in our consolidated balance sheets. Cash advanced to the Dealer is automatically assigned to the Dealer’s open pool of advances. We generally require Dealers to group advances into pools of at least 100 Consumer Loans. Unless we receive a request from the Dealer to keep a pool open, we automatically close a pool containing 100 Consumer Loans and assign subsequent advances to a new pool. All advances within a Dealer’s pool are secured by the future collections on the related Consumer Loans assigned to the pool. For Dealers 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 with respect to the Dealer Loans by obtaining control or 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 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 to us; and
- fourth, to the Dealer as payment of Dealer Holdback.

If the collections on Consumer Loans from a Dealer’s pool are not sufficient to repay the advance balance and any other amounts due to us, the Dealer will not receive Dealer Holdback. Certain events may also result in Dealers forfeiting their rights to Dealer Holdback, including becoming inactive before assigning at least 100 Consumer Loans.

Dealers 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 is calculated using a formula that considers the forecasted collections and the advance balance on the related Consumer Loans.

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

Since typically the combination of the advance and the consumer’s down payment provides the Dealer with a cash profit at the time of sale, the Dealer’s risk in the Consumer Loan is limited. We cannot demand repayment of the advance from the Dealer except in the event the Dealer is in default of the Dealer servicing agreement. Advances are made only after the consumer and Dealer have signed a Consumer Loan contract, we have received the executed Consumer Loan contract and supporting documentation in either physical or electronic form, and we have approved all of the related stipulations for funding.

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. The classification as a Dealer Loan for accounting purposes is primarily a result of (1) the Dealer’s financial interest in the Consumer Loan and (2) certain elements of our legal relationship with the Dealer.

Purchase Program

The Purchase Program differs from our Portfolio Program in that the Dealer 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 and then purchased by us.

Program Enrollment

Dealers may enroll in our Portfolio Program by (1) paying an up-front, one-time fee of \$9,850, or (2) agreeing to allow us to retain 50% of their first accelerated Dealer Holdback payment. Access to the Purchase Program is typically only granted to Dealers that meet one of the following:

- received first accelerated Dealer Holdback payment under the Portfolio Program;
- franchise dealership; or
- independent dealership that meets certain criteria upon enrollment.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business Segment Information

We currently operate in one reportable segment which represents our core business of offering financing programs that enable Dealers to sell vehicles to consumers, regardless of their credit history. The consolidated financial statements reflect the financial results of our one reportable operating segment.

Cash and Cash Equivalents and Restricted 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 June 30, 2019 and December 31, 2018, we had \$19.4 million and \$25.1 million, respectively, in cash and cash equivalents that were not insured by the Federal Deposit Insurance Corporation (“FDIC”).

Restricted cash and cash equivalents consist of cash pledged as collateral for secured financings and cash held in a trust for future vehicle service contract claims. As of June 30, 2019 and December 31, 2018, we had \$325.5 million and \$303.0 million, respectively, in restricted cash and cash equivalents that were not insured by the FDIC.

The following table provides a reconciliation of cash and cash equivalents and restricted cash and cash equivalents reported in our consolidated balance sheets to the total shown in our consolidated statements of cash flows:

(In millions)

	As of			
	June 30, 2019	December 31, 2018	June 30, 2018	December 31, 2017
Cash and cash equivalents	\$ 19.7	\$ 25.7	\$ 55.7	\$ 8.2
Restricted cash and cash equivalents	328.8	303.6	338.0	255.6
Total cash and cash equivalents and restricted cash and cash equivalents	<u>\$ 348.5</u>	<u>\$ 329.3</u>	<u>\$ 393.7</u>	<u>\$ 263.8</u>

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

Restricted Securities Available for Sale

Restricted securities available for sale consist of amounts held in a trust for future vehicle service contract claims. 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.

Loans Receivable and Allowance for Credit Losses

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

- the consumer and Dealer have signed a Consumer Loan contract; and
- we have received the executed Consumer Loan contract and supporting documentation in either physical or electronic form.

For accounting and financial reporting purposes, a Consumer Loan is considered to have been assigned to us after the following has occurred:

- the Consumer Loan has been legally assigned to us; and
- we have made a funding decision and generally have provided funding to the Dealer 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 Dealers 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 originated by Dealers to finance purchases of vehicles and related ancillary products by consumers with impaired or limited credit histories.

Dealer Loans. Amounts advanced to Dealers for Consumer Loans assigned under the Portfolio Program are recorded as Dealer Loans and are aggregated by Dealer for purposes of recognizing revenue and evaluating impairment. We account for Dealer Loans based on forecasted cash flows instead of contractual cash flows as we do not expect to collect all of the contractually specified amounts due to the credit quality of the underlying Consumer Loans. 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);
- write-offs; and
- transfers.

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. Future cash flows are 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.

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

Future collections on Dealer Loans are forecasted for each individual Dealer based on the historical performance of Consumer Loans with similar characteristics, adjusted for recent trends in payment patterns. Dealer Holdback is forecasted for each individual Dealer 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 seldom are cash flows from a Dealer Loan insufficient to repay the initial amounts advanced to the Dealer.

Purchased Loans. Amounts paid to Dealers 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 based on forecasted cash flows instead of contractual cash flows as we do not expect to collect all of the contractually specified amounts due to the credit quality of the assigned Consumer Loans. 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 Dealers;
- finance charges;
- recoveries; and
- transfers.

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. Future cash flows are 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 for each individual pool 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.

Under our Portfolio Program, certain events may result in Dealers forfeiting their rights to Dealer Holdback. We transfer the Dealer's outstanding Dealer Loan balance and the related allowance for credit losses balance to Purchased Loans in the period this forfeiture occurs. We aggregate these Purchased Loans by Dealer for purposes of recognizing revenue and evaluating impairment.

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 at a price designed to maximize economic profit, a non-GAAP financial measure that considers our return on capital, our cost of capital and the amount of capital invested.

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

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 through our evaluation of these forecasted collection rate variances.

When overall forecasted collection rates underperform our initial expectations, 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.

Methodology Changes. For the three and six months ended June 30, 2019 and 2018, we did not make any methodology changes for Loans that had a material impact on our financial statements.

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 Dealers on vehicles financed by us. VSC Re currently reinsures vehicle service contracts that are offered through one of our third party providers. 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 a trust account 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.

We have consolidated the trust within our financial statements based on our determination of the following:

- *We have a variable interest in the trust.* We have a residual interest in the assets of the trust, 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 trust's assets.
- *The trust is a variable interest entity.* The trust has insufficient equity at risk as no parties to the trust were required to contribute assets that provide them with any ownership interest.
- *We are the primary beneficiary of the trust.* We control the amount of premiums written and placed in the trust through Consumer Loan assignments under our Programs, which is the activity that most significantly impacts the economic performance of the trust. We have the right to receive benefits from the trust that could potentially be significant. In addition, VSC Re has the obligation to absorb losses of the trust that could potentially be significant.

New Accounting Update Adopted During the Current Year

Leases. In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-02, which required lessees to recognize a right-of-use asset and related lease liability for leases classified as operating leases at the commencement date that have lease terms of more than 12 months. This ASU retains the classification distinction between finance leases and operating leases. The standard required application using a retrospective transition method. Our population of leases consists of operating leases for office space and office equipment. The adoption of ASU 2016-02 on January 1, 2019 required us to record a \$3.3 million right-of-use asset and a \$3.5 million lease liability on our consolidated balance sheets as of June 30, 2019. The right-of-use asset and the lease liability were recognized within Other assets and Accounts payable and accrued liabilities, respectively, in our consolidated balance sheets. The adoption of ASU 2016-02 did not materially change the recognition of operating lease expense in our consolidated statements of income.

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

New Accounting Updates Not Yet Adopted

Accounting for Costs of Implementing Cloud Computing. In August 2018, the FASB issued ASU 2018-15, which reduces complexity in the accounting for costs of implementing a cloud computing service arrangement. This standard aligns the accounting for implementation costs of hosting arrangements, regardless of whether they convey a license to the hosted software. Under the current guidance, the classification of an arrangement as either a software license or a service contract determines whether or not we capitalize implementation costs. If an arrangement meets the definition of a software license, implementation costs are capitalized. If an arrangement meets the definition of a service contract, implementation costs are expensed as incurred. Under the new guidance, implementation costs will be capitalized regardless of their classification. ASU 2018-15 is effective for fiscal years, and interim periods, beginning after December 15, 2019. Early application is permitted, but we have not yet adopted ASU 2018-15. The adoption of ASU 2018-15 will change how we account for our cloud computing arrangements. However, we do not believe that its adoption will have a material impact on our consolidated financial statements and related disclosures.

Measurement of Credit Losses on Financial Instruments. In June 2016, the FASB issued ASU 2016-13, which included an impairment model (known as the current expected credit loss (“CECL”) model) that is based on expected losses rather than incurred losses. Under the new guidance, an entity recognizes an allowance for credit losses based on the difference between contractual future net cash flows and its estimate of expected future net cash flows. The new guidance also changes the scope of the special accounting for loans acquired with significant credit deterioration. ASU 2016-13 is effective for fiscal years, and interim periods, beginning after December 15, 2019. Early application is permitted, but we have not yet adopted ASU 2016-13. We believe the adoption of ASU 2016-13 will have a material impact on our consolidated financial statements and related disclosures as it will change our accounting policies for Loans.

Application of CECL to Existing Loans

We believe that Loans outstanding prior to the adoption date will qualify for transition relief under ASU 2016-13 and will be accounted for as purchased financial assets with credit deterioration (“PCD Method”). Under the PCD Method, on the adoption date, we will:

- calculate an effective interest rate based on expected future net cash flows; and
- increase the Loans receivable and related allowance for credit losses balances by the present value of the difference between contractual future net cash flows and expected future net cash flows discounted at the effective interest rate. This “gross-up” will not impact the net carrying amount of Loans (Loans receivable less allowance for credit losses) or net income.

For each reporting period subsequent to adoption, we will:

- recognize finance charge revenue using the effective interest rate that was calculated on the adoption date based on expected future net cash flows; and
- adjust the allowance for credit losses so that the net carrying amount of each Loan equals the present value of expected future net cash flows discounted at the effective interest rate. The adjustment to the allowance for credit losses will be recognized as either provision for credit losses expense or a reversal of provision for credit losses expense.

Application of CECL to Future Loans

We believe that Consumer Loans assigned subsequent to the adoption of ASU 2016-13 will not qualify for the PCD Method and will be accounted for as originated financial assets (“Originated Method”). While the cash flows we expect to collect at the time of assignment are significantly lower than the contractual cash flows owed to us due to credit quality, our Loans do not qualify for the PCD Method due to the following:

- the assignment of the Consumer Loan occurs a moment after the Consumer Loan is originated by the Dealer, so “a more-than-insignificant deterioration in credit quality since origination” has not occurred; and
- Consumer Loans assigned under the Portfolio Program are considered to be advances under Dealer Loans originated by us rather than Consumer Loans purchased by us.

Under the Originated Method, at the time of assignment, we will:

- calculate the effective interest rate based on contractual future net cash flows; and
- record an allowance for credit losses equal to the difference between the initial balance of the Loan (advance or purchase amount) and the present value of expected future net cash flows discounted at the effective interest rate. The initial allowance for credit losses will be recognized as provision for credit losses expense.

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

For each reporting period subsequent to assignment, we will:

- recognize finance charge revenue using the effective interest rate that was calculated at the time of assignment based on contractual future net cash flows; and
- adjust the allowance for credit losses so that the net carrying amount of each Loan equals the present value of expected future net cash flows discounted at the effective interest rate. The adjustment to the allowance for credit losses will be recognized as either provision for credit losses expense or a reversal of provision for credit losses expense.

We believe the Originated Method will result in financial reporting that is inconsistent with the economics of our Loans as:

- the effective interest rate will be significantly inflated for contractual amounts that were not expected to be collected at the time of assignment; and
- all expected credit losses, including significant credit losses that were expected at both the time of origination and the time of assignment, will be recognized as provision for credit losses expense, despite the fact that credit losses expected at the time of assignment do not represent an economic loss to us.

The net Loan income (finance charge revenue less provision for credit losses) that we will recognize over the life of a Loan equals the cash we collect from the underlying Consumer Loan less the cash we pay to the Dealer. While the total amount of net Loan income we will recognize over the life of the Loan is not impacted by the new guidance, the timing of when we will recognize this income changes significantly. We believe that recognizing net Loan income on a level-yield basis over the life of the Loan based on expected future net cash flows matches the economics of our business. The Originated Method diverges from economic reality by requiring us to recognize a significant provision for credit losses at the time of assignment for amounts we never expected to realize and finance charge revenue in subsequent periods that is significantly in excess of our expected yields.

Evaluation of the Fair Value Option

Under ASC 825, Financial Instruments, we have the ability to choose to measure Loans at fair value on an instrument-by-instrument basis at specified election dates, with changes in fair value reported in net income (the fair value option). Dealer Loans are only eligible for fair value election at the time a new active Dealer assigns the first Consumer Loan under the Portfolio Program. All Purchased Loans are eligible for fair value election at the time of assignment. The fair value election may not be revoked once an election is made. In May 2019, the FASB issued ASU 2016-13, which also allows us to irrevocably elect the fair value option for all of our existing Loans upon adoption of CECL.

Given that we believe CECL will result in financial reporting that is inconsistent with the economics of our Loans, we evaluated the fair value option as an alternative to CECL. The fair value of our Loans would be determined by calculating the present value of future expected net cash flows estimated by us utilizing a discount rate based on market participant discount rates for comparable investments. While we believe the fair value option would likely result in financial reporting that approximates the economics of our Loans in a stable rate environment, this option could cause our reported results to be volatile in periods when interest rates are rapidly changing.

Based on our evaluation, we intend to account for our Loans under CECL and not elect the fair value option based on the following:

- We want to minimize volatility in our reported results related to a changing interest rate environment. In addition, we believe the election of the fair value option could materially adversely affect our financial position, liquidity and results of operations in a financial crisis period due to the impact of rapidly increasing market participant discount rates on fair value.
- We have modified our revolving secured line of credit and warehouse facilities so that the adoption of CECL will not materially impact the amount we are able to borrow under these facilities or materially impact our ability to comply with the financial covenants in these facilities. We believe that we will be able to structure our Term ABS financings issued after the adoption of CECL so that the amount that we will be able to borrow will not be materially impacted.
- We believe we will be able to quantify and explain to shareholders how CECL diverges from economic reality.

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

4. 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 amounts approximate their fair value due to the short maturity of these instruments.

Restricted Securities Available for Sale. The fair value of U.S. Government and agency securities and corporate bonds is based on quoted market values in active markets. For asset-backed securities, mortgage-backed securities and commercial paper we use model-based valuation techniques for which all significant assumptions are observable in the market.

Loans Receivable, net. The fair value is determined by calculating the present value of future net cash flows estimated by us utilizing a discount rate comparable with the rate used to calculate our allowance for credit losses.

Revolving Secured Line of Credit. The fair value is determined by calculating the present value of the debt instrument based on current rates for debt with a similar risk profile and maturity.

Secured Financing. The fair value of our asset-backed secured financings ("Term ABS") is determined using quoted market prices; however, these instruments trade in a market with a low trading volume. For our warehouse facilities, the fair values are determined by calculating the present value of each debt instrument based on current rates for debt with similar risk profiles and maturities.

Senior Notes. The fair value is determined using quoted market prices in an active market.

Mortgage Note. The fair value is determined by calculating the present value of the debt instrument based on current rates for debt with a similar risk profile and maturity.

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

(In millions)

	As of June 30, 2019		As of December 31, 2018	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Assets				
Cash and cash equivalents	\$ 19.7	\$ 19.7	\$ 25.7	\$ 25.7
Restricted cash and cash equivalents	328.8	328.8	303.6	303.6
Restricted securities available for sale	61.5	61.5	58.6	58.6
Loans receivable, net	6,384.0	6,466.8	5,763.3	5,855.1
Liabilities				
Revolving secured line of credit	\$ 38.4	\$ 38.4	\$ 171.9	\$ 171.9
Secured financing	3,233.0	3,275.6	3,092.7	3,100.9
Senior notes	939.6	985.2	544.4	556.3
Mortgage note	11.6	11.6	11.9	11.9

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

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.

The following table provides the level of measurement used to determine the fair value for each of our financial instruments measured or disclosed at fair value:

(In millions)

	As of June 30, 2019			
	Level 1	Level 2	Level 3	Total Fair Value
Assets				
Cash and cash equivalents (1)	\$ 19.7	\$ —	\$ —	\$ 19.7
Restricted cash and cash equivalents (1)	328.8	—	—	328.8
Restricted securities available for sale (2)	49.4	12.1	—	61.5
Loans receivable, net (1)	—	—	6,466.8	6,466.8
Liabilities				
Revolving secured line of credit (1)	\$ —	\$ 38.4	\$ —	\$ 38.4
Secured financing (1)	—	3,275.6	—	3,275.6
Senior notes (1)	985.2	—	—	985.2
Mortgage note (1)	—	11.6	—	11.6

(In millions)

	As of December 31, 2018			
	Level 1	Level 2	Level 3	Total Fair Value
Assets				
Cash and cash equivalents (1)	\$ 25.7	\$ —	\$ —	\$ 25.7
Restricted cash and cash equivalents (1)	303.6	—	—	303.6
Restricted securities available for sale (2)	47.9	10.7	—	58.6
Loans receivable, net (1)	—	—	5,855.1	5,855.1
Liabilities				
Revolving secured line of credit (1)	\$ —	\$ 171.9	\$ —	\$ 171.9
Secured financing (1)	—	3,100.9	—	3,100.9
Senior notes (1)	556.3	—	—	556.3
Mortgage note (1)	—	11.9	—	11.9

- (1) Measured at amortized cost with fair value disclosed.
(2) Measured at fair value on a recurring basis.

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

5. RESTRICTED SECURITIES AVAILABLE FOR SALE

Restricted securities available for sale consist of the following:

(In millions)

	As of June 30, 2019			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Corporate bonds	\$ 25.0	\$ 0.5	\$ —	\$ 25.5
U.S. Government and agency securities	23.5	0.4	—	23.9
Asset-backed securities	11.1	0.1	—	11.2
Mortgage-backed securities	0.9	—	—	0.9
Total restricted securities available for sale	<u>\$ 60.5</u>	<u>\$ 1.0</u>	<u>\$ —</u>	<u>\$ 61.5</u>

(In millions)

	As of December 31, 2018			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Corporate bonds	\$ 23.4	\$ —	\$ (0.2)	\$ 23.2
U.S. Government and agency securities	24.8	0.1	(0.2)	24.7
Asset-backed securities	9.4	—	(0.1)	9.3
Mortgage-backed securities	1.4	—	—	1.4
Total restricted securities available for sale	<u>\$ 59.0</u>	<u>\$ 0.1</u>	<u>\$ (0.5)</u>	<u>\$ 58.6</u>

The fair value and gross unrealized losses for restricted securities available for sale, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, are as follows:

(In millions)

	Securities Available for Sale with Gross Unrealized Losses as of June 30, 2019					
	Less than 12 Months		12 Months or More		Total Estimated Fair Value	Total Gross Unrealized Losses
	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses		
Corporate bonds	\$ 0.9	\$ —	\$ 0.6	\$ —	\$ 1.5	\$ —
U.S. Government and agency securities	—	—	3.0	—	3.0	—
Asset-backed securities	0.3	—	1.5	—	1.8	—
Mortgage-backed securities	—	—	0.3	—	0.3	—
Total restricted securities available for sale	<u>\$ 1.2</u>	<u>\$ —</u>	<u>\$ 5.4</u>	<u>\$ —</u>	<u>\$ 6.6</u>	<u>\$ —</u>

(In millions)

	Securities Available for Sale with Gross Unrealized Losses as of December 31, 2018					
	Less than 12 Months		12 Months or More		Total Estimated Fair Value	Total Gross Unrealized Losses
	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses		
Corporate bonds	\$ 12.0	\$ (0.1)	\$ 6.5	\$ (0.1)	\$ 18.5	\$ (0.2)
U.S. Government and agency securities	2.2	—	10.5	(0.2)	12.7	(0.2)
Asset-backed securities	4.7	—	3.3	(0.1)	8.0	(0.1)
Mortgage-backed securities	—	—	1.4	—	1.4	—
Total restricted securities available for sale	<u>\$ 18.9</u>	<u>\$ (0.1)</u>	<u>\$ 21.7</u>	<u>\$ (0.4)</u>	<u>\$ 40.6</u>	<u>\$ (0.5)</u>

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

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 millions)

Contractual Maturity	As of			
	June 30, 2019		December 31, 2018	
	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
Within one year	\$ 4.8	\$ 4.8	\$ 1.7	\$ 1.7
Over one year to five years	53.1	54.1	55.1	54.7
Over five years to ten years	2.1	2.1	0.8	0.8
Over ten years	0.5	0.5	1.4	1.4
Total restricted securities available for sale	<u>\$ 60.5</u>	<u>\$ 61.5</u>	<u>\$ 59.0</u>	<u>\$ 58.6</u>

6. LOANS RECEIVABLE

Loans receivable consists of the following:

(In millions)

	As of June 30, 2019		
	Dealer Loans	Purchased Loans	Total
Loans receivable	\$ 4,466.0	\$ 2,407.6	\$ 6,873.6
Allowance for credit losses	(394.0)	(95.6)	(489.6)
Loans receivable, net	<u>\$ 4,072.0</u>	<u>\$ 2,312.0</u>	<u>\$ 6,384.0</u>

(In millions)

	As of December 31, 2018		
	Dealer Loans	Purchased Loans	Total
Loans receivable	\$ 4,141.0	\$ 2,084.2	\$ 6,225.2
Allowance for credit losses	(378.1)	(83.8)	(461.9)
Loans receivable, net	<u>\$ 3,762.9</u>	<u>\$ 2,000.4</u>	<u>\$ 5,763.3</u>

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

A summary of changes in Loans receivable is as follows:

(In millions)	For the Three Months Ended June 30, 2019		
	Dealer Loans	Purchased Loans	Total
Balance, beginning of period	\$ 4,347.5	\$ 2,270.4	\$ 6,617.9
New Consumer Loan assignments (1)	608.8	346.4	955.2
Principal collected on Loans receivable	(520.1)	(231.1)	(751.2)
Accelerated Dealer Holdback payments	15.7	—	15.7
Dealer Holdback payments	36.0	—	36.0
Transfers (2)	(21.6)	21.6	—
Write-offs	(0.6)	(0.1)	(0.7)
Recoveries (3)	0.3	0.4	0.7
Balance, end of period	<u>\$ 4,466.0</u>	<u>\$ 2,407.6</u>	<u>\$ 6,873.6</u>

(In millions)	For the Three Months Ended June 30, 2018		
	Dealer Loans	Purchased Loans	Total
Balance, beginning of period	\$ 3,773.5	\$ 1,724.6	\$ 5,498.1
New Consumer Loan assignments (1)	604.3	300.3	904.6
Principal collected on Loans receivable	(480.5)	(177.3)	(657.8)
Accelerated Dealer Holdback payments	16.8	—	16.8
Dealer Holdback payments	32.9	—	32.9
Transfers (2)	(14.7)	14.7	—
Write-offs	(14.5)	(0.9)	(15.4)
Recoveries (3)	0.6	0.3	0.9
Balance, end of period	<u>\$ 3,918.4</u>	<u>\$ 1,861.7</u>	<u>\$ 5,780.1</u>

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

(In millions)

	For the Six Months Ended June 30, 2019		
	Dealer Loans	Purchased Loans	Total
Balance, beginning of period	\$ 4,141.0	\$ 2,084.2	\$ 6,225.2
New Consumer Loan assignments (1)	1,327.8	732.8	2,060.6
Principal collected on Loans receivable	(1,051.4)	(457.2)	(1,508.6)
Accelerated Dealer Holdback payments	28.0	—	28.0
Dealer Holdback payments	70.6	—	70.6
Transfers (2)	(47.3)	47.3	—
Write-offs	(3.4)	(0.2)	(3.6)
Recoveries (3)	0.7	0.7	1.4
Balance, end of period	<u>\$ 4,466.0</u>	<u>\$ 2,407.6</u>	<u>\$ 6,873.6</u>

(In millions)

	For the Six Months Ended June 30, 2018		
	Dealer Loans	Purchased Loans	Total
Balance, beginning of period	\$ 3,518.1	\$ 1,530.9	\$ 5,049.0
New Consumer Loan assignments (1)	1,313.5	642.7	1,956.2
Principal collected on Loans receivable	(959.2)	(342.5)	(1,301.7)
Accelerated Dealer Holdback payments	29.4	—	29.4
Dealer Holdback payments	66.1	—	66.1
Transfers (2)	(33.1)	33.1	—
Write-offs	(18.8)	(3.0)	(21.8)
Recoveries (3)	2.4	0.5	2.9
Balance, end of period	<u>\$ 3,918.4</u>	<u>\$ 1,861.7</u>	<u>\$ 5,780.1</u>

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

Contractual net cash flows are comprised of the contractual repayments of the underlying Consumer Loans for Dealer Loans 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.

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

The excess of expected net cash flows over the outstanding balance of Loans receivable, net 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:

	For the Three Months Ended June 30, 2019		
	Dealer Loans	Purchased Loans	Total
Balance, beginning of period	\$ 1,361.2	\$ 865.0	\$ 2,226.2
New Consumer Loan assignments (1)	244.6	144.1	388.7
Accretion (2)	(224.8)	(118.9)	(343.7)
Provision for credit losses	14.5	0.9	15.4
Forecast changes	3.4	9.6	13.0
Transfers (3)	(8.5)	11.2	2.7
Balance, end of period	<u>\$ 1,390.4</u>	<u>\$ 911.9</u>	<u>\$ 2,302.3</u>

	For the Three Months Ended June 30, 2018		
	Dealer Loans	Purchased Loans	Total
Balance, beginning of period	\$ 1,191.1	\$ 653.8	\$ 1,844.9
New Consumer Loan assignments (1)	250.9	119.8	370.7
Accretion (2)	(202.6)	(89.4)	(292.0)
Provision for credit losses	3.2	(1.4)	1.8
Forecast changes	9.7	18.5	28.2
Transfers (3)	(5.7)	7.1	1.4
Balance, end of period	<u>\$ 1,246.6</u>	<u>\$ 708.4</u>	<u>\$ 1,955.0</u>

	For the Six Months Ended June 30, 2019		
	Dealer Loans	Purchased Loans	Total
Balance, beginning of period	\$ 1,283.0	\$ 782.5	\$ 2,065.5
New Consumer Loan assignments (1)	535.9	304.1	840.0
Accretion (2)	(440.5)	(227.3)	(667.8)
Provision for credit losses	26.1	3.8	29.9
Forecast changes	3.9	25.8	29.7
Transfers (3)	(18.0)	23.0	5.0
Balance, end of period	<u>\$ 1,390.4</u>	<u>\$ 911.9</u>	<u>\$ 2,302.3</u>

	For the Six Months Ended June 30, 2018		
	Dealer Loans	Purchased Loans	Total
Balance, beginning of period	\$ 1,088.6	\$ 576.9	\$ 1,665.5
New Consumer Loan assignments (1)	540.3	267.6	807.9
Accretion (2)	(394.9)	(169.5)	(564.4)
Provision for credit losses	21.9	3.3	25.2
Forecast changes	3.6	13.8	17.4
Transfers (3)	(12.9)	16.3	3.4
Balance, end of period	<u>\$ 1,246.6</u>	<u>\$ 708.4</u>	<u>\$ 1,955.0</u>

- (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 Dealers. 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 Dealers.
- (2) Represents finance charges excluding the amortization of deferred direct origination costs for Dealer Loans.
- (3) Under our Portfolio Program, certain events may result in Dealers forfeiting their rights to Dealer Holdback. We transfer the Dealer's outstanding Dealer Loan balance, the related allowance for credit losses balance and related expected future net cash flows to Purchased Loans in the period this forfeiture occurs.

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

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

(In millions)	For the Three Months Ended June 30, 2019		
	Dealer Loans	Purchased Loans	Total
Contractual net cash flows at the time of assignment (1)	\$ 955.6	\$ 753.3	\$ 1,708.9
Expected net cash flows at the time of assignment (2)	853.4	490.5	1,343.9
Fair value at the time of assignment (3)	608.8	346.4	955.2

(In millions)	For the Three Months Ended June 30, 2018		
	Dealer Loans	Purchased Loans	Total
Contractual net cash flows at the time of assignment (1)	\$ 959.9	\$ 656.4	\$ 1,616.3
Expected net cash flows at the time of assignment (2)	855.2	420.1	1,275.3
Fair value at the time of assignment (3)	604.3	300.3	904.6

(In millions)	For the Six Months Ended June 30, 2019		
	Dealer Loans	Purchased Loans	Total
Contractual net cash flows at the time of assignment (1)	\$ 2,087.1	\$ 1,603.6	\$ 3,690.7
Expected net cash flows at the time of assignment (2)	1,863.7	1,036.9	2,900.6
Fair value at the time of assignment (3)	1,327.8	732.8	2,060.6

(In millions)	For the Six Months Ended June 30, 2018		
	Dealer Loans	Purchased Loans	Total
Contractual net cash flows at the time of assignment (1)	\$ 2,082.6	\$ 1,422.3	\$ 3,504.9
Expected net cash flows at the time of assignment (2)	1,853.8	910.3	2,764.1
Fair value at the time of assignment (3)	1,313.5	642.7	1,956.2

- (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 Dealers on Consumer Loans assigned under our Portfolio Program. The Purchased Loans amount represents one-time payments made to Dealers to purchase Consumer Loans assigned under our Purchase Program.

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

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 June 30, 2019 with the forecasts as of March 31, 2019, as of December 31, 2018 and at the time of assignment, segmented by year of assignment:

Consumer Loan Assignment Year	Forecasted Collection Percentage as of (1)				Current Forecast Variance from		
	June 30, 2019	March 31, 2019	December 31, 2018	Initial Forecast	March 31, 2019	December 31, 2018	Initial Forecast
2010	77.7%	77.7%	77.7%	73.6%	0.0 %	0.0 %	4.1 %
2011	74.8%	74.8%	74.7%	72.5%	0.0 %	0.1 %	2.3 %
2012	73.9%	73.8%	73.8%	71.4%	0.1 %	0.1 %	2.5 %
2013	73.5%	73.5%	73.5%	72.0%	0.0 %	0.0 %	1.5 %
2014	71.8%	71.7%	71.7%	71.8%	0.1 %	0.1 %	0.0 %
2015	65.5%	65.4%	65.4%	67.7%	0.1 %	0.1 %	-2.2 %
2016	64.2%	64.1%	64.2%	65.4%	0.1 %	0.0 %	-1.2 %
2017	65.1%	65.2%	65.5%	64.0%	-0.1 %	-0.4 %	1.1 %
2018	65.5%	65.5%	65.0%	63.6%	0.0 %	0.5 %	1.9 %
2019 (2)	64.7%	64.1%	—	64.2%	0.6 %	—	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. Forecasted collection rates are negatively impacted by canceled Consumer Loans as the contractual amount owed is not removed from the denominator for purposes of computing forecasted collection rates in the table.

2019 Consumer Loan Assignment Period	Forecasted Collection Percentage as of			Current Forecast Variance from	
	June 30, 2019	March 31, 2019	Initial Forecast	March 31, 2019	Initial Forecast
January 1, 2019 through March 31, 2019	64.9%	64.1%	63.9%	0.8%	1.0%
April 1, 2019 through June 30, 2019	64.5%	—	64.4%	—	0.1%

Consumer Loans assigned in 2010 through 2013, 2017 and 2018 have yielded forecasted collection results materially better than our initial estimates, while Consumer Loans assigned in 2015 and 2016 have yielded forecasted collection results materially worse than our initial estimates. For Consumer Loans assigned in 2014 and 2019, actual results have been close to our initial estimates. For the three months ended June 30, 2019, forecasted collection rates improved for Consumer Loans assigned in 2019 and were generally consistent with expectations at the start of the period for all other assignment years presented. For the six months ended June 30, 2019, forecasted collection rates improved for Consumer Loans assigned in 2018 and 2019, declined for Consumer Loans assigned in 2017 and were generally consistent with expectations at the start of the period for all other assignment years presented.

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

Advances paid to Dealers on Consumer Loans assigned under our Portfolio Program and one-time payments made to Dealers 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 amounts of the majority of our Loan portfolio by year of assignment. We are able to segment our Loan portfolio by the performance of the Loan pools. Performance considers both the amount and timing of expected net cash flows and is measured by comparing the balance of the Loan pool to the discounted value of the expected future net cash flows of each Loan pool using the yield established at the time of assignment. The following table segments our Loan portfolio by the performance of the Loan pools:

(In millions)

	As of June 30, 2019					
	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	\$ 1,563.3	\$ 1,771.3	\$ 3,334.6	\$ 2,902.7	\$ 636.3	\$ 3,539.0
Allowance for credit losses	—	—	—	(394.0)	(95.6)	(489.6)
Loans receivable, net	\$ 1,563.3	\$ 1,771.3	\$ 3,334.6	\$ 2,508.7	\$ 540.7	\$ 3,049.4

(In millions)

	As of December 31, 2018					
	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	\$ 1,355.1	\$ 1,392.1	\$ 2,747.2	\$ 2,785.9	\$ 692.1	\$ 3,478.0
Allowance for credit losses	—	—	—	(378.1)	(83.8)	(461.9)
Loans receivable, net	\$ 1,355.1	\$ 1,392.1	\$ 2,747.2	\$ 2,407.8	\$ 608.3	\$ 3,016.1

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

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

(In millions)

For the Three Months Ended June 30, 2019			
	Dealer Loans	Purchased Loans	Total
Balance, beginning of period	\$ 383.1	\$ 91.1	\$ 474.2
Provision for credit losses	14.5	0.9	15.4
Transfers (1)	(3.3)	3.3	—
Write-offs	(0.6)	(0.1)	(0.7)
Recoveries (2)	0.3	0.4	0.7
Balance, end of period	\$ 394.0	\$ 95.6	\$ 489.6

(In millions)

For the Three Months Ended June 30, 2018			
	Dealer Loans	Purchased Loans	Total
Balance, beginning of period	\$ 379.3	\$ 69.1	\$ 448.4
Provision for credit losses	3.2	(1.4)	1.8
Transfers (1)	(2.7)	2.7	—
Write-offs	(14.5)	(0.9)	(15.4)
Recoveries (2)	0.6	0.3	0.9
Balance, end of period	\$ 365.9	\$ 69.8	\$ 435.7

(In millions)

For the Six Months Ended June 30, 2019			
	Dealer Loans	Purchased Loans	Total
Balance, beginning of period	\$ 378.1	\$ 83.8	\$ 461.9
Provision for credit losses	26.1	3.8	29.9
Transfers (1)	(7.5)	7.5	—
Write-offs	(3.4)	(0.2)	(3.6)
Recoveries (2)	0.7	0.7	1.4
Balance, end of period	\$ 394.0	\$ 95.6	\$ 489.6

(In millions)

For the Six Months Ended June 30, 2018			
	Dealer Loans	Purchased Loans	Total
Balance, beginning of period	\$ 366.0	\$ 63.4	\$ 429.4
Provision for credit losses	21.9	3.3	25.2
Transfers (1)	(5.6)	5.6	—
Write-offs	(18.8)	(3.0)	(21.8)
Recoveries (2)	2.4	0.5	2.9
Balance, end of period	\$ 365.9	\$ 69.8	\$ 435.7

- (1) Under our Portfolio Program, certain events may result in Dealers forfeiting their rights to Dealer Holdback. We transfer the Dealer's outstanding Dealer Loan balance and the related allowance for credit losses balance to Purchased Loans in the period this forfeiture occurs.
- (2) Represents collections received on previously written off Loans.

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

7. REINSURANCE

A summary of reinsurance activity is as follows:

(In millions)	For the Three Months Ended June 30,				For the Six Months Ended June 30,			
	2019		2018		2019		2018	
Net assumed written premiums	\$	11.9	\$	14.2	\$	27.7	\$	30.4
Net premiums earned		13.1		11.7		25.3		22.0
Provision for claims		8.3		7.3		14.9		12.5
Amortization of capitalized acquisition costs		0.4		0.2		0.7		0.5

The trust assets and related reinsurance liabilities are as follows:

(In millions)	Balance Sheet location	As of			
		June 30, 2019		December 31, 2018	
Trust assets	Restricted cash and cash equivalents	\$	0.5	\$	0.3
Trust assets	Restricted securities available for sale		61.5		58.6
Unearned premium	Accounts payable and accrued liabilities		45.7		43.3
Claims reserve (1)	Accounts payable and accrued liabilities		2.0		1.6

(1) The claims reserve represents our liability for incurred-but-not-reported claims and is estimated based on historical claims experience.

8. OTHER INCOME

Other income consists of the following:

(In millions)	For the Three Months Ended June 30,				For the Six Months Ended June 30,			
	2019		2018		2019		2018	
Ancillary product profit sharing	\$	8.1	\$	5.8	\$	18.5	\$	12.2
Remarketing fees		3.1		3.0		6.5		6.1
Interest		2.4		1.4		4.7		2.1
Dealer enrollment fees		1.1		1.2		2.1		2.3
Dealer support products and services		0.7		1.2		1.4		2.4
GPS-SID fees		0.5		1.4		1.9		3.9
Other		0.1		—		0.6		—
Total	\$	16.0	\$	14.0	\$	35.7	\$	29.0

Ancillary product profit sharing consists of payments received from Third Party Providers (“TPPs”) based upon the performance of vehicle service contracts and Guaranteed Asset Protection (“GAP”) contracts, and is recognized as income over the life of the vehicle service contracts and GAP contracts.

Remarketing fees consist of fees retained from the sale of repossessed vehicles by Vehicle Remarketing Services, Inc. (“VRS”), our wholly-owned subsidiary that is responsible for remarketing vehicles for Credit Acceptance. VRS coordinates vehicle repossessions with a nationwide network of repossession contractors, the redemption of the vehicles by the consumers, and the sale of the vehicles through a nationwide network of vehicle auctions. VRS recognizes income from the retained fees at the time of the sale and does not retain a fee if a repossessed vehicle is redeemed by the consumer prior to the sale.

Interest consists of income earned on cash and cash equivalents, restricted cash and cash equivalents, and restricted securities available for sale. Interest income is generally recognized over time as it is earned. Interest income on restricted securities available for sale is recognized over the life of the underlying financial instruments using the interest method.

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

Dealer enrollment fees include fees from Dealers that enroll in our Portfolio Program. Depending on the enrollment option selected by the Dealer, Dealers may have enrolled by paying us an upfront, one-time fee, or by agreeing to allow us to retain 50% of their first accelerated Dealer Holdback payment. For additional information regarding program enrollment, see Note 2 to the consolidated financial statements. A portion of the \$9,850 upfront, one-time fee is considered to be Dealer support products and services revenue. The remaining portion of the \$9,850 fee is considered to be a Dealer enrollment fee, which is amortized on a straight-line basis over the estimated life of the Dealer relationship. The 50% portion of the first accelerated Dealer Holdback payment is also considered to be a Dealer enrollment fee. We do not recognize any of this Dealer enrollment fee until the Dealer has met the eligibility requirements to receive an accelerated Dealer Holdback payment and the amount of the first payment, if any, has been calculated. Once the accelerated Dealer Holdback payment has been calculated, we defer the 50% portion that we keep and recognize it on a straight-line basis over the remaining estimated life of the Dealer relationship.

Dealer support products and services consist of income earned from products and services provided to Dealers to assist with their operations, including sales and marketing, purchasing supplies and materials and acquiring vehicle inventory. Income is recognized in the period the product or service is provided.

GPS-SID fees consist of fees we received from a TPP for providing Dealers in certain states the ability to purchase GPS Starter Interrupt Devices ("GPS-SID"). Through this program, Dealers can install GPS-SID on vehicles financed by us that can be activated if the consumer fails to make payments on their account, and can result in the prompt repossession of the vehicle. Dealers purchased GPS-SID directly from the TPP and the TPP paid us a vendor fee for each device sold. GPS-SID fee income was recognized when the units were sold. Effective during the second quarter of 2019, we no longer provide Dealers the ability to purchase GPS-SID through this program. We are allowing Dealers to install previously purchased GPS-SID on vehicles financed by us until September 1, 2019.

The following table disaggregates our other income by major source of income and timing of the revenue recognition:

(In millions)									
For the Three Months Ended June 30, 2019									
	Ancillary product profit sharing	Remarketing fees	Interest	Dealer enrollment fees	Dealer support products and services	GPS-SID fees	Other	Total Other Income	
Source of income									
Third Party Providers	\$ 8.1	\$ —	\$ 2.4	\$ —	\$ —	\$ 0.5	\$ 0.1	\$ 11.1	
Dealers	—	3.1	—	1.1	0.7	—	—	4.9	
Total	\$ 8.1	\$ 3.1	\$ 2.4	\$ 1.1	\$ 0.7	\$ 0.5	\$ 0.1	\$ 16.0	
Timing of revenue recognition									
Over time	\$ 8.1	\$ —	\$ 2.4	\$ 1.1	\$ —	\$ —	\$ —	\$ 11.6	
At a point in time	—	3.1	—	—	0.7	0.5	0.1	4.4	
Total	\$ 8.1	\$ 3.1	\$ 2.4	\$ 1.1	\$ 0.7	\$ 0.5	\$ 0.1	\$ 16.0	

(In millions)									
For the Six Months Ended June 30, 2019									
	Ancillary product profit sharing	Remarketing fees	Interest	Dealer enrollment fees	Dealer support products and services	GPS-SID fees	Other	Total Other Income	
Source of income									
Third Party Providers	\$ 18.5	\$ —	\$ 4.7	\$ —	\$ —	\$ 1.9	\$ 0.6	\$ 25.7	
Dealers	—	6.5	—	2.1	1.4	—	—	10.0	
Total	\$ 18.5	\$ 6.5	\$ 4.7	\$ 2.1	\$ 1.4	\$ 1.9	\$ 0.6	\$ 35.7	
Timing of revenue recognition									
Over time	\$ 18.5	\$ —	\$ 4.7	\$ 2.1	\$ —	\$ —	\$ —	\$ 25.3	
At a point in time	—	6.5	—	—	1.4	1.9	0.6	10.4	
Total	\$ 18.5	\$ 6.5	\$ 4.7	\$ 2.1	\$ 1.4	\$ 1.9	\$ 0.6	\$ 35.7	

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

9. DEBT

Debt consists of the following:

(In millions)

As of June 30, 2019				
	Principal Outstanding	Unamortized Debt Issuance Costs	Unamortized Discount	Carrying Amount
Revolving secured line of credit (1)	\$ 38.4	\$ —	\$ —	\$ 38.4
Secured financing (2)	3,246.6	(13.6)	—	3,233.0
Senior notes	950.0	(9.4)	(1.0)	939.6
Mortgage note	11.6	—	—	11.6
Total debt	<u>\$ 4,246.6</u>	<u>\$ (23.0)</u>	<u>\$ (1.0)</u>	<u>\$ 4,222.6</u>

(In millions)

As of December 31, 2018				
	Principal Outstanding	Unamortized Debt Issuance Costs	Unamortized Discount	Carrying Amount
Revolving secured line of credit (1)	\$ 171.9	\$ —	\$ —	\$ 171.9
Secured financing (2)	3,108.7	(16.0)	—	3,092.7
Senior notes	550.0	(4.5)	(1.1)	544.4
Mortgage note	11.9	—	—	11.9
Total debt	<u>\$ 3,842.5</u>	<u>\$ (20.5)</u>	<u>\$ (1.1)</u>	<u>\$ 3,820.9</u>

- (1) Excludes deferred debt issuance costs of \$3.8 million and \$2.9 million as of June 30, 2019 and December 31, 2018, respectively, which are included in other assets.
(2) Warehouse facilities and Term ABS.

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

General information for each of our financing transactions in place as of June 30, 2019 is as follows:

(Dollars in millions)

Financings	Wholly-owned Subsidiary	Maturity Date		Financing Amount	Interest Rate as of June 30, 2019
Revolving Secured Line of Credit	n/a	06/22/2022		\$ 340.0	At our option, either LIBOR plus 187.5 basis points or the prime rate plus 87.5 basis points
Warehouse Facility II (1)	CAC Warehouse Funding Corp. II	12/20/2020	(2)	400.0	LIBOR plus 175 basis points (3)
Warehouse Facility IV (1)	CAC Warehouse Funding LLC IV	04/30/2020	(2)	250.0	LIBOR plus 225 basis points (3)
Warehouse Facility V (1)	CAC Warehouse Funding LLC V	08/17/2021	(4)	100.0	LIBOR plus 190 basis points (3)
Warehouse Facility VI (1)	CAC Warehouse Funding LLC VI	09/30/2020	(2)	75.0	LIBOR plus 200 basis points
Warehouse Facility VII (1)	CAC Warehouse Funding LLC VII	12/17/2020	(5)	150.0	Commercial paper rate plus 200 basis points (3)
Term ABS 2016-2 (1)	Credit Acceptance Funding LLC 2016-2	05/15/2018	(2)	350.2	Fixed rate
Term ABS 2016-3 (1)	Credit Acceptance Funding LLC 2016-3	10/15/2018	(2)	350.0	Fixed rate
Term ABS 2017-1 (1)	Credit Acceptance Funding LLC 2017-1	02/15/2019	(2)	350.0	Fixed rate
Term ABS 2017-2 (1)	Credit Acceptance Funding LLC 2017-2	06/17/2019	(2)	450.0	Fixed rate
Term ABS 2017-3 (1)	Credit Acceptance Funding LLC 2017-3	10/15/2019	(2)	350.0	Fixed rate
Term ABS 2018-1 (1)	Credit Acceptance Funding LLC 2018-1	02/17/2020	(2)	500.0	Fixed rate
Term ABS 2018-2 (1)	Credit Acceptance Funding LLC 2018-2	05/15/2020	(2)	450.0	Fixed rate
Term ABS 2018-3 (1)	Credit Acceptance Funding LLC 2018-3	08/17/2020	(2)	398.3	Fixed rate
Term ABS 2019-1 (1)	Credit Acceptance Funding LLC 2019-1	02/15/2021	(2)	402.5	Fixed rate
2021 Senior Notes	n/a	02/15/2021		300.0	Fixed rate
2023 Senior Notes	n/a	03/15/2023		250.0	Fixed rate
2026 Senior Notes	n/a	03/15/2026		400.0	Fixed rate
Mortgage Note	Chapter 4 Properties, LLC	08/06/2023		12.0	LIBOR plus 150 basis points

(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 revolving maturity date based on the cash flows of the pledged assets.

(3) Interest rate cap agreements are in place to limit the exposure to increasing interest rates.

(4) Represents the revolving maturity date. The outstanding balance will amortize after the revolving maturity date and any amounts remaining on August 17, 2023 will be due on that date.

(5) Represents the revolving maturity date. The outstanding balance will amortize after the revolving maturity date and any amounts remaining on December 17, 2022 will be due on that date.

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

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

(In millions)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2019	2018	2019	2018
Revolving Secured Line of Credit				
Maximum outstanding principal balance	\$ 282.9	\$ 265.4	\$ 282.9	\$ 265.4
Average outstanding principal balance	81.0	73.2	84.7	56.3
Warehouse Facility II				
Maximum outstanding principal balance	201.0	201.0	201.0	201.0
Average outstanding principal balance	88.4	4.4	90.7	4.4
Warehouse Facility IV				
Maximum outstanding principal balance	—	99.0	100.0	99.0
Average outstanding principal balance	—	2.2	2.2	1.1
Warehouse Facility V				
Maximum outstanding principal balance	—	—	—	99.0
Average outstanding principal balance	—	—	—	1.1
Warehouse Facility VI				
Maximum outstanding principal balance	—	—	—	75.0
Average outstanding principal balance	—	—	—	0.8
Warehouse Facility VII				
Maximum outstanding principal balance	25.0	150.0	101.5	150.0
Average outstanding principal balance	1.9	26.4	2.1	14.6

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

(Dollars in millions)

	As of	
	June 30, 2019	December 31, 2018
Revolving Secured Line of Credit		
Principal balance outstanding	\$ 38.4	\$ 171.9
Amount available for borrowing (1)	301.6	178.1
Interest rate	4.27%	4.38%
Warehouse Facility II		
Principal balance outstanding	\$ 201.0	\$ —
Amount available for borrowing (1)	199.0	400.0
Loans pledged as collateral	293.0	—
Restricted cash and cash equivalents pledged as collateral	4.6	1.0
Interest rate	4.19%	—%
Warehouse Facility IV		
Principal balance outstanding	\$ —	\$ —
Amount available for borrowing (1)	250.0	250.0
Loans pledged as collateral	—	—
Restricted cash and cash equivalents pledged as collateral	1.0	1.0
Interest rate	—%	—%
Warehouse Facility V		
Principal balance outstanding	\$ —	\$ —
Amount available for borrowing (1)	100.0	100.0
Loans pledged as collateral	—	—
Restricted cash and cash equivalents pledged as collateral	1.0	1.0
Interest rate	—%	—%
Warehouse Facility VI		
Principal balance outstanding	\$ —	\$ —
Amount available for borrowing (1)	75.0	75.0
Loans pledged as collateral	—	—
Restricted cash and cash equivalents pledged as collateral	—	0.1
Interest rate	—%	—%
Warehouse Facility VII		
Principal balance outstanding	\$ 25.0	\$ —
Amount available for borrowing (1)	125.0	150.0
Loans pledged as collateral	30.9	—
Restricted cash and cash equivalents pledged as collateral	1.5	1.0
Interest rate	4.65%	—%
Term ABS 2016-1		
Principal balance outstanding	\$ —	\$ 125.3
Loans pledged as collateral	—	320.8
Restricted cash and cash equivalents pledged as collateral	—	29.6
Interest rate	—%	4.41%
Term ABS 2016-2		
Principal balance outstanding	\$ 61.6	\$ 184.5
Loans pledged as collateral	259.0	335.0
Restricted cash and cash equivalents pledged as collateral	26.8	28.3
Interest rate	4.06%	3.20%

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

Term ABS 2016-3			
Principal balance outstanding	\$	161.1	\$ 300.6
Loans pledged as collateral		294.7	392.7
Restricted cash and cash equivalents pledged as collateral		28.8	30.7
Interest rate		2.97%	2.59%
Term ABS 2017-1			
Principal balance outstanding	\$	247.1	\$ 350.0
Loans pledged as collateral		371.4	429.8
Restricted cash and cash equivalents pledged as collateral		31.7	30.9
Interest rate		2.87%	2.78%
Term ABS 2017-2			
Principal balance outstanding	\$	450.0	\$ 450.0
Loans pledged as collateral		544.8	548.4
Restricted cash and cash equivalents pledged as collateral		42.9	39.4
Interest rate		2.72%	2.72%
Term ABS 2017-3			
Principal balance outstanding	\$	350.0	\$ 350.0
Loans pledged as collateral		423.1	426.1
Restricted cash and cash equivalents pledged as collateral		32.6	28.6
Interest rate		2.88%	2.88%
Term ABS 2018-1			
Principal balance outstanding	\$	500.0	\$ 500.0
Loans pledged as collateral		609.5	614.5
Restricted cash and cash equivalents pledged as collateral		45.8	41.8
Interest rate		3.24%	3.24%
Term ABS 2018-2			
Principal balance outstanding	\$	450.0	\$ 450.0
Loans pledged as collateral		549.0	552.2
Restricted cash and cash equivalents pledged as collateral		40.9	36.3
Interest rate		3.68%	3.68%
Term ABS 2018-3			
Principal balance outstanding	\$	398.3	\$ 398.3
Loans pledged as collateral		535.9	578.8
Restricted cash and cash equivalents pledged as collateral		36.4	33.6
Interest rate		3.72%	3.72%
Term ABS 2019-1			
Principal balance outstanding	\$	402.5	\$ —
Loans pledged as collateral		514.2	—
Restricted cash and cash equivalents pledged as collateral		34.1	—
Interest rate		3.53%	—%
2021 Senior Notes			
Principal balance outstanding	\$	300.0	\$ 300.0
Interest rate		6.125%	6.125%
2023 Senior Notes			
Principal balance outstanding	\$	250.0	\$ 250.0
Interest rate		7.375%	7.375%
2026 Senior Notes			
Principal balance outstanding	\$	400.0	\$ —
Interest rate		6.625%	—%

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

Mortgage Note

Principal balance outstanding	\$	11.6	\$	11.9
Interest rate		3.94%		3.85%

(1) Availability may be limited by the amount of assets pledged as collateral.

Revolving Secured Line of Credit Facility

We have a \$340.0 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 value of Loans, as defined in the agreement, 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 five Warehouse facilities with total borrowing capacity of \$975.0 million. Each of the facilities is with a different lender or group of lenders. 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 lenders 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 generally limited to the lesser of 80% of the value of the contributed Loans, as defined in the agreements, plus the restricted cash and cash equivalents pledged as collateral 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.

The subsidiaries pay us a monthly servicing fee equal to 6% of the collections received with respect to the contributed Loans. The servicing fee is paid out of the collections. Except for the servicing fee and holdback payments due to Dealers, 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

We have wholly-owned subsidiaries (the “Funding LLCs”) that have completed secured financing transactions with qualified institutional investors or lenders. 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 2016-2, 2016-3, 2017-1, 2017-2, 2017-3, 2018-1, 2018-2, 2018-3 and 2019-1 transactions each consist of three classes of notes.

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

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

The financings create indebtedness for which the trusts or Funding LLC are liable and which is secured by all the assets of each trust or Funding LLC. 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 Dealers, 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. For those Funding LLCs with a trust, when the 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. For all Funding LLCs, after the indebtedness is paid in full, any remaining collections will ultimately 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 millions)

Term ABS Financings	Close Date	Net Book Value of Loans Contributed at Closing	24 month Revolving Period
Term ABS 2016-2	May 12, 2016	437.8	Through May 15, 2018
Term ABS 2016-3	October 27, 2016	437.8	Through October 15, 2018
Term ABS 2017-1	February 23, 2017	437.8	Through February 15, 2019
Term ABS 2017-2	June 29, 2017	563.2	Through June 17, 2019
Term ABS 2017-3	October 26, 2017	437.6	Through October 15, 2019
Term ABS 2018-1	February 22, 2018	625.1	Through February 17, 2020
Term ABS 2018-2	May 24, 2018	562.6	Through May 15, 2020
Term ABS 2018-3	August 23, 2018	500.1	Through August 17, 2020
Term ABS 2019-1	February 21, 2019	503.1	Through February 15, 2021

Senior Notes

On March 7, 2019, we issued \$400.0 million aggregate principal amount of 6.625% senior notes due 2026 (the “2026 senior notes”). The 2026 senior notes were issued pursuant to an indenture, dated as of March 7, 2019, among the Company, as issuer, the Company’s subsidiaries Buyers Vehicle Protection Plan, Inc. and Vehicle Remarketing Services, Inc., as guarantors (collectively, the “Guarantors”), and U.S. Bank National Association, as trustee.

The 2026 senior notes mature on March 15, 2026 and bear interest at a rate of 6.625% per annum, computed on the basis of a 360-day year composed of twelve 30-day months and payable semi-annually on March 15 and September 15 of each year, beginning on September 15, 2019. We used the net proceeds from the offering of the notes for general corporate purposes, including repayment of outstanding borrowings under our revolving secured line of credit facility.

On March 30, 2015, we issued \$250.0 million aggregate principal amount of 7.375% senior notes due 2023 (the “2023 senior notes”). The 2023 senior notes were issued pursuant to an indenture, dated as of March 30, 2015, among the Company, as issuer, the Company’s subsidiaries Buyers Vehicle Protection Plan, Inc. and Vehicle Remarketing Services, Inc., as guarantors (collectively, the “Guarantors”), and U.S. Bank National Association, as trustee.

The 2023 senior notes mature on March 15, 2023 and bear interest at a rate of 7.375% per annum, computed on the basis of a 360-day year composed of twelve 30-day months and payable semi-annually on March 15 and September 15 of each year, beginning on September 15, 2015. The 2023 senior notes were issued at a price of 99.266% of their aggregate principal amount, resulting in gross proceeds of \$248.2 million, and a yield to maturity of 7.5% per annum. We used the net proceeds from the offering of the notes for general corporate purposes, including repayment of outstanding borrowings under our revolving secured line of credit facility.

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

On January 22, 2014, we issued \$300.0 million aggregate principal amount of 6.125% senior notes due 2021 (the “2021 senior notes”). The 2021 senior notes were issued pursuant to an indenture, dated as of January 22, 2014, among the Company, the Guarantors, and U.S. Bank National Association, as trustee.

The 2021 senior notes mature on February 15, 2021 and bear interest at a rate of 6.125% per annum, computed on the basis of a 360-day year composed of twelve 30-day months and payable semi-annually on February 15 and August 15 of each year, beginning on August 15, 2014. We used the net proceeds from the 2021 senior notes, together with borrowings under our revolving credit facilities, to redeem in full the \$350.0 million aggregate principal amount of our 9.125% first priority senior secured notes due 2017 on February 21, 2014.

All of the 2021, 2023 and 2026 senior notes (the "senior notes") are guaranteed on a senior 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 in the future. The indentures for the senior notes provide for a guarantor of the senior notes to be released from its obligations under its guarantee of the senior notes under specified circumstances.

Mortgage Note

On August 6, 2018, we entered into a \$12.0 million mortgage note with a commercial bank that is secured by a first mortgage lien on a building acquired by us and an assignment of all leases, rents, revenues and profits under all present and future leases of the building. The note matures on August 6, 2023, and bears interest at LIBOR plus 150 basis points.

Debt Covenants

As of June 30, 2019, we were in compliance with our covenants under 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 (1) our net earnings, adjusted for specified items, before income taxes, depreciation, amortization and fixed charges to (2) our fixed charges. These covenants also limit the maximum ratio of our funded debt less unrestricted cash and cash equivalents 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 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 June 30, 2019, 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 senior notes indentures.

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

10. DERIVATIVE AND HEDGING INSTRUMENTS

Interest Rate Caps. We utilize interest rate cap agreements to manage the interest rate risk on certain secured financings. The following tables provide the terms of our interest rate cap agreements that were in effect as of June 30, 2019 and December 31, 2018:

(Dollars in millions)

As of June 30, 2019						
Facility Amount	Facility Name	Purpose	Start	End	Notional	Cap Interest Rate (1)
\$ 400.0	Warehouse Facility II	Cap Floating Rate	12/2017	12/2020	\$ 205.0	5.50%
250.0	Warehouse Facility IV	Cap Floating Rate	05/2017	04/2021	100.0	6.50%
		Cap Floating Rate	05/2018	04/2021	150.0	6.50%
					250.0	
100.0	Warehouse Facility V	Cap Floating Rate	08/2018	08/2023	75.0	6.50%
150.0	Warehouse Facility VII	Cap Floating Rate	12/2017	11/2021	150.0	5.50%

(Dollars in millions)

As of December 31, 2018						
Facility Amount	Facility Name	Purpose	Start	End	Notional	Cap Interest Rate (1)
\$ 400.0	Warehouse Facility II	Cap Floating Rate	12/2017	12/2020	\$ 205.0	5.50%
250.0	Warehouse Facility IV	Cap Floating Rate	04/2016	04/2019	25.0	5.50%
		Cap Floating Rate	05/2017	04/2021	75.0	6.50%
		Cap Floating Rate	05/2018	04/2021	150.0	6.50%
					250.0	
100.0	Warehouse Facility V	Cap Floating Rate	08/2018	08/2023	75.0	6.50%
150.0	Warehouse Facility VII	Cap Floating Rate	12/2017	11/2021	150.0	5.50%
125.3	Term ABS 2016-1	Cap Floating Rate	04/2016	02/2019	64.2	5.00%

(1) Rate excludes the spread over the LIBOR rate.

The interest rate caps have not been designated as hedging instruments. As of June 30, 2019 and December 31, 2018, the interest rate caps had a fair value of \$0.0 million as the capped rates were significantly above market rates.

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

11. INCOME TAXES

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

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2019	2018	2019	2018
U.S. federal statutory income tax rate	21.0 %	21.0%	21.0 %	21.0 %
State income taxes	2.7 %	2.5%	2.8 %	2.5 %
Excess tax benefits from stock-based compensation plans	— %	—%	-1.9 %	-0.1 %
Other	-0.1 %	0.2%	0.1 %	0.4 %
Effective income tax rate	23.6 %	23.7%	22.0 %	23.8 %

Excess tax benefits from stock-based compensation plans

During the first quarter of each year, we receive a tax benefit upon the vesting of restricted stock and the conversion of restricted stock units to common stock based on the fair value of the shares. The amount that this tax benefit exceeds the grant-date fair value that was recognized as stock-based compensation expense is referred to as an excess tax benefit. Excess tax benefits are recognized in provision for income taxes and reduce our effective income tax rate. The increase in excess tax benefits from 2018 to 2019 was primarily the result of an increase in the number of restricted stock units that were converted to common stock due to the timing of long-term stock award grants.

12. 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:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2019	2018	2019	2018
Weighted average shares outstanding:				
Common shares	18,659,113	19,158,654	18,664,387	19,156,165
Vested restricted stock units	285,559	306,909	285,515	295,561
Basic number of weighted average shares outstanding	18,944,672	19,465,563	18,949,902	19,451,726
Dilutive effect of restricted stock and restricted stock units	5,290	6,601	26,387	20,233
Dilutive number of weighted average shares outstanding	18,949,962	19,472,164	18,976,289	19,471,959

For the three months ended June 30, 2019 and June 30, 2018, and the six months ended June 30, 2019, there were no shares of restricted stock or restricted stock units that would have been anti-dilutive. For the six months ended June 30, 2018, there were 4,607 shares of restricted stock and restricted stock units that were not included in the computation of diluted net income per share because their inclusion would have been anti-dilutive.

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

13. STOCK REPURCHASES

There were no stock repurchases for the three months ended June 30, 2019 and 2018. The following table summarizes our stock repurchases for the six months ended June 30, 2019 and 2018:

Stock Repurchases	For the Six Months Ended June 30,			
	2019		2018	
	Number of Shares Repurchased	Cost	Number of Shares Repurchased	Cost
Open Market (1)	225,915	\$ 91.0	—	\$ —
Other (2)	42,696	18.2	6,185	2.0
Total	268,611	\$ 109.2	6,185	\$ 2.0

- (1) Represents repurchases under authorizations by the board of directors for the repurchase of shares by us from time to time in the open market or in privately negotiated transactions. On February 13, 2017, 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 June 30, 2019, we had authorization to repurchase 213,550 shares of our common stock.
- (2) Represents shares of common stock released to us by team members as payment of tax withholdings upon the vesting of restricted stock and restricted stock units and the conversion of restricted stock units to common stock.

14. STOCK-BASED COMPENSATION PLANS

Stock-based compensation expense consists of the following:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2019	2018	2019	2018
Restricted stock	\$ 0.7	\$ 0.7	\$ 1.5	\$ 1.4
Restricted stock units	0.8	1.3	2.2	3.7
Total	\$ 1.5	\$ 2.0	\$ 3.7	\$ 5.1

A summary of the non-vested restricted stock activity is presented below:

Restricted Stock	Number of Shares	Weighted Average Grant-Date Fair Value Per Share
Non-vested as of December 31, 2018	150,647	\$ 117.41
Granted	5,301	441.54
Vested	(17,971)	148.14
Forfeited	(214)	371.74
Non-vested as of June 30, 2019	137,763	\$ 125.48

A summary of the restricted stock unit activity is presented below:

Restricted Stock Units	Number of Restricted Stock Units	Weighted Average Grant-Date Fair Value Per Share
Outstanding as of December 31, 2018	516,773	\$ 127.07
Granted	3,000	453.64
Converted	(87,842)	106.54
Forfeited	(3,100)	206.45
Outstanding as of June 30, 2019	428,831	\$ 132.99

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

15. COMMITMENTS AND CONTINGENCIES

Litigation and Other Legal Matters

In the normal course of business and as a result of the consumer-oriented nature of the industry in which we operate, we and other industry participants are frequently subject to various consumer claims, litigation and regulatory investigations seeking damages, fines and statutory penalties. The claims allege, among other theories of liability, violations of state, federal and foreign truth-in-lending, credit availability, credit reporting, consumer protection, warranty, debt collection, insurance and other consumer-oriented laws and regulations, including claims seeking damages for alleged physical and mental harm relating to the repossession and sale of consumers' vehicles and other debt collection activities. As the assignee of Consumer Loans originated by Dealers, we may also be named as a co-defendant in lawsuits filed by consumers principally against Dealers. We may also have disputes and litigation with Dealers. The claims may allege, among other theories of liability, that we breached our Dealer servicing agreement. We may also have disputes and litigation with vendors and other third parties. The claims may allege, among other theories of liability, that we breached a license agreement or contract. The damages, fines and penalties that may be claimed by consumers, regulatory agencies, Dealers, vendors or other third parties in these types of matters can be substantial. The relief requested by plaintiffs varies but may include requests for compensatory, statutory and punitive damages and injunctive relief, and plaintiffs may seek treatment as purported class actions. The following matters include current actions to which we are a party and updates to matters that were disclosed in our Annual Report on Form 10-K for the year ended December 31, 2018.

On May 7, 2019, we received a subpoena from the Office of the New York State Attorney General, relating to the Company's origination and collection policies and procedures in the state of New York. We are cooperating with the inquiry and cannot predict the eventual scope, duration or outcome at this time. As a result, we are unable to estimate the reasonably possible loss or range of reasonably possible loss arising from this investigation.

On April 22, 2019, we received a civil investigative demand from the Bureau of Consumer Financial Protection (the "Bureau") seeking, among other things, certain information relating to the Company's origination and collection of Consumer Loans, TPPs and credit reporting. We cannot predict the eventual scope, duration or outcome of this investigation at this time. As a result, we are unable to estimate the reasonably possible loss or range of reasonably possible loss arising from this investigation.

On April 10, 2018, we were informed by the New York Department of Financial Services, Financial Frauds & Consumer Protection Division ("DFS") that it believed that the Company may have violated the law relating to fair lending; may have misrepresented to consumers information related to GPS Starter Interrupt Devices; and may have provided inaccurate information in the course of a DFS supervisory examination. We cooperated with the DFS to address its concerns, and on April 24, 2019, we learned that the DFS has closed its current examinations of the Company.

On August 14, 2017, we received a subpoena from the Attorney General of the State of Mississippi, relating to the origination and collection of non-prime auto loans in the state of Mississippi. The Company cooperated with the inquiry. On April 23, 2019, the Attorney General of the State of Mississippi, on behalf of the State of Mississippi, filed a complaint in the Chancery Court of the First Judicial District of Hinds County, Mississippi, alleging that the Company engaged in unfair and deceptive trade practices in subprime auto lending, loan servicing, vehicle repossession and debt collection in the State of Mississippi in violation of the Mississippi Consumer Protection Act. The complaint seeks injunctive relief, including civil penalties and disgorgement, and payment of the State's attorney's fees and costs. We cannot predict the duration or outcome of this lawsuit at this time. As a result, we are unable to estimate the reasonably possible loss or range of reasonably possible loss arising from this lawsuit. The Company intends to vigorously defend itself in this matter.

On June 14, 2017, we were informed that the Bureau's Office of Fair Lending and Equal Opportunity is investigating whether the Company may have violated the Equal Credit Opportunity Act and Regulation B. We are cooperating with the inquiry and cannot predict the eventual scope, duration or outcome at this time. As a result, we are unable to estimate the reasonably possible loss or range of reasonably possible loss arising from this inquiry.

On November 7, 2016, we received a civil investigative demand from the Federal Trade Commission ("FTC") seeking information on the Company's policies, practices and procedures in allowing car dealers to use GPS Starter Interrupters on consumer vehicles. We cooperated with the FTC, and on May 9, 2019, we learned that the FTC had closed this matter.

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

On March 18, 2016, we received a subpoena from the Attorney General of the State of Maryland, relating to the Company's repossession and sale policies and procedures in the state of Maryland. We are cooperating with the inquiry and cannot predict the eventual scope, duration or outcome at this time. As a result, we are unable to estimate the reasonably possible loss or range of reasonably possible loss arising from this investigation.

On February 19, 2016, we received a First Amended Complaint filed by Westlake Services d/b/a Westlake Financial Service and Nowcom Corporation, alleging that the Company has attempted to monopolize the indirect financing profit sharing program market in violation of Section 2 of the Sherman Act and seeking, among other things, injunctive relief and unspecified money damages, which, if awarded, would likely be trebled pursuant to the Sherman Act. The case was filed in the United States District Court, Central District of California, Western Division. On April 6, 2016, the Court dismissed the claims brought by Nowcom Corporation. On January 5, 2018, the Court entered judgment in favor of the Company, dismissing the case with prejudice on the merits and ordering that the Company be awarded its costs of suit from Westlake Services, LLC. On February 2, 2018, Westlake Services, LLC filed a Notice of Appeal with the Court. On July 13, 2018, Westlake Services, LLC filed its appellate brief with the United States Court of Appeals for the Ninth Circuit. On September 14, 2018, we filed our response to Westlake Services, LLC's appellate brief. On October 19, 2018, Westlake Services, LLC filed its reply brief. We cannot predict the duration or outcome of this lawsuit at this time. As a result, we are unable to estimate the reasonably possible loss or range of reasonably possible loss arising from this lawsuit. The Company intends to vigorously defend itself in this matter.

On September 18, 2015, we received a subpoena from the Attorney General of the State of New York, Civil Rights Bureau relating to the Company's origination and collection of Consumer Loans in the state of New York. We have cooperated with the inquiry and have been informed that it is inactive.

On December 9, 2014, we received a civil investigative subpoena from the U.S. Department of Justice pursuant to the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 directing us to produce certain information relating to subprime automotive finance and related securitization activities. We have cooperated with the inquiry, but cannot predict the eventual scope, duration or outcome at this time. As a result, we are unable to estimate the reasonably possible loss or range of reasonably possible loss arising from this investigation.

On December 4, 2014, we received a civil investigative demand from the Office of the Attorney General of the Commonwealth of Massachusetts relating to the origination and collection of non-prime auto loans in Massachusetts. On November 20, 2017 we received a second civil investigation demand from the Office of the Attorney General seeking updated information on its original civil investigation demand, additional information related to the Company's origination and collection of Consumer Loans, and information regarding securitization activities. In connection with this inquiry, we were informed by representatives of the Office of the Attorney General that it believes that the Company may have engaged in unfair and deceptive acts or practices related to the origination and collection of auto loans, which may have caused some of the Company's representations and warranties contained in securitization documents to be inaccurate. The investigation relating to the origination, collection and securitization of non-prime auto loans and securities transactions by the Office of the Attorney General remains ongoing. We are cooperating with the inquiry and cannot predict the eventual scope, duration or outcome at this time. As a result, we are unable to estimate the reasonably possible loss or range of reasonably possible loss arising from this investigation.

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.

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

16. SUBSEQUENT EVENTS

On July 12, 2019, we extended the date on which our \$400.0 million Warehouse Facility II will cease to revolve from December 20, 2020 to July 12, 2022. There were no other material changes to the terms of the facility.

On July 25, 2019, we extended the date on which our \$75.0 million Warehouse Facility VI will cease to revolve from September 30, 2020 to September 30, 2022. There were no other material changes to the terms of the facility.

On July 26, 2019, we increased the financing amount on Warehouse Facility IV from \$250.0 million to \$300.0 million and extended the date on which the facility will cease to revolve from April 30, 2020 to July 26, 2022. The interest rate on borrowings under the facility has been decreased from LIBOR plus 225 basis points to LIBOR plus 200 basis points. There were no other material changes to the terms of the facility.

On July 26, 2019, we entered into Warehouse Facility VIII, a \$200.0 million revolving secured warehouse facility. The facility will cease to revolve on July 26, 2022. Borrowings under the facility will bear interest at a rate equal to LIBOR plus 190 basis points.

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 2018 Annual Report on Form 10-K, as well as Part I - Item 1 - Financial Statements, of this Form 10-Q, which is incorporated herein by reference.

Overview

We offer financing programs that enable automobile dealers to sell vehicles to consumers, regardless of their credit history. Our financing programs are 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 financing programs, but who actually end up qualifying for traditional financing.

For the three months ended June 30, 2019 consolidated net income was \$164.4 million, or \$8.68 per diluted share, compared to \$151.0 million, or \$7.75 per diluted share, for the same period in 2018. For the six months ended June 30, 2019, consolidated net income was \$328.8 million, or \$17.33 per diluted share, compared to \$271.1 million, or \$13.92 per diluted share, for the same period in 2018. The increases in consolidated net income for the three and six months ended June 30, 2019 were primarily due to an increase in the average balance of our Loan portfolio.

Critical Success Factors

Critical success factors include our ability to accurately forecast Consumer Loan performance, access capital on acceptable terms, 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 non-GAAP financial measure 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.

Consumer Loan Metrics

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 at a price designed to maximize economic profit.

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 June 30, 2019 with the forecasts as of March 31, 2019, as of December 31, 2018 and at the time of assignment, segmented by year of assignment:

Consumer Loan Assignment Year	Forecasted Collection Percentage as of (1)				Current Forecast Variance from		
	June 30, 2019	March 31, 2019	December 31, 2018	Initial Forecast	March 31, 2019	December 31, 2018	Initial Forecast
2010	77.7%	77.7%	77.7%	73.6%	0.0 %	0.0 %	4.1 %
2011	74.8%	74.8%	74.7%	72.5%	0.0 %	0.1 %	2.3 %
2012	73.9%	73.8%	73.8%	71.4%	0.1 %	0.1 %	2.5 %
2013	73.5%	73.5%	73.5%	72.0%	0.0 %	0.0 %	1.5 %
2014	71.8%	71.7%	71.7%	71.8%	0.1 %	0.1 %	0.0 %
2015	65.5%	65.4%	65.4%	67.7%	0.1 %	0.1 %	-2.2 %
2016	64.2%	64.1%	64.2%	65.4%	0.1 %	0.0 %	-1.2 %
2017	65.1%	65.2%	65.5%	64.0%	-0.1 %	-0.4 %	1.1 %
2018	65.5%	65.5%	65.0%	63.6%	0.0 %	0.5 %	1.9 %
2019 (2)	64.7%	64.1%	—	64.2%	0.6 %	—	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. Forecasted collection rates are negatively impacted by canceled Consumer Loans as the contractual amount owed is not removed from the denominator for purposes of computing forecasted collection rates in the table.
- (2) The forecasted collection rate for 2019 Consumer Loans as of June 30, 2019 includes both Consumer Loans that were in our portfolio as of March 31, 2019 and Consumer Loans assigned during the most recent quarter. The following table provides forecasted collection rates for each of these segments:

2019 Consumer Loan Assignment Period	Forecasted Collection Percentage as of			Current Forecast Variance from	
	June 30, 2019	March 31, 2019	Initial Forecast	March 31, 2019	Initial Forecast
January 1, 2019 through March 31, 2019	64.9%	64.1%	63.9%	0.8%	1.0%
April 1, 2019 through June 30, 2019	64.5%	—	64.4%	—	0.1%

Consumer Loans assigned in 2010 through 2013, 2017 and 2018 have yielded forecasted collection results materially better than our initial estimates, while Consumer Loans assigned in 2015 and 2016 have yielded forecasted collection results materially worse than our initial estimates. For Consumer Loans assigned in 2014 and 2019, actual results have been close to our initial estimates. For the three months ended June 30, 2019, forecasted collection rates improved for Consumer Loans assigned in 2019 and were generally consistent with expectations at the start of the period for all other assignment years presented. For the six months ended June 30, 2019, forecasted collection rates improved for Consumer Loans assigned in 2018 and 2019, declined for Consumer Loans assigned in 2017 and were generally consistent with expectations at the start of the period for all other assignment years presented.

The changes in forecasted collection rates for the three and six months ended June 30, 2019 and 2018 impacted forecasted net cash flows (forecasted collections less forecasted Dealer Holdback payments) as follows:

(In millions)

Increase (Decrease) in Forecasted Net Cash Flows	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2019	2018	2019	2018
Dealer Loans	\$ 3.4	\$ 9.7	\$ 3.9	\$ 3.6
Purchased Loans	9.6	18.5	25.8	13.8
Total Loans	\$ 13.0	\$ 28.2	\$ 29.7	\$ 17.4

The following table presents information on the average Consumer Loan assignment for each of the last 10 years:

Consumer Loan Assignment Year	Average		
	Consumer Loan (1)	Advance (2)	Initial Loan Term (in months)
2010	\$ 14,480	\$ 6,473	41
2011	15,686	7,137	46
2012	15,468	7,165	47
2013	15,445	7,344	47
2014	15,692	7,492	47
2015	16,354	7,272	50
2016	18,218	7,976	53
2017	20,230	8,746	55
2018	22,158	9,635	57
2019 (3)	22,740	10,023	57

(1) Represents the repayments that we were contractually owed on Consumer Loans at the time of assignment, which include both principal and interest.

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

(3) The averages for 2019 Consumer Loans include both Consumer Loans that were in our portfolio as of March 31, 2019 and Consumer Loans assigned during the most recent quarter. The following table provides averages for each of these segments:

2019 Consumer Loan Assignment Period	Average		
	Consumer Loan	Advance	Initial Loan Term (in months)
January 1, 2019 through March 31, 2019	\$ 22,321	\$ 9,795	57
April 1, 2019 through June 30, 2019	23,251	10,301	58

Forecasting collection rates accurately 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 initially 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 June 30, 2019. 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.

Consumer Loan Assignment Year	As of June 30, 2019			
	Forecasted Collection %	Advance % (1)	Spread %	% of Forecast Realized (2)
2010	77.7%	44.7%	33.0%	99.8%
2011	74.8%	45.5%	29.3%	99.4%
2012	73.9%	46.3%	27.6%	99.0%
2013	73.5%	47.6%	25.9%	98.5%
2014	71.8%	47.7%	24.1%	97.0%
2015	65.5%	44.5%	21.0%	91.6%
2016	64.2%	43.8%	20.4%	78.6%
2017	65.1%	43.2%	21.9%	58.8%
2018	65.5%	43.5%	22.0%	31.3%
2019 (3)	64.7%	44.1%	20.6%	6.9%

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

(3) The forecasted collection rate, advance rate and spread for 2019 Consumer Loans as of June 30, 2019 include both Consumer Loans that were in our portfolio as of March 31, 2019 and Consumer Loans assigned during the most recent quarter. The following table provides forecasted collection rates, advance rates and spreads for each of these segments:

2019 Consumer Loan Assignment Period	As of June 30, 2019		
	Forecasted Collection %	Advance %	Spread %
January 1, 2019 through March 31, 2019	64.9%	43.9%	21.0%
April 1, 2019 through June 30, 2019	64.5%	44.3%	20.2%

The risk of a material change in our forecasted collection rate declines as the Consumer Loans age. For 2015 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 has ranged from 20.4% to 33.0%, on an annual basis, over the last 10 years. The spread was at the high end of this range in 2010, when the competitive environment was unusually favorable, and much lower during other years (2015 through 2019) when competition was more intense. The decrease in the spread from 2018 to 2019 was the result of the performance of 2018 Consumer Loans, which has exceeded our initial estimates by a greater margin than those assigned to us in 2019. The decrease in the spread from the first quarter of 2019 to the second quarter of 2019 was primarily the result of the performance of Consumer Loans assigned to us during the first quarter of 2019, which has exceeded our initial estimates by a greater margin than those assigned to us during the second quarter of 2019.

The following table compares our forecast of Consumer Loan collection rates as of June 30, 2019 with the forecasts at the time of assignment, for Dealer Loans and Purchased Loans separately:

Consumer Loan Assignment Year	Dealer Loans			Purchased Loans		
	Forecasted Collection Percentage as of (1)		Variance	Forecasted Collection Percentage as of (1)		Variance
	June 30, 2019	Initial Forecast		June 30, 2019	Initial Forecast	
2010	77.6%	73.6%	4.0 %	78.7%	73.1%	5.6%
2011	74.6%	72.4%	2.2 %	76.3%	72.7%	3.6%
2012	73.7%	71.3%	2.4 %	75.9%	71.4%	4.5%
2013	73.5%	72.1%	1.4 %	74.4%	71.6%	2.8%
2014	71.7%	71.9%	-0.2 %	72.6%	70.9%	1.7%
2015	64.8%	67.5%	-2.7 %	69.4%	68.5%	0.9%
2016	63.3%	65.1%	-1.8 %	66.7%	66.5%	0.2%
2017	64.5%	63.8%	0.7 %	66.7%	64.6%	2.1%
2018	65.0%	63.6%	1.4 %	66.4%	63.5%	2.9%
2019	64.6%	64.1%	0.5 %	64.9%	64.2%	0.7%

(1) The forecasted collection rates presented for Dealer Loans and Purchased Loans reflect the Consumer Loan classification at the time of assignment.

The following table presents forecasted Consumer Loan collection rates, advance rates, and the spread (the forecasted collection rate less the advance rate) as of June 30, 2019 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	Dealer Loans			Purchased Loans		
	Forecasted Collection % (1)	Advance % (1)(2)	Spread %	Forecasted Collection % (1)	Advance % (1)(2)	Spread %
2010	77.6%	44.4%	33.2%	78.7%	47.3%	31.4%
2011	74.6%	45.1%	29.5%	76.3%	49.3%	27.0%
2012	73.7%	46.0%	27.7%	75.9%	50.0%	25.9%
2013	73.5%	47.2%	26.3%	74.4%	51.5%	22.9%
2014	71.7%	47.2%	24.5%	72.6%	51.8%	20.8%
2015	64.8%	43.4%	21.4%	69.4%	50.2%	19.2%
2016	63.3%	42.1%	21.2%	66.7%	48.6%	18.1%
2017	64.5%	42.1%	22.4%	66.7%	45.8%	20.9%
2018	65.0%	42.7%	22.3%	66.4%	45.2%	21.2%
2019	64.6%	43.2%	21.4%	64.9%	45.7%	19.2%

(1) The forecasted collection rates and advance rates presented for Dealer Loans and Purchased Loans reflect the Consumer Loan classification at the time of assignment.

(2) Represents advances paid to Dealers on Consumer Loans assigned under our Portfolio Program and one-time payments made to Dealers 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.

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.

The spread on Dealer Loans decreased from 22.3% in 2018 to 21.4% in 2019 as a result of the performance of 2018 Consumer Loans in our Dealer Loan portfolio, which has exceeded our initial estimates by a greater margin than those assigned to us in 2019. The spread on Purchased Loans decreased from 21.2% in 2018 to 19.2% in 2019 primarily as a result of the performance of 2018 Consumer Loans in our Purchased Loan portfolio, which has exceeded our initial estimates by a greater margin than those assigned to us in 2019.

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 was 1.9 to 1 as of June 30, 2019. 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 Volume

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

Three Months Ended	Year over Year Percent Change	
	Unit Volume	Dollar Volume (1)
March 31, 2018	18.5%	32.9%
June 30, 2018	19.8%	34.7%
September 30, 2018	9.4%	20.3%
December 31, 2018	5.9%	12.4%
March 31, 2019	0.4%	5.1%
June 30, 2019	0.0%	5.6%

(1) Represents advances paid to Dealers on Consumer Loans assigned under our Portfolio Program and one-time payments made to Dealers 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 financing programs, (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 volume remained constant while dollar volume grew 5.6% during the second quarter of 2019 as the number of active Dealers grew 10.9% while average unit volume per active Dealer declined 9.3%. Dollar volume grew while unit volume remained constant during the second quarter of 2019 due to an increase in the average advance paid per unit. This increase was the result of an increase in the average size of the Consumer Loans assigned primarily due to increases in the average vehicle selling price and average initial loan term and an increase in Purchased Loans as a percentage of total unit volume.

The following table summarizes the changes in Consumer Loan unit volume and active Dealers:

	For the Three Months Ended June 30,			For the Six Months Ended June 30,		
	2019	2018	% Change	2019	2018	% Change
Consumer Loan unit volume	92,613	92,626	0.0 %	205,457	204,971	0.2 %
Active Dealers (1)	9,562	8,624	10.9 %	11,303	10,231	10.5 %
Average volume per active Dealer	9.7	10.7	-9.3 %	18.2	20.0	-9.0 %
Consumer Loan unit volume from Dealers active both periods	70,348	77,848	-9.6 %	164,961	180,955	-8.8 %
Dealers active both periods	5,905	5,905	—	7,296	7,296	—
Average volume per Dealer active both periods	11.9	13.2	-9.6 %	22.6	24.8	-8.8 %
Consumer Loan unit volume from Dealers <u>not</u> active both periods	22,265	14,778	50.7 %	40,496	24,016	68.6 %
Dealers <u>not</u> active both periods	3,657	2,719	34.5 %	4,007	2,935	36.5 %
Average volume per Dealer <u>not</u> active both periods	6.1	5.4	13.0 %	10.1	8.2	23.2 %

(1) Active Dealers are Dealers who have received funding for at least one Consumer Loan during the period.

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

	For the Three Months Ended June 30,			For the Six Months Ended June 30,		
	2019	2018	% Change	2019	2018	% Change
Consumer Loan unit volume from new active Dealers	4,295	3,875	10.8%	16,665	16,601	0.4 %
New active Dealers (1)	1,008	911	10.6%	2,232	2,069	7.9 %
Average volume per new active Dealer	4.3	4.3	0.0%	7.5	8.0	-6.3 %
Attrition (2)	-16.0 %	-16.9 %		-11.7 %	-14.3 %	

(1) New active Dealers are Dealers 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 Dealers 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.

The following table shows the percentage of Consumer Loans assigned to us as Dealer Loans and Purchased Loans for each of the last six quarters:

Three Months Ended	Unit Volume		Dollar Volume (1)	
	Dealer Loans	Purchased Loans	Dealer Loans	Purchased Loans
March 31, 2018	70.1%	29.9%	67.4%	32.6%
June 30, 2018	69.7%	30.3%	66.8%	33.2%
September 30, 2018	69.5%	30.5%	67.0%	33.0%
December 31, 2018	69.4%	30.6%	67.4%	32.6%
March 31, 2019	67.4%	32.6%	65.0%	35.0%
June 30, 2019	66.7%	33.3%	63.7%	36.3%

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

As of June 30, 2019 and December 31, 2018, the net Dealer Loans receivable balance was 63.8% and 65.3%, respectively, of the total net Loans receivable balance.

Results of Operations

Three Months Ended June 30, 2019 Compared to Three Months Ended June 30, 2018

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

(Dollars in millions, except per share data)

	For the Three Months Ended June 30,			
	2019	2018	\$ Change	% Change
Revenue:				
Finance charges	\$ 341.5	\$ 289.7	\$ 51.8	17.9 %
Premiums earned	13.1	11.7	1.4	12.0 %
Other income	16.0	14.0	2.0	14.3 %
Total revenue	370.6	315.4	55.2	17.5 %
Costs and expenses:				
Salaries and wages (1)	47.3	39.7	7.6	19.1 %
General and administrative (1)	16.8	12.7	4.1	32.3 %
Sales and marketing (1)	17.7	17.2	0.5	2.9 %
Provision for credit losses	15.4	1.8	13.6	755.6 %
Interest	49.8	38.7	11.1	28.7 %
Provision for claims	8.3	7.3	1.0	13.7 %
Total costs and expenses	155.3	117.4	37.9	32.3 %
Income before provision for income taxes	215.3	198.0	17.3	8.7 %
Provision for income taxes	50.9	47.0	3.9	8.3 %
Net income	\$ 164.4	\$ 151.0	\$ 13.4	8.9 %
Net income per share:				
Basic	\$ 8.68	\$ 7.76	\$ 0.92	11.9 %
Diluted	\$ 8.68	\$ 7.75	\$ 0.93	12.0 %
Weighted average shares outstanding:				
Basic	18,944,672	19,465,563	(520,891)	-2.7 %
Diluted	18,949,962	19,472,164	(522,202)	-2.7 %
(1) Operating expenses	\$ 81.8	\$ 69.6	\$ 12.2	17.5 %

Finance Charges.

The increase of \$51.8 million, or 17.9%, 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 millions)

	For the Three Months Ended June 30,		
	2019	2018	Change
Average net Loans receivable balance	\$ 6,273.9	\$ 5,202.8	\$ 1,071.1
Average yield on our Loan portfolio	21.8%	22.3%	-0.5 %

The following table summarizes the impact each component had on the overall increase in finance charges for the three months ended June 30, 2019:

(In millions)

Impact on finance charges:

	Year over Year Change For the Three Months Ended June 30, 2019	
Due to an increase in the average net Loans receivable balance	\$	59.7
Due to a decrease in the average yield		(7.9)
Total increase in finance charges	\$	51.8

The increase in the average net Loans receivable balance was primarily due to the dollar volume of new Consumer Loan assignments exceeding the principal collected on Loans receivable. The average yield on our Loan portfolio for the three months ended June 30, 2019 decreased as compared to the same period in 2018 due to lower yields on more recent Consumer Loan assignments.

- Operating Expenses.
- The increase of \$12.2 million, or 17.5%, was primarily due to:
- An increase in salaries and wages expense of 19.1% (\$7.6 million) comprised of the following:
 - An increase of \$5.1 million in cash-based incentive compensation expense primarily due to an improvement in Company performance measures.
 - Excluding the change in cash-based incentive compensation expense, salaries and wages expense increased \$2.5 million, primarily related to our support function as a result of an increase in the number of team members.
 - An increase in general and administrative expense of \$4.1 million, or 32.3%, primarily due to increases in legal and building expenses.

Provision for Credit Losses. Under GAAP, when the present value of forecasted future cash flows declines 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 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 June 30, 2019, overall Consumer Loan performance exceeded 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 \$15.4 million for the three months ended June 30, 2019, of which \$14.5 million related to Dealer Loans and \$0.9 million related to Purchased Loans. During the three months ended June 30, 2018, overall Consumer Loan performance exceeded 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 \$1.8 million for the three months ended June 30, 2018, of which \$3.2 million related to Dealer Loans partially offset by a reversal of \$1.4 million related to Purchased Loans.

Interest. The increase of \$11.1 million, or 28.7%, was due to increases in the average outstanding debt principal balance and our average cost of debt. The following table shows interest expense, the average outstanding debt balance, and the average cost of debt for the three months ended June 30, 2019 and 2018:

	For the Three Months Ended June 30,		
	2019	2018	Change
Interest expense	\$ 49.8	\$ 38.7	\$ 11.1
Average outstanding debt principal balance (1)	4,270.0	3,632.3	637.7
Average cost of debt	4.7%	4.3%	0.4%

(1) Includes the unamortized debt discount and excludes deferred debt issuance costs.

The increase in the average outstanding debt principal balance was primarily due to borrowings used to fund the growth in our Loan portfolio and stock repurchases. The increase in our average cost of debt was primarily the result of a change in the mix of our outstanding debt.

Provision for Income Taxes. For the three months ended June 30, 2019, the effective income tax rate of 23.6% was generally consistent with the effective tax rate of 23.7% for the same period in 2018.

Six Months Ended June 30, 2019 Compared to Six Months Ended June 30, 2018

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

(Dollars in millions, except per share data)

	For the Six Months Ended June 30,			
	2019	2018	\$ Change	% Change
Revenue:				
Finance charges	\$ 663.4	\$ 560.0	103.4	18.5 %
Premiums earned	25.3	22.0	3.3	15.0 %
Other income	35.7	29.0	6.7	23.1 %
Total revenue	724.4	611.0	113.4	18.6 %
Costs and expenses:				
Salaries and wages (1)	96.0	82.2	13.8	16.8 %
General and administrative (1)	30.7	27.2	3.5	12.9 %
Sales and marketing (1)	36.5	35.0	1.5	4.3 %
Provision for credit losses	29.9	25.2	4.7	18.7 %
Interest	94.8	73.2	21.6	29.5 %
Provision for claims	14.9	12.5	2.4	19.2 %
Total costs and expenses	302.8	255.3	47.5	18.6 %
Income before provision for income taxes	421.6	355.7	65.9	18.5 %
Provision for income taxes	92.8	84.6	8.2	9.7 %
Net income	\$ 328.8	\$ 271.1	\$ 57.7	21.3 %
Net income per share:				
Basic	\$ 17.35	\$ 13.94	\$ 3.41	24.5 %
Diluted	\$ 17.33	\$ 13.92	\$ 3.41	24.5 %
Weighted average shares outstanding:				
Basic	18,949,902	19,451,726	(501,824)	-2.6 %
Diluted	18,976,289	19,471,959	(495,670)	-2.5 %
(1) Operating expenses	\$ 163.2	\$ 144.4	18.8	13.0 %

Finance Charges. The increase of \$103.4 million, or 18.5%, 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 millions)

	For the Six Months Ended June 30,			
	2019		2018	
				Change
Average net Loans receivable balance	\$	6,084.0	\$	4,991.9
Average yield on our Loan portfolio		21.8%		22.4%
				1,092.1
				-0.6 %

The following table summarizes the impact each component had on the overall increase in finance charges for the six months ended June 30, 2019:

(In millions)

Impact on finance charges:	Year over Year Change For the Six Months Ended June 30, 2019	
Due to an increase in the average net Loans receivable balance	\$	122.5
Due to a decrease in the average yield		(19.1)
Total increase in finance charges	\$	103.4

The increase in the average net Loans receivable balance was primarily due to the dollar volume of new Consumer Loan assignments exceeding the principal collected on Loans receivable. The average yield on our Loan portfolio for the six months ended June 30, 2019 decreased as compared to the same period in 2018 due to lower yields on more recent Consumer Loan assignments.

Operating Expenses. The increase of \$18.8 million, or 13.0%, was primarily due to an increase in salaries and wages expense of \$13.8 million, or 16.8%, as a result of the following:

- An increase of \$9.3 million in cash-based incentive compensation expense primarily due to an improvement in Company performance measures.
- Excluding the change in cash-based incentive compensation expense, salaries and wages expense increased \$4.5 million, related to an increase for our support function primarily as a result of an increase in the number of team members.

Provision for Credit Losses. During the six months ended June 30, 2019, overall Consumer Loan performance exceeded 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 \$29.9 million for the six months ended June 30, 2019, of which \$26.1 million related to Dealer Loans and \$3.8 million related to Purchased Loans. During the six months ended June 30, 2018, overall Consumer Loan performance exceeded 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 \$25.2 million for the six months ended June 30, 2018, of which \$21.9 million related to Dealer Loans and \$3.3 million related to Purchased Loans.

Interest. The increase of \$21.6 million, or 29.5%, was due to increases in the average outstanding debt principal balance and our average cost of debt. The following table shows interest expense, the average outstanding debt balance, and the average cost of debt for the six months ended June 30, 2019 and 2018:

(Dollars in millions)

	For the Six Months Ended June 30,		
	2019	2018	Change
Interest expense	\$ 94.8	\$ 73.2	\$ 21.6
Average outstanding debt principal balance (1)	4,144.7	3,467.7	677.0
Average cost of debt	4.6%	4.2%	0.4%

(1) Includes the unamortized debt discount and excludes deferred debt issuance costs.

The increase in the average outstanding debt principal balance was primarily due to borrowings used to fund the growth in our Loan portfolio and stock repurchases. The increase in our average cost of debt was primarily the result of a change in the mix of our outstanding debt.

Provision for Income Taxes. For the six months ended June 30, 2019, the effective income tax rate decreased to 22.0% from 23.8% for the six months ended June 30, 2018. The decrease was primarily due to an increase in tax benefits related to our stock-based compensation plan, which are recognized during the first quarter of each year. For additional information, see Note 11 to the consolidated financial statements contained in Part I - Item 1 of this Form 10-Q, which is incorporated herein by reference.

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 covenants to which we are subject under each financing arrangement and we were in compliance with those covenants as of June 30, 2019. For information regarding these financings and the covenants included in the related documents, see Note 9 to the consolidated financial statements contained in Part I - Item 1 of this Form 10-Q, which is incorporated herein by reference.

On February 21, 2019, we completed a \$402.5 million Term ABS financing, which was used to repay outstanding indebtedness. The financing has an expected annualized cost of approximately 3.8% (including the initial purchasers' 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.

On March 7, 2019, we issued \$400.0 million of 6.625% Senior Notes due 2026 in a private offering exempt from registration under the Securities Act of 1933. We used the net proceeds from the offering of the notes for general corporate purposes, including repayment of outstanding borrowings under our revolving secured line of credit facility.

On June 24, 2019, we extended the maturity of our revolving secured line of credit facility from June 22, 2021 to June 22, 2022. Following the extension, the amount of the facility is \$340.0 million. There were no other material changes to the terms of the facility.

On July 12, 2019, we extended the date on which our \$400.0 million Warehouse Facility II will cease to revolve from December 20, 2020 to July 12, 2022. There were no other material changes to the terms of the facility.

On July 25, 2019, we extended the date on which our \$75.0 million Warehouse Facility VI will cease to revolve from September 30, 2020 to September 30, 2022. There were no other material changes to the terms of the facility.

On July 26, 2019, we increased the financing amount on Warehouse Facility IV from \$250.0 million to \$300.0 million and extended the date on which the facility will cease to revolve from April 30, 2020 to July 26, 2022. The interest rate on borrowings under the facility has been decreased from LIBOR plus 225 basis points to LIBOR plus 200 basis points. There were no other material changes to the terms of the facility.

On July 26, 2019, we entered into Warehouse Facility VIII, a \$200.0 million revolving secured warehouse facility. The facility will cease to revolve on July 26, 2022. Borrowings under the facility will bear interest at a rate equal to LIBOR plus 190 basis points.

Cash and cash equivalents as of June 30, 2019 and December 31, 2018 was \$19.7 million and \$25.7 million, respectively. As of June 30, 2019 and December 31, 2018, we had \$1,050.6 million and \$1,153.1 million, respectively, in unused and available lines of credit. Our total balance sheet indebtedness increased \$401.7 million to \$4,222.6 million as of June 30, 2019 from \$3,820.9 million as of December 31, 2018 primarily due to the growth in new Consumer Loan assignments and stock repurchases.

Contractual Obligations

A summary of our scheduled principal debt maturities as of June 30, 2019 is as follows:

(In millions)

Year	Scheduled Principal Debt Maturities (1)	
Remainder of 2019	\$	563.8
2020		1,333.1
2021		1,471.8
2022		218.4
2023		259.5
Over five years		400.0
Total	\$	4,246.6

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

Based upon anticipated cash flows, management believes that cash flows from operations and 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, 2018 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, 2018.

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, 2018, 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 material 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 dependence on technology could have a material adverse effect on our business.
- Our use of electronic contracts could impact our ability to perfect our ownership or security interest in Consumer Loans.
- 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 Dealers in several states could adversely affect us.
- Failure to properly safeguard confidential consumer and team member information could subject us to liability, decrease our profitability and damage our reputation.
- A small number of our shareholders have the ability to significantly influence matters requiring shareholder approval and such shareholders have interests which may conflict with the interests of our other security holders.
- Reliance on our outsourced business functions could adversely affect our business.
- Our ability to hire and retain foreign information technology personnel could be hindered by immigration restrictions.
- 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 business, financial condition and 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, 2018 for a complete discussion of our market risk. There have been no material changes to the market risk information included in our 2018 Annual Report on Form 10-K.

ITEM 4. 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 1. LEGAL PROCEEDINGS**

In the normal course of business and as a result of the consumer-oriented nature of the industry in which we operate, we and other industry participants are frequently subject to various consumer claims, litigation and regulatory investigations seeking damages, fines and statutory penalties. The claims allege, among other theories of liability, violations of state, federal and foreign truth-in-lending, credit availability, credit reporting, consumer protection, warranty, debt collection, insurance and other consumer-oriented laws and regulations, including claims seeking damages for alleged physical and mental harm relating to the repossession and sale of consumers' vehicles and other debt collection activities. As the assignee of Consumer Loans originated by Dealers, we may also be named as a co-defendant in lawsuits filed by consumers principally against Dealers. We may also have disputes and litigation with Dealers. The claims may allege, among other theories of liability, that we breached our Dealer servicing agreement. We may also have disputes and litigation with vendors and other third parties. The claims may allege, among other theories of liability, that we breached a license agreement or contract. The damages, fines and penalties that may be claimed by consumers, regulatory agencies, Dealers, vendors or other third parties in these types of matters can be substantial. The relief requested by plaintiffs varies but may include requests for compensatory, statutory and punitive damages and injunctive relief, and plaintiffs may seek treatment as purported class actions. 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.

For a description of significant litigation to which we are a party, see Note 15 to the consolidated financial statements contained in Part I - Item 1 of this Form 10-Q, which is incorporated herein by reference.

ITEM 6. EXHIBITS

Exhibit No.	Description
4.101	Fifth Amendment to Sixth Amended and Restated Credit Agreement dated as of June 24, 2019 among the Company, Comerica Bank and the other banks signatory thereto and Comerica Bank, as administrative agent for the banks (incorporated by reference to Exhibit 4.101 to the Company's Current Report on Form 8-K filed June 26, 2019).
4.102	Amendment No. 2 to the Sixth Amended and Restated Loan and Security Agreement dated as of July 12, 2019 among the Company, CAC Warehouse Funding Corporation II and Wells Fargo Bank, National Association (incorporated by reference to Exhibit 4.102 to the Company's Current Report on Form 8-K filed July 15, 2019).
4.103	Fourth Amendment to Loan Security Agreement dated as of July 16, 2019 among the Company, CAC Warehouse Funding LLC V, Fifth Third Bank and Systems & Services Technologies, Inc.
4.104	Second Amendment to Loan and Security Agreement, dated as of July 18, 2019 among the Company, CAC Warehouse Funding LLC VII and Credit Suisse AG, New York Branch.
4.105	Second Amendment to Loan and Security Agreement dated as of July 25, 2019 among the Company, CAC Warehouse Funding Corporation VI and Flagstar Bank, FSB (incorporated by reference to Exhibit 4.105 to the Company's Current Report on Form 8-K filed July 26, 2019).
4.106	Loan and Security Agreement, dated as of July 26, 2019, among the Company, CAC Warehouse Funding LLC VIII, Citizens Bank N.A. and Wells Fargo Bank, National Association (incorporated by reference to Exhibit 4.106 to the Company's Current Report on Form 8-K filed July 29, 2019).
4.107	Contribution Agreement, dated as of July 26, 2019, between the Company and CAC Warehouse Funding LLC VIII (incorporated by reference to Exhibit 4.107 to the Company's Current Report on Form 8-K filed July 29, 2019).
4.108	Backup Servicer Agreement, dated as of July 26, 2019, among the Company, CAC Warehouse Funding LLC VIII, Citizens Bank, N.A. and Wells Fargo Bank, National Association (incorporated by reference to Exhibit 4.108 to the Company's Current Report on Form 8-K filed July 29, 2019).
4.109	Amended and Restated Intercreditor Agreement, dated as of July 26, 2019, among the Company, CAC Warehouse Funding Corporation II, CAC Warehouse Funding LLC IV, CAC Warehouse Funding LLC V, CAC Warehouse Funding LLC VI, CAC Warehouse Funding LLC VII, CAC Warehouse Funding LLC VIII, Credit Acceptance Funding LLC 2019-1, Credit Acceptance Funding LLC 2018-3, Credit Acceptance Funding LLC 2018-2, Credit Acceptance Funding LLC 2018-1, Credit Acceptance Funding LLC 2017-3, Credit Acceptance Funding LLC 2017-2, Credit Acceptance Funding LLC 2017-1, Credit Acceptance Funding LLC 2016-3, Credit Acceptance Funding LLC 2016-2, Credit Acceptance Auto Loan Trust 2019-1, Credit Acceptance Auto Loan Trust 2018-3, Credit Acceptance Auto Loan Trust 2018-2, Credit Acceptance Auto Loan Trust 2018-1, Credit Acceptance Auto Loan Trust 2017-3, Credit Acceptance Auto Loan Trust 2017-2, Credit Acceptance Auto Loan Trust 2017-1, Credit Acceptance Auto Loan Trust 2016-3, Credit Acceptance Auto Loan Trust 2016-2, Wells Fargo Bank, National Association, as agent, Fifth Third Bank, as agent, Bank of Montreal, as agent, Flagstar Bank, FSB, as agent, Citizens Bank, N.A., as agent and Comerica Bank, as agent (incorporated by reference to Exhibit 4.109 to the Company's Current Report on Form 8-K filed July 29, 2019).
4.110	First Amendment to Amended and Restated Loan and Security Agreement dated as of July 26, 2019 among the Company, CAC Warehouse Funding LLC IV, Bank of Montreal, Citizens Bank, N.A., BMO Capital Markets Corp., and Wells Fargo Bank, National Association (incorporated by reference to Exhibit 4.110 to the Company's Current Report on Form 8-K filed July 29, 2019).
4.111	Amended and Restated Backup Servicing Agreement, dated as of July 26, 2019, among the Company, CAC Warehouse Funding LLC IV, Bank of Montreal, BMO Capital Markets Corp., and Wells Fargo Bank, National Association (incorporated by reference to Exhibit 4.111 to the Company's Current Report on Form 8-K filed July 29, 2019).
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(SCH)	Inline XBRL Taxonomy Extension Schema Document.
101(CAL)	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101(DEF)	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101(LAB)	Inline XBRL Taxonomy Extension Label Linkbase Document.
101(PRE)	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File.

SIGNATURES

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:	July 30, 2019

FOURTH AMENDMENT TO LOAN AND SECURITY AGREEMENT

This FOURTH AMENDMENT TO LOAN AND SECURITY AGREEMENT, dated as of July 16, 2019 (this “Amendment”), is entered into by and among CAC Warehouse Funding LLC V, a Delaware limited liability company (the “Borrower”), Credit Acceptance Corporation, a Michigan corporation (“Credit Acceptance”, the “Originator”, the “Servicer” or the “Custodian”) and Fifth Third Bank, an Ohio banking corporation, as the lender (the “Lender”), as the deal agent (the “Deal Agent”) and as the collateral agent (the “Collateral Agent”). Reference is hereby made to the Loan and Security Agreement, dated as of September 15, 2014 (the “Original Loan and Security Agreement”), as amended by the First Amendment to Loan and Security Agreement, dated as of June 11, 2015 (“Amendment No. 1”), the Second Amendment to Loan and Security Agreement, dated as of August 18, 2016 (“Amendment No. 2”), and by the Third Amendment to Loan and Security Agreement, dated as of August 15, 2018 (“Amendment No. 3” and, together with the Original Loan and Security Agreement, Amendment No. 1 and Amendment No. 2, the “Agreement”), each among the Borrower, Credit Acceptance, the Lender, the Deal Agent, the Collateral Agent and Systems & Services Technologies, Inc., a Delaware corporation, as the backup servicer (the “Backup Servicer”). Capitalized terms used and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

WITNESSETH:

WHEREAS, the Borrower, Credit Acceptance, the Lender, the Deal Agent, the Collateral Agent and the Backup Servicer have previously entered into and are currently party to the Agreement; and

WHEREAS, the Borrower, Credit Acceptance, the Lender, the Deal Agent and the Collateral Agent wish to amend the Agreement pursuant to Section 14.1 thereof in certain respects as provided herein;

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, agree as follows:

SECTION 1. Amendments. Subject to the conditions to effectiveness set forth in Section 2 below, the Agreement is hereby amended in accordance with Exhibit A hereto: (a) by deleting each term thereof which is lined-out and (b) by inserting each term thereof which is double-underlined, in each case in the place where such term appears therein. As of January 1, 2020, provided Credit Acceptance has adopted the CECL Methodology, and subject to the conditions to effectiveness set forth in Section 2 below, the Agreement is amended in accordance with Exhibit B hereto: (a) by deleting each term thereof which is lined-out and (b) by inserting each term thereof which is double-underlined, in each case in the place where such term appears therein.

SECTION 2. Conditions to Effectiveness of Amendment. This Amendment shall become effective on and as of the date hereof, upon the receipt by the Deal Agent of an executed counterpart of this Amendment from each party hereto.

SECTION 3. Representations of the Borrower and Credit Acceptance. Each of the Borrower and Credit Acceptance hereby represents and warrants to the other parties hereto that as of the date hereof each of the representations and warranties contained in Article IV of the Agreement and in any other Transaction Document to which it is a party are true and correct as of the date hereof and after giving effect to this Amendment (except to the extent that such representations and warranties relate solely to an earlier date, and then that they are true and correct as of such earlier date) and that no Termination Event has occurred and is continuing as of the date hereof and after giving effect to this Amendment.

SECTION 4. Agreement in Full Force and Effect. Except as expressly set forth herein, all terms and conditions of the Agreement shall remain in full force and effect. Reference to this specific Amendment need not be made in the Agreement, the Note or any other instrument or document executed in connection therewith, or in any certificate, letter or communication issued or made pursuant to or with respect to the Agreement, any reference in any of such items to the Agreement being sufficient to refer to the Agreement as amended hereby.

SECTION 5. Execution in Counterparts. This Amendment may be executed by the parties hereto in several counterparts, each of which so executed shall be deemed an original and all of which shall constitute together but one and the same agreement. Delivery of an executed counterpart of a signature page of this Amendment by telecopy or other electronic means shall be effective as delivery of a manually executed counterpart of this Amendment.

SECTION 6. Governing Law; Consent to Jurisdiction; Waiver of Objection to Venue. THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK. EACH OF THE PARTIES HERETO HEREBY AGREES TO THE NON-EXCLUSIVE JURISDICTION OF ANY FEDERAL COURT LOCATED WITHIN THE STATE OF NEW YORK. EACH OF THE PARTIES HERETO WAIVES ANY

OBJECTION BASED ON FORUM NON CONVENIENS AND ANY OBJECTION TO VENUE OF ANY ACTION INSTITUTED HEREUNDER IN ANY OF THE AFOREMENTIONED COURTS AND CONSENTS TO THE GRANTING OF SUCH LEGAL OR EQUITABLE RELIEF AS IS DEEMED APPROPRIATE BY SUCH COURT.

SECTION 7. Waiver of Jury Trial. TO THE EXTENT PERMITTED BY APPLICABLE LAW, EACH OF THE PARTIES HERETO HEREBY WAIVES ANY RIGHT TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE, WHETHER SOUNDING IN CONTRACT, TORT, OR OTHERWISE BETWEEN THE PARTIES HERETO ARISING OUT OF, CONNECTED WITH, RELATED TO, OR INCIDENTAL TO THE RELATIONSHIP BETWEEN ANY OF THEM IN CONNECTION WITH THIS AMENDMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY. INSTEAD, ANY SUCH DISPUTE RESOLVED IN COURT WILL BE RESOLVED IN A BENCH TRIAL WITHOUT A JURY.

[SIGNATURE PAGES TO FOLLOW]

IN WITNESS WHEREOF, the parties hereto have caused this Fourth Amendment to Loan and Security Agreement to be executed and delivered by their duly authorized officers as of the date hereof.

CAC WAREHOUSE FUNDING LLC V

By: /s/ Douglas W. Busk
Name: Douglas W. Busk
Title: Senior Vice President and Treasurer

CREDIT ACCEPTANCE CORPORATION

By: /s/ Douglas W. Busk
Name: Douglas W. Busk
Title: Senior Vice President and Treasurer

FIFTH THIRD BANK
as Lender, Deal Agent and Collateral Agent

By: /s/ Steven Maysonet
Name: Steve Maysonet
Title: Director

U.S. \$100,000,000

LOAN AND SECURITY AGREEMENT

Dated as of September 15, 2014

Among

CAC WAREHOUSE FUNDING LLC V

as the Borrower

CREDIT ACCEPTANCE CORPORATION

as the Servicer and Custodian

FIFTH THIRD BANK

as the Lender, the Deal Agent and the Collateral Agent

and

SYSTEMS & SERVICES TECHNOLOGIES, INC.

as the Backup Servicer

ARTICLE I DEFINITIONS		1
Section 1.1.	Certain Defined Terms.	1
Section 1.2.	Other Terms	29
Section 1.3.	Computation of Time Periods	29
Section 1.4.	Interpretation	29
ARTICLE II THE LOAN FACILITY		29
Section 2.1.	Funding of the Advance.	29
Section 2.2.	Grant of Security Interest; Acceptance by Collateral Agent.	30
Section 2.3.	Procedures for Funding of Advances.	32
Section 2.4.	Determination of Interest and Other Amounts	33
Section 2.5.	Reduction of the Facility Limit; Repurchase	33
Section 2.6.	[Reserved.]	33
Section 2.7.	Settlement Procedures.	33
Section 2.8.	Take-Out.	35
Section 2.9.	Collections and Allocations.	37
Section 2.10.	Payments, Computations, Etc.	38
Section 2.11.	[Reserved.]	39
Section 2.12.	Fees.	39
Section 2.13.	Increased Costs; Capital Adequacy; Illegality.	39
Section 2.14.	Taxes.	41
Section 2.15.	Assignment of the Contribution Agreement	42
Section 2.16.	Servicer Clean-up Call.	42
ARTICLE III CONDITIONS TO THE CLOSING AND EACH FUNDING		43
Section 3.1.	Conditions to the Closing and the Initial Funding	43
Section 3.2.	Conditions Precedent To All Fundings	43
ARTICLE IV REPRESENTATIONS AND WARRANTIES		45
Section 4.1.	Representations and Warranties of the Borrower	45
Section 4.2.	Representations and Warranties of the Borrower Relating to the Loans and the Related Contracts.	50
Section 4.3.	Representations and Warranties of the Servicer	51
Section 4.4.	Representations and Warranties of the Backup Servicer	53
Section 4.5.	Breach of Representations and Warranties.	53
ARTICLE V GENERAL COVENANTS		55
Section 5.1.	Affirmative Covenants of the Borrower	55
Section 5.2.	Negative Covenants of the Borrower	61
Section 5.3.	Covenant of the Borrower Relating to the Hedging Agreement	65
Section 5.4.	Affirmative Covenants of the Servicer	66
Section 5.5.	Negative Covenants of the Servicer	68
Section 5.6.	Negative Covenants of the Backup Servicer	70
ARTICLE VI ADMINISTRATION AND SERVICING OF CONTRACTS		70
Section 6.1.	Servicing.	70
Section 6.2.	Duties of the Servicer and Custodian.	71
Section 6.3.	Rights After Designation of Successor Servicer	75
Section 6.4.	Responsibilities of the Borrower	75

TABLE OF CONTENTS
(continued)

Page

Section 6.5.	Reports.	76
Section 6.6.	Additional Representations and Warranties of Credit Acceptance as Servicer	77
Section 6.7.	Establishment of the Accounts.	77
Section 6.8.	Payment of Certain Expenses by Servicer	78
Section 6.9.	Annual Independent Public Accountant’s Servicing Reports	79
Section 6.10.	The Servicer Not to Resign	79
Section 6.11.	Servicer Termination Events	79
Section 6.12.	Appointment of Successor Servicer.	81
Section 6.13.	Responsibilities of the Borrower	82
Section 6.14.	Segregated Payment Account	82
Section 6.15	Dealer Collections Repurchase; Replacement of Dealer Loan with Related Purchased Loans	82
ARTICLE VII BACKUP SERVICER		83
Section 7.1.	Designation of the Backup Servicer	83
Section 7.2.	Duties of the Backup Servicer	83
Section 7.3.	Backup Servicing Compensation	83
ARTICLE VIII [Reserved]		83
ARTICLE IX SECURITY INTEREST		83
Section 9.1.	Security Agreement.	84
Section 9.2.	Release of Lien	84
Section 9.3.	Further Assurances	84
Section 9.4.	Remedies	84
Section 9.5.	Waiver of Certain Laws	84
Section 9.6.	Power of Attorney	85
ARTICLE X TERMINATION EVENTS		85
Section 10.1.	Termination Events	85
Section 10.2.	Remedies.	87
ARTICLE XI INDEMNIFICATION		87
Section 11.1.	Indemnities by the Borrower.	88
Section 11.2.	Indemnities by the Servicer.	89
Section 11.3.	After-Tax Basis	90
ARTICLE XII THE DEAL AGENT		90
Section 12.1.	Authorization and Action.	90
Section 12.2.	Delegation of Duties.	91
Section 12.3.	Exculpatory Provisions.	91
Section 12.4.	Reliance.	92
Section 12.5.	Non-Reliance on Deal Agent, Collateral Agent and The Lender	93
Section 12.6.	[Reserved].	93
Section 12.7.	Deal Agent and Collateral Agent in their Individual Capacities	93
Section 12.8.	Successor Deal Agent or Collateral Agent.	94
ARTICLE XIII ASSIGNMENTS; PARTICIPATIONS		94
Section 13.1.	Assignments and Participations.	94
ARTICLE XIV MISCELLANEOUS		97

TABLE OF CONTENTS
(continued)

Page

Section 14.1.	Amendments and Waivers.	97
Section 14.2.	Notices, Etc.	98
Section 14.3.	Ratable Payments	98
Section 14.4.	No Waiver; Remedies	98
Section 14.5.	Binding Effect; Benefit of Agreement.	98
Section 14.6.	Term of this Agreement	98
Section 14.7.	Governing Law; Consent to Jurisdiction; Waiver of Objection to Venue	99
Section 14.8.	Waiver of Jury Trial	99
Section 14.9.	Costs, Expenses and Taxes.	99
Section 14.10.	No Petition.	100
Section 14.11.	Recourse Against Certain Parties.	100
Section 14.12.	Protection of Right, Title and Interest in Collateral; Further Action Evidencing the Funding.	101
Section 14.13.	Confidentiality; Tax Treatment Disclosure.	102
Section 14.14.	Execution in Counterparts; Severability; Integration	103
Section 14.16.	USA Patriot Act	103

EXHIBITS

EXHIBIT A	Form of Funding Notice
EXHIBIT B	Form of Assignment and Acceptance
EXHIBIT C	Form of Monthly Report
EXHIBIT D	Form of Take-Out Release
EXHIBIT E	Form of Hedging Agreement (including Schedule and Confirmation)
EXHIBIT F	Form of Officer’s Certificate
EXHIBIT G	Form of Release
EXHIBIT H	Form of Contribution Agreement
EXHIBIT I	Form of Variable Funding Note
EXHIBIT J	Form of Dealer Agreement
EXHIBIT K	Forms of Contracts
EXHIBIT L	Form of Backup Servicing Agreement
EXHIBIT M	Form of Purchase Agreement

SCHEDULES

SCHEDULE I	[Reserved]
SCHEDULE II	[Reserved]
SCHEDULE III	Tradenames, Fictitious Names and “Doing Business As” Names
SCHEDULE IV	Location of Records and Contract Files
SCHEDULE V	List of Loans, Contracts, Dealer Agreements and Pools
SCHEDULE VI	[Reserved]
SCHEDULE VII	Forecasted Collections
SCHEDULE VIII	Commitment Amount of the Lender
SCHEDULE IX	Condition Precedent Documents Relating to the Closing

THIS LOAN AND SECURITY AGREEMENT (the "Agreement") is made as of September 15, 2014, among:

- (1) CAC WAREHOUSE FUNDING LLC V, a Delaware limited liability company (the "Borrower");
- (2) CREDIT ACCEPTANCE CORPORATION, a Michigan corporation ("Credit Acceptance", the "Originator", the "Servicer" or the "Custodian");
- (3) FIFTH THIRD BANK, an Ohio banking corporation ("Fifth Third"), as the lender (the "Lender"), as deal agent ("Deal Agent") and as collateral agent (the "Collateral Agent"); and
- (4) SYSTEMS & SERVICES TECHNOLOGIES, INC., a Delaware corporation (the "Backup Servicer").

IT IS AGREED as follows:

ARTICLE I
DEFINITIONS

Section 1.1. Certain Defined Terms.

- (a) Certain capitalized terms used throughout this Agreement are defined above or in this Section 1.1.

(b) As used in this Agreement and its schedules, exhibits and other attachments, unless the context requires a different meaning, the following terms shall have the following meanings:

Accrual Period: For any Payment Date, the calendar month immediately preceding such Payment Date.

Addition Date: (a) With respect to any Dealer Loan, the date on which such Dealer Loan is contributed or otherwise transferred by Credit Acceptance to the Borrower pursuant to the Contribution Agreement and (b) with respect to any Purchased Loan, the date on which such Purchased Loan is contributed or otherwise transferred by Credit Acceptance to the Borrower pursuant to the Contribution Agreement.

Additional Amount: Defined in Section 2.14(a).

Additional Loans: All Loans that become part of the Collateral after the Initial Funding.

Additional Principal Payment Amount: With respect to any Payment Date during the Amortization Period, the lesser of: (i) Capital as of the immediately preceding Payment Date (after giving effect to all payments in reduction of principal on such Payment Date); and (ii) Collections remaining after distribution of amounts described in Section 2.7 (a)(i) through (v).

Adjusted LIBOR Rate: For any Accrual Period, an interest rate per annum equal to a fraction, expressed as a percentage and rounded upwards (if necessary), to the nearest 1/100 of 1%, (i) the numerator of which is equal to the LIBOR Rate for such Accrual Period and (ii) the denominator of which is equal to 100% minus the Eurodollar Reserve Percentage for such Accrual Period.

Advance: As defined in Section 2.1.

Affected Party: Each of the Lender, any assignee or participant of the Lender, Fifth Third, any successor to Fifth Third as Deal Agent and any sub-agent of the Deal Agent.

Affiliate: With respect to a Person, means any other Person that, directly or indirectly, controls, is controlled by or under common control with such Person, or is a director or officer of such Person. For purposes of this definition, “control” (including the terms “controlling,” “controlled by” and “under common control with”) when used with respect to any specified Person means the possession, direct or indirect, of the power to vote 5% or more of the voting securities of such Person or to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

Agent’s Account: An account at Fifth Third in the name of the Deal Agent or at such other account as may be designated by the Deal Agent from time to time.

Aggregate Outstanding Eligible Loan Balance: On any date of determination, the sum of the Outstanding Balances of all Eligible Loans on such day.

Aggregate Outstanding Eligible Loan Net Balance: On any date of determination the Aggregate Outstanding Eligible Loan Balance less the related Loan Loss Reserves at the end of the most recent Collection Period.

Aggregate Unpaid: At any time, an amount, equal to the sum of all accrued and unpaid Capital, Interest, Breakage Costs, Hedge Breakage Costs, fees, indemnities and all other amounts owed by the Borrower hereunder, under any Hedging Agreement (including, without limitation, payments in respect of the termination of any such Hedging Agreement) or under any other Transaction Document or by the Borrower or any other Person under any fee letter (including, without limitation, the Fee Letter) delivered in connection with the transactions contemplated by this Agreement (whether due or accrued) and any unpaid fees due to the Backup Servicer, both before and after the Assumption Date.

Amortization Event: The occurrence of any of the following events: (i) on any Payment Date, the Weighted Average Spread Rate is less than ~~+6.5~~25.0%; (ii) a Reserve Advance is made, except if on the date of such Reserve Advance, the Capital is zero; (iii) Collections are less than 85.0% of Forecasted Collections for any two (2) consecutive Collection Periods; or (iv) the Commitment Termination Date.

Amortization Period: The period beginning on the earlier of (i) the occurrence of an Amortization Event, and (ii) the occurrence or declaration of the Termination Date, and ending on the Collection Date.

Applicable Law: For any Person, all existing and future applicable laws, rules, regulations (including proposed, temporary and final income tax regulations), statutes, treaties, codes, ordinances, permits, certificates, orders and licenses of and interpretations by any Governmental Authority (including, without limitation, usury laws, the Federal Truth in Lending Act, and Regulation Z and Regulation B of the Board of Governors of the Federal Reserve System), and applicable judgments, decrees, injunctions, writs, orders, or action of any Court, arbitrator or other administrative, judicial, or quasi-judicial tribunal or agency of competent jurisdiction.

Assignment and Acceptance: An assignment and acceptance entered into by the Lender and an Eligible Assignee, and accepted by the Deal Agent, in substantially the form of Exhibit B hereto.

Assumption Date: Defined in the Backup Servicing Agreement.

Authoritative Electronic Copy: With respect to any Contract stored in an electronic medium, the single electronic “authoritative copy” (within the meaning of Section 9-105 of the UCC) of such Contract (i) that constitutes the single authoritative copy of the record or records comprising the related chattel paper which is unique, identifiable and, except as otherwise provided in clauses (iv), (v) and (vi) below, unalterable, (ii) that identifies Credit Acceptance as the sole assignee thereof, (iii) that is communicated to and maintained by Credit Acceptance, (iv) copies or revisions to which that add or change an identified assignee thereof can only be made with the participation of Credit Acceptance, (v) for which any copy thereof is readily identifiable as a copy that is not the authoritative copy and (vi) for which any revision of the authoritative copy is readily identifiable as an authorized or unauthorized revision.

Available Funds: With respect to any Payment Date: (i) all amounts deposited in the Collection Account during the Collection Period (other than Dealer Collections and Repossession Expenses) that ended on the last day of the calendar month immediately preceding the calendar month in which such Payment Date occurs and investment earnings thereon; (ii) all Reserve Advances (which shall be applied in accordance with Section 2.7(c) hereof); (iii) all amounts paid by the Borrower pursuant to Section 4.5 hereof during or with respect to the prior Collection Period in respect of Ineligible Loans; (iv) amounts paid by the Borrower pursuant to Section 2.16 hereof; (v) all amounts paid under any Dealer Agreement; and (vi) any other funds on deposit in the Collection Account on such date (other than Dealer Collections and Repossession Expenses).

Backup Servicer: SST.

Backup Servicing Agreement: The Backup Servicing Agreement dated as of the Closing Date, among the Borrower, the Servicer, the Backup Servicer, the Collateral Agent and the Deal Agent substantially in the form attached hereto as Exhibit L, as the same may be amended, restated, supplemented or otherwise modified from time to time.

Backup Servicing Fee: The fee payable by the Borrower to the Backup Servicer pursuant to the Backup Servicing Agreement and Section 7.3 hereof.

Bankruptcy Code: The United States Bankruptcy Reform Act of 1978 (11 U.S.C. § 101, et seq.), as amended from time to time.

Base Rate: On any date, a fluctuating interest rate per annum equal to the higher of (a) the Prime Rate or (b) the Federal Funds Rate plus 2.0%.

Benefit Plan: Any employee benefit plan as defined in Section 3(3) of ERISA in respect of which the Borrower or any ERISA Affiliate of the Borrower is, or at any time during the immediately preceding six years was, an “employer” as defined in Section 3(5) of ERISA.

Borrower: CAC Warehouse Funding LLC V, a Delaware limited liability company.

Borrowing Base: On any date of determination, (a) the product of (i) the Aggregate Outstanding Eligible Loan Net Balance and (ii) the Net Advance Rate, *minus* (b) the Overconcentration Loan Amount.

Breakage Costs: Any amount or amounts as shall compensate the Lender for any loss, cost or expense incurred by the Lender (as determined by the Lender in the Lender’s sole discretion) as a result of a prepayment by the Borrower of Capital or Interest, the failure by the Borrower to draw or accept any requested funds on any applicable borrowing date, or the failure of any Payment Date with respect to any loan or advance hereunder to occur on the maturity date of the applicable source of funds, the proceeds of which were used to fund or maintain such loan or advance (or portion thereof).

Business Day: Any day other than a Saturday or a Sunday on which (a) banks are not required or authorized to be closed in New York City, New York, Delaware, Cincinnati, Ohio, Detroit, Michigan, or if the Backup Servicer becomes the Servicer, Missouri, and (b) if the term “Business Day” is used in connection with the determination of the LIBOR Rate, dealings in United States dollar deposits are carried on in the London interbank market.

Capital: The amounts advanced to the Borrower by the Lender pursuant to Section 2.1(a) and Section 2.3, reduced from time to time by Collections distributed on account of such Capital pursuant to Section 2.7 or as a result of a Take-Out pursuant to Section 2.8; provided, however, if such Capital shall have been reduced by any distribution and thereafter all or a portion of such distribution is rescinded or must otherwise be returned for any reason, such Capital shall be increased by the amount of such rescinded or returned distribution, as though it had not been made.

Capped Servicing Fee: With respect to any Collection Period when the Backup Servicer has become the Servicer, the greater of (x) an amount equal to the product of (i) 10.00% and (ii) Collections received during such Collection Period (exclusive of amounts received under any Hedging Agreement) and (y) \$5,000.

Carrying Costs: With respect to any Payment Date, the sum of amounts payable under Section 2.7(a)(iv)(A)-(C).

CECL Methodology: [The current expected credit losses methodology for credit losses accounting under GAAP established under ASU 2016-13.](#)

Certificate of Title: With regard to each Financed Vehicle (i) the original certificate of title relating thereto, or copies of correspondence and application made in accordance with applicable law to the appropriate state title registration agency, and all enclosures thereto, for issuance of its original certificate of title or (ii) if the appropriate state title registration agency issues a letter or other form of evidence of Lien (whether in paper or electronic) in lieu of a certificate of title, the original lien entry letter or form or copies of correspondence and application made in accordance with applicable law to such state title registration agency, and all enclosures thereto, for issuance of the original lien entry letter or form.

Change-in-Control: Any of the following:

- (a) the creation or imposition of any Lien on any shares of membership interest of the Borrower;
- (b) the failure by Originator to own all of the issued and outstanding membership interest of the Borrower.

Closed Pool: With respect to any Dealer Loan, a Pool as to which, pursuant to the terms of the related Dealer Agreement, no additional Dealer Loan Contracts may be allocated.

Closing Date: September 15, 2014.

Code: The United States Internal Revenue Code of 1986, as amended from time to time.

Collateral: Defined in Section 2.2(a).

Collateral Agent: Fifth Third and its successors and permitted assigns.

Collection Account: Defined in Section 6.7(a).

Collection Date: The date following the Termination Date on which the Aggregate Unpaid have been reduced to zero and indefeasibly paid in full.

Collection Guidelines: With respect to Credit Acceptance, the policies of the Servicer, relating to the collection of amounts due on contracts for the sale of automobiles and/or light-duty trucks, as in effect on the Cut-Off Date and as amended from time to time in accordance herewith and with the other Transaction Documents, and with respect to the Backup Servicer, as Successor Servicer, the servicing policies set forth in the Backup Servicing Agreement.

Collection Period: Each calendar month, except in the case of the first Collection Period, the period beginning on the Cut-Off Date to and including the last day of the calendar month in which the Funding Date occurs.

Collections: All payments (including recoveries, credit-related insurance proceeds and proceeds of Related Security and so long as Credit Acceptance is the Servicer, excluding certain recovery and repossession expenses, in accordance with the terms of the Dealer Agreements) received by the Servicer, Credit Acceptance, the Borrower or any Successor Servicer on or after

the Cut-Off Date in respect of the Loans in the form of cash, checks, wire transfers or other form of payment in accordance with the Loans and the Dealer Agreements and all net amounts received under any Hedging Agreement.

Commitment: The commitment of the Lender to make Advances to the Borrower in an amount not to exceed the amount set forth on Schedule VIII to this Agreement.

Commitment Termination Date: August 17, 2021, or such later date to which the Commitment Termination Date may be extended if agreed in writing among the Borrower, the Deal Agent and the Lender.

Contract: Any Dealer Loan Contract or Purchased Loan Contract.

Contract Files: With respect to each Contract, the fully executed original counterpart of such Contract or, in the case of any Contract constituting electronic chattel paper, the Authoritative Electronic Copy of the Contract (in each case, for UCC purposes), either a copy of the application to the appropriate state authorities for a Certificate of Title with respect to the related financed vehicle or a standard assurance in the form commonly used in the industry relating to the provision of a Certificate of Title or other evidence of lien, all original or electronic instruments modifying the terms and conditions of such Contract and the original or electronic endorsements or assignments of such Contract.

Contractual Obligation: With respect to any Person, means any provision of any securities issued by such Person or any indenture, mortgage, deed of trust, contract, undertaking, agreement, instrument or other document to which such Person is a party or by which it or any of its property is bound or is subject.

Contribution Agreement: The Contribution Agreement, dated as of the Closing Date, substantially in the form of Exhibit H hereto, between Credit Acceptance and the Borrower, as the same may be amended, restated, supplemented or otherwise modified from time to time.

Credit Acceptance: Credit Acceptance Corporation, a Michigan corporation, and its successors and permitted assigns.

Credit Acceptance Payment Account: The clearinghouse account number xxxxxx5068 maintained by Credit Acceptance at Comerica Bank, or if the Backup Servicer has become the Successor Servicer or a Successor Servicer has been appointed hereunder, such other account specified by the Deal Agent, where payments received in respect of all loans and contracts are deposited or paid.

Credit Agreement: That certain Sixth Amended and Restated Credit Acceptance Corporation Credit Agreement, dated as of June 23, 2014, with Comerica Bank, as administrative agent and collateral agent, Credit Acceptance, as borrower, and the banks signatory ~~thereto~~, as amended, supplemented or otherwise modified from time to time; ~~provided, however, to the extent the Credit Agreement is amended, supplemented, otherwise modified or terminated after the Effective Date, references to the Credit Agreement shall refer to the Credit Agreement on the Effective Date unless~~

~~otherwise consented to by the Deal Agent, which consent shall not be unreasonably withheld, delayed or conditioned.~~

Credit Guidelines: The policies of Credit Acceptance, relating to the extension of credit to automobile and light-duty truck dealers and consumers in respect of retail installment contracts for the sale of automobiles and/or light-duty trucks, including, without limitation, the policies for determining the creditworthiness of such dealers and consumers and, relating to this extension of credit to such dealers and consumers, the maintenance of installment sale contracts, as in effect on the Cut-Off Date and as amended from time to time in accordance herewith and with the other Transaction Documents.

Custodian: Credit Acceptance, or any person appointed as Custodian pursuant to Section 6.2(d).

Cut-Off Date: With respect to the Loans and related collateral purchased by the Borrower on each Payment Date during the Revolving Period, the close of business on the last day of the immediately preceding Collection Period.

Date of Processing: With respect to any transaction relating to a Loan or a Contract, the date on which such transaction is first recorded on the Servicer's master servicing file (without regard to the effective date of such recordation).

Deal Agent: Defined in the preamble of the Agreement.

Dealer: Any new or used automobile and/or light-duty truck dealer who has entered into a Dealer Agreement or a Purchase Agreement with Credit Acceptance.

Dealer Agreement: Each agreement between Credit Acceptance and any Dealer, in substantially the form attached hereto as Exhibit J.

Dealer Collections: Defined in Section 2.9(d).

Dealer Collections Purchase: Defined in Section 6.15(a).

Dealer Collections Purchase Agreement: Defined in Section 6.15(a).

Dealer Collections Purchase Price: Defined in Section 6.15(b).

Dealer Concentration Limit: With respect to any Dealer, an amount equal to, in the case of Dealer Loans made to such Dealer, 4.0% of the aggregate Net Loan Balance of all Dealer Loans included in the Collateral, as of the end of the immediately preceding Collection Period .

Dealer Loan: All amounts advanced by Credit Acceptance under a Dealer Agreement and payable from Collections, including servicing charges, insurance charges and service policies and all related finance charges, late charges, and all other fees and charges; provided, however, that the term "Dealer Loan" shall, for the purposes of this Agreement, include only those Dealer Loans

identified from time to time on Schedule V hereto, as amended from time to time in accordance herewith, and/or any Funding Notice.

Dealer Loan Contract: Each retail installment sales contract, in substantially one of the forms attached hereto as Exhibit K, relating to the sale of a used automobile or light-duty truck originated by a Dealer and in which Credit Acceptance shall have been granted a security interest and shall have acquired certain other rights under a related Dealer Agreement to secure the related dealer's obligation to repay one or more related Dealer Loans.

Defaulted Contract: A Contract shall be deemed a Defaulted Contract no later than the earlier of (i) the day it becomes 90 days delinquent, based on the date the last payment thereon was received by the Servicer and (ii) the day on which an auction check is posted to the relevant account.

Derivatives: Any exchange-traded or over-the-counter (i) forward, future, option, swap, cap, collar, floor or foreign exchange contract or any combination thereof, whether for physical delivery or cash settlement, relating to any interest rate, interest rate index, currency, currency exchange rate, currency exchange rate index, debt instrument, debt price, debt index, depository instrument, depository price, depository index, equity instrument, equity price, equity index, commodity, commodity price or commodity index, (ii) any similar transaction, contract, instrument, undertaking or security, or (iii) any transaction, contract, instrument, undertaking or security containing any of the foregoing.

Determination Date: The fourth (4th) Business Day prior to the related Payment Date.

Effective Date: The date this Loan and Security Agreement becomes effective, which shall be the Closing Date.

Eligible Assignee: (a) an Affiliate of the Lender; (b) any Person (other than a natural person) that is engaged in the business of making, purchasing, holding or otherwise investing in commercial revolving loans in the ordinary course of its business, provided that such Person is administered or managed by the Lender, an Affiliate of the Lender or an entity or Affiliate of an entity that administers or manages the Lender; or (c) any other Person (other than a natural person) approved by the (i) Deal Agent and (ii) unless a Termination Event has occurred and is continuing or such assignment is to any Federal Reserve Bank, the Borrower (each such approval not to be unreasonably withheld, delayed or conditioned); provided that notwithstanding the foregoing, "Eligible Assignee" shall not include the Borrower, or any of the Borrower's Affiliates or Subsidiaries.

Eligible Contract: Each Eligible Dealer Loan Contract and each Eligible Purchased Loan Contract.

Eligible Dealer Agreement: Each Dealer Agreement:

(a) which was originated by the Originator in material compliance with all applicable requirements of law and which complies in all material respects with all applicable requirements of law;

(b) with respect to which all material consents, licenses, approvals or authorizations of, or registrations or declarations with, any Governmental Authority required to be obtained, effected or given by the Borrower, Credit Acceptance or by the Servicer in connection with the origination of such Dealer Agreement or the execution, delivery and performance by the Borrower, Credit Acceptance or by the Servicer of such Dealer Agreement have been duly obtained, effected or given and are in full force and effect;

(c) (i) as to which at the time of the transfer of rights thereunder to the Collateral Agent and the Secured Parties, the Borrower will have good and marketable title thereto, free and clear of all Liens, and (ii) which does not contain any terms which would (or purport to) limit or restrict any of the transfers or assignments contemplated by the Transaction Documents (including, without limitation, transfer by the Originator to the Borrower and the collateral assignment by the Borrower to the Collateral Agent);

(d) the Borrower's rights under which have been the subject of a valid grant by the Borrower of a first priority perfected security interest in such rights and in the proceeds thereof in favor of the Collateral Agent;

(e) which will at all times be the legal, valid and binding obligation of the Dealer party thereto (it being understood that recourse for such payment obligation shall be limited to the extent set forth in the Dealer Agreement), enforceable against such Dealer in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws, now or hereafter in effect, affecting the enforcement of creditors' rights in general and except as such enforceability may be limited by general principles of equity (whether considered in a suit at law or in equity);

(f) which constitutes either a "general intangible" or "tangible chattel paper" under and as defined in Article 9 of the UCC;

(g) which, at the time of the pledge of the rights to payment thereunder to the Collateral Agent and the Secured Parties, no right to payment thereunder has been waived or modified;

(h) which is not subject to any right of rescission, setoff, counterclaim or other defense (including the defense of usury), other than defenses arising out of applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights in general;

(i) as to which Credit Acceptance and the Borrower have satisfied in all material respects all obligations to be fulfilled at the time the rights to payment thereunder are pledged to the Collateral Agent and the Secured Parties;

(j) as to which the related Dealer has not asserted that such agreement is void or unenforceable in any legal proceedings not being contested in good faith;

(k) as to which the related Dealer is not known to be bankrupt or insolvent;

- (l) as to which the related Dealer is not an Affiliate of or an executive of Credit Acceptance or an Affiliate of Credit Acceptance;
- (m) as to which the related Dealer is located in the United States; and
- (n) as to which none of Credit Acceptance, the Servicer or the Borrower has done anything, at the time of its pledge to the Collateral Agent and the other Secured Parties, to impair the rights of the Collateral Agent and the other Secured Parties therein.

Eligible Dealer Loan Contract: Each Dealer Loan Contract which at the time of its pledge by the applicable Dealer to the Originator, satisfied the requirements for “Qualifying Receivable” set forth in the related Dealer Agreement.

Eligible Dealer Loans: Each Dealer Loan, at the time of its transfer to the Borrower under the Contribution Agreement (or such other times as specifically provided for below):

- (a) which has arisen under a Dealer Agreement that, on the day the Dealer Loan was created, qualified as an Eligible Dealer Agreement;
- (b) which was created in material compliance with all applicable requirements of law and pursuant to an Eligible Dealer Agreement which complies in all material respects with all applicable requirements of law;
- (c) with respect to which all material consents, licenses, approvals or authorizations of, or registrations or declarations with, any Governmental Authority required to be obtained, effected or given by the Borrower or Originator, in connection with the creation of such Dealer Loan or the execution, delivery and performance by the Borrower or Originator, of the related Eligible Dealer Agreement have been duly obtained, effected or given and are in full force and effect;
- (d) as to which at the time of the pledge of such Dealer Loan to the Collateral Agent and the Secured Parties, the Borrower will have good and marketable title thereto, free and clear of all Liens;
- (e) as to which a valid first priority perfected ownership interest in such Dealer Loan, related security and in the Proceeds thereof has been sold or contributed by the Originator to the Borrower and a valid first priority perfected security interest in such Dealer Loan has been granted by the Borrower in favor of the Collateral Agent;
- (f) which will at all times be the legal, valid and binding payment obligation of the related Dealer thereof (it being understood that recourse for such payment obligation shall be limited to the extent set forth in the Dealer Agreement), enforceable against such Dealer in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws, now or hereafter in effect, affecting the enforcement of creditors’ rights in general and except as such enforceability may be limited by general principles of equity (whether considered in a suit at law or in equity);

- (g) which constitutes a “general intangible” under and as defined in Article 9 of the UCC as in effect in the relevant State;
- (h) which is denominated and payable in United States dollars;
- (i) which, at the time of its pledge to the Collateral Agent and the Secured Parties, has not been waived or modified;
- (j) which is not subject to any right of rescission (subject to the rights of the related Dealer to repay the outstanding balance of the Dealer Loan and terminate the related Dealer Agreement), setoff, counterclaim or other defense (including the defense of usury), other than defenses arising out of applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors’ rights in general;
- (k) as to which Credit Acceptance and the Borrower have satisfied all material obligations to be fulfilled at the time it is pledged to the Collateral Agent and the Secured Parties;
- (l) as to which the related Dealer has not asserted that the related Dealer Agreement is void or unenforceable in any legal proceeding not being contested in good faith;
- (m) as to which the related Dealer is not known to be bankrupt or insolvent;
- (n) as to which none of Credit Acceptance, the Servicer or the Borrower has done anything, other than actions permitted under the Collection Guidelines, to impair the rights of the Collateral Agent and the other Secured Parties;
- (o) the proceeds of which were used to finance the purchases of new or used automobiles and/or light-duty trucks and related products;
- (p) if any Dealer Loan Contract securing such Dealer Loan is an electronic contract, such electronic contract constitutes “electronic chattel paper” and there is only a single “authoritative copy” (as such terms are used in Section 9-105 of the UCC) of such electronic contract and such “authoritative copy” constitutes an Authoritative Electronic Copy; and
- (q) as to which, on the day the Dealer Loan was created, the related Dealer was not listed on the OFAC SDN List.

Eligible Hedge Transaction: Each Hedge Transaction governed by an Eligible Hedging Agreement.

Eligible Hedging Agreement: Any of the following: (i) that certain ISDA Master Agreement and the Schedule thereto, each dated as of May 27, 2014, and entered into between the Borrower and Fifth Third, as amended, supplemented or otherwise modified and in effect from time to time with the written consent of the Deal Agent, or (ii) any other Hedging Agreement approved by the Deal Agent in writing with respect to a Hedge Transaction.

Eligible Loans: The Eligible Dealer Loans and Eligible Purchased Loans.

Eligible Purchased Loan Contract: Each Purchased Loan Contract which at the time of its purchase from the applicable Dealer by the Originator, evidenced an Eligible Purchased Loan.

Eligible Purchased Loans: Each Purchased Loan at the time of its transfer to the Borrower under the Contribution Agreement:

- (a) which has been originated in the United States by a Dealer for the retail sale of a Financed Vehicle in the ordinary course of such Dealer's business and is evidenced by a fully and properly executed Purchased Loan Contract of which there is only one original executed copy (or, if such Purchased Loan Contract is an electronic contract, there is only a single "authoritative copy" (as such term is used in Section 9-105 of the UCC) of such electronic contract and such "authoritative copy" constitutes an Authoritative Electronic Copy);
- (b) which creates a valid, subsisting, and enforceable first priority security interest for the benefit of the Originator in the Financed Vehicle, which security interest has been, in turn, assigned by the Originator to the Borrower, and by the Borrower to the Collateral Agent;
- (c) which contains customary and enforceable provisions such that the rights and remedies of the holder thereof shall be adequate for realization against the collateral of the benefits of the security;
- (d) which provides for, in the event that such Purchased Loan is prepaid in full, a prepayment that fully pays the Outstanding Balance of such Purchased Loan (net of all rebates for the unused portion of any ancillary products and net of all unearned finance charges);
- (e) which was created in material compliance with all applicable requirements of law;
- (f) which will at all times be the legal, valid and binding payment obligation of the Obligor thereof, enforceable against such Obligor in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws, now or hereafter in effect, affecting the enforcement of creditors' rights in general and except as such enforceability may be limited by general principles of equity (whether considered in a suit at law or in equity);
- (g) which is not subject to any right of rescission, setoff, counterclaim or other defense (including the defense of usury), other than defenses arising out of applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights in general;
- (h) the Obligor thereon is not the United States, any State or any agency, department, or instrumentality of the United States or any State;
- (i) the Obligor thereon is a natural person;
- (j) with respect to which, to the best of the Originator's knowledge, no liens or claims have been filed for work, labor, materials, taxes or liens that arise out of operation of law relating

to the applicable Financed Vehicle that are prior to, or equal with, the security interest in the Financed Vehicle granted by the related Purchased Loan Contract;

(k) with respect to which, to the best of the Originator's knowledge, there was no material misrepresentation by the Obligor thereon on such Obligor's credit application;

(l) which has not been originated in, and is not subject to the laws of, any jurisdiction under which the sale, transfer and assignment of such Purchased Loan under this Agreement or pursuant to the transfer of the related Purchased Loan Contract shall be unlawful, void or voidable;

(m) which (i) constitutes either "tangible chattel paper," "electronic chattel paper" or a "payment intangible," as such terms are defined in the UCC in the relevant State (ii) if "tangible chattel paper," shall be maintained in its original "tangible" form, unless the Collateral Agent has consented in writing to such chattel paper being maintained in another form or medium, and (iii) if "electronic chattel paper," there is only a single "authoritative copy" (as such term is used in Section 9-105 of the UCC) and such "authoritative copy" constitutes an Authoritative Electronic Copy;

(n) which is payable in U.S. Dollars and the Obligor thereon is an individual who is a United States resident and who is not listed on the OFAC SDN List;

(o) which satisfies in all material respects the requirements under the Credit Guidelines;

(p) with respect to which the collection practices used with respect thereto have complied in all material respects with the Collection Guidelines;

(q) with respect to which there are no proceedings pending, or to the best of the Originator's knowledge, threatened, wherein the Obligor thereon or any governmental agency has alleged that such Purchased Loan is illegal or unenforceable;

(r) with respect to which the Originator has duly fulfilled all material obligations to be fulfilled on the lender's part under or in connection with the origination, acquisition and assignment of such Purchased Loan, including, without limitation, giving any notices or consents necessary to effect the acquisition of such Purchased Loan by the Borrower, and has done nothing to materially impair the rights of the Borrower, or the Secured Parties in payments with respect thereto;

(s) which was purchased by the Originator from a Dealer pursuant to a Purchase Agreement;

(t) with respect to which the Dealer from whom the Originator purchased such Purchased Loan has not engaged in any conduct constituting fraud or misrepresentation with respect to such Purchased Loan to the best of the Originator's knowledge;

(u) with respect to which, at the time such Purchased Loan was originated the proceeds thereof were fully disbursed and there is no requirement for future advances thereunder, and all fees and expenses in connection with the origination of such Purchased Loan have been paid;

(v) with respect to which Credit Acceptance holds the Certificate of Title as of the date on which the related Purchased Loan Contract is transferred to the Borrower and will obtain within 180 days of such date (i) the original certificate of title or (ii) the original lien entry letter or form or copies of correspondence and all enclosures thereto for issuance of the original lien entry letter or form with respect to such Financed Vehicle, in each case, as to which Credit Acceptance holds only an application; and

(x) with respect to which the related Purchased Loan Contract has not been extended or rewritten and is not subject to any forbearance, or any other modified payment plan other than in accordance with the Credit Guidelines or the Collection Guidelines; and

ERISA: The United States Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated and rulings issued thereunder.

ERISA Affiliate: (a) Any corporation that is a member of the same controlled group of corporations (within the meaning of Section 414(b) of the Code) as the Borrower, (b) a trade or business (whether or not incorporated) under common control (within the meaning of Section 414(c) of the Code) with the Borrower, or (c) a member of the same affiliated service group (within the meaning of Section 414(m) of the Code) as the Borrower, any corporation described in clause (a) above or any trade or business described in clause (b) above.

Eurocurrency Liabilities: Defined in Regulation D of the Board of Governors of the Federal Reserve System, as in effect from time to time.

Eurodollar Disruption Event: The occurrence of any of the following: (a) a determination by the Lender that it would be contrary to law or to the directive of any central bank or other governmental authority (whether or not having the force of law) to obtain United States dollars in the London interbank market to make, fund or maintain the Funding, (b) the failure of one or more of the Reference Banks to furnish timely information for purposes of determining the Adjusted LIBOR Rate, (c) a determination by the Lender that the rate at which deposits of United States dollars are being offered to the Lender in the London interbank market does not accurately reflect the cost to the Lender of making, funding or maintaining the Funding or (d) the inability of the Lender to obtain United States dollars in the London interbank market to make, fund or maintain the Advance.

Eurodollar Reserve Percentage: Of any Reference Bank for any period, for Capital means the percentage applicable during such period (or, if more than one such percentage shall be so applicable, the daily average of such percentages for those days in such period during which any such percentage shall be so applicable) under regulations issued from time to time by the Board of Governors of the Federal Reserve System (or any successor) for determining the maximum reserve requirement (including, without limitation, any emergency, supplemental or other marginal reserve requirement) for such Reference Bank with respect to liabilities or assets consisting of or including Eurocurrency Liabilities having a term of one month.

Excess Reserve Amount: With respect to any Payment Date, the excess, if any, of the amount on deposit in the Reserve Account over the Required Reserve Account Amount.

Excluded Dealer Agreement Rights: With respect to any Dealer Agreement, the rights of Credit Acceptance thereunder related to loans made to the related Dealer which are not Dealer Loans pledged by the Borrower to the Collateral Agent hereunder, including rights of set-off and rights of indemnification, related to such loans.

Facility Fee: As defined in the Fee Letter.

Facility Limit: \$100,000,000; or as such amount may vary from time to time upon the written agreement of the Borrower, Credit Acceptance, the Deal Agent, and the Lender.

Federal Funds Rate: For any period, a fluctuating interest rate per annum equal for each day during such period to the weighted average of the federal funds rates as quoted by Fifth Third and confirmed in Federal Reserve Board Statistical Release H.15(519) or any successor or substitute publication selected by Fifth Third (or, if such day is not a Business Day, for the next preceding Business Day), or, if, for any reason, such rate is not available on any day, the rate determined, in the sole opinion of Fifth Third, to be the rate at which federal funds are being offered for sale in the national federal funds market at 9:00 a.m. Cincinnati, Ohio time.

Fee Letter: The Fee Letter, dated as of the date hereof, between Fifth Third and the Borrower, as any such letter may be amended, modified, supplemented, restated or replaced from time to time.

Fifth Third: As defined in the Preamble hereto.

Final Score: Means the final output from the Originator's proprietary credit scoring process, which, when divided by 1,000, represents the Originator's expectations of the ultimate collection rate on a contract at inception.

Financed Vehicle: With respect to a Contract, any new or used automobile, light-duty truck, minivan or sport utility vehicle, together with all accessories thereto, securing the related Obligor's indebtedness thereunder.

Forecasted Collections: The expected amount of Collections to be received with respect to the Aggregate Outstanding Eligible Loan Balance each month as determined by Credit Acceptance in accordance with its forecasting model, which amount shall be submitted to the Deal Agent with each Funding Notice related to a proposed Advance when new Pools are pledged to the Collateral Agent or in accordance with [Section 6.5\(e\)](#).

Funding: An Advance by the Lender pursuant to [Section 2.1](#) and [Section 2.3](#) hereof.

Funding Date: With respect to the Initial Funding and any Incremental Funding, the date determined in accordance with [Section 2.3](#).

Funding Notice: The notice, in the form of Exhibit A hereto, delivered in accordance with [Section 2.3](#) hereof.

GAAP: Generally accepted accounting principles as in effect from time to time in the United States.

Governmental Authority: Any nation or government, any state or other political subdivision thereof, any central bank (or similar monetary or regulatory authority) thereof, any body or entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government and any court or arbitrator having jurisdiction over such Person, and any accounting board or authority (whether or not a part of government) which is responsible for the establishment or interpretation of national or international accounting principles, in each case whether foreign or domestic.

H.15: Federal Reserve Statistical Release H.15.

Hedge Breakage Costs: For any Hedging Agreement, any amount payable by the Borrower for the early termination of such Hedging Agreement or any portion thereof.

Hedge Costs: For any Hedging Agreement, any amount payable by the Borrower with respect thereto, including any swap payments, any breakage payments, any termination payments, any notional reduction payments and any other amounts due to the Hedge Counterparty.

Hedge Counterparty: (I) Any entity that (a) on the date of entering into any Hedge Transaction (i) is an interest rate swap dealer that is either the Lender or an Affiliate of the Lender, or has been approved in writing by the Deal Agent (which approval shall be in the sole discretion of the Deal Agent), and (ii) unless otherwise agreed to by the Deal Agent, has a long-term unsecured debt rating of not less than "A" by S&P and not less than "A2" by Moody's ("Long-term Rating Requirement") and a short-term unsecured debt rating of not less than "A-1" by S&P and not less than "P-1" by Moody's ("Short-term Rating Requirement"), and (b) in a Hedging Agreement (i) consents to the assignment of the Borrower's rights under the Hedging Agreement to the Deal Agent pursuant to Section 2.2(a) and (ii) agrees that in the event that Moody's or S&P reduces its long-term unsecured debt rating below the Long-term Rating Requirement, or reduces its short-term unsecured debt rating below the Short-term Rating Requirement, it shall transfer its rights and obligations under each Hedging Agreement to another entity that meets the requirements of clause (a) and (b) hereof and has entered into a Hedging Agreement with the Borrower on or prior to the date of such transfer, ~~or~~ (II) any entity that (a) on the date of entering into any Hedge Transaction (i) is a bank signatory to the Credit Agreement and (ii) unless otherwise agreed to by the Deal Agent, has a short- and long-term unsecured debt rating of not less than investment grade by S&P and by Moody's, and (b) in a Hedging Agreement (i) consents to the assignment of the Borrower's rights under the Hedging Agreement to the Deal Agent pursuant to Section 2.2(a) (except in the case of an interest rate cap where such consent is not required) and (ii) agrees that in the event that it no longer has a short- and long-term unsecured debt rating of not less than investment grade by S&P and by Moody's, it shall transfer its rights and obligations under each Hedging Agreement to another entity that meets the requirements of clauses (I)(a) and (I)(b) or clauses (II)(a) and (II)(b) hereof and has entered into a Hedging Agreement with the Borrower on or prior to the date of such transfer (except in the case of an interest rate cap where such transfer is not required).

Hedge Transaction: Each interest rate swap, interest rate cap or other interest rate protection transaction between the Borrower and a Hedge Counterparty that is entered into pursuant to Section 5.3 hereof and is governed by a Hedging Agreement.

Hedging Agreement: Each agreement between the Borrower and a Hedge Counterparty that governs one or more Hedge Transactions entered into pursuant to Section 5.3 hereof, and each “Confirmation” thereunder confirming the specific terms of each such Hedge Transaction.

Increased Costs: Any amounts required to be paid by the Borrower to an Affected Party pursuant to Section 2.13.

Incremental Funding: Any Advance made after the Initial Funding.

Independent Director: Defined in Section 5.2(q)(xxvii).

Ineligible Contract: Each Contract other than an Eligible Contract.

Ineligible Loan: Each Loan other than an Eligible Loan.

Indebtedness: With respect to any Person at any date, (a) all indebtedness of such Person for borrowed money or for the deferred purchase price of property or services (other than current liabilities incurred in the ordinary course of business and payable in accordance with customary trade practices) or that is evidenced by a note, bond, debenture or similar instrument, (b) all obligations of such Person under leases that shall have been or should be, in accordance with generally accepted accounting principles, recorded as capital leases, (c) all obligations of such Person in respect of acceptances issued or created for the account of such Person, (d) all liabilities secured by any Lien on any property owned by such Person even though such Person has not assumed or otherwise become liable for the payment thereof, (e) all indebtedness, obligations or liabilities of that Person in respect of Derivatives, and (f) obligations under direct or indirect guaranties in respect of obligations (contingent or otherwise) to purchase or otherwise acquire, or to otherwise assure a creditor against loss in respect of, indebtedness or obligations of others of the kind referred to in clauses (a) through (e) above.

Indemnified Amounts: Defined in Section 11.1(a).

Indemnified Parties: Defined in Section 11.1(a).

Initial Facility Limit: \$75,000,000.

Initial Funding: Defined in Section 2.3(a).

Insolvency Event: With respect to a specified Person, (a) the filing of a decree or order for relief by a court having jurisdiction in the premises in respect of such Person or any substantial part of its property in an involuntary case under any applicable Insolvency Law now or hereafter in effect, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official for such Person or for any substantial part of its property, or ordering the winding-up or liquidation of such Person’s affairs, and such decree or order shall remain unstayed and in effect for a period of 60 consecutive days; or (b) the commencement by such Person of a voluntary case under any applicable Insolvency Law now or hereafter in effect, or the consent by such Person to the entry of an order for relief in an involuntary case under any such law, or the consent by such Person to the appointment of or taking possession by a receiver, liquidator, assignee, custodian,

trustee, sequestrator or similar official for such Person or for any substantial part of its property, or the making by such Person of any general assignment for the benefit of creditors, or the failure by such Person generally to pay its debts as such debts become due, or the taking of action by such Person in furtherance of any of the foregoing.

Insolvency Laws: The Bankruptcy Code and all other applicable liquidation, conservatorship, bankruptcy, moratorium, rearrangement, receivership, insolvency, reorganization, suspension of payments, or similar debtor relief laws from time to time in effect affecting the rights of creditors generally.

Insolvency Proceeding: Any case, action or proceeding before any court or other Governmental Authority relating to any Insolvency Event.

Instrument: Any “instrument” (as defined in Article 9 of the UCC), other than an instrument that constitutes part of chattel paper.

Interest: With respect to the Lender and the Capital, with respect to any Accrual Period, the sum of the products (for each day during such Accrual Period) of:

$$IR \times C \times \frac{1}{360}$$

where:

C = the outstanding principal amount of the Advance of the Lender;

and

IR = the Interest Rate for the Lender applicable on such day;

provided, however, that (i) no provision of this Agreement shall require the payment or permit the collection of Interest in excess of the maximum permitted by Applicable Law and (ii) Interest shall not be considered paid by any distribution if at any time such distribution is rescinded or must otherwise be returned for any reason.

Interest Cap: With respect to the Lender and the Capital, with respect to any Accrual Period, the amount of Interest payable for such Accrual Period determined based on an Interest Rate for each day during such Accrual Period equal to the Adjusted LIBOR Rate.

Interest Cap Carryover: With respect to the Lender and any Accrual Period, an amount equal to the sum of (a) the positive excess if any of (i) Interest payable on such Payment Date to the Lender without giving effect to the Interest Cap, over (ii) the amount of Interest actually paid on

such Payment Date to the Lender pursuant to clause fourth of Section 2.7(a), plus (b) any previously unpaid Interest Cap Carryover with respect to the Lender.

Interest Rate: For any Accrual Period and for the aggregate principal amount of the Advance allocated to such Accrual Period:

- (a) before the occurrence of a Termination Event,
 - (i) if a Eurodollar Disruption Event has not occurred, a rate equal to the Adjusted LIBOR Rate; or
 - (ii) if a Eurodollar Disruption Event occurs, the Base Rate; or
- (b) after the occurrence of a Termination Event, a rate equal to the Base Rate plus 2.0%.

Investment: With respect to any Person, any direct or indirect loan, advance or investment by such Person in any other Person, whether by means of share purchase, capital contribution, loan or otherwise, excluding the acquisition of assets pursuant to the Contribution Agreement and excluding commission, travel and similar advances to officers, employees and directors made in the ordinary course of business.

Late Fees: If the Backup Servicer has become the Successor Servicer, any late fees collected with respect to any Contract in accordance with the Collection Guidelines.

Lender: Fifth Third and any other Person that agrees, pursuant to the pertinent Assignment and Acceptance, to make or maintain Fundings pursuant to this Agreement.

LIBOR Determination Date: With respect to any Accrual Period, the date that is two Business Days before the first day of such Accrual Period

LIBOR Rate: For any portion of Capital on any day during any Accrual Period, a rate per annum (rounded upwards, if necessary, to the nearest 1/100 of 1%) equal to the rate for deposits in United States Dollars for a period equal to such Accrual Period, which appears on the Reuters Screen LIBOR01 Page as of 11:00 a.m. (London, England time) on the related LIBOR Determination Date. If Thomson Reuters no longer reports such rate or if such index no longer exists or if Reuters Screen LIBOR01 Page no longer exists, the Deal Agent may select a replacement index or replacement page, as the case may be, consistent with market practices at the time. The LIBOR Rate shall be adjusted for each Accrual Period after the initial Accrual Period, as of the first day of each such Accrual Period, and as of the effective day of any change in the maximum reserve requirement.

Lien: With respect to any Loan, Dealer Agreement or Contract or any other property or collateral, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind (other than any Permitted Lien, mechanics' liens and liens of collection attorneys or agents collecting the property subject to such Permitted Lien or mechanics' lien).

Loan: Any Dealer Loan or Purchased Loan.

Loan Loss Reserve: The loan loss reserve, calculated in accordance with Credit Acceptance's accounting policies.

Material Adverse Effect: With respect to any event or circumstance, means a material adverse effect on (a) the business, condition (financial or otherwise), operations, performance, properties or prospects of the Originator, the Servicer or the Borrower, (b) the validity, enforceability or collectibility of this Agreement or any other Transaction Document or the validity, enforceability or collectibility of the Loans, (c) the rights and remedies of the Deal Agent, the Collateral Agent or Secured Parties, (d) the ability of the Borrower, the Originator or the Servicer to perform its obligations under this Agreement or any Transaction Document, or (e) the status, existence, perfection, priority or enforceability of the Collateral Agent's or any Secured Party's interest in the Collateral.

Material Debt: Defined in [Section 6.11\(i\)](#).

Maturity Date: Defined in [Section 2.1\(c\)\(i\)](#).

Monthly Principal Payment Amount: With respect to any Payment Date, the amount, if any, necessary to reduce the Capital to the Borrowing Base.

Monthly Report: Defined in [Section 6.5\(a\)](#).

Moody's: Moody's Investors Service, Inc., and any successor thereto.

Multiemployer Plan: A "multiemployer plan" as defined in Section 4001(a)(3) of ERISA that is or was at any time during the current year or the immediately preceding five years contributed to by the Borrower or any ERISA Affiliate on behalf of its employees.

Net Advance Rate: 80%.

Net Loan Balance: With respect to any Loan, the excess of the related Outstanding Balance over the related Loan Loss Reserve.

Nonconforming Contract: Defined in [Section 6.2\(c\)\(ii\)](#).

Nonconforming Contract Payment Amount: With respect to a Nonconforming Contract, an amount equal to the sum of (i) the product of the Outstanding Balance of such Contract as of the last day of the related Collection Period and a fraction, the numerator of which is Capital as of the Funding Date and the denominator of which is the Outstanding Balance of Eligible Contracts as of the Funding Date; (ii) accrued and unpaid Carrying Costs, Increased Costs, Indemnified Amounts and Additional Amounts related to such Contract through the date of such deposit; and (iii) all Hedge Costs due to the relevant Hedge Counterparties for any termination in whole or in part of one or more transactions related to the relevant Hedging Agreement, as required by the terms of any Hedging Agreement.

Note: The Variable Funding Note of the Borrower, issued to the Lender pursuant to [Section 2.1\(c\)](#) hereof substantially in the form of Exhibit I hereto.

Obligor: With respect to any Loan, Dealer Agreement or Contract, the Person or Persons obligated to make payments with respect to such Dealer Agreement, Loan or Contract, respectively, including any guarantor thereof.

OFAC: The United States Department of Treasury Office of Foreign Assets Control.

OFAC/AML Laws: All laws, regulations, and Executive Orders administered by OFAC, including all economic and trade sanction programs administered by OFAC, any and all similar United States federal laws, regulations or Executive Orders, and any similar laws, regulations or orders adopted by any State within the United States.

OFAC Event: The event specified in Section 5.1(t).

OFAC SDN List: The list of the Specially Designated Nationals and Blocked Persons maintained by OFAC.

Officer's Certificate: A certificate signed by any officer of the Borrower, the Originator or the Servicer, as the case may be, and delivered to the Collateral Agent.

Open Pool: With respect to any Dealer Loan, a Pool as to which, pursuant to the terms of the related Dealer Agreement, additional Dealer Loan Contracts may be allocated.

Opinion of Counsel: A written opinion of counsel, which opinion and counsel are reasonably acceptable to the Deal Agent.

Original Advance Rate: Means, with respect to any Dealer, the ratio, expressed as a percentage, where the numerator is equal to the sum of the Outstanding Balance of all Eligible Loans of such Dealer on the dates such Eligible Loans were originated and the denominator is equal to the sum of payments due under all Eligible Contracts related to such Dealer on their dates of origination.

Originator: Defined in the preamble of this Agreement.

Outstanding Balance:

(i) With respect to any Contract on any date of determination, all amounts owing under such Contract (whether considered principal or as finance charges) on such date of determination. The Outstanding Balance with respect to a Contract shall be deemed to have been created at the end of the day on the Date of Processing of such Contract; which shall be greater than or equal to zero (except in the case of a Contract as to which the final payment on such Contract is in excess of the amount owed on such Contract on the date of such final payment);

(ii) with respect to any Dealer Loan on any date of determination, the aggregate amount advanced under such Dealer Loan plus revenue accrued with respect to such Dealer Loan in accordance with Credit Acceptance's accounting policies, recoveries on such Dealer Loan if it has been written off and the payment of monies to a Dealer under the related Dealer Agreement, less collections on the related Dealer Loan Contracts applied through such date of determination in

accordance with the related Dealer Agreement to the reduction of the balance of such Loan and write offs of such Dealer Loan; and

(iii) with respect to any Purchased Loan (other than any Purchased Loan arising from a Dealer Collections Purchase Agreement) on any date of determination, the aggregate amount advanced under such Purchased Loan plus revenue accrued with respect to such Purchased Loan in accordance with Credit Acceptance's accounting policies and recoveries on such Purchased Loan, if it has been written off, less Collections on the related Purchased Loan Contract applied through the date of determination to the reduction of the balance of such Purchase Loan and write offs of such Purchased Loan; and

(iv) with respect to any Purchased Loan arising from a Dealer Collections Purchase Agreement on any date of determination, (A) such Purchased Loan's pro rata share of the sum of (x) the Outstanding Balance of the related Dealer Loan as of the date of the related Dealer Collections Purchase and (y) the Dealer Collections Purchase Price with respect to such Dealer Loan (such pro rata share determined based on such Purchased Loan's pro rata share of the forecasted collections on the pool of Purchased Loans which previously constituted Dealer Loan Contracts securing such Dealer Loan), plus following the acquisition of such Purchased Loan (B) revenue accrued with respect to such Purchased Loan in accordance with Credit Acceptance's accounting policies and recoveries on such Purchased Loan if it has been written off, less (C) Collections on the related Purchased Loan Contract applied through the date of determination to the reduction of the balance of such Purchased Loan and write offs of such Purchased Loan.

Overconcentration Loan Amount: With respect to any Dealer, the amount by which the aggregate Net Loan Balance of Dealer Loans made to such Dealer, calculated on a Funding Date as of the end of the immediately preceding Collection Period, exceeds the Dealer Concentration Limit.

Payment Date: The fifteenth (15th) day of each calendar month or, if such day is not a Business Day, the next succeeding Business Day.

Permitted Investments: Any one or more of the following types of investments:

(a) marketable obligations of the United States, the full and timely payment of which are backed by the full faith and credit of the United States of America and that have a maturity of not more than 270 days from the date of acquisition;

(b) marketable obligations, the full and timely payment of which are directly and fully guaranteed by the full faith and credit of the United States and that have a maturity of not more than 270 days from the date of acquisition;

(c) bankers' acceptances and certificates of deposit and other interest-bearing obligations (in each case having a maturity of not more than 270 days from the date of acquisition) denominated in dollars and issued by any bank with capital, surplus and undivided profits aggregating at least \$100,000,000, the short-term obligations of which are rated at least A-1 by S&P or P-1 by Moody's;

(d) repurchase obligations with a term of not more than ten days for underlying securities of the types described in clauses (a), (b) and (c) above entered into with any bank of the type described in clause (c) above;

(e) commercial paper rated at least A-1 by S&P or P-1 by Moody's; and

(f) demand deposits, time deposits or certificates of deposit (having original maturities of no more than 365 days) of depository institutions or trust companies incorporated under the laws of the United States of America or any state thereof (or domestic branches of any foreign bank) and subject to supervision and examination by federal or state banking or depository institution authorities; provided, however that at the time such investment, or the commitment to make such investment, is entered into, the short-term debt rating of such depository institution or trust company shall be at least A-1 by S&P or P-1 by Moody's; and

(g) money market mutual funds (including funds for which the Collateral Agent may act as a sponsor or advisor or for which the Collateral Agent may receive fee income) having a rating, at the time of such investment, in the highest investment category granted thereby.

Permitted Liens: Liens for state, municipal or other local taxes if such taxes shall not at the time be due and payable and Liens granted pursuant to the Transaction Documents and with respect to the Dealer Loan Contracts, the second priority lien of the related Dealer therein as set forth in the related Dealer Agreement.

Person: An individual, partnership, corporation (including a business trust), limited liability company, joint stock company, trust, unincorporated association, sole proprietorship, joint venture, government (or any agency or political subdivision thereof) or other entity.

Pool: An identifiable group of Dealer Loan Contracts related to a particular Dealer Agreement identified on Schedule V hereto (as amended from time to time in accordance herewith), which, for the avoidance of doubt, may take the form of an Open Pool or Closed Pool at the time it is pledged hereunder.

Potential Servicer Termination Event: Means any event which, with the giving of notice or passage of time or both, would become a Servicer Termination Event.

Prime Rate: The rate announced by Fifth Third from time to time as its prime rate in the United States, such rate to change as and when such designated rate changes. The Prime Rate is not intended to be the lowest rate of interest charged by Fifth Third in connection with extensions of credit to debtors.

Proceeds: With respect to any portion of the Collateral, all "proceeds" as such term is defined in Article 9 of the UCC, including, whatever is receivable or received when such portion of Collateral is sold, liquidated, foreclosed, exchanged, or otherwise disposed of, whether such disposition is voluntary or involuntary, and includes all rights to payment with respect to any insurance relating thereto.

Program Fee: As defined in the Fee Letter.

Program Fee Rate: On any day, the rate set forth in the Fee Letter as the “Program Fee Rate.”

Purchase Agreement: Each agreement between Credit Acceptance and any Dealer in substantially the form attached hereto as Exhibit P, together with any Dealer Collections Purchase Agreement.

Purchased Loan: A motor vehicle retail installment loan relating to the sale of a used automobile or light-duty truck originated by a Dealer, purchased by the Originator from such Dealer and evidenced by a Purchased Loan Contract; provided, however, that the term “Purchased Loan” shall, for purposes of this Agreement, include only those Purchased Loans identified from time to time on Schedule V hereto, and/or any Funding Notice, as amended from time to time in accordance herewith.

Purchased Loan Contract: Each motor vehicle retail installment sales contract, in substantially one of the forms attached hereto as Exhibit K, relating to a Purchased Loan.

Qualified Institution: Defined in Section 6.7(a).

Records: The Dealer Agreements, Contracts, Contract Files, certificates of title (and applications therefor) and all other documents, books, records and other information (including, without limitation, computer programs, tapes, discs, punch cards, data processing software and related contracts, records and other media for storage of information) in each case whether tangible or electronic that are maintained with respect to the Loans and the Contracts and the related Obligors.

Reference Bank: Any bank that furnishes information for purposes of determining the Adjusted LIBOR Rate.

Register: Defined in Section 13.1(c).

Related Security: With respect to any Loan all of Credit Acceptance’s and the Borrower’s right, title and interest in:

(i) the Dealer Agreements (other than Excluded Dealer Agreement Rights, but including, without limitation, Credit Acceptance’s rights to service the Loans and the related Contracts and receive the related collection fee and receive reimbursement of certain repossession and recovery expenses, in accordance with the terms of the Dealer Agreements) and Contracts securing payment of such Loan;

(ii) all security interests or liens purporting to secure payment of such Loan, whether pursuant to such Loan, the related Dealer Agreement or otherwise, together with all financing statements signed by the related Obligor describing any collateral securing such Loan and all other property obtained upon foreclosure of any security interest securing payment of such Loan or any related Contract;

(iii) all guarantees, insurance (including insurance insuring the priority or perfection of any lien) or other agreements or arrangements of any kind from time to time supporting or securing payment of each Contract whether pursuant to such Contract or otherwise, including any of the foregoing relating to any Contract securing payment of such Loan;

(iv) all of the Borrower's interest in all Records, documents and writing evidencing or related to such Loan;

(v) all rights of recovery of the Borrower against the Originator;

(vi) all Collections (other than Dealer Collections), the Collection Account, the Reserve Account, and all amounts on deposit therein and investments thereof;

(vii) all of the Borrower's right, title and interest in and to (but not its obligations under) any Hedging Agreement and any payment from time to time due thereunder;

(viii) all of the Borrower's right, title and interest in and to the Contribution Agreement and the assignment to the Collateral Agent of all UCC financing statements filed by the Borrower against the Originator under or in connection with the Contribution Agreement; and

(ix) the Proceeds of each of the foregoing.

For the avoidance of doubt, the term "Related Security" with respect to any Dealer Loan includes all rights arising under such Dealer Loan which rights are attributable to advances made under such Dealer Loan as the result of such Dealer Loan being secured by an Open Pool on the date such Dealer Loan was sold and Dealer Loan Contracts being added to such Open Pool.

Release Date: As defined in Section 4.5(b).

Release Price: As defined in Section 4.5(a).

Repossession Expenses: For any Collection Period, any expenses payable pursuant to the terms of this Agreement, incurred by the Backup Servicer, if it has become the Successor Servicer, in connection with the liquidation or repossession of any Financed Vehicle, in an aggregate amount not to exceed the cash proceeds received by the Backup Servicer, if it has become the Successor Servicer, from the disposition of the Financed Vehicles.

Required Reserve Account Amount: With respect to any date of determination, an amount equal to the sum of (a) the product of (i) 1.0% and (ii) the Capital on such date (after the application of funds pursuant to Section 2.7 on the related Payment Date) plus (b) all amounts required to be maintained by the Borrower pursuant to Section 6.2(c)(ii) hereof; provided, however, the Required Reserve Account Amount shall at no time be less than \$70,000 (unless the Capital is zero, in which case the Required Reserve Account Amount shall be zero).

Reserve Account: The segregated account established at the Collateral Agent for the benefit of the Secured parties, established pursuant to Section 6.7(a).

Reserve Advance: Defined in Section 2.7(c)(i).

Responsible Officer: As to any Person any officer of such Person with direct responsibility for the administration of this Agreement and also, with respect to a particular matter, any other officer to whom such matter is referred because of such officer's knowledge of and familiarity with the particular subject.

Retransfer Amount: Defined in Section 4.5(b).

Revolving Period: The period commencing on the Closing Date and ending on the day immediately preceding the first day of the Amortization Period.

S&P: S&P Global Ratings, and any successor thereto.

Secured Party: (i) The Collateral Agent, the Deal Agent and the Lender and (ii) each Hedge Counterparty that is either the Lender or an Affiliate of the Lender if that Affiliate that is a Hedge Counterparty executes a counterpart of this Agreement agreeing to be bound by the terms of this Agreement applicable to a Secured Party.

Servicer: Credit Acceptance, the Backup Servicer, if it has become the Successor Servicer, or any other Successor Servicer, appointed in accordance with the terms hereof as the Servicer of the Loans and Contracts.

Servicer Termination Event: Defined in Section 6.11.

Servicer Termination Notice: Defined in Section 6.11.

Servicer Expenses: Any expenses incurred by the Backup Servicer, if it has become the Successor Servicer hereunder (including any expenses incurred by the Backup Servicer in connection with the retitling or relieving of the Financed Vehicles), other than Repossession Expenses or Transition Expenses.

Servicing Fee: For each Payment Date, a fee payable to Servicer for services rendered during the related Collection Period, equal to: (i) so long as Credit Acceptance is the Servicer, the product of (A) 6.00% and (B) the total Collections for the related Collection Period (exclusive of amounts received under any Hedging Agreement) and (ii) if the Backup Servicer is the Servicer, the sum of (1) the greatest of: (a) the product of 10.0% and the total Collections for the related Collection Period (exclusive of amounts received under any Hedging Agreement), (b) the actual costs incurred by the Backup Servicer as Successor Servicer, and (c) the product of (x) \$30.00 and (y) the aggregate number of Contracts serviced by it during the related Collection Period, plus (2) without duplication, Late Fees and Servicer Expenses; provided, however, with respect to each Payment Date on which the Backup Servicer is the Servicer, the Servicing Fee shall be at least equal to \$5,000.

Solvent: As to any Person at any time, having a state of affairs such that all of the following conditions are met: (a) the fair value of the property of such Person is greater than the amount of such Person's liabilities (including disputed, contingent and unliquidated liabilities) as such value is established and liabilities evaluated for purposes of Section 101(32) of the Bankruptcy Code; (b) the present fair salable value of the property of such Person in an orderly liquidation of such Person is not less than the amount that will be required to pay the probable liability of such Person on its debts as they become absolute and matured; (c) such Person is able to realize upon its property and pay its debts and other liabilities (including disputed, contingent and unliquidated liabilities) as they mature in the normal course of business; (d) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person's ability to pay as such debts and liabilities mature; and (e) such Person is not engaged in business or a transaction, and is not about to engage in a business or a transaction, for which such Person's property would constitute unreasonably small capital.

Specified Change in Law: Means the adoption, existence or implementation of, or any change in (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act (Pub. L. 111-203, H.R. 4173) and all requests, rules, regulations, guidelines, interpretations or directives promulgated thereunder or issued in connection therewith and (ii) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, which, in each case, shall be deemed to be a "Change in "Law", regardless of the date enacted, adopted, issued or promulgated, whether before or after the Effective Date.

SST: Systems & Services Technologies, Inc., a Delaware corporation.

Structuring Fees: The structuring fee set forth in the Fee Letter.

Subsidiary: A corporation of which the Originator and/or its Subsidiaries own, directly or indirectly, such number of outstanding shares as have more than 50% of the ordinary voting power for the election of directors.

Successor Servicer: Defined in [Section 6.12\(a\)](#).

Take-Out: The release of certain Loans and the related Contracts from the Lien of this Agreement and the reduction of the Capital by at least \$10,000,000 in connection with a refinancing (which may take the form of a sale) of such Loans by the Borrower using an affiliated special purpose entity.

Take-Out Date: Defined in [Section 2.8\(a\)](#).

Take-Out Release: The release to be executed pursuant to [Section 2.8](#) hereto, substantially in the form of Exhibit D hereto.

Taxes: Any present or future taxes, levies, imposts, duties, charges, assessments or fees of any nature (including interest, penalties, and additions thereto) that are imposed by any Governmental Authority.

Termination Date: The earlier of: (a) the date of the declaration of the Termination Date pursuant to Section 10.1, and (b) the date of termination of the Facility Limit pursuant to Section 2.5.

Termination Event: Defined in Section 10.1.

Transaction Documents: This Agreement, the Contribution Agreement, each Hedging Agreement, the Fee Letters, the Backup Servicing Agreement and any additional document the execution of which is necessary or incidental to carrying out the terms of the foregoing documents.

Transition Expenses: If the Backup Servicer has become the Successor Servicer, the sum of: (i) reasonable costs and expenses incurred by the Backup Servicer in connection with its assumption of the servicing obligations hereunder, related to travel, Obligor welcome letters, freight and file shipping plus (ii) a boarding fee equal to the product of \$7.50 and the number of Contracts to be serviced.

UCC: The Uniform Commercial Code as from time to time in effect in the applicable jurisdiction or jurisdictions.

United States: The United States of America.

Unmatured Termination Event: Any event that, with the giving of notice or the lapse of time, or both, would become a Termination Event.

Unsatisfactory Audit: The occurrence of any audit exceptions resulting from any audit, inspection or review pursuant to Section 6.1(c), Section 6.2(e) or Section 6.9, which, in the reasonable judgment of the Deal Agent, would have a Material Adverse Effect on the ability of the Servicer to identify and allocate Collections or to service, as provided in this Agreement, any Collateral.

Weighted Average Final Score: With respect to each Payment Date during the Revolving Period, the ratio, expressed as a percentage, where (i) the numerator is equal to the aggregate for all Dealers of the product of (a) the Final Score of each Dealer with respect to all Eligible Loans of such Dealer and (b) the aggregate outstanding Net Loan Balance of all Eligible Loans for such Dealer and (ii) the denominator is equal to the Aggregate Outstanding ~~Net~~ Eligible Loan Net Balance.

Weighted Average Original Advance Rate: With respect to each Payment Date during the Revolving Period, the ratio, expressed as a percentage, where the numerator is equal to the aggregate for all Dealers of the product of: (i) the Original Advance Rate of each Dealer; and (ii) the aggregate outstanding Net Loan Balance of all Eligible Loans for such Dealer and the denominator is equal to the Aggregate Outstanding Eligible Loan Net Balance.

Weighted Average Spread Rate: With respect to each Payment Date during the Revolving Period, ~~the difference between one minus the Weighted Average Original Advance Rate divided by the Weighted Average Final Score and the Weighted Average Original Advance Rate~~(expressed as a percentage).

Section 1.2. Other Terms. All accounting terms used but not specifically defined herein shall be construed in accordance with GAAP. All terms used in Article 9 of the UCC in the State of Michigan, and used but not specifically defined herein, are used herein as defined in such Article 9.

Section 1.3. Computation of Time Periods Unless otherwise stated in this Agreement, in the computation of a period of time from a specified date to a later specified date, the word “from” means “from and including” and the words “to” and “until” each mean “to but excluding.”

Section 1.4. Interpretation. In each Transaction Document, unless a contrary intention appears:

(i) the singular number includes the plural number and vice versa;

(ii) reference to any Person includes such Person’s successors and assigns but, if applicable, only if such successors and assigns are permitted by the Transaction Documents;

(iii) reference to any gender includes each other gender;

(iv) reference to any agreement (including any Transaction Document), document or instrument means such agreement, document or instrument as amended, supplemented or modified and in effect from time to time in accordance with the terms thereof and, if applicable, the terms of the other Transaction Documents, and reference to any promissory note includes any promissory note that is an extension or renewal thereof or a substitute or replacement therefor; and

(v) reference to any Applicable Law means such Applicable Law as amended, modified, codified, replaced or reenacted, in whole or in part, and in effect from time to time, including rules and regulations promulgated thereunder and reference to any section or other provision of any Applicable Law means that provision of such Applicable Law from time to time in effect and constituting the substantive amendment, modification, codification, replacement or reenactment of such section or other provision.

ARTICLE II THE LOAN FACILITY

Section 2.1. Funding of the Advance.

(a) On the terms and conditions hereinafter set forth (including, without limitation, the conditions set forth in Sections 3.1 and 3.2), the Borrower may, at its option, on the Closing Date and on any Funding Date request an advance (an “Advance” or a “Funding”). On the

terms and conditions hereinafter set forth (including, without limitation, the conditions set forth in Sections 3.1 and 3.2), the Lender agrees to make the Advance from time to time as requested by the Borrower during the period from the date hereof to but not including the Termination Date. Under no circumstances shall the Lender make an Advance if, after giving effect to such Advance, (A) the aggregate Capital outstanding hereunder would exceed the lesser of (i) the Facility Limit and (ii) the Borrowing Base.

(b) [Reserved].

(c) The Note.

(i) The Borrower's obligation to pay the principal of and interest on all amounts advanced by the Lender pursuant to the Fundings shall be evidenced by a variable funding note of the Borrower in favor of the Lender (the "Note") which shall: (1) be dated the Effective Date; (2) be in the stated principal amount equal to the Commitment amount for the Lender (as reflected from time to time on the grid attached thereto); (3) bear interest as provided therein; (4) be payable to the order of the Lender, and mature (whether or not there are funds available therefor at such time, pursuant to Section 2.7 or otherwise) on August 17, 2023 (the "Maturity Date"); and (5) be substantially in the form of Exhibit I hereto, with blanks appropriately completed in conformity herewith. The Lender may, and is hereby authorized to, make a notation on the schedule attached to the Note of the date and the amount of the Fundings and the date and amount of the payment of principal thereon, and prior to any transfer of the Note, the Lender shall endorse the outstanding principal amount of the Note on the schedule attached thereto; provided, however, that failure to make such notation shall not adversely affect the Lender's rights with respect to the Note.

(ii) Although the Note shall be dated the Effective Date, interest in respect thereof shall be payable only for the periods during which amounts are outstanding thereunder. In addition, although the stated principal amount of the Note shall be equal to the Commitment amount of the Lender, such Note shall be enforceable with respect to the Borrower's obligation to pay the principal thereof only to the extent of the unpaid principal amount of the Capital and Interest and all other amounts outstanding hereunder and thereunder at the time such enforcement shall be sought.

Section 2.2. Grant of Security Interest; Acceptance by Collateral Agent.

(a) (i) As security for the prompt and complete payment of the Note and the performance of all of the Borrower's obligations under the Note, this Agreement and the other Transaction Documents, the Borrower hereby grants to the Collateral Agent, for the benefit of the Secured Parties, a security interest in and continuing Lien on all of the Borrower's property (whether now owned or hereafter acquired or arising, and wherever located) including, without limitation, all of its right, title and interest to: (i) the Loans, and all monies due or to become due in payment thereupon on and after the related Cut-Off Date; (ii) all Related Security; (iii) all of the Borrower's right, title and interest in and to the Contribution Agreement and the other Transaction Documents and the assignment to the Deal Agent of all UCC financing statements filed by the Borrower against the Originator under or in connection with the Contribution Agreement and the other Transaction

Documents and (iv) all income, Collections and Proceeds of the foregoing (collectively, the “Collateral”). The foregoing pledge does not constitute an assumption by the Collateral Agent of any obligations of the Borrower to Obligors or any other Person in connection with the Collateral or under any agreement or instrument relating to the Collateral, including, without limitation, any obligation to make future advances to or on behalf of such Obligors.

(ii) In connection with such grant, the Borrower authorizes Credit Acceptance, and Credit Acceptance agrees to record and file, at Borrower’s expense, financing statements with respect to the Collateral now existing and hereafter created meeting the requirements of applicable state law in such manner and in such jurisdictions as are necessary to perfect the first priority security interest of the Collateral Agent for the benefit of the Secured Parties in the Collateral, and to deliver a file-stamped copy of such financing statements or other evidence of such filing to the Collateral Agent and the Deal Agent on or prior to each Funding Date. Such financing statements may describe as the collateral covered thereby “all of the debtor’s personal property or assets” or words to that effect, notwithstanding that such wording may be broader in scope than the Collateral described in this Agreement. In addition, the Borrower and the Servicer agree to clearly and unambiguously mark their respective general ledgers and all accounting records and documents and all computer tapes and records to show that the Collateral, including that portion of the Collateral consisting of the Dealer Agreements listed on Schedule V hereto (and each addendum thereto), the Loans and the related Contracts and the rights to payment under the related Dealer Agreements, has been pledged to the Collateral Agent for the benefit of the Secured Parties hereunder.

(iii) In connection with such pledge, the Borrower (or the Servicer on its behalf) agrees to deliver to the Collateral Agent on the Closing Date or any Funding Date on which new Pools or Purchased Loans are pledged to the Collateral Agent, as the case may be, one or more computer files or microfiche lists containing true and complete lists of all applicable Dealer Agreements, Pools and Loans securing the payment of the Note and amounts due under the Transaction Documents and all of the Borrower’s obligations under the Note and the Transaction Documents as of the Closing Date or Funding Date, and all Contracts securing all such Loans, identified by, as applicable, account number, dealer number and pool number as of the end of the Collection Period immediately preceding such date. Such file shall be marked as Schedule V hereto or as an addendum thereto, shall be delivered to the Collateral Agent as confidential and proprietary, and such Schedule V and each addendum thereto are hereby incorporated into and made a part of this Agreement. Such Schedule V shall be supplemented and updated on the date of each Incremental Funding in the Revolving Period to include all Loans and Contracts pledged on the date of each such date so that, on each such date, the Collateral Agent will have a Schedule V that describes all Loans pledged by the Borrower to the Collateral Agent hereunder on or prior to said date of Incremental Funding, any related Dealer Agreements, Purchase Agreements and all Contracts securing or evidencing such Loans (other than those that have been released from the Collateral and those Dealer Loans that have been deemed to be satisfied pursuant to Section 6.15(b) hereto). Such updated Schedule V shall be deemed to replace any existing Schedule V as of the date such updated Schedule V is provided in accordance with this

Section 2.2(a)(iii). Furthermore, Schedule V hereto shall be deemed to be supplemented on each date of Dealer Collections Purchase by the related list delivered by Credit Acceptance pursuant to Section 6.15(c).

(iv) In connection with such pledge, each of the Borrower, Credit Acceptance and the Servicer also agrees, within 180 days of the Closing Date or relevant Funding Date, as the case may be, to clearly mark at least 98% of the Contracts or Contract folders securing a Loan with the following legend: "THIS AGREEMENT AND ALL RELATED CONTRACTS AND LOANS HAVE BEEN PLEDGED TO FIFTH THIRD BANK AS COLLATERAL AGENT FOR THE BENEFIT OF CERTAIN SECURED PARTIES AND ANY PURCHASE, SALE OR COLLATERAL ASSIGNMENT OF ANY SUCH ASSET WOULD VIOLATE THE RIGHTS OF SUCH SECURED PARTIES". Such legend shall be in bold, in type face at least as large as 12 point and shall be entirely in capital letters.

(b) The Collateral Agent hereby acknowledges its acceptance, on behalf of the Secured Parties, of the pledge by the Borrower of the Loans and all other Collateral. The Collateral Agent further acknowledges that, prior to or simultaneously with the execution and delivery of this Agreement, the Borrower delivered to the Collateral Agent the computer file or microfiche list represented by the Borrower to be the computer file or microfiche list described in Section 2.2(a)(iii).

(c) The Collateral Agent hereby agrees not to disclose to any Person (other than to each Secured Party) any of the account numbers or other information contained in the computer files or microfiche lists delivered to the Collateral Agent by the Borrower pursuant to Section 2.2(a)(iii), except as is required in connection with the performance of its duties hereunder or in enforcing the rights of the Secured Parties or to a Successor Servicer; provided, however, that notwithstanding anything to the contrary in this Agreement, the Collateral Agent may reply to a request from any Person for a list of Loans, Dealer Agreements, Contracts or other information referred to in any financing statement. The Collateral Agent agrees to take such measures as shall be necessary or reasonably requested by the Borrower to protect and maintain the security and confidentiality of such information. The Collateral Agent shall provide the Borrower with written notice five Business Days prior to any disclosure pursuant to this subsection 2.2(c).

Section 2.3. Procedures for Funding of Advances.

(a) Each Advance hereunder shall be requested by the Borrower delivering to the Lender (with a copy to the Collateral Agent) a duly completed Funding Notice no later than 12:00 p.m. (New York time) at least two (2) Business Days prior to the proposed Funding Date. Each Funding Notice shall: (i) specify the desired amount of such Funding which amount must (x) in the case of the initial funding hereunder (the "Initial Funding") be in a minimum amount of \$1,000,000, and (y) in the case of any Incremental Funding, be in an amount equal to \$1,000,000 or an integral multiple of \$10,000 in excess thereof, (ii) specify the date of such Funding, and (iii) include a representation that all conditions precedent for a Funding described in Article III hereof have been met. Each Funding Notice shall be irrevocable.

(b) Following receipt of such Funding Notice, the Lender will make the Advance. On the Funding Date, the Lender shall, upon satisfaction of the applicable conditions set forth in Article III, initiate a wire to the Borrower no later than 3:00 p.m. (New York time), at such bank or other location reasonably designated by Borrower in its Funding Notice given pursuant to this Section 2.3, an amount equal to the lesser of (A) the amount requested by the Borrower from the Lender for such Advance or (B) the excess of the Commitment over the Capital then outstanding.

(c) In no event shall the Lender be required on any date to make any Funding which would result in the Capital, determined after giving effect to such funding, exceeding the Commitment.

Section 2.4. Determination of Interest and Other Amounts. On each LIBOR Determination Date, the Lender shall determine and deliver to the Servicer the applicable LIBOR Rate with respect to the related Accrual Period. On or before each Determination Date, the Lender shall determine and deliver to the Servicer (i) the applicable Interest Rate and the Interest (including unpaid Interest, if any, due and payable on a prior Payment Date) to be paid by the Borrower on the related Payment Date, (ii) the Program Fee, the Facility Fee, any Breakage Costs, any Increased Costs and any Additional Amounts due in respect of the related Payment Date and any such amounts unpaid from any prior Payment Date.

Section 2.5. Reduction of the Facility Limit; Repurchase. The Borrower may, upon at least ten (10) Business Days' notice to the Deal Agent, terminate in whole or reduce in part the portion of the Facility Limit that exceeds the aggregate Capital; provided, however, that each partial reduction of the Facility Limit shall be in an aggregate amount equal to \$1,000,000 or an integral multiple thereof. Each notice of reduction or termination pursuant to this Section 2.5 shall be irrevocable.

Section 2.6. [Reserved.]

Section 2.7. Settlement Procedures.

(a) On each Payment Date and on the Maturity Date, the Collateral Agent shall withdraw Available Funds and any Excess Reserve Amount (to be applied in accordance with Section 2.7(c)) and investment earnings on amounts on deposit in the Collection Account from the Collection Account and allocate and distribute such amounts to the applicable Person in the following order of priority:

(i) FIRST, to the Hedge Counterparty, an amount equal to any Hedge Costs (exclusive of termination payments) and any such Hedge Costs (exclusive of termination payments) unpaid from any prior Payment Date.

(ii) SECOND, to the Backup Servicer so long as it has not become the Servicer hereunder, an amount equal to any accrued and unpaid Backup Servicing Fee due in respect of such Payment Date, any unpaid Backup Servicing Fee from any prior Payment Date, any reasonable out-of-pocket expenses incurred in SST's capacity as Backup Servicer,

and any accrued and unpaid Indemnified Amounts owed by the Borrower to SST up to \$17,000, monthly;

(iii) THIRD, (A) to the Servicer, an amount equal to any accrued and unpaid Servicing Fees due in respect of such Payment Date and any Servicing Fees unpaid from any prior Payment Date; provided, however, if the Servicer has been replaced pursuant to Section 6.12 such amount shall not exceed the Capped Servicing Fee; and (B) to the Backup Servicer, if it has become the Successor Servicer, any Transition Expenses;

(iv) FOURTH, to the Deal Agent for the account of the Lender, an amount equal to the sum of any accrued and unpaid (A) Interest (up to an amount not exceeding the Interest Cap) and Breakage Costs, (B) the Program Fee, and (C) the Facility Fee, Increased Costs and any Additional Amounts due in respect of such Payment Date and any such amounts unpaid from any prior Payment Date;

(v) FIFTH, during the Revolving Period, to the Deal Agent for the account of the Lender, an amount equal to the Monthly Principal Payment Amount for such Payment Date;

(vi) SIXTH, during the Amortization Period, to the Deal Agent for the account of the Lender, the Additional Principal Payment Amount, until Capital has been reduced to zero;

(vii) SEVENTH, to the Deal Agent for the account of the Lender, an amount equal to, without double counting, any Interest Cap Carryover.

(viii) EIGHTH, to the Deal Agent for the account of the Lender and the Backup Servicer, an amount equal to, without double counting, Increased Costs, any Additional Amounts and Indemnified Amounts (provided that, with respect to the Backup Servicer, such Indemnified Amounts shall include only those Indemnified Amounts not paid pursuant to clause (ii) above) due in respect of such Payment Date and unpaid from any prior Payment Date;

(ix) NINTH, to the Reserve Account, (A) an amount equal to any outstanding Reserve Advances and (B) the amount necessary to cause the amount on deposit in the Reserve Account to equal the Required Reserve Account Amount (after giving effect to any deposits made in subclause (A));

(x) TENTH, to the Backup Servicer, any Servicing Fee due in respect of such Payment Date, to the extent not paid pursuant to clause (iii) above and any such Servicing Fee unpaid from any prior Payment Date;

(xi) ELEVENTH, to the Deal Agent for the account of any other applicable Person, all remaining amounts up to all Aggregate Unpaid (during the Revolving Period, other than Capital) until paid in full;

(xii) TWELFTH, to the Borrower any remaining amounts.

(b) One Business Day per calendar month, the date of which is to be chosen by the Borrower, the Collateral Agent shall, upon two Business Days' prior written request of the Borrower, withdraw from the Collection Account an amount not to exceed the amount on deposit therein on the date of such request. The Collateral Agent shall distribute such amount to the Deal Agent for the account of the Lender, to be distributed by the Deal Agent to the Lender as a payment in reduction of Capital. Notwithstanding anything in this Section 2.7(b) to the contrary, the Collateral Agent shall not be required to effect any such withdrawal or the Deal Agent make any such distribution until an Officer of the Servicer or a representative of the Servicer designated by a Responsible Officer of the Servicer has certified to the Collateral Agent and the Deal Agent in writing (which shall include electronic transmission) that it reasonably believes that at the end of the related Collection Period the sum of Available Funds and Excess Reserve Amount, after giving effect to such payment, will be greater than the amount needed to make the payments required pursuant to Section 2.7(a)(i) through (xi). Any such prepayment of principal shall include all accrued and unpaid Interest and any applicable Breakage Costs relating thereto.

(c) (i) If on any Payment Date the amount paid pursuant to Section 2.7(a)(iv) and (v) is insufficient to cover all amounts due thereunder on such Payment Date the Collateral Agent shall withdraw from the Reserve Account an amount equal to the lesser of such shortfall and the amount of funds on deposit in the Reserve Account (such withdrawal, a "Reserve Advance") and deposit such amount to the Collection Account. The Collateral Agent shall pay such amount to the Deal Agent for payment to the Lender.

(ii) If on any Payment Date during the Amortization Period, the amount paid pursuant to Section 2.7(a)(vi) is insufficient to reduce Capital to zero, the Deal Agent, in its sole discretion, may direct the Collateral Agent to withdraw any or all of the amount on deposit in the Reserve Account, and pay such amount to the Deal Agent, for payment to the Lender in respect of interest and principal and all other Aggregate Unpaid payable to the Lender at such time.

Section 2.8. Take-Out.

(a) On any Business Day (the "Take-Out Date"), but subject to the limitations below (including those contained in clause (d) below), the Borrower shall have the right to effect a Take-Out and require the Collateral Agent to release its security interest and Lien on the related Contracts and Loans, subject to the following terms and conditions:

(i) The Borrower shall have given the Deal Agent, the Collateral Agent, the Backup Servicer and the Servicer at least three (3) Business Days' prior written notice of its intent to effect the Take-Out, which notice shall be irrevocable; provided, however, failure to effect such Take-Out on the Take-Out Date shall not result in a Termination Event, but the Borrower shall be obligated to pay any Breakage Costs and any other losses and Indemnified Amounts incurred by the Lender and the other Indemnified Parties in connection therewith.

(ii) Unless the Take-Out is to be effected on a Payment Date (in which case the relevant calculations with respect to such Take-Out shall be reflected on the applicable Monthly Report), the Servicer shall deliver to the Deal Agent an Officer's Certificate, together with evidence to the reasonable satisfaction of the Deal Agent (which evidence may consist solely of the Officer's Certificate signed by an officer of the Servicer) that the Borrower shall have sufficient funds on the related Take-Out Date to effect the contemplated Take-Out in accordance with this Agreement. In effecting the Take-Out, the Borrower may use the proceeds of sales of the Loans (which sales must be made in arm's length transactions).

(iii) After giving effect to the Take-Out and the release to the Borrower of the Loans and related Contracts on the Take-Out Date, (x) the representations and warranties contained in Section 4.1 and 4.2 hereof shall continue to be correct in all material respects, except to the extent relating to an earlier date and (y) neither an Unmatured Termination Event nor a Termination Event shall have resulted.

(iv) On the Take-Out Date, the Collateral Agent shall have received, for the benefit of the Secured Parties and the Hedge Counterparties, as applicable, in immediately available funds, an amount equal to the sum of: (A) the Capital being paid plus (B) an amount equal to the related unpaid Interest plus (C) an aggregate amount equal to the sum of all other amounts due and owing to the Deal Agent, the Collateral Agent, the Lender, the Backup Servicer, the Successor Servicer, the Hedge Counterparties and the other Secured Parties, as applicable, under this Agreement and the other Transaction Documents, to the extent accrued to such date (including, without limitation, Breakage Costs and Hedge Costs) plus (D) all other Aggregate Unpaid. No reduction of the Capital shall be given effect unless the Borrower has complied with the terms of any Hedging Agreement requiring that any derivative transaction related thereto be terminated in whole or in part as a result of any such reduction in the Capital and the Borrower has paid all Hedge Costs due to the relevant Hedge Counterparty for any such termination.

(v) Upon receipt of the amount set forth in clause (iv) above, the Collateral Agent shall apply such amounts first to the pro rata reduction of the Capital, second to the payment of accrued Interest on the amount of the Capital to be repaid and to the payment of any Breakage Costs, by paying such amounts to the Lender, and third to pay any Hedge Costs related to such reduction of the Capital due to the relevant Hedge Counterparty, and fourth to pay all other Aggregate Unpaid related to such reduction of the Capital due to the relevant party.

(vi) The Borrower shall certify in writing to the Collateral Agent and the Deal Agent that no adverse selection was employed in the selection of the Loans and Contracts to be released.

(vii) On the Take-Out Date, the Servicer shall submit to the Deal Agent a report setting forth (A) the Forecasted Collections in respect of the Loans remaining as part of the Collateral after giving effect to such Take-Out, (B) a calculation of the Borrowing Base (and material components thereof) after giving effect to such Take-Out and (C) such

other information regarding the Collateral remaining after the Take-Out as the Deal Agent may reasonably request.

(viii) Any sale or other transfer of Loans and related Contracts by the Borrower in connection with any Take-Out shall be made in an arm's length transaction, the terms of which shall state that such sale or other transfer is made without recourse to, or representation or warranty by, the Borrower; provided that the Borrower may represent and warrant that it is selling or transferring such Loans and Contracts free and clear of any Lien created by or through the Borrower.

Upon the occurrence of any Take-Out the Borrower and the Servicer shall be deemed to represent and warrant that each of the foregoing conditions has been satisfied with respect thereto.

(b) The Borrower hereby agrees to pay the reasonable legal fees and expenses of the Lender, the Deal Agent and the Collateral Agent in connection with any Take-Out (including, but not limited to, expenses incurred in connection with the release of the Lien of the Collateral Agent, for the benefit of the Secured Parties, and any expenses of the Lender, the Deal Agent or any other party having such an interest in the Loans in connection with such Take-Out).

(c) In connection with any Take-Out, on the related Take-Out Date, the Collateral Agent, on behalf of the Lender, the Deal Agent and the other Secured Parties, shall, at the expense of the Borrower: (i) execute such instruments of release with respect to the portion of the Loans to be released to the Borrower, in favor of the Borrower as the Borrower may reasonably request; (ii) deliver any portion of the Loans to be released to the Borrower in its possession to the Borrower; and (iii) at the Borrower's reasonable request, otherwise take such actions, and permit the Borrower to take such actions, as are necessary and appropriate to release the Lien of the Collateral Agent on the Loans to be released to the Borrower and deliver to the Borrower such Loans.

(d) Notwithstanding anything to the contrary contained herein, Borrower may not effect a Take-Out more frequently than one time during any three month period.

Section 2.9. Collections and Allocations.

(a) Collections. The Servicer shall transfer, or cause to be transferred, all Collections on deposit in the form of available funds in the Credit Acceptance Payment Account to the Collection Account by the close of business on the second Business Day such Collections are received therein. The Servicer shall promptly (but in no event later than the second Business Day (or if the Backup Servicer has become the Successor Servicer hereunder, the third Business Day) after the receipt thereof) deposit all Collections received directly by it in the Collection Account. The Servicer shall make such deposits or payments on the date indicated therein by wire transfer of immediately available funds or by automated clearing house (ACH) payment.

(b) Initial Deposits. On each Funding Date, the Servicer will deposit (in immediately available funds) into the Collection Account all Collections received on and after the applicable Cut-Off Date and through and including the day that is two days immediately preceding such Funding Date, in respect of the Loans.

(c) Investment of Funds. (i) Until the occurrence of a Termination Event or Unmatured Termination Event, to the extent there are uninvested amounts on deposit in the Collection Account and the Reserve Account, all amounts therein shall be invested as set forth in Section 6.7(c).

(ii) On the date on which Capital is reduced to zero and all Aggregate Unpaid have been indefeasibly paid in full in cash, all Collateral is released from the Lien of this Agreement, and this Agreement is terminated, any amounts on deposit in the Reserve Account shall be released to the Borrower.

(d) Allocation of Collections. The Servicer will allocate Collections monthly in accordance with the actual amount of Collections received. The Servicer (including any applicable Successor Servicer) shall determine each month the amount of Collections received during such month which constitutes amounts which, pursuant to the terms of any Dealer Agreement, are required to be remitted to the applicable Dealer (such collections, "Dealer Collections") and shall so notify the Collateral Agent. Notwithstanding any other provision hereof, the Collateral Agent, at the direction of the Servicer, shall distribute on each Payment Date: (i) to the Borrower, an amount equal to the aggregate amount of Dealer Collections received during or with respect to the prior Collection Period and (ii) to the Backup Servicer, if it has become the Successor Servicer, an amount equal to any Repossession Expenses related to the prior Collection Period prior to the distribution of Available Funds pursuant to Section 2.7.

Section 2.10. Payments, Computations, Etc.

(a) Unless otherwise expressly provided herein, all amounts to be paid or deposited by the Borrower or the Servicer hereunder shall be paid or deposited in accordance with the terms hereof no later than 10:00 a.m. (New York time) on the day when due in lawful money of the United States in immediately available funds to the Agent's Account and the Deal Agent shall distribute such amounts actually received by it to the Persons entitled thereto for receipt no later than 11:00 a.m. (New York time). Any amounts received in the Agent's Account after 10:00 a.m. (New York time) shall be deemed to be received on the next subsequent Business Day and the Deal Agent shall distribute such amounts to the Persons entitled thereto no later than 11:00 a.m. (New York time) on such next subsequent Business Day. The Borrower shall, to the extent permitted by law, pay to the Secured Parties interest on all amounts not paid or deposited when due hereunder 3.0% per annum above the Base Rate, payable on demand; provided, however, that such interest rate shall not at any time exceed the maximum rate permitted by Applicable Law. All computations of interest and all computations of Interest and other fees hereunder shall be made on the basis of a year of 360 days for the actual number of days (including the first but excluding the last day) elapsed.

(b) Whenever any payment hereunder shall be stated to be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day, and such extension of time shall in such case be included in the computation of payment of Interest, interest or any fee payable hereunder, as the case may be.

(c) If the Advance requested by the Borrower for any Funding Date and approved by the Lender and the Deal Agent pursuant to Section 2.1 and Section 2.3, is not made or effectuated for any reason other than the Lender's failure to honor its obligations hereunder, as the case may be, on the requested Funding Date, the Borrower shall indemnify the Lender against Breakage Costs, any reasonable loss, cost or expense incurred by the Lender, including, without limitation, any loss (including loss of anticipated profits, net of anticipated profits in the reemployment of such funds in the manner determined by the Lender), cost or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by the Lender to fund or maintain the Funding.

Section 2.11. [Reserved.]

Section 2.12. Fees.

(a) The Borrower shall pay to the Deal Agent, for the account of the Lender from the Collection Account on each Payment Date, monthly in arrears, the Program Fee agreed to in each Fee Letter.

(b) The Servicer shall be entitled to receive the Servicing Fee, monthly in arrears in accordance with Section 2.7(a).

(c) The Backup Servicer shall be entitled to receive the Backup Servicing Fee in accordance with Section 2.7(a).

(d) The Borrower shall pay to Mayer Brown LLP, as counsel to the Deal Agent, on the Effective Date, their respective estimated reasonable fees and out-of-pocket expenses in immediately available funds and shall pay all additional reasonable fees and out-of-pocket expenses of Mayer Brown LLP, within ten (10) Business Days after receiving an invoice for such amounts.

Section 2.13. Increased Costs; Capital Adequacy; Illegality.

(a) If (i) the introduction of or any change (including, without limitation, any change by way of imposition or increase of reserve requirements) in or in the interpretation of any law or regulation, (ii) the compliance by an Affected Party with any guideline or request from any central bank or other Governmental Authority (whether or not having the force of law), or (iii) without limiting the generality of the foregoing, any Specified Change in Law, in any of the foregoing cases, shall (A) subject an Affected Party to any Tax (except for Taxes on the overall net income of such Affected Party imposed on it by the jurisdiction under the laws of which such Affected Party is organized), duty or other charge with respect to the Advance made by it hereunder, or any right to make the Funding hereunder, or on any payment made hereunder, (B) impose, modify or deem applicable any reserve requirement (including, without limitation, any reserve requirement imposed by the Board of Governors of the Federal Reserve System, but excluding any reserve requirement, if any, included in the determination of Interest), special deposit or similar requirement against assets of, deposits with or for the amount of, or credit extended by, any Affected Party or (C) impose any other condition affecting the Advance made by it hereunder or the Lender's rights hereunder, the result of which is to increase the cost to any Affected Party or to reduce the amount of any sum received or receivable by an Affected Party under this Agreement, then within ten days after demand

by such Affected Party (which demand shall be accompanied by a statement setting forth the basis for such demand), the Borrower shall pay directly to such Affected Party such additional amount or amounts as will compensate such Affected Party for such additional or increased cost incurred or such reduction suffered.

(b) If (i) the introduction of or any change in or in the interpretation of any law, guideline, rule, regulation, directive or request, (ii) compliance by any Affected Party with any law, guideline, rule, regulation, directive or request from any central bank or other governmental authority or agency (whether or not having the force of law), including, without limitation, compliance by an Affected Party with any request or directive regarding capital adequacy, or (iii) without limiting the generality of the foregoing, any Specified Change in Law, in any of the foregoing cases, has or would have the effect of reducing the rate of return on the capital of any Affected Party as a consequence of its obligations hereunder or arising in connection herewith to a level below that which any such Affected Party could have achieved but for such introduction, change or compliance (taking into consideration the policies of such Affected Party with respect to capital adequacy) by an amount deemed by such Affected Party to be material, then from time to time, within ten days after demand by such Affected Party (which demand shall be accompanied by a statement setting forth the basis for such demand), the Borrower shall pay directly to such Affected Party such additional amount or amounts as will compensate such Affected Party for such reduction. For avoidance of doubt, any interpretation of Accounting Research Bulletin No. 51 by the Financial Accounting Standards Board shall constitute an adoption, change, request or directive subject to this subsection 2.13(b).

(c) If as a result of any event or circumstance similar to those described in clauses (a) or (b) of this section, any Affected Party is required to compensate a bank or other financial institution providing liquidity support, credit enhancement or other similar support to such Affected Party in connection with this Agreement or the funding or maintenance of the Advance hereunder, then within ten days after demand by such Affected Party, the Borrower shall pay to such Affected Party such additional amount or amounts as may be necessary to reimburse such Affected Party for any amounts payable or paid by it.

(d) In determining any amount provided for in this section, the Affected Party may use any reasonable averaging and attribution methods. Any Affected Party making a claim under this section shall submit to the Borrower a written description as to such additional or increased cost or reduction and the calculation thereof, which written description shall be conclusive absent manifest error.

(e) If the Lender shall notify the Deal Agent that a Eurodollar Disruption Event as described in clause (a) of the definition of “Eurodollar Disruption Event” has occurred, the Deal Agent shall in turn so notify the Borrower, whereupon all Capital in respect of which Interest accrues at the Adjusted LIBOR Rate shall immediately be converted into Capital in respect of which Interest accrues at the Base Rate.

Section 2.14. Taxes.

(a) All payments made by an Obligor in respect of each Loan and each Contract and all payments made by the Borrower, Originator or Credit Acceptance under this Agreement or the other Transaction Documents will be made free and clear of and without deduction or withholding for or on account of any Taxes. If any Taxes are required to be withheld from any amounts payable to the Deal Agent or any Secured Party, then the amount payable to such Person will be increased (such increase, the “Additional Amount”) such that every net payment made under this Agreement after withholding for or on account of any Taxes (including, without limitation, any Taxes on such increase) is not less than the amount that would have been paid had no such deduction or withholding been deducted or withheld. The foregoing obligation to pay Additional Amounts, however, will not apply with respect to net income or franchise taxes imposed on the Lender or the Deal Agent, respectively, with respect to payments required to be made by the Borrower or Credit Acceptance under this Agreement, by a taxing jurisdiction in which the Lender or Deal Agent is organized, conducts business or is paying taxes (in either case of conducting business or paying taxes, other than solely as a result of the transactions contemplated by this Agreement and the other Transaction Documents) as of the Effective Date (as the case may be).

(b) The Borrower will indemnify each Affected Party for the full amount of Taxes payable by such Person in respect of Additional Amounts and any liability (including penalties, interest and expenses) arising therefrom or with respect thereto. All payments in respect of this indemnification shall be made within ten days from the date a written invoice therefor is delivered to the Borrower.

(c) The Borrower will notify the Deal Agent on an annual basis of any payments by the Borrower in respect of any Taxes, not including those Taxes paid by Credit Acceptance on a consolidated basis.

(d) If the Lender is not created or organized under the laws of the United States or a political subdivision thereof, the Lender shall deliver to the Borrower, with a copy to the Deal Agent, (i) within 15 days after the date hereof, or, if a successor lender becomes the Lender after the Closing Date, the date on which such party becomes the Lender hereunder, two (or such other number as may from time to time be prescribed by Applicable Laws) duly completed copies of IRS Form W-8BEN or Form W-8ECI (or any successor forms or other certificates or statements that may be required from time to time by the relevant United States taxing authorities or Applicable Laws), as appropriate, to permit the Borrower to make payments hereunder for the account of the Lender, as the case may be, without deduction or withholding of United States federal income or similar Taxes and (ii) upon the obsolescence of or after the occurrence of any event requiring a change in, any form or certificate previously delivered pursuant to this Section 2.14(d), copies (in such numbers as may from time to time be prescribed by Applicable Laws or regulations) of such additional, amended or successor forms, certificates or statements as may be required under Applicable Laws or regulations to permit the Borrower to make payments hereunder for the account of the Lender, without deduction or withholding of United States federal income or similar Taxes.

(e) Without prejudice to the survival of any other agreement of the Borrower hereunder, the agreements and obligations of the Borrower contained in this section shall survive the termination of this Agreement.

Section 2.15. Assignment of the Contribution Agreement. The Borrower hereby assigns to the Deal Agent, for the ratable benefit of the Secured Parties hereunder, all of the Borrower's right, title and interest in and to, but none of its obligations under, the Contribution Agreement, the Hedging Agreement and any other Transaction Documents. The Borrower confirms that the Deal Agent on behalf of the Secured Parties shall have the sole right to enforce the Borrower's rights and remedies under the Contribution Agreement and the Hedging Agreement for the benefit of the Secured Parties.

Section 2.16. Servicer Clean-up Call.

(a) (i) On any Payment Date after the last day of any Collection Period during the Amortization Period as of which the amount of Capital shall be less than or equal to 10% of the amount of Capital as of the beginning of the Amortization Period, Credit Acceptance shall have the option to purchase the Loans, subsequent Collections and Related Security for a price equal to the aggregate Release Price for the Loans. To exercise such option, Credit Acceptance shall deposit in the Collection Account an amount equal to such aggregate Release Price plus accrued Interest, Hedge Costs and Breakage Costs in immediately available funds. Notwithstanding the foregoing, Credit Acceptance shall not exercise such option unless the amount so deposited equals or exceeds the Retransfer Amount for the Loans.

(ii) Credit Acceptance shall have the right to purchase from time to time Loans, subsequent Collections and Related Security (as selected by the Borrower without adverse selection) so long as in the aggregate such purchases do not exceed 1.0% of the Loans based upon the Aggregate Outstanding Eligible Loan Net Balance on the date of purchase, for an amount equal to the greater of: (A) the Release Price plus any accrued Interest, Hedge Costs and Breakage Costs related to such Loans; and (B) the aggregate fair market value of such Loans. Such amount shall be paid by depositing immediately available funds in the Collection Account.

(iii) Credit Acceptance shall give at least 2 Business Days' notice to the Collateral Agent and the Deal Agent of its intent to exercise either of the foregoing options.

(b) The Borrower hereby agrees to pay the reasonable legal fees and expenses of the Deal Agent, any Successor Servicer and the Lender in connection with any such purchase option (including, but not limited to, expenses incurred in connection with the release of the Lien of the Collateral Agent, the Lender and any other party having such an interest in the Loans).

(c) In connection with any such purchase option, on the related date of purchase, the Collateral Agent, on behalf of the Lender, shall, at the expense of the Borrower: (i) arrange for the execution by the Lender of such instruments of release with respect to the Loans being released, in favor of the Borrower and the purchaser as the Borrower or purchaser may reasonably request, including without limitation, a release in the form of Exhibit G hereto; (ii) deliver any portion of the Loans to be released in its possession to the Borrower or purchaser; and (iii) otherwise take such

actions, and cause or permit the Collateral Agent to take such actions, as are necessary and appropriate to release the Lien of the Collateral Agent on the Loans to be released and deliver to the Borrower or purchaser such Loans.

ARTICLE III
CONDITIONS TO THE CLOSING AND EACH FUNDING

Section 3.1. Conditions to the Closing and the Initial Funding. The Closing Date shall not occur and no Lender shall be obligated to make an Advance hereunder on the occasion of the Initial Funding, nor shall any Lender, the Deal Agent, the Backup Servicer or the Collateral Agent be obligated to take, fulfill or perform any other action hereunder, until (i) in the case of the Closing Date, the conditions set forth in clauses (a), (c) and (d) below, and (ii) in the case of the Initial Funding, all of the following conditions, after giving effect to the proposed Advance, in each case, have been satisfied, in the sole discretion of, or waived in writing by, the Deal Agent:

- (a) Each document specified in the schedule of documents attached hereto as Schedule IX has been duly executed by, and delivered to, the parties hereto and thereto and the Deal Agent has received all such executed documents. The Lender shall have cancelled all notes and terminated related fee letters executed by CAC Warehouse Funding III, LLC in favor of Fifth Third Bank and delivered the same to the Borrower.
- (b) The executed Note in the face amount representing the Commitment amount and dated as of the Effective Date has been delivered to the Lender.
- (c) The Deal Agent has received such other approvals, opinions or documents as the Deal Agent or its counsel may reasonably require.
- (d) All fees payable by the Borrower to Fifth Third on or prior to the Effective Date pursuant to the Fee Letter shall have been paid in full in accordance with the terms thereof.
- (e) The Borrower shall have deposited to the Reserve Account an amount equal to the Required Reserve Account Amount after giving effect to the proposed Advance.
- (f) An Eligible Hedging Agreement shall be in effect.

Section 3.2. Conditions Precedent To All Fundings. Each request for a Funding hereunder (each, a “Transaction”) shall be subject to the further conditions precedent:

- (a) With respect to any Advance (including the Initial Funding), the Borrower shall have delivered to the Deal Agent, on or prior to the date of the Advance in form and substance satisfactory to the Deal Agent, (i) the Funding Notice and (ii) Exhibit A to the Contribution Agreement, including the Schedule of Loans and Contracts attached thereto, dated within two (2) Business Days prior to the date of the Advance and containing such additional information as may be reasonably requested by the Deal Agent.

(b) On the date of such Transaction the following statements shall be true and the Borrower shall be deemed to have certified that, after giving effect to the proposed Advance and pledge of Additional Loans:

(i) The representations and warranties contained in Sections 4.1, 4.2 and 4.3 are true and correct on and as of such day as though made on and as of such day and shall be deemed to have been made on such day;

(ii) On and as of such day, after giving effect to the proposed Advance, the outstanding Capital does not exceed the lesser of (A) the Borrowing Base and (B) the Facility Limit;

(iii) On and as of such day, the Borrower, the Originator and the Servicer each has performed all of the agreements contained in this Agreement and the other Transaction Documents to which it is a party to be performed by such person at or prior to such day; and

(iv) No law or regulation shall prohibit, and no order, judgment or decree of any federal, state or local court or governmental body, agency or instrumentality shall prohibit or enjoin, the making of the Funding by the Lender in accordance with the provisions hereof.

(c) The Borrower shall have delivered to the Collateral Agent the information described in Section 2.2(a)(iii).

(d) All financing statements necessary to perfect the Collateral Agent's first priority security interest in the Collateral shall have been filed in the appropriate filing offices.

(e) Forecasted Collections for the Aggregate Outstanding Eligible Loan Net Balance (after giving effect to the proposed Advance) shall be greater than or equal to Capital, after giving effect to the proposed Advance.

(f) all conditions required to be satisfied in the Contribution Agreement shall have been satisfied.

(g) No Amortization Event, Termination Event or Unmatured Termination Event shall have occurred.

(h) No Servicer Termination Event or any event, that with the giving of notice or the lapse of time, or both, would become a Servicer Termination Event shall have occurred.

(i) No material adverse selection procedures were used by the Borrower with respect to the Loans, Contracts or Dealer Agreements; provided, for the avoidance of doubt, that during the Revolving Period, the Borrower in its sole discretion may elect to pledge Dealer Loans secured by either Open Pools or Closed Pools.

(j) The Borrower shall have made any deposit to the Reserve Account necessary to ensure that the amount on deposit therein is equal to the Required Reserve Account Amount after giving effect to the proposed Advance.

(k) An Eligible Hedging Agreement shall be in effect.

(l) There shall be no litigation, proceeding or investigation, to the best knowledge of the Borrower and Servicer, threatened against the Borrower or the Servicer, before any Governmental Authority (i) asserting the invalidity of this Agreement or any other Transaction Document to which the Borrower or Servicer is a party, (ii) seeking to prevent the consummation of any of the transactions contemplated by this Agreement or any other Transaction Document to which the Borrower or Servicer is a party or (iii) seeking any determination or ruling that could reasonably be expected to have Material Adverse Effect.

(m) The Deal Agent shall have received such other approvals, opinions or documents as the Deal Agent or its counsel may reasonably require.

ARTICLE IV REPRESENTATIONS AND WARRANTIES

Section 4.1. Representations and Warranties of the Borrower. The Borrower represents and warrants to the Collateral Agent, the Deal Agent, any Successor Servicer, the Backup Servicer and the Secured Parties on the Closing Date, and on each Funding Date thereafter until the Collection Date, as follows:

(a) Organization and Good Standing. The Borrower has been duly organized, and is validly existing as a limited liability company in good standing under the laws of the State of Delaware, with all requisite power and authority to own or lease its properties and conduct its business as such business is presently conducted, and the Borrower had at all relevant times, and now has all necessary power, authority and legal right to acquire, own and pledge the Collateral and perform its obligations under this Agreement.

(b) Due Qualification. The Borrower is duly qualified to do business and is in good standing as a limited liability company and has obtained all material necessary licenses and approvals, in all jurisdictions in which the ownership or lease of property or the conduct of its business requires such qualification, licenses or approvals.

(c) Power and Authority; Due Authorization. The Borrower: (i) has all necessary power, authority and legal right to: (A) execute and deliver this Agreement and the other Transaction Documents to which it is a party, (B) carry out the terms of the Transaction Documents to which it is a party, and (C) transfer and assign each Loan, Related Security and all other Collateral on the terms and conditions herein provided and (ii) has duly authorized by all necessary action the execution, delivery and performance of this Agreement and the other Transaction Documents to which it is a party and the transfer and assignment of the Loans, Related Security and all other Collateral on the terms and conditions herein provided. This Agreement and each other Transaction Document to which it is a party have been duly executed and delivered by it.

(d) Binding Obligation. This Agreement and each other Transaction Document to which the Borrower is a party constitutes a legal, valid and binding obligation of the Borrower, each enforceable against the Borrower in accordance with its terms, subject to any defense, if any, arising out of a breach or other action or inaction of a party thereto other than the Borrower or any Affiliate of the Borrower.

(e) No Violation. The consummation of the transactions contemplated by this Agreement and the other Transaction Documents to which it is a party and the fulfillment of the terms hereof and thereof will not (i) conflict with, result in any breach of any of the terms and provisions of, or constitute (with or without notice or lapse of time or both) a default under, the Borrower's certificate of formation, operating agreement or any Contractual Obligation of the Borrower, (ii) result in the creation or imposition of any Lien upon any of the Borrower's properties pursuant to the terms of any such Contractual Obligation, other than this Agreement, or (iii) violate any Applicable Law.

(f) No Proceedings. There is no litigation, proceeding or investigation pending or, to the best knowledge of the Borrower, threatened against the Borrower, before any Governmental Authority (i) asserting the invalidity of this Agreement or any other Transaction Document to which the Borrower is a party, (ii) seeking to prevent the consummation of any of the transactions contemplated by this Agreement or any other Transaction Document to which the Borrower is a party or (iii) seeking any determination or ruling that would reasonably be expected to have Material Adverse Effect and is reasonably expected to occur.

(g) All Consents Required. All approvals, authorizations, consents, orders or other actions of any Person or of any Governmental Authority (if any) required for the due execution, delivery and performance by the Borrower of this Agreement and any other Transaction Document to which the Borrower is a party have been obtained except where the failure to so obtain is not reasonably expected to result in a Material Adverse Effect.

(h) Bulk Sales. The execution, delivery and performance of this Agreement do not require compliance with any "bulk sales" act or similar law by Borrower.

(i) Solvency. The transactions under this Agreement and any other Transaction Document to which the Borrower is a party do not and will not render the Borrower not Solvent and the Borrower shall deliver to the Deal Agent on the Effective Date a certification in the form of Exhibit F. The Originator has confirmed in writing to the Borrower that, until one year and one day after the Collection Date, the Originator will not cause the Borrower to file a voluntary petition under the Bankruptcy Code or any other Insolvency Laws.

(j) Selection Procedures. No procedures believed by the Borrower to be materially adverse to the interests of the Collateral Agent or the Lender were utilized by the Borrower in identifying and/or selecting Loans or Dealer Agreements; provided, for the avoidance of doubt, that during the Revolving Period, the Borrower in its sole discretion may elect to pledge Dealer Loans secured by either Open Pools or Closed Pools. In addition, each Loan shall have been underwritten in accordance with and satisfy, in each case in all material respects, the standards of

any Credit Guidelines that have been established by the Borrower or the Originator and are then in effect.

(k) Taxes. The Borrower has filed or caused to be filed all tax returns that are required to be filed by it. The Borrower has paid or made adequate provisions for the payment of all material Taxes and all assessments made against it or any of its property (other than any amount of Tax the validity of which is currently being contested in good faith by appropriate proceedings and with respect to which reserves in accordance with GAAP have been provided on the books of the Borrower), and no tax lien has been filed and, to the Borrower's knowledge, no claim is being asserted, with respect to any such Tax, fee or other charge.

(l) Exchange Act Compliance; Regulations T, U and X. None of the transactions contemplated herein (including, without limitation, the use of the proceeds from the pledge of the Collateral) will violate or result in a violation of Section 7 of the Securities Exchange Act, or any regulations issued pursuant thereto, including, without limitation, Regulations T, U and X of the Board of Governors of the Federal Reserve System, 12 C.F.R., Chapter II. The Borrower does not own or intend to carry or purchase, and no proceeds from the pledge of the Collateral will be used to carry or purchase, any "margin stock" within the meaning of Regulation U or to extend "purchase credit" within the meaning of Regulation U.

(m) Quality of Title. Each Loan, together with the Related Security related thereto, shall, at all times, be owned by the Borrower free and clear of any Lien except as provided in Section 4.2(a)(iii), and upon each Funding, the Collateral Agent as agent for the Secured Parties shall acquire a valid and perfected first priority security interest in such Loans, the Related Security related thereto and all Collections then existing or thereafter arising, free and clear of any Lien, except as provided in Section 4.2(a)(iii). No effective financing statement or other instrument similar in effect covering any Loan or Dealer Agreement shall at any time be on file in any recording office except such as may be filed (i) in favor of the Borrower in accordance with the Contribution Agreement or (ii) in favor of the Collateral Agent in accordance with this Agreement.

(n) Security Interest. The Borrower has granted a security interest (as defined in the UCC) to the Collateral Agent, as agent for the Secured Parties, in the Collateral, which is enforceable in accordance with applicable law upon execution and delivery of this Agreement. Upon the filing of UCC-1 financing statements naming the Collateral Agent as secured party and the Borrower as debtor, the Collateral Agent, as agent for the Secured Parties, shall have a first priority perfected security interest in the Collateral. All filings (including, without limitation, such UCC filings) as are necessary in any jurisdiction to perfect the interest of the Collateral Agent, as agent for the Secured Parties, in the Collateral have been made.

(o) Accuracy of Information. All information heretofore furnished by the Borrower (including without limitation, the Monthly Report and Credit Acceptance's financial statements) to the Deal Agent, Collateral Agent or the Lender for purposes of or in connection with this Agreement or any other Transaction Document, or any transaction contemplated hereby or thereby, will be true, correct, complete and accurate in every material respect, on the date such information is stated or certified.

(p) Location of Offices. The principal place of business and chief executive office of the Borrower and the office where the Borrower keeps all the Records (other than the Certificates of Title) are located at the address of the Borrower referred to in Section 14.2 hereof, and the office where the Borrower keeps all the Certificates of Title is located at 200 Galleria Officentre, Suite 125, Southfield, Michigan 48034 (or, in each case, at such other locations as to which the notice and other requirements specified in Section 5.2(g) shall have been satisfied); provided, that, Credit Acceptance may temporarily (or permanently, solely in the case of a Contract that is repurchased, liquidated or paid in full) move or transfer individual Contract Files or Records, or any portion thereof without notice in accordance with Section 6.2(c)(iii).

(q) OFAC. The Borrower has provided to the Lender, the Deal Agent and the Collateral Agent all information regarding Credit Acceptance, the Borrower and their respective Affiliates and Subsidiaries, as requested by the Deal Agent, necessary for the Lender, the Deal Agent and the Collateral Agent to comply with all applicable OFAC/AML Laws. To the best of the Borrower's knowledge, neither Credit Acceptance, the Borrower nor any of their respective Affiliates or Subsidiaries is, as of the date hereof, named on the current OFAC SDN List. No part of the proceeds of the Loans will be used, directly or indirectly, for any payments to any governmental official or employee, political party, official of a political party, candidate for political office, or anyone else acting in an official capacity, in order to obtain, retain or direct business or obtain any improper advantage, in violation of the United States Foreign Corrupt Practices Act of 1977.

(r) Tradenames; Place of Business; Correct Legal Name. (i) Except as described in Schedule III, the Borrower has no trade names, fictitious names, assumed names or "doing business as" names or other names under which it has done or is doing business; (ii) the principal place of business, chief executive office and location of the Borrower (for purposes of the applicable UCC) are located at the address of the Borrower set forth on the signature pages hereto; and (iii) "CAC Warehouse Funding LLC V" is the correct legal name of the Borrower indicated on the public records of the Borrower's jurisdiction of organization.

(s) Contribution Agreement. The Contribution Agreement is the only agreement pursuant to which the Borrower purchases Loans from the Originator.

(t) Value Given. The Borrower shall have given reasonably equivalent value to the Originator in consideration for the transfer to the Borrower of the Loans and Related Security under the Contribution Agreement, no such transfer shall have been made for or on account of an antecedent debt owed by the Originator to the Borrower, and no such transfer is or may be voidable or subject to avoidance under any section of the Bankruptcy Code.

(u) Accounting. The Borrower accounts for the transfers to it from the Originator of Loans and Related Security under the Contribution Agreement as sales or contributions to capital of such Loans and Related Security in its books, records and financial statements, in each case consistent with the requirements set forth herein.

(v) Special Purpose Entity. The Borrower is in compliance with Section 5.2(p) hereof in all material respects.

(w) Confirmation from the Originator. The Borrower has received in writing from the Originator confirmation that, until one year and one day after the Collection Date, the Originator will not cause the Borrower to file a voluntary petition under the Bankruptcy Code or any other bankruptcy or insolvency laws. Each of the Borrower and the Originator is aware that in light of the circumstances described in the preceding sentence and other relevant facts, the filing of a voluntary petition under the Bankruptcy Code for the purpose of making any Loan or any other assets of the Borrower available to satisfy claims of the creditors of the Originator would not result in making such assets available to satisfy such creditors under the Bankruptcy Code.

(x) Investment Company Act. The Borrower is not, and is not “controlled by”, an “investment company” within the meaning of the Investment Company Act of 1940, as amended, and the Borrower is not relying exclusively on the exemption from the definition of “investment company” afforded by either Section 3(c)(1) or Section 3(c)(7) of the Investment Company Act of 1940, as amended.

(y) ERISA. The present value of all benefits vested under all “employee pension benefit plans,” as such term is defined in Section 3 of ERISA, maintained by the Borrower, or in which employees of the Borrower are entitled to participate, as from time to time in effect (herein called the “Pension Plans”), does not exceed the value of the assets of the Pension Plan allocable to such vested benefits (based on the value of such assets as of the last annual valuation date). No prohibited transactions, accumulated funding deficiencies, withdrawals or reportable events have occurred with respect to any Pension Plans that, in the aggregate, could subject the Borrower to any material tax, penalty or other liability. No notice of intent to terminate a Pension Plan has been billed, nor has any Pension Plan been terminated under Section 4041(f) of ERISA, nor has the Pension Benefit Guaranty Corporation instituted proceedings to terminate, or appoint a trustee to administer a Pension Plan and no event has occurred or condition exists that might constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Pension Plan.

(z) [Reserved.]

(aa) Representations and Warranties in Contribution Agreement. The representations and warranties made by the Originator to the Borrower in the Contribution Agreement are hereby remade by the Borrower on each date to which they speak in the Contribution Agreement as if such representations and warranties were set forth herein. For purposes of this Section 4.1(aa), such representations and warranties are incorporated herein by reference as if made by the Borrower to the Deal Agent, the Successor Servicer, the Collateral Agent and to each of the Secured Parties under the terms hereof *mutatis mutandis*.

(bb) Amount of Loans and Contracts; Computer File. When new Pools or Purchased Loans are pledged to the Collateral Agent, the related Funding Notice shall provide (A) the aggregate Outstanding Balance of the Contracts to be pledged to the Collateral Agent on the related Funding Date; (B) the Aggregate Outstanding Eligible Loan Balance; and (C) the Aggregate Outstanding Eligible Loan Net Balance, each as of the applicable Cut-Off Date and as reported in Credit Acceptance’s loan servicing system or as a product of the Loan Loss Reserve analysis. The computer file or microfiche list delivered pursuant to Section 2.2(a)(iii) hereof is complete and

accurately reflects the information regarding the Loans, applicable Dealer Agreements and Contracts in all material respects.

(cc) Use of Proceeds. The proceeds of each Funding will be used by the Borrower solely to purchase the Loans and related Collateral from the Originator pursuant to the Contribution Agreement or, subject to Section 5.2(f), to make distributions to Credit Acceptance in respect of its equity interest in the Borrower.

(dd) Subsidiaries. The Borrower does not have any Subsidiaries.

(ee) Capital Stock. The Borrower has neither sold nor pledged any of its equity interests to any entity other than Credit Acceptance.

The representations and warranties set forth in this Section 4.1 shall survive the Borrower's pledge of the Collateral to the Collateral Agent and the termination and rights and obligations of the Servicer. Upon discovery by the Borrower, the Servicer (provided that, if SST is Successor Servicer, SST shall only be obligated to inform the other parties to the Agreement of breaches detailed in Section 4.1 of which a Responsible Officer has actual knowledge), Credit Acceptance or the Collateral Agent of a breach of any of the representations and warranties set forth herein, the party discovering such breach shall give prompt written notice to the other parties of such breach.

Section 4.2. Representations and Warranties of the Borrower Relating to the Loans and the Related Contracts.

(a) Eligibility of Loans. The Borrower hereby represents and warrants to the Deal Agent, the Collateral Agent, the Backup Servicer, any Successor Servicer, and the Secured Parties as of the Closing Date, the Effective Date and each Funding Date (or on such dates as otherwise provided herein) with respect to the Dealer Agreements, Loans, Contracts and Related Security pledged to the Collateral Agent on such date that:

(i) each Loan classified as an "Eligible Dealer Loan" (or included in any aggregation of balances of "Eligible Dealer Loans") or as an "Eligible Purchased Loan" (or included in any aggregation of balances of "Eligible Purchased Loans") by the Borrower or the Servicer in any document or report delivered hereunder satisfied the requirements contained in the definition of Eligible Dealer Loan or Eligible Purchased Loan, as applicable, on the date so delivered; each Contract classified as an "Eligible Dealer Loan Contract" or "Eligible Purchased Loan Contract" (or included in any aggregation of balances of "Eligible Dealer Loan Contracts" or "Eligible Purchased Loan Contracts") by the Borrower or the Servicer in any document or report delivered hereunder satisfied the requirements contained in the definition of Eligible Dealer Loan Contract or Eligible Purchased Loan Contract, as applicable, on the date so delivered;

(ii) all information with respect to the Dealer Agreements, Purchase Agreements and the Loans and the Contracts and the other Collateral provided to the Collateral Agent or the Deal Agent by the Borrower or the Servicer was true and correct in

all material respects as of the date such information was provided to the Collateral Agent or the Deal Agent, as applicable;

(iii) each Loan and all other Collateral has been pledged to the Collateral Agent free and clear of any Lien of any Person (other than, with respect to the Dealer Loan Contracts, the second priority Lien of the related Dealer therein as set forth in the related Dealer Agreement) and in compliance, in all material respects, with all Applicable Laws;

(iv) with respect to each Dealer Agreement, Purchase Agreement, Loan, Contract and all other Collateral, all material consents, licenses, approvals or authorizations of or registrations or declarations with any Governmental Authority required to be obtained, effected or given by the Borrower, in connection with the pledge of such Dealer Agreement, Purchase Agreement, Loan, Contract or other Collateral to the Collateral Agent have been duly obtained, effected or given and are in full force and effect;

(v) Schedules V and IX to this Agreement (and any addendums thereto) are and will be accurate and complete listings of all Loans, Contracts and Dealer Agreements in all material respects on the date each such Loan, Contract or Dealer Agreement was pledged to the Collateral Agent hereunder, and the information contained therein is and will be true and correct in all material respects as of such date;

(vi) each Contract and Purchased Loan constitutes tangible or electronic chattel paper; and

(vii) no selection procedure believed by the Borrower to be materially adverse to the interests of the Secured Parties has been or will be used in selecting the Dealer Agreements, Loans or Contracts; provided that for the avoidance of doubt, during the Revolving Period, Credit Acceptance in its sole discretion may elect to transfer to the Borrower Dealer Loans secured by either Open Pools or Closed Pools.

(b) Notice of Breach. The representations and warranties set forth in this Section 4.2 shall survive the pledge of the Collateral to the Collateral Agent and the termination of the rights and obligations of the Servicer. Upon discovery by the Borrower, Credit Acceptance, the Servicer (provided that, if SST is Successor Servicer, SST shall only be obligated to inform the other parties to the Agreement of breaches detailed in Section 4.2 of which a Responsible Officer has actual knowledge) or the Collateral Agent of a breach of any of the representations and warranties set forth in this Section 4.2, the party discovering such breach shall give prompt written notice to the other parties of such breach.

Section 4.3. Representations and Warranties of the Servicer. Credit Acceptance, as Servicer, represents and warrants as follows on the Closing Date, the Effective Date and each Funding Date thereafter until the Collection Date:

(a) Organization and Good Standing. The Servicer has been duly organized and is validly existing as a corporation in good standing under the laws of the State of Michigan, with all requisite corporate power and authority to own or lease its properties and to conduct its business

as such business is presently conducted and to enter into and perform its obligations pursuant to this Agreement and the other Transaction Documents to which it is a party.

(b) Due Qualification. The Servicer is duly qualified to do business as a corporation and is in good standing as a corporation, and has obtained all necessary licenses and approvals in all jurisdictions in which the ownership or lease of its property and or the conduct of its business requires such qualification, licenses or approvals.

(c) Power and Authority; Due Authorization. The Servicer (i) has all necessary power, authority and legal right to (A) execute and deliver this Agreement and the other Transaction Documents to which it is a party, (B) carry out the terms of this Agreement and the other Transaction Documents to which it is a party, and (ii) has duly authorized by all necessary corporate action the execution, delivery and performance of this Agreement and the other Transaction Documents to which it is a party. This Agreement and each other Transaction Document to which it is a party have been duly executed and delivered by the Servicer.

(d) Binding Obligation. This Agreement and each other Transaction Document to which the Servicer is a party constitutes a legal, valid and binding obligation of the Servicer, each enforceable against the Servicer in accordance with its terms, subject to any defense, if any, arising out of a breach or other action or inaction of a party thereto other than the Servicer or any Affiliate of the Servicer.

(e) No Violation. The consummation of the transactions contemplated by this Agreement and the other Transaction Documents to which it is a party and the fulfillment of the terms hereof and thereof will not (i) conflict with, result in any breach of any of the terms and provisions of, or constitute (with or without notice or lapse of time or both) a default under, the Servicer's certificate of incorporation, bylaws or any Contractual Obligation of the Servicer, (ii) result in the creation or imposition of any Lien upon any of the Servicer's properties pursuant to the terms of any such Contractual Obligation, or (iii) violate any Applicable Law.

(f) No Proceedings. There is no litigation, proceeding or investigation pending or, to the best knowledge of the Servicer, threatened against the Servicer, before any Governmental Authority (i) asserting the invalidity of this Agreement or any other Transaction Document to which the Servicer is a party, (ii) seeking to prevent the consummation of any of the transactions contemplated by this Agreement or any other Transaction Document to which the Servicer is a party or (iii) seeking any determination or ruling that would reasonably be expected to have Material Adverse Effect and is reasonably expected to occur.

(g) All Consents Required. All approvals, authorizations, consents, orders or other actions of any Person or of any Governmental Authority (if any) required for the due execution, delivery and performance by the Servicer of this Agreement and any other Transaction Document to which the Servicer is a party have been obtained except where the failure to so obtain is not reasonably expected to result in a Material Adverse Effect.

(h) Reports Accurate. All Monthly Reports and other written and electronic information, exhibits, financial statements, documents, books, records or reports furnished by the

Servicer to the Deal Agent, the Backup Servicer, the Collateral Agent or the Lender in connection with this Agreement are accurate, true, complete and correct in all material respects as of the date delivered.

(i) Servicer's Performance. The Servicer has the knowledge, the experience and the systems, financial and operational capacity available to timely perform each of its obligations hereunder and under each Transaction Document to which it is a party.

(j) Compliance With Credit Guidelines and Collection Guidelines. The initial Servicer has, with respect to the Loans and Contracts, complied in all material respects with the Credit Guidelines and the Collection Guidelines.

(k) OFAC. Credit Acceptance has provided to the Lender, the Deal Agent and the Collateral Agent all information regarding Credit Acceptance, the Borrower and their respective Affiliates and Subsidiaries, as requested by the Deal Agent, necessary for the Lender, the Deal Agent and the Collateral Agent to comply with all applicable OFAC/AML Laws. To the best of Credit Acceptance's knowledge, neither Credit Acceptance, the Borrower nor any of their respective Affiliates or Subsidiaries is, as of the date hereof, named on the current OFAC SDN List. No part of the proceeds of the Loans will be used, directly or indirectly, for any payments to any governmental official or employee, political party, official of a political party, candidate for political office, or anyone else acting in an official capacity, in order to obtain, retain or direct business or obtain any improper advantage, in violation of the United States Foreign Corrupt Practices Act of 1977.

Section 4.4. Representations and Warranties of the Backup Servicer. The Backup Servicer represents and warrants as follows:

(a) Organization and Good Standing. The Backup Servicer has been duly organized, and is validly existing as a corporation and in good standing under the laws of Delaware, with all requisite power and authority to own or lease its properties and to conduct its business as such business is presently conducted and to enter into and perform its obligations pursuant to this Agreement and each Transaction Document to which it is a party.

(b) Binding Obligation. This Agreement and each other Transaction Document to which it is a party constitutes a legal, valid and binding obligation of the Backup Servicer, each enforceable against the Backup Servicer in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization or other similar laws affecting the enforcement of creditors' rights generally and by equitable limitations on the availability of specific remedies, regardless of whether such enforceability is considered in a proceeding in equity or at law.

(c) Backup Servicing Agreement. The Backup Servicer hereby remakes the representations and warranties made by it under the Backup Servicing Agreement.

Section 4.5. Breach of Representations and Warranties.

(a) Payment in respect of an Ineligible Loan or Ineligible Contract. If a Loan or a Contract is an Ineligible Loan or Ineligible Contract, no later than the earlier of (i) knowledge

by the Borrower of such Loan or Contract being an Ineligible Loan or Ineligible Contract and (ii) receipt by the Borrower from the Deal Agent, the Collateral Agent or the Servicer (provided that, if SST is Successor Servicer, SST shall only be obligated to inform the other parties to the Agreement of breaches detailed in Section 4.2 of which a Responsible Officer has actual knowledge) of written notice thereof the Borrower shall, by no later than the first Payment Date occurring after the Collection Period during which such discovery or notice thereof occurred, make a payment to the Collection Account in respect of each such Loan or Contract in an amount equal to the related Release Price. On and after the date of such payment, any such Loan or Contract shall for all purposes of this Agreement be deemed to be an Ineligible Loan or Ineligible Contract. The Borrower shall make a deposit to the Collection Account (for allocation pursuant to Section 2.7) in immediately available funds an amount (the "Release Price") equal to the sum of (i): in the case of an Ineligible Loan, the product of (x) the Net Loan Balance related to such Loan as of the last day of the related Collection Period and (y) the Net Advance Rate in effect on the date of such payment; and in the case of an Ineligible Contract, the product of (x) the Outstanding Balance related to such Contract as of the last day of the related Collection Period and (y) a ratio the numerator of which is the outstanding Capital as of the date of such payment and the denominator of which is the Outstanding Balance of all Contracts as of the last day of the related Collection Period; (ii) accrued and unpaid Carrying Costs, Breakage Costs, Increased Costs, Indemnified Amounts and Additional Amounts related to such Loan or Contract through the date of such deposit; and (iii) all Hedge Costs due to the relevant Hedge Counterparties for any termination in whole or in part of one or more transactions related to the relevant Hedging Agreement, as required by the terms of any Hedging Agreement. Notwithstanding the foregoing, with respect to any Ineligible Contracts, the Borrower may repurchase the Loans related thereto in lieu of such Ineligible Contracts and deposit into the Collection Account the Release Price of such Loans (as if such Loans were Ineligible Loans). Each Loan or Contract which is subject to a payment in accordance with this Section 4.5(a) shall, upon payment in full of the related Release Price, be released from the lien created pursuant to this Agreement and shall no longer constitute Collateral. The Collateral Agent as agent for the Secured Parties shall, at the sole expense of the Servicer, execute and deliver such instruments of transfer, in each case without recourse, representation or warranty, as shall be prepared and reasonably requested by the Servicer on behalf of the Borrower to vest in the Borrower, or its designee or assignee, all right, title and interest of the Collateral Agent as agent for the Secured Parties in, to and under the Loans or Contract subject to a payment in accordance with this Section 4.5(a).

(b) Retransfer of All of the Loans. In the event of a breach of any representation or warranty set forth in Section 4.2 hereof which breach could reasonably be expected to have a Material Adverse Effect, by notice then given in writing to the Borrower, the Deal Agent may direct the Borrower to accept the release by the Collateral Agent of all of the Loans, in which case the Borrower shall be obligated to accept the release of such Loans on a Payment Date specified by the Deal Agent (such date, the "Release Date"); provided, however, that no such release shall be given effect unless Borrower has complied with the terms of any Hedging Agreement requiring that any derivative transaction related thereto be terminated in whole or in part and the Borrower has paid all Hedge Costs due with respect to such termination. The Borrower shall deposit in the Collection Account on the Release Date an amount equal to: (A) the Aggregate Unpaid minus (B) the amount, if any, available in the Collection Account and Reserve Account on such Payment Date (the "Retransfer Amount") for allocation and distribution in accordance with Section 2.7 in respect of

such Aggregate Unpaid. On the Release Date, provided that the full Retransfer Amount has been deposited into the Collection Account, the Loans and Related Security related thereto shall be transferred to the Borrower; and the Collateral Agent as agent for the Secured Parties shall, at the sole expense of Credit Acceptance, execute and deliver such instruments of transfer, in each case without recourse, representation or warranty, as shall be prepared and reasonably requested by Credit Acceptance on behalf of the Borrower to vest in the Borrower, or its designee or assignee, all right, title and interest of the Collateral Agent as agent for the Secured Parties in, to and under the Loans.

(c) Remedy for Breach. The parties hereto agree that the sole remedy for the breach by the Borrower of the representations and warranties set forth in Section 4.2 hereof with respect to the eligibility of a Loan or Contract shall be set forth in this Section 4.5 and Section 6.2(c)(ii).

(d) Application. Amounts paid in accordance with Section 4.5(a) and (b) shall be distributed on the next succeeding Payment Date in accordance with Section 2.7.

(e) Notwithstanding anything herein to the contrary, during the Revolving Period, payments required under Section 4.5(a) and (b) shall not be required if the Capital is equal to or less than the Borrowing Base.

ARTICLE V GENERAL COVENANTS

Section 5.1. Affirmative Covenants of the Borrower. From the date hereof until the Collection Date:

(a) Compliance with Laws. The Borrower will comply in all material respects with all Applicable Laws, including those with respect to the Loans and Dealer Agreements.

(b) Preservation of Corporate Existence; Conduct of Business. The Borrower will preserve and maintain its existence, rights, franchises and privileges in the jurisdiction of its formation, and qualify and remain qualified in good standing as a foreign corporation in each jurisdiction where the failure to preserve and maintain such existence, rights, franchises, privileges and qualification has had, or could reasonably be expected to have, a Material Adverse Effect. The Borrower will carry on and conduct its business in substantially the same manner and in substantially the same fields of enterprise as it is presently conducted and do all things necessary to remain duly incorporated, validly existing and in good standing as a domestic corporation in its jurisdiction of incorporation and maintain all requisite authority to conduct its business in each jurisdiction in which its business is conducted.

(c) Performance and Compliance with Loans, Dealer Agreements and Contracts. The Borrower will, at its expense, timely and fully perform and comply (or cause the Originator to perform and comply pursuant to the Contribution Agreement) with all provisions, covenants and other promises required to be observed by it under the Loans, Dealer Agreements and Contracts in and all other agreements related thereto in all material respects.

(d) Keeping of Records and Books of Account. The Borrower will maintain and implement administrative and operating procedures (including, without limitation, an ability to recreate records evidencing Loans in the event of the destruction of the originals thereof), and keep and maintain all documents, books, records and other information reasonably necessary or advisable for the collection of all Loans.

(e) Originator Assets. With respect to each Loan acquired by the Borrower, the Borrower will: (i) acquire such Loan pursuant to and in accordance with the terms of the Contribution Agreement; (ii) take all action necessary to perfect, protect and more fully evidence the Borrower's ownership of such Loan, including, without limitation, (A) filing and maintaining, effective financing statements (Form UCC-1) against the Originator in all necessary or appropriate filing offices, and filing continuation statements, amendments or assignments with respect thereto in such filing offices, and (B) executing or causing to be executed such other instruments or notices as may be necessary or appropriate; and (iii) take all additional action that the Deal Agent or the Collateral Agent may reasonably request to perfect, protect and more fully evidence the respective interests of the parties to this Agreement in the Collateral.

(f) Delivery of Collections. Subject to Section 2.9(d) hereof, the Borrower will deposit to the Collection Account promptly (but in no event later than two (2) Business Days after receipt) all Collections received by Borrower in respect of the Loans or the Contracts.

(g) Separate Corporate Existence. The Borrower shall be in compliance with the requirements set forth in Section 5.2(o).

(h) Credit Guidelines and Collection Guidelines. The Borrower will comply in all material respects with the Credit Guidelines and the Collection Guidelines with respect to each Loan and Contract.

(i) Taxes. The Borrower will file all Tax returns, that are required to be filed by it, and pay any and all Taxes (other than any amount of Tax the validity of which is being contested in good faith by appropriate proceedings and with respect to which reserves in accordance with GAAP have been provided on the books of the Borrower).

(j) Use of Proceeds. The Borrower will use the proceeds of the Funding only to acquire Loans and related Collateral from the Originator pursuant to the Contribution Agreement or, subject to Section 5.2(f), to make distributions to Credit Acceptance in respect of its equity interest in the Borrower.

(k) Reporting. The Borrower will maintain for itself a system of accounting established and administered as presented within the audited consolidated financial statements of Credit Acceptance and its subsidiaries and furnish or cause to be furnished to the Deal Agent and the Lender the following information:

(i) [Reserved];

(ii) Annual Reporting. Within 120 days after the close of the Borrower's and Credit Acceptance's fiscal years, (A) audited consolidated financial statements for Credit Acceptance and all of its Subsidiaries, accompanied by an unqualified audit report certified by independent certified public accountants, acceptable to the Deal Agent, and prepared in accordance with GAAP and any management letter prepared by said accountants and (B) unaudited financial statements for the Borrower, including balance sheets as of the end of such period and related statements of operations, prepared as presented within the audited consolidated financial statements of Credit Acceptance and all of its Subsidiaries;

(iii) Quarterly Reporting. Within sixty (60) days after the close of the first three quarterly periods of each of the Borrower's and Credit Acceptance's fiscal years, (A) unaudited consolidated financial statements for Credit Acceptance and all of its Subsidiaries, including the consolidated balance sheets as of the end of each such period and consolidated related statements of operations and cash flows for the period from the beginning of such fiscal year to the end of such quarter, prepared in accordance with GAAP and certified by its chief financial officer or treasurer as true, accurate and complete in all material respects and (B) unaudited financial statements for the Borrower, including balance sheets as of the end of each such period and related statement of operations for the period from the beginning of such fiscal year to the end of such quarter, prepared as presented within the unaudited consolidated financial statements of Credit Acceptance and all of its Subsidiaries and certified by its chief financial officer or treasurer as true, accurate and complete in all material respects;

(iv) Compliance Certificate. Together with the financial statements required hereunder, a compliance certificate signed by the Borrower's or Credit Acceptance's, as applicable, chief financial officer or treasurer stating that (A) the attached consolidated financial statements of Credit Acceptance and all of its Subsidiaries have been prepared in accordance with GAAP and accurately reflect the financial condition of Credit Acceptance, (B) the attached financial statements of the Borrower have been prepared as presented within the consolidated financial statements of Credit Acceptance and all of its Subsidiaries and accurately reflect the financial condition of the Borrower, and (C) to the best of such Person's knowledge, no Servicer Termination Event, Potential Servicer Termination Event, Termination Event or Unmatured Termination Event exists, or if any Servicer Termination Event, Potential Servicer Termination Event, Termination Event or Unmatured Termination Event exists, stating the nature and status thereof;

(v) Shareholders Statements and Reports. Promptly upon the furnishing thereof to the shareholders of the Borrower or Credit Acceptance, copies of all financial statements, reports and proxy statements so furnished, to the extent such information has not been provided pursuant to another clause of this Section 5.1(k);

(vi) S.E.C. Filings. Promptly upon the filing thereof, copies of all registration statements and annual, quarterly, monthly or other regular reports which Credit Acceptance or any subsidiary files with the Securities and Exchange Commission;

(vii) Notice of Servicer Termination Events, Potential Servicer Termination Events, Termination Events or Unmatured Termination Events. As soon as possible and in any event within two (2) days after the occurrence of each Servicer Termination Event, Potential Servicer Termination Event, Termination Event or each Unmatured Termination Event, a statement of the chief financial officer or treasurer of the Borrower setting forth details of such Servicer Termination Event, Potential Servicer Termination Event, Termination Event or Unmatured Termination Event and the action which the Borrower proposes to take with respect thereto;

(viii) Change in Credit Guidelines or Collection Guidelines. Prior to the date of the effectiveness of any change in or amendment to the Credit Guidelines or Collection Guidelines, which change or amendment would materially impair the collectibility of any Loan or Contract or otherwise materially adversely affect the interests or the remedies of the Deal Agent, the Collateral Agent or the other Secured Parties under this Agreement or any other Transaction Document (and which change or amendment shall be subject to the applicable requirements of this Article V), a notice describing such change or amendment, other than in the case of a change or amendment required in order to comply with Applicable Law.

(ix) Credit Guidelines and Collection Guidelines. On the Closing Date and on August 18, 2016, a complete copy of the Credit Guidelines and Collection Guidelines then in effect;

(x) ERISA. Promptly after the filing or receiving thereof, copies of all reports and notices with respect to any reportable event (as defined in Article IV of ERISA) which the Borrower, Credit Acceptance or any ERISA Affiliate of the Borrower or Credit Acceptance files under ERISA with the United States Internal Revenue Service, the Pension Benefit Guaranty Corporation or the United States Department of Labor or which the Borrower, Credit Acceptance or any ERISA Affiliates of the Borrower or Credit Acceptance receives from the United States Internal Revenue Service, the Pension Benefit Guaranty Corporation or the United States Department of Labor;

(xi) Proceedings. As soon as possible and in any event within two (2) Business Days after any executive officer of the Borrower receives notice or obtains knowledge thereof, any settlement of, material judgment (including a material judgment with respect to the liability phase of a bifurcated trial) in or commencement of any labor controversy litigation, action, suit or proceeding (in each case, of a material nature), before any court or governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, affecting the Borrower or any of its Affiliates;

(xii) Notice of Material Events. Promptly upon becoming aware thereof, notice of any other event or circumstances that, in the reasonable judgment of the Borrower, is likely to have a Material Adverse Effect; and

(xiii) Other Information. Such other information, documents, records or reports (including non-financial information) as the Deal Agent or the Collateral Agent may

from time to time reasonably request with respect to Credit Acceptance, the Borrower, the Servicer or any Subsidiary of any of the foregoing.

(l) Compliance with Applicable Law. The Borrower shall duly satisfy in all material respects its obligations under or in connection with any Loan and Contract, will maintain in effect all material qualifications required under all Applicable Law, and will comply in all material respects with all other Applicable Law in connection with each Loan and Contract the failure to comply with which would have a material adverse effect on the interests of the Secured Parties in the Collateral.

(m) Furnishing of Information and Inspection of Records. The Borrower will furnish to the Deal Agent, the Backup Servicer and the Collateral Agent, from time to time, such information with respect to the Loans and Contracts as may be reasonably requested, including, without limitation, a computer file, microfiche list or other list identifying each Loan and Contract by pool number, account number and dealer number and identifying the Obligor on such Loan or Contract. The Borrower will, at any time and from time to time during regular business hours, upon reasonable notice, permit the Deal Agent, the Backup Servicer and the Collateral Agent, or its agents or representatives, to examine and make copies of and abstracts from all Records, to visit the offices and properties of the Borrower for the purpose of examining such Records, and to discuss matters relating to the Loans or Contracts or the Borrower's performance hereunder and under the other Transaction Documents with any of the officers, directors, employees or independent public accountants of the Borrower having knowledge of such matters; provided, however, that the Deal Agent and the Collateral Agent each acknowledges that in exercising the rights and privileges conferred in this Section 5.1(m) it or its agents and representatives may, from time to time, obtain knowledge of information, practices, books, correspondence and records of a confidential nature and in which the Borrower has a proprietary interest. The Deal Agent and the Collateral Agent each agrees that all such information, practices, books, correspondence and records are to be regarded as confidential information and agrees that it shall retain in strict confidence and shall use its reasonable efforts to ensure that its agents and representatives retain in strict confidence, and will not disclose without the prior written consent of the Borrower, any such information, practices, books, correspondence and records furnished to them except that it may disclose such information: (i) to its officers, directors, employees, agents, counsel, accountants, auditors, affiliates, advisors or representatives (provided that such Persons are informed of the confidential nature of such information); (ii) to the extent such information has become available to the public other than as a result of a disclosure by or through the Deal Agent, the Collateral Agent or its officers, directors, employees, agents, counsel, accountants, auditors, affiliates, advisors or representatives; (iii) to the extent such information was available to the Deal Agent or the Collateral Agent on a non-confidential basis prior to its disclosure hereunder; (iv) to the extent the Deal Agent or the Collateral Agent should be (A) required under the Transaction Documents or in connection with any legal or regulatory proceeding or (B) requested by any bank regulatory authority to disclose such information; or (v) to the Lender or prospective assignee; provided, that the relevant party shall notify such assignee of the confidentiality provisions of this Section 5.1(m).

(n) Keeping of Records and Books of Account. The Borrower will maintain and implement or cause to be maintained and implemented administrative and operating procedures

(including, without limitation, an ability to recreate records evidencing the Loans and Contracts in the event of the destruction of the originals thereof), and keep and maintain, or obtain, as and when required, all documents, books, records and other information reasonably necessary or advisable for the collection of all amounts due under the Loans and Contracts (including, without limitation, records adequate to permit adjustments to amounts due under each existing Loan and Contract). The Borrower will give the Deal Agent notice of any material change in the administrative and operating procedures of the Borrower referred to in the previous sentence.

(o) Notice of Liens. The Borrower will advise the Deal Agent and the Collateral Agent promptly, in reasonable detail of: (i) any Lien asserted by a Person against any of the Loans or Contracts or other Collateral; (ii) any breach by the Borrower, the Originator or the Servicer of any of its representations, warranties and covenants contained herein or in any other Transaction Document; and (iii) of the occurrence of any other event which has had or is reasonably expected to have a Material Adverse Effect.

(p) Protection of Interest in Collateral. The Borrower shall file such continuation statements and any other documents reasonably requested by the Collateral Agent, the Deal Agent or the Lender or which may be required by law to fully preserve and protect the interest of the Collateral Agent and the Secured Parties in and to the Loans, the Contracts and the other Collateral.

(q) Contribution Agreement. The Borrower will at all times enforce the covenants and agreements of Credit Acceptance in the Contribution Agreement (including, without limitation, the rights and remedies against the Dealers).

(r) Notice of Delegation of Servicer's Duties. The Borrower promptly shall notify the Collateral Agent and the Deal Agent of any delegation by the Servicer of any of the Servicer's duties under this Agreement which is not in the ordinary course of business of the Servicer.

(s) Organizational Documents. The Borrower shall only amend, alter, change or repeal its Certificate of Formation with the prior written consent of the Deal Agent.

(t) Compliance with OFAC/AML Laws .

(i) The Borrower shall provide the Lender, the Deal Agent and the Collateral Agent, as the reasonable request of the Deal Agent, with any information regarding the Borrower, its Affiliates, and its Subsidiaries (if any) necessary for the Lender, the Deal Agent and the Collateral Agent to comply with all applicable OFAC/AML Laws; subject however, in the case of Affiliates, to the Borrower's ability to provide such information applicable to them, and provided that the Borrower and its Affiliates are not prohibited from providing such information by the Applicable Laws.

(ii) If the Borrower obtains actual knowledge or receives any written notice that the Borrower, Credit Acceptance or any of their respective Affiliates or Subsidiaries is named on the then current OFAC SDN List (such occurrence, an "OFAC Event"), the Borrower shall promptly give written notice to the Lender, the Deal Agent and the Collateral Agent of such OFAC Event,

Section 5.2. Negative Covenants of the Borrower. From the date hereof until the Collection Date:

(a) Other Business. Borrower will not: (i) engage in any business other than the transactions contemplated by the Transaction Documents; (ii) incur any indebtedness, obligation, liability or contingent obligation of any kind other than pursuant to the Transaction Documents; or (iii) form any Subsidiary or make any Investments in any other Person.

(b) Loans Not to be Evidenced by Instruments. The Borrower will take no action to cause any Loan that is not, as of the Closing Date, evidenced by an Instrument, to be so evidenced except in connection with the enforcement or collection of such Loan.

(c) Security Interests. The Borrower will not sell, pledge, assign or transfer to any other Person, or grant, create, incur, assume or suffer to exist any Lien (other than the Lien described in Section 4.2(a)(iii)) on any Loan, Contract, Related Security or any other Collateral, whether now existing or hereafter transferred hereunder, or any interest therein, and the Borrower will not sell, pledge, assign or suffer to exist any Lien on its interest, if any, hereunder. The Borrower will promptly notify the Deal Agent of the existence of any Lien on any Loan, Contract, Related Security or any other Collateral and the Borrower shall defend the right, title and interest of the Deal Agent and Collateral Agent as agent for the Secured Parties in, to and under the Loans, Contracts, Related Security and other Collateral, against all claims of third parties.

(d) Mergers, Acquisitions, Sales, etc. The Borrower will not be a party to any merger or consolidation, or purchase or otherwise acquire all or substantially all of the assets or any stock of any class of, or any partnership or joint venture interest in, any other Person, or, sell, transfer, convey or lease all or any substantial part of its assets, or sell or assign with or without recourse any Loan, Contracts, Related Security or other Collateral or any interest therein (other than pursuant to and in accordance with the Transaction Documents).

(e) [Reserved.]

(f) Distributions. The Borrower shall not directly or indirectly, make any distribution (whether in cash or other property) with respect to the profits, assets or capital of the Borrower or any Person's interest therein, except that so long as no Termination Event or Unmatured Termination Event has occurred and is continuing or would result therefrom, the Borrower may declare and make distributions to its members.

(g) Change of Name or Location; Change of Location of Records Files. The Borrower shall not (x) change its name or state of organization, (y) move the location of its principal place of business or chief executive office or the offices where it keeps the Records from the location referred to in Sections 4.2 and 14.2 or (z) move, or consent to the Custodian or Servicer moving, the Records/Contract Files from the location thereof on the Closing Date, unless the Borrower has given at least thirty (30) days' written notice to the Deal Agent and the Collateral Agent and has taken all actions required under the UCC of each relevant jurisdiction in order to continue the first priority perfected security interest of the Collateral Agent, as agent for the Secured Parties, in the Collateral; provided, that, Credit Acceptance may temporarily (or permanently, solely in the case

of a Contract that is repurchased, liquidated or paid in full) move or transfer individual Contract Files or Records, or any portion thereof without notice in accordance with Section 6.2(c)(iii).

(h) Accounting of the Contribution Agreement. The Borrower will not account for or treat (whether in financial statements or otherwise) the transaction contemplated by the Contribution Agreement in any manner other than as a contribution, or absolute assignment, of the Loans and related assets by the Originator to the Borrower.

(i) ERISA Matters. The Borrower will not: (i) engage or permit any ERISA Affiliate to engage in any prohibited transaction for which an exemption is not available or has not previously been obtained from the United States Department of Labor; (ii) permit to exist any accumulated funding deficiency, as defined in Section 302(a) of ERISA and Section 412(a) of the Code, or funding deficiency with respect to any Benefit Plan other than a Multiemployer Plan; (iii) fail to make any payments to a Multiemployer Plan that the Borrower or any ERISA Affiliate may be required to make under the agreement relating to such Multiemployer Plan or any law pertaining thereto; (iv) terminate any Benefit Plan so as to result in any liability; or (v) permit to exist any occurrence of any reportable event described in Title IV of ERISA.

(j) Certificate of Incorporation; Contribution Agreement. The Borrower will not (without the prior written consent of the Deal Agent) amend, modify, waive or terminate any provision of its Certificate of Formation, the Contribution Agreement or any other Transaction Document. The Borrower will not take any action under the Contribution Agreement which would have a Material Adverse Effect.

(k) Changes in Payment Instructions to Obligors. The Borrower will not make any change, or permit Servicer to make any change, in its instructions to Obligors regarding where payments in respect of Contracts are to be made to Borrower or Servicer, unless the Deal Agent shall have consented to such change in writing and has received duly executed copies of all documentation related thereto.

(l) Extension or Amendment. The Borrower will not, except as otherwise permitted hereunder or by law, extend, amend or otherwise modify, or permit the Servicer to extend, amend or otherwise modify, the terms of any Dealer Agreement, Loan or Contract; provided, however, the Dealer Agreements may be amended (i) in connection with the closing of or opening of a Pool and (ii) in a manner that does not materially impair the collectability of any Loan or Contract.

(m) Credit Guidelines or Collection Guidelines. The Borrower will not permit the amendment, modification, restatement or replacement, in whole or in part, of the Credit Guidelines or Collection Guidelines, which change would materially impair the collectability of any Loan or Contract or otherwise materially adversely affect the interests or the remedies of the Deal Agent, the Collateral Agent or the other Secured Parties under this Agreement or any other Transaction Document, without the prior written consent of the Deal Agent, which consent shall not be unreasonably withheld or delayed; provided that no consent shall be required for any such change required in order to comply with Applicable Law.

(n) No Assignments. The Borrower will not assign or delegate, or grant any interest in, or permit any Lien to exist upon, any of its rights, obligations or duties under this Agreement or any other Transaction Document without the prior written consent of the Deal Agent.

(o) Special Purpose Entity. The Borrower has not and shall not:

(i) engage in any business or activity other than the purchase and receipt of Loans and related assets from the Originator under the Contribution Agreement, the pledge of Loans and related assets under the Transaction Documents and such other activities as are incidental thereto;

(ii) acquire or own any material assets other than (A) the Loans and related assets from the Originator under the Contribution Agreement and (B) incidental property as may be necessary for the operation of the Borrower;

(iii) merge into or consolidate with any Person or dissolve, terminate or liquidate in whole or in part, transfer or otherwise dispose of all or substantially all of its assets or change its legal structure, without in each case first obtaining the Deal Agent's consent;

(iv) fail to preserve its existence as an entity duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization or formation, or without the prior written consent of the Deal Agent, amend, modify, terminate, fail to comply with the provisions of its Certificate of Incorporation, or fail to observe corporate formalities;

(v) own any subsidiary or make any investment in any Person without the consent of the Deal Agent;

(vi) commingle its assets or funds with the assets or funds of any of its Affiliates, or of any other Person, except for (A) Dealer Collections, (B) erroneous deposits or (C) prior to the identification and separation of such funds or assets by the Servicer in accordance with the Servicer's normal and customary business practices;

(vii) incur any debt, secured or unsecured, direct or contingent (including guaranteeing any obligation), other than (A) indebtedness to the Lender hereunder or in conjunction with a repayment of Aggregate Unpaid owed to the Lender and (B) trade payables in the ordinary course of its business and in an amount not to exceed \$12,300 at any one time outstanding, provided that such debt is not evidenced by a note and is paid when due;

(viii) become insolvent or fail to pay its debts and liabilities from its assets as the same shall become due;

(ix) fail to maintain its records, books of account and bank accounts separate and apart from those of its principal and Affiliates, and any other Person;

- (x) enter into any contract or agreement with any of its principals or Affiliates or any other Person, except upon terms and conditions that are commercially reasonable and intrinsically fair and substantially similar to those that would be available on an arms-length basis with third parties other than any principal or Affiliates;
- (xi) seek its dissolution or winding up in whole or in part;
- (xii) fail to correct any known misunderstandings regarding the separate identity of Borrower or Affiliate thereof or any other Person;
- (xiii) guarantee, become obligated for, or hold itself out to be responsible for the debt of another Person;
- (xiv) make any loan or advances to any third party, including Affiliate, or hold evidence of indebtedness issued by any other Person (other than cash and investment-grade securities);
- (xv) fail either to hold itself out to the public as a legal entity separate and distinct from any other Person or to conduct its business solely in its own name in order not (A) to mislead others as to the identity with which such other party is transacting business, or (B) to suggest that it is responsible for the debts of any third party (including any of its Affiliates);
- (xvi) fail to maintain adequate capital for the normal obligations reasonably foreseeable in a business of its size and character and in light of its contemplated business operations;
- (xvii) file or consent to the filing or any petition, either voluntary or involuntary, to take advantage of any applicable insolvency, bankruptcy, liquidation or reorganization statute, or make an assignment for the benefit of creditors;
- (xviii) share any common logo with or hold itself out as or be considered as a department or division of (A) any of its Affiliates or (B) any other Person;
- (xix) permit any transfer (whether in any one or more transactions) of any direct or indirect ownership interest in the Borrower;
- (xx) fail to maintain separate financial statements, showing its assets and liabilities separate and apart from those of any other Person, or have its assets listed on the financial statement of any other Person except its parent in accordance with GAAP;
- (xxi) fail to pay its own liabilities and expenses only out of its own funds;
- (xxii) fail to pay the salaries of its own employees in light of its contemplated business operations;
- (xxiii) acquire the obligations or securities of its Affiliates or stockholders;

(xxiv) fail to allocate fairly and reasonably any overhead expenses that are shared with an Affiliate, including paying for office space and services performed by any employee of an Affiliate;

(xxv) to the extent it has invoices or checks, fail to use separate invoices or checks bearing its own name;

(xxvi) pledge its assets for the benefit of any other Person, other than with respect to payment of the indebtedness to the Lender hereunder;

(xxvii) fail at any time to have at least two (2) independent directors (each, an "Independent Director") on its board of directors, each of which is a natural person who (A) for the five-year period prior to his or her appointment as Independent Director has not been, and during the continuation of his or her service as Independent Director is not: (i) an employee, director, stockholder, member, manager, partner or officer of the Borrower, Credit Acceptance or any of their respective Affiliates (other than his or her service as an Independent Director thereof); (ii) a supplier of the Borrower, Credit Acceptance or any of their respective Affiliates (other than his or her service as an Independent Director thereof); or (iii) any member of the immediate family of a person described in (i) or (ii), and (B) has, (i) prior experience as an Independent Director for a corporation or limited liability company whose charter documents required the unanimous consent of all Independent Directors thereof before such corporation or limited liability company could consent to the institution of bankruptcy or insolvency proceedings against it or could file a petition seeking relief under any applicable federal or state law relating to bankruptcy and (ii) at least three years of employment experience with one or more entities that provide, in the ordinary course of their respective businesses, advisory, management or placement services to issuers of securitization or structured finance instruments, agreements or securities;

(xxviii) fail to provide that the unanimous consent of all directors (including the consent of the Independent Directors) is required for the Borrower to (A) dissolve or liquidate, in whole or part, or institute proceedings to be adjudicated bankrupt or insolvent, (B) institute or consent to the institution of bankruptcy or insolvency proceedings against it, (C) file a petition seeking or consent to reorganization or relief under any applicable federal or state law relating to bankruptcy or insolvency, (D) seek or consent to the appointment of a receiver, liquidator, assignee, trustee, sequestrator, custodian or any similar official for the Borrower, (E) make any assignment for the benefit of the Borrower's creditors, (F) admit in writing its inability to pay its debts generally as they become due, or (G) take any action in furtherance of any of the foregoing; and

(xxix) take or refrain from taking, as applicable, each of the activities specified in the non-consolidation opinion of Skadden, Arps, Slate, Meagher & Flom LLP, delivered on the Closing Date, upon which the conclusions expressed therein are based.

Section 5.3. Covenant of the Borrower Relating to the Hedging Agreement. At all times until the Collection Date, when any Advances are outstanding hereunder, an Eligible Hedging Agreement shall be in place. In addition, the Borrower hereby covenants and agrees that from the

date of the first Advance occurring after August 15, 2018 through the Commitment Termination Date (as the same may be extended), it shall cause the aggregate notional amount of all Eligible Hedging Transactions to at all times at least equal 75% of the Facility Limit at such time and the notional amount of any Eligible Hedging Transaction shall amortize according to a schedule approved in writing by the Deal Agent.

Section 5.4. Affirmative Covenants of the Servicer. From the date hereof until the Collection Date:

(a) Compliance with Law. The Servicer will comply in all material respects with all Applicable Laws, including those with respect to the Contracts, the Loans and the Dealer Agreements or any part thereof.

(b) Preservation of Existence. The Servicer will preserve and maintain its existence, rights, franchises and privileges in the jurisdiction of its formation, and qualify and remain qualified in good standing as a foreign corporation in each jurisdiction where the failure to preserve and maintain such existence, rights, franchises, privileges and qualification has had, or could reasonably be expected to have, a Material Adverse Effect.

(c) Obligations and Compliance with Loans and Contracts. Credit Acceptance will duly fulfill and comply with all material obligations on the part of the Borrower to be fulfilled or complied with under or in connection with each Loan and each Contract and will do nothing to impair the rights of the Collateral Agent as agent for the Secured Parties or of the Secured Parties in, to and under the Collateral.

(d) Keeping of Records and Books of Account. The Servicer will maintain and implement administrative and operating procedures (including without limitation, an ability to recreate records evidencing the Loans and Contracts in the event of the destruction of the originals thereof), and keep and maintain all documents, books, records and other information reasonably necessary or advisable for the collection of all Loans.

(e) Preservation of Security Interest. Credit Acceptance will file such financing and continuation statements and any other documents that may be required by any law or regulation of any Governmental Authority to preserve and protect fully the security interest of the Collateral Agent as agent for the Secured Parties in, to and under the Collateral. In its capacity as Custodian, it will maintain possession of the Contract Files and Records, as Custodian for the Secured Parties, as set forth in Section 6.2(c).

(f) Credit Guidelines and Collection Guidelines.

(i) The Servicer will comply in all material respects with the Credit Guidelines and Collection Guidelines in regard to each Loan and Contract.

(ii) Credit Acceptance will not agree to or otherwise permit to occur any change in the Collection Guidelines, which change would materially impair the collectibility of any Loan or Contract or otherwise materially adversely affect the interests or remedies

of the Deal Agent, the Collateral Agent or the other Secured Parties under this Agreement or any other Transaction Document, without the prior written consent of the Deal Agent, which consent shall not be unreasonably withheld or delayed; provided that no consent shall be required for any such change required in order to comply with Applicable Law.

(iii) The Servicer shall, upon at least thirty (30) days' prior written request therefor, furnish to the Deal Agent the Credit Guidelines and Collection Guidelines in effect at such time.

(g) Amortization Events, Servicer Termination Events and Termination Events. The Servicer will furnish to the Deal Agent, as soon as possible and in any event within two (2) Business Days after the occurrence of each Amortization Event, each Termination Event, each Unmatured Termination Event, each Servicer Termination Event and Potential Servicer Termination Event, a written statement of the chief financial officer or treasurer (or if the Backup Servicer has become the Servicer, only to the extent a Responsible Officer has actual knowledge of such event) of the Servicer setting forth the details of such event and the action that the Servicer purposes to take with respect thereto.

(h) Other. The Servicer will furnish to the Deal Agent or the Collateral Agent, as applicable, promptly, from time to time, such other information, documents, records or reports respecting the Collateral or the condition or operations, financial or otherwise, of Borrower or the Servicer as the Deal Agent or the Collateral Agent may from time to time reasonably request in connection with the interests of the Collateral Agent or the Secured Parties under or as contemplated by this Agreement and the other Transaction Documents.

(i) Losses, Etc. In any suit, proceeding or action brought by the Deal Agent, the Collateral Agent or any Secured Party for any sum owing thereto, the Servicer shall save, indemnify and keep the Deal Agent, the Collateral Agent and the Secured Parties harmless from and against all expense, loss or damage suffered by reason of any defense, setoff, counterclaim, recoupment or reduction of liability whatsoever of the Obligor under a Loan or Contract, arising out of a breach by Credit Acceptance of any obligation under the related Loan or Contract or arising out of any other agreement, indebtedness or liability at any time owing to or in favor of such Obligor or its successor from Credit Acceptance, and all such obligations of Credit Acceptance shall be and remain enforceable against and only against Credit Acceptance and shall not be enforceable against the Deal Agent, the Collateral Agent or any Secured Party.

(j) Notice of Liens. Credit Acceptance shall advise the Collateral Agent and the Deal Agent promptly, in reasonable detail of: (i) any Lien asserted or claim made against any portion of the Collateral; (ii) the occurrence of any breach by Credit Acceptance of any of its representations, warranties and covenants contained herein or in any other Transaction Document; and (iii) the occurrence of any other event which has had or could be reasonably expected to have a Material Adverse Effect.

(k) Realization on Loans or Contracts. In the event that the Servicer realizes upon any Loan or Contract, the methods utilized by the Servicer to realize upon such Loan or Contract or otherwise enforce any provisions of such Loan or Contract will not subject the Servicer,

the Borrower, any Secured Party, the Deal Agent or the Collateral Agent to liability under any federal, state or local law, and such enforcement by the Servicer will be conducted in all material respects in accordance with the provisions of the Credit Guidelines (not in the case of SST if SST is Successor Servicer), the Collection Guidelines, Applicable Law and, in the case of Credit Acceptance, this Agreement, and in the case of the Backup Servicer if it has become the Servicer, the Backup Servicing Agreement.

(l) Backup Servicing Agreement. The Servicer shall provide the Backup Servicer with all information, data and reports as required by the terms of the Backup Servicing Agreement.

(m) Change in Debt Rating. Within five (5) days after the date of any change in the Borrower's or Credit Acceptance's public or private debt ratings, if any, a written certification of the Borrower's or Credit Acceptance's public and private debt ratings after giving effect to any such change.

(n) Monthly Reports. Not later than the Determination Date preceding each Payment Date, the Servicer will furnish to the Deal Agent and the Backup Servicer a Monthly Report relating to the immediately preceding Collection Period.

(o) Compliance with OFAC/AML Laws.

(i) The Servicer shall provide the Lender, the Deal Agent and the Collateral Agent, at the reasonable request of the Deal Agent, with any information regarding the Servicer, its Affiliates, and its Subsidiaries (if any) necessary for the Lender, the Deal Agent and the Collateral Agent to comply with all applicable OFAC/AML Laws; subject however, in the case of Affiliates, to the Servicer's ability to provide such information applicable to them, and provided that the Servicer and its Affiliates are not prohibited from providing such information by the Applicable Law.

(ii) If the Servicer obtains actual knowledge or receives any written notice that an OFAC Event has occurred, the Servicer shall promptly give written notice to the Lender, the Deal Agent and the Collateral Agent of such OFAC Event.

Section 5.5. Negative Covenants of the Servicer. From the date hereof until the Collection Date.

(a) Mergers, Acquisition, Sales, etc. Credit Acceptance will not consolidate with or merge into any other Person or convey or transfer its properties and assets substantially as an entirety to any Person, unless Credit Acceptance is the surviving entity and unless:

(i) Either (A) each Person merged into Credit Acceptance was a wholly-owned subsidiary of Credit Acceptance at all times after the date hereof and prior to the merger, or (B) Credit Acceptance has delivered to the Deal Agent and the Backup Servicer an Officer's Certificate and an Opinion of Counsel each stating that any consolidation, merger, conveyance or transfer and such supplemental agreement comply with this Section

5.5 and that all conditions precedent herein provided for relating to such transaction have been complied with and, in the case of the Opinion of Counsel, that such supplemental agreement is legal, valid and binding with respect to Credit Acceptance and such other matters as the Deal Agent may reasonably request;

(ii) Credit Acceptance shall have delivered notice of such consolidation, merger, conveyance or transfer to the Deal Agent;

(iii) after giving effect thereto, no Termination Event, Unmatured Termination Event or Servicer Termination Event or event that with notice or lapse of time, or both, would constitute a Servicer Termination Event shall have occurred.

(b) Change of Name or Location; Change of Location of Records. Credit Acceptance shall not (x) change its name or its state of organization, (y) move the location of its principal place of business or chief executive office or the offices where it keeps records concerning the Loans from the location referred to in Sections 4.2 and 14.2 or (z) move, or consent to the Custodian moving, the Records from the location thereof on the Closing Date, unless Credit Acceptance has given at least thirty (30) days' written notice to the Deal Agent and has taken all actions required under the UCC of each relevant jurisdiction in order to continue the first priority perfected security interest of the Collateral Agent as agent for the Secured Parties in the Collateral; provided, that, Credit Acceptance may temporarily (or permanently, solely in the case of a Contract that is repurchased, liquidated or paid in full) move or transfer individual Contract Files or Records, or any portion thereof without notice in accordance with Section 6.2(c)(iii).

(c) Change in Payment Instructions to Obligors. The Servicer will not make any change in its instructions to Obligors regarding where payments in respect of Contracts are to be made, unless the Deal Agent has consented to such change and has received duly executed documentation related thereto.

(d) [Reserved].

(e) No Instruments. The Servicer shall take no action to cause any Loan to be evidenced by any instrument (as defined in the UCC as in effect in the relevant UCC) except for instruments obtained with respect to defaulted Loans.

(f) No Liens. The Servicer shall not sell, pledge, assign or transfer to any other Person, or grant, create, incur, assume or suffer to exist any Lien (other than the Lien described in Section 4.2(a)(iii)) on the Collateral or any interest therein; the Servicer will notify the Collateral Agent and the Deal Agent of the existence of any Lien on any portion of the Collateral immediately upon discovery thereof. Credit Acceptance shall defend the right, title and interest of the Collateral Agent on behalf of the Secured Parties in, to and under the Collateral against all claims of third parties claiming through or under Credit Acceptance.

(g) Information. The Servicer shall, within five (5) Business Days of its receipt thereof, respond to reasonable written directions or written requests for information that the Backup

Servicer, the Borrower, the Deal Agent or the Collateral Agent might have with respect to the administration of the Loans.

(h) Consent. The Servicer will promptly advise the Borrower, the Backup Servicer, the Deal Agent and the Collateral Agent of any inquiry received from an Obligor which requires the consent of the Borrower, the Deal Agent or the Collateral Agent.

(i) Credit Guidelines and Collection Guidelines. The Servicer will not amend, modify, restate or replace, in whole or in part, the Credit Guidelines (other than in the case of SST if SST is Successor Servicer) or the Collection Guidelines, which change would materially impair the collectibility of any Loan or Contract or otherwise materially adversely affect the interests or the remedies of the Deal Agent, Collateral Agent or the other Secured Parties under this Agreement or any other Transaction Document, without the prior written consent of the Deal Agent, which consent shall not be unreasonably withheld or delayed; provided that no consent shall be required for any such change required in order to comply with Applicable Law.

(j) Electronic Contracts. Credit Acceptance will not transfer to the Borrower any Purchased Loan Contract constituting electronic chattel paper or any Dealer Loan secured by a Dealer Loan Contract constituting electronic chattel paper, in either case, unless and until all of the following conditions precedent have been satisfied: (i) Credit Acceptance shall have delivered to the Deal Agent at least 10 days prior written notice of first such transfer, (ii) prior to the first such transfer, Credit Acceptance shall have delivered or caused to be delivered to the Collateral Agent, the Deal Agent and the Lender an Opinion of Counsel in form and substance acceptable to the Deal Agent in its sole discretion (which may be a reasoned opinion as to what a court would hold) substantially to the effect that, assuming specific procedures are followed by Credit Acceptance, Credit Acceptance's security interest (as defined in the UCC) in the Contracts constituting electronic chattel paper will be perfected by "control" and (iii) Credit Acceptance shall have "control" of such electronic chattel paper within the meaning of Section 9-105 of the UCC.

Section 5.6. Negative Covenants of the Backup Servicer. From the date hereof until the Collection Date.

(a) No Changes in Backup Servicer Fee. The Backup Servicer will not make any changes to the Backup Servicer Fee without the prior written approval of the Deal Agent.

ARTICLE VI ADMINISTRATION AND SERVICING OF CONTRACTS

Section 6.1. Servicing.

(a) The Borrower, the Deal Agent and the Collateral Agent hereby revocably appoint Credit Acceptance as servicer hereunder and Credit Acceptance hereby accepts such appointment and agrees to manage, collect and administer each of the Loans and Contracts as Servicer. In the event of a Servicer Termination Event, the Deal Agent shall have the right to terminate Credit Acceptance as servicer hereunder. Upon termination of Credit Acceptance as servicer of the Loans pursuant to Section 6.11 hereof, the Deal Agent shall have the right to appoint

a Successor Servicer and enter into a servicing agreement with such Successor Servicer at such time and exercise all of its rights under Section 6.3 hereof. Such servicing agreement shall specify the duties and obligations of such Successor Servicer, and all references herein to the Servicer shall be deemed to refer to such Successor Servicer.

(b) The Borrower shall cause the Servicer to deposit all Collections to the Collection Account no later than two Business Days after receipt (if SST is Successor Servicer, within one (1) Business Day with respect to cleared funds, and in all other cases within three (3) Business Days of receipt). The Servicer agrees to deposit all Collections to the Collection Account no later than two (2) Business Days after receipt (if SST is Successor Servicer, within one (1) Business Day with respect to cleared funds, and in all other cases within three (3) Business Days of receipt).

(c) On or before 120 days after the end of each fiscal year of Credit Acceptance, beginning with the fiscal year ending December 31, 2014, Credit Acceptance shall cause a firm of nationally recognized independent public accountants acceptable to the Deal Agent (who may also render other services to Credit Acceptance or the Borrower) to furnish a report to the Collateral Agent, the Deal Agent and the Secured Parties to the effect that they have (i) compared the information contained in the Monthly Reports delivered during such fiscal year, based on a sample size provided by the Collateral Agent, with the information contained in the Loans, the Contracts and Credit Acceptance's records and computer systems for such period, and that, on the basis of such agreed upon procedures, such firm is of the opinion that the information contained in the Monthly Reports reconciles with the information contained in the Loans and the Contracts and Credit Acceptance's records and computer system and that the servicing of the Loans and the Contracts has been conducted in compliance with this Agreement and (ii) verified the Aggregate Outstanding Eligible Loan Balance as of the end of each Collection Period during such fiscal year, except, in each case for (A) such exceptions as such firm shall believe to be immaterial (which exceptions need not be enumerated) and (B) such other exceptions as shall be set forth in such statement.

Section 6.2. Duties of the Servicer and Custodian.

(a) The Servicer shall take or cause to be taken all such action as may be necessary or advisable to collect all amounts due under the Loans and Contracts from time to time, all in material accordance with applicable laws, rules and regulations, with reasonable care and diligence, and in material accordance with the Collection Guidelines and Credit Guidelines, it being understood that there shall be no recourse to the Servicer (in its capacity as such) with regard to the Loans and Contracts except as otherwise provided herein and in the other Transaction Documents. In performing its duties as Servicer, the Servicer shall use the same degree of care and attention it employs with respect to similar contracts and loans which it services for itself or others. Each of the Borrower, the Deal Agent, the Collateral Agent and the Secured Parties hereby appoints as its agent the Servicer, from time to time designated pursuant to Section 6.1 hereof, to enforce its respective rights and interests in and under the Collateral. If the Servicer shall commence a legal proceeding to enforce a Loan or a Contract (for purposes of collection or otherwise), or if in any enforcement or other legal proceeding it shall be held that the Servicer may not enforce a Loan or

a Contract, on the grounds that it shall not be a real party in interest or a holder entitled to enforce the Loan or Contract or on similar grounds, the Collateral Agent shall thereupon be deemed to have automatically assigned to the Servicer, solely for the purpose of enforcement, such a Loan or Contract. Without limiting the foregoing, the Collateral Agent (and Lender, if applicable) shall furnish the Servicer with any reasonably necessary and appropriate affidavit prepared by the Servicer that the Servicer may use in any such legal proceedings confirming the Servicer's power and authority to sue and otherwise enforce the Loans and Contracts in its own name, consistent with this Section 6.2, and any powers of attorney, declarations or other documents prepared by the Servicer reasonably necessary or appropriate to enable the Servicer to carry out its servicing and administrative duties hereunder. The Servicer shall hold in trust for the Secured Parties all Records and any amounts it receives in respect of the Collateral. In the event that a Successor Servicer is appointed, the outgoing Servicer shall deliver to the Successor Servicer and the Successor Servicer shall hold in trust for the Borrower and the Secured Parties all records which evidence or relate to all or any part of the Collateral.

(b) The Servicer, if other than Credit Acceptance, shall as soon as practicable upon demand, deliver to the Borrower all records in its possession which evidence or relate to indebtedness of an Obligor which is not a Loan or a Contract.

(c) (i) The Borrower, Deal Agent and Collateral Agent hereby revocably appoint Credit Acceptance as custodian (or if there has been a Successor Servicer appointed hereunder then such Successor Servicer shall act as custodian), and Credit Acceptance (or the Successor Servicer, if applicable) hereby accepts such appointment, to hold and maintain physical possession of the Contract Files and all Records (or with respect to any Contract constituting electronic chattel paper, to maintain "control" (for UCC purposes) of the Authoritative Electronic Copy thereof) (in such capacity together with its successors in such capacity, the "Custodian"). The Contract Files and Records are to be delivered to the Custodian or its designated bailee by or on behalf of the Borrower, the Deal Agent and Collateral Agent within two (2) Business Days preceding the Funding Date or within 2 Business Days after each Addition Date, as the case may be, with respect to each Loan acquired on the Funding Date or Addition Date.

(ii) The Custodian shall within 180 days after the Closing Date or Funding Date, as applicable, review 100% of the Contract Files to verify the presence of the original retail installment contract and security agreement and/or installment loans with respect to each Contract, provided, however, that the Certificate of Title or other evidence of lien with respect to a Contract need not be verified. If the number of Contracts for which any of the foregoing documents have not been delivered to the Custodian within 180 days of the Closing Date or relevant Funding Date, as the case may be, or corrected (each such Contract, a "Nonconforming Contract"), exceeds 2% of the aggregate number of Contract Files required to be reviewed pursuant to this Section 6.2(c)(ii), the Borrower shall make a deposit to the Reserve Account only with respect to the excess number of Nonconforming Contracts, in an amount equal to the related Nonconforming Contract Payment Amount. Once per month, the amount on deposit in the Reserve Account in respect of Nonconforming Contracts shall be adjusted to account for increases or decreases in the excess number of Nonconforming Contracts and for changes in the Outstanding Balance of such Nonconforming Contracts.

The Borrower shall, in the case of an increase, promptly deposit to the Reserve Account the amount of any such increase. In the case of a decrease, the amount of any such decrease shall be deemed to be part of the Excess Reserve Amount. During the Revolving Period, payments required under this Section 6.2(c)(ii) shall not be required if the Capital is equal to or less than the Borrowing Base by the amount of the payment that would otherwise be required to be made by this clause.

(iii) The Custodian agrees to maintain the Contract Files and Records which are delivered to it at the offices of the Custodian as shall from time to time be identified to the Deal Agent by written notice. Subject to the foregoing, Credit Acceptance may temporarily (or permanently, solely in the case of a Contract that is repurchased, liquidated or paid in full) move or transfer to an agent of the Servicer individual Contract Files or Records, or any portion thereof without notice as necessary to allow the Servicer to conduct collection and other servicing activities in accordance with its customary practices and procedures.

(iv) The Custodian shall have the following powers and perform the following duties:

(A) hold the Contract Files and Records for the benefit of the Secured Parties and maintain a current inventory thereof; and

(B) carry out such policies and procedures in accordance with its customary actions with respect to the handling and custody of the Contract Files and Records so that the integrity and physical possession of the Contract Files and Records (or with respect to any Contract constituting electronic chattel paper, the integrity and “control” (for UCC purposes) of the Authoritative Electronic Copy thereof) will be maintained.

In performing its duties as custodian, the Custodian agrees to act with reasonable care, using that degree of skill and care that it exercises with respect to similar Contracts or Loans owned or held by it for its own account or for any other Person.

(v) Credit Acceptance shall have the obligation (i) to physically segregate the Contract Files (to the extent held in physical form) from the other custodial files it is holding for its own account or on behalf of any other Person, (ii) to physically mark the Contract folders (to the extent held in physical form) to demonstrate the transfer of Contract Files and the Collateral Agent’s security interest hereunder, (iii) mark its computer records indicating the transfer of any Contract Files relating to Contracts constituting electronic chattel paper and the Collateral Agent’s security interest hereunder and (iv) with respect to each Contract constituting electronic chattel paper, cause the single “authoritative copy” (within the meaning of Section 9-105 of the UCC) to be communicated to and maintained at all times by Credit Acceptance such that the “authoritative copy” constitutes an Authoritative Electronic Copy at all times.

(d) (i) If (A) an Unsatisfactory Audit occurs or (B) a Termination Event, Unmatured Termination Event, Servicer Termination Event or a Potential Servicer Termination Event occurs, the Deal Agent shall have the right to terminate Credit Acceptance as the Custodian hereunder and the Deal Agent shall have the right to appoint a successor Custodian hereunder who shall assume all the rights and obligations of the “Custodian” hereunder. On the effective date of the termination of Credit Acceptance as Servicer, Credit Acceptance shall be released of all of its obligations as Custodian arising on or after such date. The Contract Files and Records shall be delivered by Credit Acceptance to the successor Custodian, on or before the date which is two (2) Business Days prior to such date.

(ii) Upon the occurrence of a Servicer Termination Event, Potential Servicer Termination Event, Termination Event or Unmatured Termination Event, the Servicer and the Borrower shall, at the request of the Deal Agent, in the Deal Agent’s sole discretion, take all steps necessary to cause the Certificate of Title or other evidence of ownership of each Financed Vehicle to be revised to name the Collateral Agent on behalf of the Secured Parties as lienholder. Any costs associated with such revision of the Certificate of Title shall be paid by Credit Acceptance, and to the extent such costs are not paid by Credit Acceptance such unpaid costs shall be recovered as Servicer Expenses as described in Section 2.7 hereof. In no event shall the Collateral Agent be required to expend funds in connection with this Section 6.2(d).

(iii) The Custodian shall provide to the Deal Agent access to the Contract Files and Records and all other documentation regarding the Contracts, Dealer Agreement and the Loans and the related Financed Vehicles in such cases where the Collateral Agent is required in connection with the enforcement of the rights or interests of the Secured Parties, or by applicable statutes or regulations to review such documentation, such access being afforded without charge.

(e) From time to time during normal business hours, at the expense of the Servicer (provided that the Deal Agent may review the Successor Servicer’s collection and administration of the Loans, Dealer Agreements and Contracts two times per calendar year, at the expense of the party requesting such review, with prior written notice and without undue disruption of the Successor Servicer’s business before the occurrence of a Servicer Termination Event at a time after the Assumption Date, and the Deal Agent and may conduct such review, with prior written notice but otherwise without limitation, at the Successor Servicer’s expense if the Servicer Termination Event is due to the actions of the current Successor Servicer and otherwise at the expense of the party requesting such review, after the occurrence of a Servicer Termination Event at a time after the Assumption Date) (but at the Servicer’s expense not more than twice during any calendar year), the Deal Agent and may review the Servicer’s collection and administration of the Loans, Dealer Agreements and Contracts in order to assess compliance by the Servicer with the Servicer’s written policies and procedures, as well as with this Agreement and at the Servicer’s (provided that the Deal Agent and may review the Successor Servicer’s collection and administration of the Loans, Dealer Agreements and Contracts two times per calendar year, at the expense of the party requesting such review, with prior written notice and without undue disruption of the Successor Servicer’s business before the occurrence of a Servicer Termination Event at a time after the Assumption Date,

and the Deal Agent may conduct such review, with prior written notice but otherwise without limitation, at the Successor Servicer's expense if the Servicer Termination Event is due to the actions of the current Successor Servicer and otherwise at the expense of the party requesting such review, after the occurrence of a Servicer Termination Event at a time after the Assumption Date) expense may conduct an audit (but not more than two such audits during any calendar year except as described in the next sentence) of the Loans, Dealer Agreements and Contracts and Contract Files in conjunction with such a review. On and after the occurrence of a Termination Event or Servicer Termination Event, the Deal Agent may conduct such reviews and audits without limitation, at the Servicer's expense.

Section 6.3. Rights After Designation of Successor Servicer. At any time following the designation of a Successor Servicer pursuant to Section 6.12(a):

(i) The Collateral Agent may intercept payments made by or on behalf of Obligors and direct that payment of all amounts payable under any Loan or Contract be made directly to the Collateral Agent or its designee; provided, that the Collateral Agent shall pay to any Dealer, to the extent to which such Dealer is entitled, all related Dealer Collections.

(ii) The Borrower shall, at the Collateral Agent's request and at the Borrower's expense, give notice of the Collateral Agent's interest in the Loans and Contracts to each Obligor and direct that payments be made directly to the Collateral Agent or its designee.

(iii) The Borrower and Credit Acceptance shall, at the Collateral Agent's request, (A) assemble all of the records relating to the Collateral, including all Records with respect to the Loans and Contracts, and shall make the same available to the Collateral Agent at a place selected by the Collateral Agent or its designee, and (B) segregate all cash, checks and other instruments received by it from time to time constituting collections of Collateral in a manner acceptable to the Collateral Agent and shall, promptly upon receipt but in any event within two (2) Business Days, remit all such cash, checks and instruments, duly endorsed or with duly executed instruments of transfer, to the Collateral Agent or its designee.

(iv) The Borrower and Credit Acceptance hereby authorize the Collateral Agent to take any and all steps in the Borrower's or the Servicer's name and on behalf of the Borrower and the Servicer necessary or desirable, in the determination of the Collateral Agent, to collect all amounts due under any and all of the Collateral with respect thereto, including, without limitation, endorsing the Borrower's name on checks and other instruments representing Collections and enforcing the Loans and Contracts.

Section 6.4. Responsibilities of the Borrower. Anything herein to the contrary notwithstanding, the Borrower shall (i) perform all of its obligations under the Loans and Contracts to the same extent as if a security interest in such Loans and Contracts had not been granted hereunder and the exercise by the Collateral Agent of its rights hereunder shall not relieve the Borrower from such obligations and (ii) pay when due any taxes, including without limitation, any sales taxes payable in connection with the Loans or Contracts and their creation and satisfaction. Neither the

Collateral Agent, the Deal Agent nor any Secured Party shall have any obligation or liability with respect to any Loan, nor shall any of them be obligated to perform any of the obligations of the Borrower thereunder.

Section 6.5. Reports.

(a) Monthly Report. On each Determination Date, the Servicer shall deliver to the Deal Agent, the Backup Servicer and the Collateral Agent a report in substantially the form of Exhibit C attached hereto (the "Monthly Report") for the related Collection Period (provided that, if SST is Successor Servicer, SST shall only be responsible to the extent it has received sufficient assistance from the Borrower). The Deal Agent shall provide to the Borrower, the Servicer and the Backup Servicer by the third Business Day prior to each Payment Date, information relating to the amount of each obligation which comprises Carrying Costs, Increased Costs, Indemnified Amounts and Additional Amounts for such Collection Period. The Monthly Report shall specify whether an Amortization Event, Servicer Termination Event, Potential Servicer Termination Event, Termination Event or Unmatured Termination Event has occurred with respect to the Collection Period preceding such Determination Date. Upon receipt of the Monthly Report, the Deal Agent and the Collateral Agent shall rely (and shall be fully protected in so relying) on the information contained therein for the purposes of making distributions and allocations as provided for herein. Each Monthly Report shall be certified by a Responsible Officer of the Servicer.

(b) Credit Agreement. Credit Acceptance shall deliver to the Deal Agent all reports or certificates required to be delivered under Section 7.3 of the Credit Agreement at the times set forth therein.

(c) Financial Statements. In the event the initial Servicer is no longer subject to the periodic and current reporting requirements of Section 13 or 15(d) of the United States Securities Exchange Act of 1934, as amended, or is not current as to such reporting requirements, Credit Acceptance will submit to the Deal Agent, the Collateral Agent and the Backup Servicer, within 60 days of the end of each of its fiscal quarters, commencing September 30, 2014 unaudited consolidated financial statements as of the end of each such fiscal quarter. Credit Acceptance will submit to the Deal Agent and the Collateral Agent, within 120 days of the end of each of its fiscal years, commencing with the fiscal year ending December 31, 2014 audited consolidated financial statements as of the end of each such fiscal year. Credit Acceptance will submit to the Deal Agent, the Collateral Agent and the Backup Servicer an analysis of the static pool performance of Credit Acceptance for each fiscal quarter within 60 days of the end of such fiscal quarter.

(d) Annual Statement as to Compliance. The Servicer will provide to the Deal Agent and the Collateral Agent, within 120 days following the end of each fiscal year of the Servicer, commencing with the fiscal year ending on December 31, 2014, an annual report signed by a Responsible Officer of the Servicer certifying that (a) a review of the activities of the Servicer, and the Servicer's performance pursuant to this Agreement, for the period ending on the last day of such fiscal year has been made under such Person's supervision and (b) the Servicer has performed or has caused to be performed in all material respects all of its obligations under this Agreement throughout such year (or in the case of a Successor Servicer which has been Servicer for less than one year, for so long as such Successor Servicer has been Servicer) and no Servicer Termination

Event or potential Servicer Termination Event has occurred and is continuing (or if a Servicer Termination Event has so occurred and is continuing, specifying each such event, the nature and status thereof and the steps necessary to remedy such event, and, if a Servicer Termination Event or potential Servicer Termination Event occurred during such year and no notice thereof has been given to the Deal Agent and the Collateral Agent, specifying such Servicer Termination Event or potential Servicer Termination Event and the steps taken to remedy such event) (it being understood and agreed that the provision of any such notice shall in no event constitute or be deemed to constitute a waiver thereof for any purpose of this Agreement or any other Transaction Document).

(e) Forecasted Collections. On the last day of each fiscal quarter of the Borrower, Credit Acceptance will submit to the Deal Agent a report setting forth the Forecasted Collections as of the most recent month end in respect of all Loans which are part of the Collateral, if no Forecasted Collections was otherwise submitted to the Deal Agent during such fiscal quarter.

Section 6.6. Additional Representations and Warranties of Credit Acceptance as Servicer. Credit Acceptance, in its capacity as Servicer, represents and warrants to the Collateral Agent, the Deal Agent and the Backup Servicer as of the Closing Date, the Effective Date and each day thereafter until the Collection Date, that the only material servicing computer systems and related software utilized by Credit Acceptance to service the Loans and Contracts are: (i) provided by Ontario Systems Corporation under an existing licensing agreement and related resource agreement, each of which may be amended from time to time, and (ii) the “loan servicing system” software developed by Credit Acceptance, which is owned by Credit Acceptance. Should Credit Acceptance or any of its Affiliates develop or implement computer software for servicing that is owned by or exclusively licensed to Credit Acceptance or an Affiliate and utilize such software in the servicing of the Loans and Contracts, the Collateral Agent shall be entitled to compel a license or sublicense for the benefit of the Collateral Agent or its designee of any such rights to the extent the Collateral Agent deems reasonably necessary and appropriate to assure that it or a duly appointed Successor Servicer would be able to continue to service the Loans and Contracts should that be required in accordance with the terms hereof.

Section 6.7. Establishment of the Accounts.

(a) Establishment of the Collection Account and Reserve Account. The initial Servicer shall cause to be established, on or before the Closing Date, and maintained in the name of the Collateral Agent as agent for the Secured Parties (and at the expense of the Borrower), with an office or branch of a depository institution or trust company acceptable to the Deal Agent (i) an account entitled “Collection Account for Fifth Third, as agent for the Secured Parties” (the “Collection Account”) and (ii) an account entitled “Reserve Account for Fifth Third” as agent for the Secured Parties (the “Reserve Account”), in each case, over which the Collateral Agent as agent for the Secured Parties shall have sole dominion and control and from which neither the Originator, the Servicer nor the Borrower shall have any right of withdrawal; ~~provided, however,~~ that at all times such depository institution or trust company shall be a depository institution organized under the laws of the United States of America or any one of the States thereof or the District of Columbia (or any domestic branch of a foreign bank), (i) (A) that has either (1) a long-term unsecured debt rating of AA- or better by S&P and Aa3 or better by Moody’s or (2) a short-term unsecured debt

rating or certificate of deposit rating of A-1 or better by S&P or P-1 or better by Moody's, (B) the parent corporation which has either (1) a long-term unsecured debt rating of AA- or better by S&P and Aa3 or better by Moody's or (2) a short-term unsecured debt rating or certificate of deposit rating of A-1 or better by S&P and P-1 or better by Moody's or (C) is otherwise acceptable to the Deal Agent (it being understood that for purposes of this Section 6.7(a)(i)(C) Fifth Third shall always be a depository institution acceptable to the Deal Agent) and (ii) whose deposits are insured by the Federal Deposit Insurance Corporation (any such depository institution or trust company, a "Qualified Institution").

(b) Adjustments. If (i) the Servicer makes a deposit into the Collection Account in respect of a Collection of a Loan and such Collection was received by the Servicer in the form of a check or other form of payment that is not honored for any reason or (ii) the Servicer makes a mistake with respect to the amount of any Collection and deposits an amount that is less than or more than the actual amount of such Collection, the Servicer shall appropriately adjust the amount subsequently deposited into the Collection Account to reflect such dishonored check or mistake. Any payment in respect of which a dishonored check or other form of payment is received shall be deemed not to have been paid.

(c) Permitted Investments. Funds on deposit in the Collection Account and the Reserve Account shall be invested in Permitted Investments by or at the written direction of the Borrower, provided that if a Termination Event or Unmatured Termination Event shall have occurred, such investments shall be made as directed by the Collateral Agent. Any such written directions shall specify the particular investment to be made and shall certify that such investment is an Permitted Investment and is permitted to be made under this Agreement. Funds on deposit in the Collection Account and the Reserve Account shall be invested in Permitted Investments that will mature so that such funds will be available no later than the Business Day prior to the next Payment Date, except that in the case of funds representing Collections with respect to a succeeding Collection Period, such Permitted Investments may mature so that such funds will be available no later than the Business Day prior to the Payment Date for such Collection Period. No Permitted Investment may be liquidated or disposed of prior to its maturity. All proceeds of any Permitted Investment shall be deposited in the Collection Account or the Reserve Account, as applicable. Investments may be made in either account on any date (provided such investments mature in accordance herewith), only after giving effect to deposits to and withdrawals from such account on such date. Realized losses, if any, on amounts invested in Permitted Investments shall be charged against investment earnings on amounts on deposit in the Collection Account or the Reserve Account, as applicable.

Section 6.8. Payment of Certain Expenses by Servicer. Credit Acceptance will be required to pay all expenses incurred by it in connection with its activities under this Agreement, including fees and disbursements of independent accountants, Taxes imposed on Credit Acceptance, expenses incurred in connection with payments and reports pursuant to this Agreement, and all other fees and expenses not expressly stated under this Agreement for the account of the Borrower. The Borrower will be required to pay all reasonable fees and expenses owing to any bank or trust company in connection with the maintenance of the Collection Account, the Reserve Account and the Credit

Acceptance Payment Account. Credit Acceptance shall be required to pay such expenses for its own account and shall not be entitled to any payment therefor other than the Servicing Fee.

Section 6.9. Annual Independent Public Accountant's Servicing Reports. Credit Acceptance will cause a firm of nationally recognized independent public accountants (who may also render other services to Credit Acceptance) to furnish to the Deal Agent, within 120 days following the end of each fiscal year of Credit Acceptance, commencing with the fiscal year ending on December 31, 2014: (i) a report relating to such fiscal year to the effect that (A) such firm has reviewed certain documents and records relating to the servicing of the Loans and Contracts included in the Collateral, and (B) based on such examination, such firm is of the opinion that the Monthly Reports for such year were prepared in compliance with this Agreement, except for such exceptions as it believes to be immaterial and (ii) a report covering such fiscal year to the effect that such accountants have applied certain agreed-upon procedures, as set forth in Section 6.1(c) (which procedures shall have been approved by the Deal Agent) to certain documents and records relating to the Loans under any Transaction Document, compared the information contained in the Monthly Reports delivered during the period covered by such report which such documents and records and that no matters came to the attention of such accountants that caused them to believe that such servicing was not conducted in compliance with Article VI of this Agreement, except for such exceptions as such accountants shall believe to be immaterial.

Section 6.10. The Servicer Not to Resign. The Servicer shall not resign from the obligations and duties hereby imposed on it hereunder except upon the Servicer's determination that (i) the performance of its duties hereunder is or becomes impermissible under Applicable Law and (ii) there is no reasonable action that the Servicer could take to make the performance of its duties hereunder permissible under Applicable Law. Any such determination permitting the resignation of the Servicer shall be evidenced as to clause (i) above by an Opinion of Counsel to such effect delivered to the Deal Agent, the Collateral Agent and the Backup Servicer. No such resignation shall become effective until a Successor Servicer shall have assumed the responsibilities and obligations of the Servicer in accordance with Section 6.12.

Section 6.11. Servicer Termination Events. If any one of the following events (a "Servicer Termination Event") shall occur and be continuing and remains unremedied for more than thirty (30) days (or such other amount of time as specifically listed below) after knowledge by or written notice to the Servicer:

(a) any failure by the Servicer to make any payment, transfer or deposit as required by this Agreement or any other Transaction Document, other than any such failure resulting from an administrative or technical error of the Servicer in the amount so paid, transferred or deposited; provided that within one (1) Business Day after the Servicer receives notice or becomes aware that, as a result of an administrative or technical error of the Servicer, any amount previously paid, transferred or deposited by the Servicer was less than the amount required to be paid, transferred or deposited by the Servicer, the Servicer pays, transfers or deposits the amount of such shortfall;

(b) any failure by the Servicer (only with respect to Credit Acceptance) to give instructions or notice to the Deal Agent as required by this Agreement or any other Transaction Document, or to deliver any required Monthly Report or other required reports hereunder on or

before the date occurring two (2) Business Days after the date such instruction, notice or report is required to be made or given, as the case may be, under the terms of this Agreement or the relevant Transaction Document;

(c) any failure on the part of the Servicer to duly observe or perform in any material respect any other covenants or agreements of the Servicer set forth in this Agreement or the other Transaction Documents (other than as set forth in clauses (a) or (b) above) to which the Servicer is a party, which continues unremedied for a period of 10 days;

(d) any material representation, warranty or certification made by the Servicer (only with respect to Credit Acceptance) in any Transaction Document or in any certificate delivered pursuant to any Transaction Document shall prove to have been incorrect when made; which continues unremedied for more than thirty (30) days (or a longer period, not in excess of sixty (60) days, as may be reasonably necessary to remedy such default, if the default is capable of remedy within sixty (60) days or less and the Servicer delivers an Officer's Certificate to the Deal Agent to the effect that it has commenced, or will promptly commence and diligently pursue, all reasonable efforts to remedy the default);

(e) an Insolvency Event shall occur with respect to the Servicer;

(f) any delegation of the Servicer's duties that is not permitted by Section 7.1;

(g) any information related to the Collateral reasonably requested by the Deal Agent, the Collateral Agent or the Lender as provided herein is not reasonably provided as requested;

(h) the rendering against the Servicer of one or more final judgments, decrees or orders for the payment of money in excess of United States \$15,000,000 (in the event SST is Successor Servicer, the amount shall be \$10,000,000) in the aggregate, and the continuance of such judgment, decree or order unsatisfied and in effect for any period of more than 60 consecutive days without a stay of execution;

(i) the Servicer shall fail to pay any principal of or premium or interest on any indebtedness in an aggregate outstanding principal amount of \$15,000,000 (in the event SST is Successor Servicer, the amount shall be \$10,000,000) or more ("Material Debt"), when the same becomes due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise) and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to such Material Debt; or any other default under any agreement or instrument relating to any Material Debt or any other event, shall occur and shall continue after the applicable grace period, if any, specified in such agreement or instrument if the effect of such default or event is to accelerate, or to permit the acceleration of, the maturity of such Material Debt; or any such Material Debt shall be declared to be due and payable or required to be prepaid (other than by a regularly scheduled required prepayment) prior to the stated maturity thereof;

(j) any change in the control of Credit Acceptance that takes the form of either a merger or consolidation in which Credit Acceptance is not the surviving entity;

(k) a Material Adverse Effect shall have occurred;

(l) if Credit Acceptance is Servicer, a Termination Event shall have occurred and such Termination Event has not been waived by the Deal Agent; or

(m) the occurrence of the thirtieth (30th) day after the end of the fiscal quarter in which a breach of any covenant set forth in Sections 7.5, 7.6 and 7.7 of the Credit Agreement shall occur unless prior to such date, such breach is cured or waived by the Deal Agent in the Deal Agent's sole discretion

then notwithstanding anything herein to the contrary, so long as any such Servicer Termination Event shall not have been remedied; within any applicable cure period prior to the ~~date~~ delivery of the Servicer Termination Notice (defined below), the Deal Agent may, at the direction of the Lender, by written notice to the Servicer (with a copy to the Backup Servicer) (a "Servicer Termination Notice"), ~~shall~~ terminate all of the rights and obligations of the Servicer as Servicer under this Agreement.

Section 6.12. Appointment of Successor Servicer.

(a) On and after the receipt by the Servicer of a Servicer Termination Notice pursuant to Section 6.11 or Section 10.2, the Servicer shall continue to perform all servicing functions under this Agreement until the date specified in the Servicer Termination Notice or otherwise specified by the Deal Agent in writing or, if no such date is specified in such Servicer Termination Notice or otherwise specified by the Deal Agent, until a date mutually agreed upon by the Servicer and the Deal Agent. The Deal Agent may at the time described in the immediately preceding sentence at the direction of the Lender appoint the Backup Servicer by written notice as the Servicer hereunder, and the Backup Servicer shall on such date (which date shall be no less than 30 days after receipt of such written notice) assume all obligations of the Servicer hereunder (except as specifically set forth herein or in the Backup Servicing Agreement), and all authority and power of the Servicer under this Agreement and the other Transaction Documents shall pass to and be vested in the Backup Servicer. In the event that the Deal Agent does not so appoint the Backup Servicer, there is no Backup Servicer or the Backup Servicer is unable to assume such obligations on such date, the Deal Agent shall as promptly as possible appoint a successor servicer (together with the Backup Servicer, if the Backup Servicer has been appointed Servicer hereunder, the "Successor Servicer") who shall be acceptable to the Lender, and such Successor Servicer shall accept its appointment by a written assumption in a form acceptable to the Deal Agent. In the event that a Successor Servicer has not accepted its appointment at the time when the Servicer ceases to act as Servicer, the Deal Agent shall petition a court of competent jurisdiction to appoint any established financial institution having a net worth of not less than United States \$50,000,000 and whose regular business includes the servicing of Loans as the Successor Servicer hereunder.

(b) Upon its assumption as Successor Servicer, the Backup Servicer (except as specifically set forth herein or in the Backup Servicing Agreement and subject to Section 6.12(a)) or any other Successor Servicer, as applicable, shall be the successor in all respects to the Servicer with respect to servicing functions under this Agreement and shall be subject to all the responsibilities, duties and liabilities relating thereto placed on the Servicer by the terms and

provisions hereof, and all references in this Agreement and the other Transaction Documents to the Servicer shall be deemed to refer to the Backup Servicer or the Successor Servicer, as applicable. In no event shall the Backup Servicer be liable for any actions or omissions of any predecessor Servicer.

(c) Subject to Section 6.12(a) and (b) above, all authority and power granted to the Servicer under this Agreement shall automatically cease and terminate upon the later of the Collection Date and the termination of this Agreement and shall pass to and be vested in the Borrower and, without limitation, the Borrower is hereby authorized and empowered to execute and deliver, on behalf of the Servicer, as attorney-in-fact or otherwise, all documents and other instruments, and to do and accomplish all other acts or things necessary or appropriate to effect the purposes of such transfer of servicing rights. The Servicer agrees to cooperate with the Borrower in effecting the termination of the responsibilities and rights of the Servicer to conduct servicing on the Loans and the Contracts.

(d) Within 30 days of receiving notice that the Backup Servicer is required to serve as the Servicer hereunder pursuant to the foregoing provisions of this Section 6.12 the Backup Servicer will begin the transition to its role as Servicer.

Section 6.13. Responsibilities of the Borrower. Anything herein to the contrary notwithstanding, the Borrower shall (i) perform all of its obligations under the Loans to the same extent as if a security interest in such Loans had not been granted hereunder and (ii) pay when due, from funds available to the Borrower under Section 2.7 hereto, any taxes. Neither the Deal Agent, Collateral Agent nor any Secured Party shall have any obligation or liability with respect to any Loan, nor shall any of them be obligated to perform any of the obligations of the Borrower thereunder.

Section 6.14. Segregated Payment Account. Upon the occurrence of a Servicer Termination Event, a Potential Servicer Termination Event or an Unsatisfactory Audit, the Deal Agent shall have the right to require the Borrower and the Servicer (i) to establish a segregated payment trust account in the name of the Collateral Agent for Collections related to the Collateral and (ii) to direct all Obligor to make payments into such account.

Section 6.15 Dealer Collections Repurchase; Replacement of Dealer Loan with Related Purchased Loans. The parties hereto acknowledge the following:

(a) In the ordinary course of its business in managing its serviced portfolio of dealer loans, Credit Acceptance may from time to time agree to enter into agreements (each, a “Dealer Collections Purchase Agreement”) with Dealers, pursuant to which the applicable Dealer agrees to sell and assign to Credit Acceptance all of its rights, interests and entitlement in and to one or more Pools of Dealer Loan Contracts securing one or more Dealer Loans, including such Dealer’s ownership interest in such Dealer Loan Contracts and rights to receive the related Dealer Collections (a “Dealer Collections Purchase”).

(b) Credit Acceptance has assigned all of its rights under any Dealer Collections Purchase Agreements (including, without limitation, any right, title and interest in any Dealer Loan Contract acquired from a Dealer thereunder) to the Borrower pursuant to the Contribution

Agreement. Upon the payment by Credit Acceptance to the applicable Dealer under a Dealer Collections Purchase Agreement of the purchase price thereunder (the “Dealer Collections Purchase Price”), the related Dealer Loans shall be deemed to have been satisfied and, pursuant to the Contribution Agreement, the Dealer Loan Contracts securing such Dealer Loans shall be automatically and immediately transferred by Credit Acceptance to Borrower as Purchased Loan Contracts, and the loans thereunder shall be deemed Purchased Loans for all purposes of this Agreement. For the avoidance of doubt, all Collections on such Purchased Loan Contracts shall be included in Available Funds, and the determination of whether any Purchase Loan so transferred to the Borrower on the date of a Dealer Collections Purchase is an Eligible Purchased Loan shall be made on the date of such Dealer Collections Purchase.

(c) On the date of each Dealer Collections Purchase, Credit Acceptance shall deliver to the Collateral Agent a list identifying (A) all Dealer Loans satisfied as a result of such Dealer Collections Purchase, (B) each Dealer Loan Contract previously securing such Dealer Loans and (C) the Purchased Loans and Purchased Loan Contracts evidencing such Purchased Loans resulting from such Dealer Collections Purchase, in each case, identified by account number, dealer number and pool number, as applicable. Such list shall be deemed to supplement Exhibit A to the Contribution Agreement and Schedule V hereto as of the date of such Dealer Collections Purchase.

ARTICLE VII BACKUP SERVICER

Section 7.1. Designation of the Backup Servicer. The backup servicing role with respect to the Collateral shall be conducted by the Person designated as Backup Servicer under the Backup Servicing Agreement, which shall initially be SST.

Section 7.2. Duties of the Backup Servicer. On or before the Closing Date, and until its removal pursuant to the Backup Servicing Agreement, the Backup Servicer shall perform, on behalf of the Servicer, the Borrower, the Deal Agent, the Collateral Agent and the Secured Parties, the duties and obligations set forth in the Backup Servicing Agreement.

Section 7.3. Backup Servicing Compensation. As compensation for its backup servicing activities hereunder and under the Backup Servicing Agreement, the Backup Servicer shall be entitled to receive the Backup Servicing Fee pursuant to the provisions of Section 2.7(a). The Backup Servicer’s entitlement to receive the Backup Servicing Fee shall cease on the earliest to occur of: (i) it becoming the Successor Servicer; (ii) its removal as Backup Servicer pursuant to the terms of the Backup Servicing Agreement; or (iii) the termination of this Agreement following the Collection Date.

ARTICLE VIII [Reserved]

ARTICLE IX SECURITY INTEREST

Section 9.1. Security Agreement.

(a) The parties hereto intend that this Agreement constitute a security agreement and the transactions effected hereby constitute secured loans by the Lender to the Borrower under Applicable Law.

(b) The Borrower hereby authorizes the Collateral Agent to file one or more financing or continuation statements, and amendments thereto, relating to all or any part of the Collateral and Proceeds thereof without the signature of the Borrower where permitted by law. A photographic or other reproduction of this Agreement or any financing statement covering the Collateral or any part thereof shall be sufficient as a financing statement where permitted by law.

Section 9.2. Release of Lien. At the same time as any Loan by its terms and all amounts in respect thereof has been finally paid in full by the related Obligor and deposited in the Collection Account, the Deal Agent as agent for the Lender will, to the extent requested by the Servicer, release its interest in such Loan and Related Security. The Deal Agent as agent for the Lender will after the deposit by the Servicer of the such payment into the Collection Account, at the sole expense of Credit Acceptance, execute and deliver to the Servicer any assignments, termination statements and any other releases and instruments as Credit Acceptance may reasonably request in order to effect such release and transfer; provided, that the Deal Agent as agent for the Lender will make no representation or warranty, express or implied, with respect to any such Loan and Related Security in connection with such sale or transfer and assignment.

Section 9.3. Further Assurances. The provisions of Section 14.12 shall apply to the security interest granted under Section 2.2(a) as well as to each Funding hereunder.

Section 9.4. Remedies. Upon the occurrence of a Termination Event, the Deal Agent, the Collateral Agent and Secured Parties shall have, with respect to the Collateral granted pursuant to Section 2.2(a), and in addition to all other rights and remedies available to the Deal Agent, the Collateral Agent and Secured Parties under this Agreement or other Applicable Law, all rights and remedies of a secured party under the UCC.

Section 9.5. Waiver of Certain Laws. Each of the Borrower and the Servicer agrees, to the full extent that it may lawfully so agree, that neither it nor anyone claiming through or under it will set up, claim or seek to take advantage of any appraisal, valuation, stay, extension or redemption law now or hereafter in force in any locality where all or any portion of the Collateral may be situated in order to prevent, hinder or delay the enforcement or foreclosure of this Agreement, or the absolute sale of all any portion of the Collateral, or the final and absolute putting into possession thereof, immediately after such sale, of the purchasers thereof, and each of the Borrower and the Servicer, for itself and all who may at any time claim through or under it, hereby waives, to the full extent that it may be lawful so to do, the benefit of all such laws, and any and all right to have any of the properties or assets constituting the Collateral marshaled upon any such sale, and agrees that the Deal Agent, the Collateral Agent or any court having jurisdiction to foreclosure the security interests granted in this Agreement may sell the Collateral as an entirety or in such parcels as the Deal Agent, the Collateral Agent or such court may determine (including, without limitation, on a servicing released basis).

Section 9.6. Power of Attorney. The Borrower hereby irrevocably appoints the Deal Agent and the Servicer and any Successor Servicer as its true and lawful attorney (with full power of substitution) in its name, place and stead and at its expense, in connection with the enforcement of the rights and remedies provided for in this Agreement, including without limitation the following powers: (a) to give any necessary receipts or acquittance for amounts collected or received hereunder, (b) to make all necessary transfers of the Collateral in connection with any such sale or other disposition made pursuant hereto, (c) to execute and deliver for value all necessary or appropriate bills of sale, assignments and other instruments in connection with any such sale or other disposition, the Borrower hereby ratifying and confirming all that such attorney (or any substitute) shall lawfully do hereunder and pursuant hereto, and (d) to sign any agreements, orders or other documents in connection with or pursuant to any Transaction Document or Hedging Agreement. Nevertheless, if so requested by the Deal Agent, the Servicer or any Successor Servicer, the Collateral Agent or a purchaser of the Collateral, the Borrower and the Servicer shall ratify and confirm any such sale or other disposition by executing and delivering to the Deal Agent, the Collateral Agent or such purchaser all proper bills of sale, assignments, releases and other instruments as may be designated in any such request.

ARTICLE X TERMINATION EVENTS

Section 10.1. Termination Events. The following events shall be termination events ("Termination Events") hereunder:

- (a) the Weighted Average Spread Rate is less than 12.5%; or
- (b) a Servicer Termination Event occurs and is continuing; or
- (c) (i) failure on the part of the Borrower or the Originator to make any payment or deposit required by the terms of any Transaction Document on the day such payment or deposit is required to be made (including, without limitation, the failure of the Borrower to fully repay all principal and interest on the Note on the related Maturity Date (whether or not sufficient funds are available therefor at such time under Section 2.7 or otherwise)); or
- (ii) failure on the part of the Borrower or the Originator to materially observe or perform any of its covenants or agreements set forth in this Agreement or any Transaction Document and such failure continues unremedied for more than five (5) Business Days after knowledge by or written notice to the Borrower or the Originator;
- (d) any representation or warranty made or deemed to be made by the Borrower or Credit Acceptance under or in connection with this Agreement, any of the other Transaction Documents or any information required to be given by the Borrower or Credit Acceptance to the Deal Agent or the Collateral Agent to identify Loans or Contracts pursuant to any Transaction Document, shall prove to have been false or incorrect in any material respect when made, deemed made or delivered and such failure continues unremedied for more than thirty (30) days after knowledge by or written notice to the Borrower or Credit Acceptance; or

(e) the occurrence of an Insolvency Event relating to the Originator, the Borrower or the Servicer; or

(f) the Borrower or Originator shall become an “investment company” within the meaning of the Investment Company Act of 1940, as amended or the arrangements contemplated by the Transaction Document shall require registration as an “investment company” within the meaning of the 40 Act; or

(g) a regulatory, tax or accounting body has ordered that the activities of the Borrower or any Affiliate of the Borrower, contemplated hereby be terminated or, as a result of any other event or circumstance, the activities of the Borrower or any Affiliate of the Borrower contemplated hereby may reasonably be expected to cause the Borrower or any of its respective Affiliates to suffer materially adverse regulatory, accounting or tax consequences; or

(h) there shall exist any event or occurrence that has a reasonable possibility of causing a Material Adverse Effect; or

(i) the Borrower or Credit Acceptance shall enter into any merger, consolidation or conveyance transaction, unless in the case of Credit Acceptance or the Servicer, the Servicer or Credit Acceptance, as applicable, is the surviving entity; or

(j) the United States Internal Revenue Service shall file notice of a lien pursuant to Section 6323 of the Code with regard to any assets of the Borrower or the Originator and such lien shall not have been released within five (5) Business Days, or the Pension Benefit Guaranty Corporation shall file notice of a lien pursuant to Section 4068 of ERISA with regard to any of the assets of the Borrower or the Originator and such lien shall not have been released within five (5) Business Days; or

(k) the Collateral Agent, as agent for the secured parties, shall fail for any reason to have a first priority perfected security interest in a material portion of the Collateral free and clear of all Liens other than Permitted Liens; provided, however, that the failure of the Collateral Agent at any time to have a first priority perfected security interest in Contracts with an aggregate Outstanding Balance at such time not exceeding 3.00% of the aggregate Outstanding Balance of all Eligible Contracts at such time shall not constitute a Termination Event pursuant to this clause (k) so long as such failure does not have a Material Adverse Effect; or

(l) any Change-in-Control shall occur; or

(m) (i) any Transaction Document, or any lien or security interest granted thereunder, shall (except in accordance with its terms), in whole or in part, terminate, cease to be effective or cease to be the legally valid, binding and enforceable obligation of the Borrower, the Originator or the Servicer (ii) the Borrower, the Originator or the Servicer shall, directly or indirectly, contest in any manner such effectiveness, validity, binding nature or enforceability or (iii) any security interest securing any obligation under any Transaction Document shall, in whole or in part, cease to be a perfected first priority security interest free and clear of all Liens other than Permitted Liens; or

(n) Credit Acceptance shall fail to pay any principal of or premium or interest on any Material Debt, when the same becomes due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise) and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to such Material Debt; or any other default under any agreement or instrument relating to any Material Debt or any other event, shall occur and shall continue after the applicable grace period, if any, specified in such agreement or instrument if the effect of such default or event is to accelerate, or to permit the acceleration of, the maturity of such Material Debt; or any such Material Debt shall be declared to be due and payable or required to be prepaid (other than by a regularly scheduled required prepayment) prior to the stated maturity thereof; or

(o) Collections are less than 75.0% of Forecasted Collections for any three consecutive Collection Periods.

Section 10.2. Remedies.

(a) Upon the occurrence of a Termination Event (other than a Termination Event described in Section 10.1(e)), the Deal Agent may, or at the direction of the Lender, shall by notice to the Borrower declare the Termination Date to have occurred.

(b) Upon the occurrence of a Termination Event described in Section 10.1(e), the Termination Date shall automatically occur.

(c) Upon any Termination Date that occurs following a Termination Event pursuant to this Section 10.2: (i) the rate on the Capital outstanding shall be equal to the applicable Interest Rate as described herein; (ii) the Deal Agent may, and shall at the direction of the Lender by delivery of a Servicer Termination Notice, terminate the Servicer; and (iii) the Deal Agent, may, and at the direction of the Lender, shall declare the entire outstanding principal amount of the Note be immediately due and payable. The Deal Agent, the Collateral Agent and the Secured Parties shall have, in addition to all other rights and remedies under this Agreement or otherwise, all other rights and remedies provided of a secured party under the UCC of each applicable jurisdiction and other applicable laws, which rights shall be cumulative.

(d) If the Note has been declared due and payable pursuant to Section 10.2(c), the Collateral Agent may institute proceedings to collect amounts due, exercise remedies as a secured party (including foreclosure or sale of the Collateral (and each of the parties hereto hereby acknowledges and agrees that any such sale may, in the sole discretion of the Deal Agent be on a servicer released basis)) or elect to maintain the Collateral and continue to apply the proceeds from the Collateral as if there had been no declaration of acceleration.

(e) Upon the declaration of the Termination Date, the Borrower may not request and no Lender shall be required to effect any Funding.

ARTICLE XI
INDEMNIFICATION

Section 11.1. Indemnities by the Borrower.

(a) Without limiting any other rights that any such Person may have hereunder or under Applicable Law, the Borrower hereby agrees to indemnify the Deal Agent, the Backup Servicer, the Collateral Agent, the Successor Servicer, the Secured Parties, and each of their respective Affiliates and officers, directors, members, employees and agents thereof (collectively, the “Indemnified Parties”), forthwith on demand, from and against any and all damages, losses, claims, liabilities and related costs and expenses, including attorneys’ fees and disbursements (all of the foregoing being collectively referred to as the “Indemnified Amounts”) awarded against or incurred by such Indemnified Party or other non-monetary damages of any such Indemnified Party any of them arising out of or as a result of this Agreement or the financing or maintenance of the Capital or in respect of any Loan or any Contract, excluding, however, (a) Indemnified Amounts to the extent resulting from gross negligence or willful misconduct on the part of such Indemnified Party or (b) Indemnified Amounts that have the effect of recourse for non-payment of the Loans due to credit problems of the Obligors (except as otherwise specifically provided in this Agreement). If the Borrower has made any indemnity payment pursuant to this Section 11.1 and such payment fully indemnified the recipient thereof and the recipient thereafter collects any payments from others in respect of such Indemnified Amounts then, the recipient shall repay to the Borrower an amount equal to the amount it has collected from others in respect of such indemnified amounts. Without limiting the foregoing, the Borrower shall indemnify each Indemnified Party for Indemnified Amounts relating to or resulting from:

(i) any Contract or Loan treated as or represented by Credit Acceptance to be an Eligible Dealer Loan Contract or Eligible Loan that is not at the applicable time an Eligible Dealer Loan Contract or Eligible Loan;

(ii) reliance on any representation or warranty made or deemed made by the Borrower or any of its officers under or in connection with this Agreement, which shall have been false or incorrect in any material respect when made or deemed made or delivered;

(iii) the failure by the Borrower to comply with any term, provision or covenant contained in this Agreement or any agreement executed in connection with this Agreement, or with any Applicable Law, with respect to any Loan, Dealer Agreement, Purchase Agreement, any Contract, or the nonconformity of any Loan, Dealer Agreement, Purchase Agreement or Contract with any such Applicable Law;

(iv) the failure to vest and maintain vested in the Collateral Agent for the Secured Parties a first priority perfected security interest in the Collateral, together with all Collections, free and clear of any Lien whether existing at the time of any Funding or at any time thereafter;

(v) the failure to file, or any delay in filing, financing statements or other similar instruments or documents under the UCC of any applicable jurisdiction or other Applicable Laws with respect to the Collateral, whether at the time of the Funding or at any subsequent time;

(vi) any dispute, claim, offset or defense (other than the discharge in bankruptcy of the Obligor) of the Obligor to the payment of any Loan or Contract (including, without limitation, a defense based on such Loan or Contract not being a legal, valid and binding obligation of such Obligor enforceable against it in accordance with its terms);

(vii) any failure of the Borrower to perform its duties or obligations in accordance with the provisions of this Agreement or any failure by the Borrower to perform its respective duties under the Loans;

(viii) the failure by Borrower to pay when due any Taxes for which the Borrower is liable, including without limitation, sales, excise or personal property taxes payable in connection with the Collateral;

(ix) any repayment by the Deal Agent or a Secured Party of any amount previously distributed in reduction of Capital or payment of Interest or any other amount due hereunder or under any Hedging Agreement, in each case which amount the Deal Agent or a Secured Party believes in good faith is required to be repaid;

(x) the commingling of Collections of the Collateral at any time with other funds;

(xi) any investigation, litigation or proceeding related to this Agreement or the use of proceeds of the Funding or the funding of or maintenance of Capital or in respect of any Loan or Contract;

(xii) any failure by the Borrower to give reasonably equivalent value to the Originator in consideration for the transfer by the Originator to the Borrower of the Loans, Related Security or any portion thereof or any attempt by any Person to void or otherwise avoid any such transfer under any statutory provision or common law or equitable action, including, without limitation, any provision of the Bankruptcy Code;

(xiii) the use of the Proceeds of any Funding; or

(xiv) the failure of the Borrower or any of its agents or representatives to remit to the Servicer, the Deal Agent, the Collateral Agent or any other Secured Party, any Collections of the Collateral remitted to the Borrower or any such agent or representative.

(b) Any amounts subject to the indemnification provisions of this Section 11.1 shall be paid by the Borrower to the relevant Indemnified Party on the earlier of the next Payment Date or 5 Business Days following demand therefor.

(c) The obligations of the Borrower under this Section 11.1 shall survive the resignation or removal of the Deal Agent, the Collateral Agent, the Servicer, the Successor Servicer, the Lender or the Backup Servicer or the termination of this Agreement.

Section 11.2. Indemnities by the Servicer.

(a) Without limiting any other rights that any such Person may have hereunder or under Applicable Law, the Servicer hereby agrees to indemnify each Indemnified Party, forthwith on demand, from and against any and all Indemnified Amounts awarded against or incurred by any such Indemnified Party by reason of any acts, omissions or alleged acts or omissions of the Servicer, including, but not limited to: (i) any representation or warranty made by the Servicer under or in connection with any Transaction Document, any Monthly Report or any other information or report delivered by or on behalf of the Servicer pursuant hereto, which shall have been false, incorrect or misleading in any respect (or if the Backup Servicer becomes the Successor Servicer hereunder, in any material respect) when made or deemed made; (ii) the failure by the Servicer to comply with any Applicable Law; (iii) the failure of the Servicer to comply with its duties or obligations in accordance with the Agreement or any other Transaction Document to which it is a party; (iv) any litigation, proceedings or investigation against the Servicer; (v) the commingling of Collections at any time with other funds; or (vi) the failure of the Servicer or any of its agents or representatives to remit to the Collection Account, Deal Agent or Collateral Agent any Collections or Proceeds of the Collateral. The provisions of this indemnity shall run directly to and be enforceable by an Indemnified Party subject to the limitations hereof.

(b) Any amounts subject to the indemnification provisions of this Section 11.2 shall be paid by the Servicer to the relevant Indemnified Party within five (5) Business Days following such Person's demand therefor.

(c) The Servicer shall have no liability for making indemnification hereunder to the extent any such indemnification constitutes recourse for uncollectible Contracts.

(d) The obligations of the Servicer under this Section 11.2 shall survive the resignation or removal of the Deal Agent, the Collateral Agent, the Servicer, the Successor Servicer, the Lender or the Backup Servicer and the termination of this Agreement.

(e) Any indemnification pursuant to this Section 11.2 shall not be payable from the Collateral.

Section 11.3. After-Tax Basis. Indemnification under Sections 11.1 and 11.2 shall be in an amount necessary to make the Indemnified Party whole after taking into account any tax consequences to the Indemnified Party of the receipt of the indemnity provided hereunder, including the effect of such tax or refund on the amount of tax measured by net income or profits that is or was payable by the Indemnified Party.

ARTICLE XII THE DEAL AGENT

Section 12.1. Authorization and Action.

(a) Each Secured Party hereby designates and appoints Fifth Third as Deal Agent hereunder, and authorizes the Deal Agent to take such actions as agent on its behalf and to exercise such powers as are delegated to the Deal Agent by the terms of this Agreement together with such powers as are reasonably incidental thereto. The Deal Agent shall not have any duties or

responsibilities, except those expressly set forth herein, or any fiduciary relationship with any Secured Party, and no implied covenants, functions, responsibilities, duties, obligations or liabilities on the part of the Deal Agent shall be read into this Agreement or otherwise exist for the Deal Agent. In performing its functions and duties hereunder, the Deal Agent shall act solely as agent for the Secured Parties and does not assume nor shall be deemed to have assumed any obligation or relationship of trust or agency with or for the Borrower or any of its successors or assigns. The Deal Agent shall not be required to take any action that exposes the Deal Agent to personal liability or that is contrary to this Agreement or Applicable Law. The appointment and authority of the Deal Agent hereunder shall terminate upon the indefeasible payment in full of the Aggregate Unpaid.

(b) [Reserved].

(c) Each Secured Party hereby designates and appoints Fifth Third as Collateral Agent hereunder, and authorizes the Collateral Agent to take such actions as agent on its behalf and to exercise such powers as are delegated to the Collateral Agent by the terms of this Agreement together with such powers as are reasonably incidental thereto. The Collateral Agent shall not have any duties or responsibilities, except those expressly set forth herein, or any fiduciary relationship with any Secured Party, and no implied covenants, functions, responsibilities, duties, obligations or liabilities on the part of the Collateral Agent shall be read into this Agreement or otherwise exist for the Collateral Agent. In performing its functions and duties hereunder, the Collateral Agent shall act solely as agent for the Secured Parties and does not assume nor shall be deemed to have assumed any obligation or relationship of trust or agency with or for the Borrower or any of its successors or assigns. The Collateral Agent shall not be required to take any action that exposes the Collateral Agent to personal liability or that is contrary to this Agreement or Applicable Law. The appointment and authority of the Collateral Agent hereunder shall terminate upon the indefeasible payment in full of the Aggregate Unpaid.

Section 12.2. Delegation of Duties.

(a) The Deal Agent may execute any of its duties under this Agreement by or through agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The Deal Agent shall not be responsible for the negligence or misconduct of any agents or attorneys-in-fact selected by it with reasonable care.

(b) [Reserved].

(c) The Collateral Agent may execute any of its duties under this Agreement by or through agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The Collateral Agent shall not be responsible for the negligence or misconduct of any agents or attorneys-in-fact selected by it with reasonable care.

Section 12.3. Exculpatory Provisions.

(a) Neither the Deal Agent nor any of its directors, officers, agents or employees shall be (i) liable for any action lawfully taken or omitted to be taken by it or them under or in connection with this Agreement (except for its, their or such Person's own gross negligence or

willful misconduct or, in the case of the Deal Agent, the breach of its obligations expressly set forth in this Agreement), or (ii) responsible in any manner to any of the Secured Parties for any recitals, statements, representations or warranties made by the Borrower contained in this Agreement or in any certificate, report, statement or other document referred to or provided for in, or received under or in connection with, this Agreement for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other document furnished in connection herewith, or for any failure of the Borrower to perform its obligations hereunder, or for the satisfaction of any condition specified in Article III. The Deal Agent shall not be under any obligation to any Secured Party to ascertain or to inquire as to the observance or performance of any of the agreements or covenants contained in, or conditions of, this Agreement, or to inspect the properties, books or records of the Borrower. The Deal Agent shall not be deemed to have knowledge of any Amortization Event, Unmatured Termination Event, Termination Event or Servicer Termination Event unless the Deal Agent has received notice from the Borrower or a Secured Party.

(b) [Reserved].

(c) Neither the Collateral Agent nor any of its directors, officers, agents or employees shall be (i) liable for any action lawfully taken or omitted to be taken by it or them under or in connection with this Agreement (except for its, their or such Person's own gross negligence or willful misconduct or, in the case of the Collateral Agent, the breach of its obligations expressly set forth in this Agreement), or (ii) responsible in any manner to any of the Secured Parties for any recitals, statements, representations or warranties made by the Borrower contained in this Agreement or in any certificate, report, statement or other document referred to or provided for in, or received under or in connection with, this Agreement for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other document furnished in connection herewith, or for any failure of the Borrower to perform its obligations hereunder, or for the satisfaction of any condition specified in Article III. The Collateral Agent shall not be under any obligation to any Secured Party to ascertain or to inquire as to the observance or performance of any of the agreements or covenants contained in, or conditions of, this Agreement, or to inspect the properties, books or records of the Borrower. The Collateral Agent shall not be deemed to have knowledge of any Amortization Event, Unmatured Termination Event, Termination Event or Servicer Termination Event unless the Collateral Agent has received notice from the Borrower or a Secured Party.

Section 12.4. Reliance.

(a) The Deal Agent shall in all cases be entitled to rely, and shall be fully protected in relying, upon any document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including, without limitation, counsel to the Borrower), independent accountants and other experts selected by the Deal Agent. The Deal Agent shall in all cases be fully justified in failing or refusing to take any action under this Agreement or any other document furnished in connection herewith unless it shall first receive such advice or concurrence of the Lender any of the Secured Parties, as applicable, as it deems appropriate or it shall first be indemnified to its satisfaction by the Secured Parties, provided that unless and until the Deal Agent shall have received such advice,

the Deal Agent may take or refrain from taking any action, as the Deal Agent shall deem advisable and in the best interests of the Secured Parties. The Deal Agent shall in all cases be fully protected in acting, or in refraining from acting, in accordance with a request of the Lender or any of the Secured Parties, as applicable, and such request and any action taken or failure to act pursuant thereto shall be binding upon all the Secured Parties.

(b) [Reserved.]

(c) The Collateral Agent shall in all cases be entitled to rely, and shall be fully protected in relying, upon any document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including, without limitation, counsel to the Borrower), independent accountants and other experts selected by the Collateral Agent. The Collateral Agent shall in all cases be fully justified in failing or refusing to take any action under this Agreement or any other document furnished in connection herewith unless it shall first receive such advice or concurrence of the Lender or any of the Secured Parties, as applicable, as it deems appropriate or it shall first be indemnified to its satisfaction by the Secured Parties, provided that unless and until the Collateral Agent shall have received such advice, the Collateral Agent may take or refrain from taking any action, as the Collateral Agent shall deem advisable and in the best interests of the Secured Parties. The Collateral Agent shall in all cases be fully protected in acting, or in refraining from acting, in accordance with a request of the Lender or any of the Secured Parties, as applicable, and such request and any action taken or failure to act pursuant thereto shall be binding upon all the Secured Parties.

Section 12.5. Non-Reliance on Deal Agent, Collateral Agent and The Lender. Each Secured Party expressly acknowledges that neither the Deal Agent, the Collateral Agent nor any of their respective officers, directors, employees, agents, attorneys-in-fact or affiliates has made any representations or warranties to it and that no act by the Deal Agent or the Collateral Agent hereafter taken, including, without limitation, any review of the affairs of the Borrower, shall be deemed to constitute any representation or warranty by the Deal Agent or the Collateral Agent. Each Secured Party represents and warrants to the Deal Agent and the Collateral Agent that it has and will, independently and without reliance upon the Deal Agent, the Collateral Agent or any other Secured Party and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, operations, property, prospects, financial and other conditions and creditworthiness of the Borrower and made its own decision to enter into this Agreement or Hedging Agreement, as the case may be.

Section 12.6. [Reserved].

Section 12.7. Deal Agent and Collateral Agent in their Individual Capacities. The Deal Agent, the Collateral Agent and each of their respective Affiliates may make loans to, accept deposits from and generally engage in any kind of business with the Borrower or any Affiliate of the Borrower as though the Deal Agent or the Collateral Agent, as the case may be, were not the Deal Agent or the Collateral Agent, as the case may be, hereunder. With respect to each Funding pursuant to this Agreement, the Deal Agent, the Collateral Agent and each of their respective Affiliates shall have the same rights and powers under this Agreement as the Lender and may exercise the same as though

it were not the Deal Agent or the Collateral Agent, as the case may be, and the term “Lender” shall include the Deal Agent or the Collateral Agent, as the case may be, each in its individual capacity.

Section 12.8. Successor Deal Agent or Collateral Agent.

(a) The Deal Agent may, upon 5 days’ notice to the Borrower and the Secured Parties, resign as Deal Agent. If the Deal Agent shall resign, then the Lender during such 5-day period may appoint a successor agent. If for any reason no successor Deal Agent is appointed by the Lender during such 5-day period, then effective upon the expiration of such 5-day period, the Secured Parties other than the Lender shall perform all of the duties of the Deal Agent hereunder and the Borrower shall make all payments in respect of the Aggregate Unpaid or under any fee letter delivered in connection herewith directly to the applicable Secured Party and for all purposes shall deal directly with each Secured Party. After any retiring Deal Agent’s resignation hereunder as Deal Agent, the provisions of Article XI and Article XII shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Deal Agent under this Agreement.

(b) The Collateral Agent may, upon 5 days’ notice to the Borrower and the Secured Parties, and the Collateral Agent will, upon the direction of all of the Secured Parties resign as Collateral Agent. If the Collateral Agent shall resign, then the Secured Parties, during such 5-day period shall appoint a successor agent. If for any reason no successor Collateral Agent is appointed by the Secured Parties during such 5-day period, then effective upon the expiration of such 5-day period, the Secured Parties shall perform all of the duties of the Collateral Agent hereunder and the Borrower shall make all payments in respect of the Aggregate Unpaid or under any fee letter delivered in connection herewith directly to the applicable Secured Party and for all purposes shall deal directly with each Secured Party. After any retiring Collateral Agent’s resignation hereunder as Collateral Agent, the provisions of Article XI and Article XII shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Collateral Agent under this Agreement.

ARTICLE XIII
ASSIGNMENTS; PARTICIPATIONS

Section 13.1. Assignments and Participations.

(a) The Lender may, with the express prior written consent of the Deal Agent (in its sole discretion) upon at least 30 days notice to the Deal Agent and the Collateral Agent, assign to one or more banks or other entities all or a portion of its rights and obligations under this Agreement; provided, however, that (i) each such assignment shall be of a constant, and not a varying percentage of all of the Lender’s rights and obligations under this Agreement; (ii) the amount of the Commitment of the Lender being assigned pursuant to each such assignment (determined as of the date of the Assignment and Acceptance with respect to such assignment) shall in no event be less than the lesser of (A) \$15,000,000 or an integral multiple of \$1,000,000 in excess of that amount and (B) the full amount of the Lender’s Commitment; (iii) each such assignment shall be to an Eligible Assignee; (iv) the parties to each such assignment shall execute and deliver to the Deal Agent, for its acceptance and recording in the Register, an Assignment and Acceptance, together with a processing and recordation fee of \$3,500 or such lesser amount as shall be approved by the Deal Agent; (v) the parties to each such assignment shall have agreed to reimburse the Deal Agent

and the Collateral Agent for all fees, costs and expenses (including, without limitation, the reasonable fees and out-of-pocket expenses of counsel for the Deal Agent) incurred by the Deal Agent and the Collateral Agent, respectively, in connection with such assignment; and (vi) there shall be no increased costs, expenses or taxes incurred by the Deal Agent or the Collateral Agent upon such assignment or participation. Upon such execution, delivery and acceptance by the Deal Agent and the Collateral Agent and the recording by the Deal Agent, from and after the effective date specified in each Assignment and Acceptance, which effective date shall be the date of acceptance thereof by the Deal Agent and the Collateral Agent, unless a later date is specified therein, (i) the assignee thereunder shall be a party hereto and, to the extent that rights and obligations hereunder have been assigned to it pursuant to such Assignment and Acceptance, have the rights and obligations of the Lender hereunder and (ii) the Lender assignor thereunder shall, to the extent that rights and obligations hereunder have been assigned by it pursuant to such Assignment and Acceptance, relinquish its rights and be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all or the remaining portion of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto).

(b) By executing and delivering an Assignment and Acceptance, the Lender assignor thereunder and the assignee thereunder confirm to and agree with each other and the other parties hereto as follows: (i) other than as provided in such Assignment and Acceptance, such assigning Lender makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with this Agreement or the execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement or any other instrument or document furnished pursuant hereto; (ii) the assigning Lender makes no representation or warranty and assumes no responsibility with respect to the financial condition of itself or the performance or observance by it of any of its obligations under the Agreement or any other instrument or document furnished pursuant thereto; (iii) such assignee confirms that it has received a copy of this Agreement, together with copies of such financial statements and other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into such Assignment and Acceptance; (iv) such assignee will, independently and without reliance upon the Deal Agent or the Collateral Agent, the assigning Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement; (v) the assigning Lender and such assignee confirm that such assignee is an Eligible Assignee; (vi) such assignee appoints and authorizes each of the Deal Agent and the Collateral Agent to take such action as agent on its behalf and to exercise such powers under this Agreement as are delegated to such agent by the terms hereof, together with such powers as are reasonably incidental thereto; and (vii) such assignee agrees that it will perform in accordance with their terms all of the obligations which by the terms of this Agreement are required to be performed by it as the Lender.

(c) The Deal Agent, acting solely for this purpose as a non-fiduciary agent of the Borrower, shall maintain at its address referred to herein a copy of each Assignment and Acceptance delivered to and accepted by it and a register for the recordation of the name and address of the Lender and the Commitment of, and the Capital of the Funding (the "Register"). The entries in the Register shall be conclusive and binding for all purposes, absent manifest error. The Register

shall be available for inspection by the Lender at any reasonable time and from time to time upon reasonable prior notice.

(d) Subject to the provisions of Section 13.1(a) (including receipt of Deal Agent's prior written consent), upon its receipt of an Assignment and Acceptance executed by the assigning Lender and an assignee, the Deal Agent and the Collateral Agent shall each, if such Assignment and Acceptance has been completed and is in substantially the form of Exhibit B hereto, accept such Assignment and Acceptance, and the Deal Agent shall then (i) record the information contained therein in the Register.

(e) The Lender may, with the express prior written consent of the Deal Agent (in its sole discretion) sell participations to one or more banks or other entities in or to all or a portion of its rights and obligations under this Agreement (including, without limitation, all or a portion of its Commitment and its portion of the Funding and related Collateral); provided, however, that (i) the Lender's obligations under this Agreement (including, without limitation, its Commitment hereunder) shall remain unchanged; and (ii) the Lender shall remain solely responsible to the other parties hereto for the performance of such obligations. Notwithstanding anything herein to the contrary, each participant shall have the rights of the Lender (including any right to receive payment) under Sections 2.13 and 2.14; provided, however, that no participant shall be entitled to receive payment under either such Section in excess of the amount that would have been payable under such Section by the Borrower to the Lender granting its participation had such participation not been granted, and no Lender granting a participation shall be entitled to receive payment under either such Section in an amount that exceeds the sum of (i) the amount to which the Lender is entitled under such Section with respect to any portion of the Capital that is not subject to any participation plus (ii) the aggregate amount to which its participants are entitled under such Sections with respect to the amounts of their respective participations. With respect to any participation described in this Section 13.1, the participant's rights as set forth in the agreement between such participant and the Lender to agree to or to restrict the Lender's ability to agree to any modification, waiver or release of any of the terms of this Agreement or to exercise or refrain from exercising any powers or rights that the Lender may have under or in respect of this Agreement shall be limited to the right to consent to any of the matters set forth in Section 14.1 of this Agreement.

(f) The Lender may, in connection with any assignment or participation or proposed assignment or participation pursuant to this Section 13.1, disclose to the assignee or participant or proposed assignee or participant any information relating to the Borrower furnished to the Lender by or on behalf of the Borrower.

(g) [Reserved].

(h) Nothing herein shall prohibit the Lender from pledging or assigning as collateral any of its rights under this Agreement to any Federal Reserve Bank in accordance with Applicable Law and any such pledge or collateral assignment may be made without compliance with Section 13.1(a) or Section 13.1(b).

(i) In the event the Lender causes increased costs, expenses or taxes to be incurred by the Deal Agent or the Collateral Agent in connection with the assignment or participation

of the Lender's rights and obligations under this Agreement to an Eligible Assignee, then the Lender agrees that it will make reasonable efforts to assign such increased costs, expenses or taxes to such Eligible Assignee in accordance with the provisions of this Agreement.

(j) [Reserved].

(k) Notwithstanding anything herein or in any other Transaction Document to the contrary, no Person or group of Persons (who is not as of the Closing Date already a party hereto) shall become a party to this Agreement as Lender without the express prior written consent of the Deal Agent (in its sole discretion).

ARTICLE XIV MISCELLANEOUS

Section 14.1. Amendments and Waivers.

(a) Except as provided in this Section 14.1, no amendment, waiver or other modification of any provision of this Agreement shall be effective without the written agreement of the Borrower, the Deal Agent, the Collateral Agent and the Lender; provided, however, that no such amendment, waiver or modification shall affect the rights or obligations of any Hedge Counterparty or the Backup Servicer without the written agreement of such Person. Any waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

(b) No amendment, waiver or other modification of this Agreement shall:

(i) without the consent of the Lender, (A) extend the Commitment Termination Date or the date of any payment or deposit of Collections by the Borrower or the Servicer, (B) reduce the rate or extend the time of payment of Interest (or any component thereof), (C) reduce any fee payable to the Deal Agent for the benefit of the Lender, (D) except pursuant to Article XIII hereof, change the amount of the Capital of the Lender, (E) amend, modify or waive any provision of this Section 14.1(b), Section 14.10 or Section 14.11, (F) consent to or permit the assignment or transfer by the Borrower of any of its rights and obligations under this Agreement or (G) amend or modify any defined term (or any defined term used directly or indirectly in such defined term) used in clauses (A) through (F) above in a manner that would circumvent the intention of the restrictions set forth in such clauses, including, without limitation, the definitions of "Breakage Costs", "Eligible Assignee", or "Interest Rate";

(ii) without the written consent of the Deal Agent or the Collateral Agent, as applicable, amend, modify or waive any provision of this Agreement if the effect thereof is to affect the rights or duties of the Deal Agent or the Collateral Agent, as applicable; or

(iii) without the consent of the Deal Agent, amend or modify (A) Section 10.1, (B) the definitions of "Amortization Event," "Eligible Dealer Agreement," "Hedging Agreement," "Net Advance Rate," "Initial Facility Limit," "Termination Date" and

“Required Reserve Account Amount” as set forth in Section 1.1, (C) Section 2.7(a) or (D) Section 5.3.

(c) Any modification or waiver shall be binding upon the Borrower, the Lender, the Collateral Agent and the Deal Agent.

Section 14.2. Notices, Etc. All notices and other communications provided for hereunder shall, unless otherwise stated herein, be in writing (including telex communication and communication by facsimile copy) and mailed, telexed, transmitted or delivered, as to each party hereto, at its address set forth under its name on the signature pages hereof or specified in such party’s Assignment and Acceptance, as the case may be, or at such other address as shall be designated by such party in a written notice to the other parties hereto. All such notices and communications shall be effective, upon receipt, or in the case of (a) notice by mail, five days after being deposited in the United States mail, first class postage prepaid, (b) notice by telex, when telexed against receipt of answer back, or (c) notice by facsimile copy, when verbal communication of receipt is obtained, except that notices and communications pursuant to this Article XIV shall not be effective until received with respect to any notice sent by mail or telex.

Section 14.3. Ratable Payments. If any Secured Party, whether by setoff or otherwise, has payment made to it with respect to any portion of the Aggregate Unpaid owing to such Secured Party (other than payments received pursuant to Section 11.1) in a greater proportion than that received by any other Secured Party, such Secured Party agrees, promptly upon demand, to deliver such excess to the other Secured Parties (ratably) so that following such delivery each Secured Party will hold its ratable proportion of the Aggregate Unpaid.

Section 14.4. No Waiver; Remedies. No failure on the part of the Deal Agent, the Collateral Agent, the Backup Servicer or a Secured Party to exercise, and no delay in exercising, any right or remedy hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right or remedy hereunder preclude any other or further exercise thereof or the exercise of any other right. The rights and remedies herein provided are cumulative and not exclusive of any rights and remedies provided by law.

Section 14.5. Binding Effect; Benefit of Agreement. This Agreement shall be binding upon and inure to the benefit of the Borrower, the Deal Agent, the Backup Servicer, the Collateral Agent, the Secured Parties and their respective successors and permitted assigns and, in addition, the provisions of Section 2.7(a)(i) shall inure to the benefit of each Hedge Counterparty, whether or not that Hedge Counterparty is a Secured Party.

Section 14.6. Term of this Agreement. This Agreement, including, without limitation, the Borrower’s representations, warranties and covenants set forth in Articles IV and V, and the Servicer’s representations, warranties and covenants set forth in Articles V and VI hereof, create and constitute the continuing obligation of the parties hereto in accordance with its terms, and shall remain in full force and effect until the Collection Date; provided, however, that the rights and remedies with respect to any breach of any representation and warranty made or deemed made by the Borrower or Servicer pursuant to Articles III and IV and the indemnification and payment

provisions of Article XI and Article XII and the provisions of Section 14.10 and Section 14.11 shall be continuing and shall survive any termination of this Agreement.

Section 14.7. **Governing Law; Consent to Jurisdiction; Waiver of Objection to Venue.** THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK. EACH OF THE PARTIES HERETO AND EACH HEDGE COUNTERPARTY HEREBY AGREES TO THE NON-EXCLUSIVE JURISDICTION OF ANY FEDERAL COURT LOCATED WITHIN THE STATE OF NEW YORK. EACH OF THE PARTIES HERETO AND EACH SECURED PARTY HEREBY WAIVES ANY OBJECTION BASED ON FORUM NON CONVENIENS, AND ANY OBJECTION TO VENUE OF ANY ACTION INSTITUTED HEREUNDER IN ANY OF THE AFOREMENTIONED COURTS AND CONSENTS TO THE GRANTING OF SUCH LEGAL OR EQUITABLE RELIEF AS IS DEEMED APPROPRIATE BY SUCH COURT.

Section 14.8. **Waiver of Jury Trial.** TO THE EXTENT PERMITTED BY APPLICABLE LAW, EACH OF THE PARTIES HERETO AND EACH HEDGE COUNTERPARTY HEREBY WAIVES ANY RIGHT TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE, WHETHER SOUNDING IN CONTRACT, TORT, OR OTHERWISE BETWEEN THE PARTIES HERETO ARISING OUT OF, CONNECTED WITH, RELATED TO, OR INCIDENTAL TO THE RELATIONSHIP BETWEEN ANY OF THEM IN CONNECTION WITH THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY. INSTEAD, ANY SUCH DISPUTE RESOLVED IN COURT WILL BE RESOLVED IN A BENCH TRIAL WITHOUT A JURY.

Section 14.9. **Costs, Expenses and Taxes.**

(a) In addition to the rights of indemnification granted to the Deal Agent, the Backup Servicer, the Collateral Agent, the Secured Parties and its or their Affiliates and officers, directors, employees and agents thereof under Article XI hereof, the Borrower agrees to pay on demand all costs and expenses of the Deal Agent, the Backup Servicer, the Collateral Agent and the Secured Parties incurred in connection with the preparation, execution, delivery, administration (including periodic auditing), amendment or modification of, or any waiver or consent issued in connection with, this Agreement, the other Transaction Documents and the other documents to be delivered hereunder or thereunder, or in connection herewith or therewith (excluding any Hedging Agreement), including, without limitation, the reasonable fees and out-of-pocket expenses of counsel for the Deal Agent, the Backup Servicer, the Collateral Agent and the Secured Parties with respect thereto and with respect to advising the Deal Agent, the Backup Servicer, the Collateral Agent and the Secured Parties as to their respective rights and remedies under this Agreement, the other Transaction Documents and the other documents to be delivered hereunder or thereunder, or in connection herewith or therewith (excluding any Hedging Agreement), and all costs and expenses, if any (including reasonable counsel fees and expenses), incurred by the Deal Agent, the Backup Servicer, the Collateral Agent or the Secured Parties in connection with the enforcement of this Agreement, the other Transaction Documents and the other documents to be delivered hereunder or thereunder, or in connection herewith or therewith (including any Hedging Agreement).

(b) The Borrower shall pay on demand any and all stamp, sales, excise and other taxes and fees payable or determined to be payable in connection with the execution, delivery, filing and recording of this Agreement, the other Transaction Documents, the other documents to be delivered hereunder or any agreement or other document providing liquidity support, credit enhancement or other similar support to the Lender in connection with this Agreement or the funding or maintenance of any Funding hereunder.

(c) The Borrower shall pay on demand all other costs, expenses and Taxes (excluding income taxes, imposed on such Person by the jurisdiction under the laws of which such Person is organized) incurred by any Secured Party or any shareholder of such Secured Party ("Other Costs"), including, without limitation, all costs and expenses incurred by the Deal Agent in connection with periodic audits of the Borrower's or the Servicer's books and records and, in the case of the Lender, the cost of rating the Lender's (or its related funding source's) commercial paper with respect to financing any Advance hereunder by independent financial rating agencies.

Section 14.10. No Petition.

(a) Each of the parties hereto (other than the Deal Agent) hereby agrees that it will not institute against, or join any other Person in instituting against the Borrower any Insolvency Proceeding so long as there shall not have elapsed one year and one day since the Collection Date.

Section 14.11. Recourse Against Certain Parties.

(a) No recourse under or with respect to any obligation, covenant or agreement (including, without limitation, the payment of any fees or any other obligations) of any Secured Party as contained in this Agreement or any other agreement, instrument or document entered into by it pursuant hereto or in connection herewith shall be had against any administrator of such Secured Party or any incorporator, affiliate, stockholder, officer, employee or director of such Secured Party or of any such administrator, as such, by the enforcement of any assessment or by any legal or equitable proceeding, by virtue of any statute or otherwise; it being expressly agreed and understood that the agreements of such Secured Party contained in this Agreement and all of the other agreements, instruments and documents entered into by it pursuant hereto or in connection herewith are, in each case, solely the corporate obligations of such Secured Party, and that no personal liability whatsoever shall attach to or be incurred by any administrator of such Secured Party or any incorporator, stockholder, affiliate, officer, employee or director of such Secured Party or of any such administrator, as such, or any other of them, under or by reason of any of the obligations, covenants or agreements of such Secured Party contained in this Agreement or in any other such instruments, documents or agreements, or that are implied therefrom, and that any and all personal liability of every such administrator of such Secured Party and each incorporator, stockholder, affiliate, officer, employee or director of such Secured Party or of any such administrator, or any of them, for breaches by such Secured Party of any such obligations, covenants or agreements, which liability may arise either at common law or at equity, by statute or constitution, or otherwise, is hereby expressly waived as a condition of and in consideration for the execution of this Agreement. The provisions of this Section 14.11 shall survive the termination of this Agreement.

Section 14.12. Protection of Right, Title and Interest in Collateral; Further Action Evidencing the Funding.

(a) Each of the Borrower and Credit Acceptance shall cause this Agreement, all amendments hereto and/or all financing statements and continuation statements and any other necessary documents covering the right, title and interest of the Collateral Agent, as agent for the Secured Parties and of the Secured Parties to the Collateral to be promptly recorded, registered and filed, and at all times to be kept recorded, registered and filed, all in such manner and in such places as may be required by law fully to preserve and protect the right, title and interest of the Collateral Agent, as agent for the Secured Parties hereunder to all property comprising the Collateral. Each of the Borrower and Credit Acceptance shall deliver to the Deal Agent file-stamped copies of, or filing receipts for, any document recorded, registered or filed as provided above, as soon as available following such recording, registration or filing. The Borrower shall cooperate fully with Credit Acceptance in connection with the obligations set forth above and will execute any and all documents reasonably required to fulfill the intent of this Section 14.12(a).

(b) Each of the Borrower and the Servicer agrees that from time to time, at its expense (or if the Backup Servicer becomes the Successor Servicer hereunder, at the expense of the Borrower), it will promptly execute and deliver all instruments and documents, and take all actions, that the Deal Agent may reasonably request in order to perfect, protect or more fully evidence the Funding hereunder, or to enable the Deal Agent or the Secured Parties to exercise and enforce their rights and remedies hereunder or under any Transaction Document.

(c) If the Borrower or the Servicer fails to perform any of its obligations hereunder, the Deal Agent or any Secured Party may (but shall not be required to) perform, or cause performance of, such obligation; and the Deal Agent's or such Secured Party's costs and expenses incurred in connection therewith shall be payable by the Borrower (if the Servicer that fails to so perform is the Borrower or an Affiliate thereof) as provided in Article XI, as applicable. The Borrower irrevocably authorizes the Deal Agent and appoints the Deal Agent as its attorney-in-fact to act on behalf of the Borrower (i) to execute on behalf of the Borrower as debtor and to file financing statements necessary or desirable in the Deal Agent's sole discretion to perfect and to maintain the perfection and priority of the interest of the Secured Parties in the Collateral and (ii) to file a carbon, photographic or other reproduction of this Agreement or any financing statement with respect to the Collateral as a financing statement in such offices as the Deal Agent in its sole discretion deems necessary or desirable to perfect and to maintain the perfection and priority of the interests of the Secured Parties in the Collateral. This appointment is coupled with an interest and is irrevocable.

(d) Without limiting the generality of the foregoing, each of the Borrower and Credit Acceptance will, not earlier than six (6) months and not later than three (3) months prior to the fifth anniversary of the date of filing of the financing statement referred to in Section 3.1 or any other financing statement filed pursuant to this Agreement or in connection with the Funding hereunder, unless the Collection Date shall have occurred:

- (i) execute and deliver and file or cause to be filed an appropriate continuation statement with respect to such financing statement;

(ii) deliver or cause to be delivered to the Deal Agent an opinion of the counsel for Borrower and Credit Acceptance, in form and substance reasonably satisfactory to the Deal Agent, with respect to creation and perfection of security interest in the Collateral, which opinion may contain usual and customary assumptions, limitations and exceptions.

Section 14.13. Confidentiality; Tax Treatment Disclosure.

(a) Each of the Deal Agent, the Secured Parties, the Servicer, the Collateral Agent, the Backup Servicer and the Borrower shall maintain and shall cause each of its employees and officers to maintain the confidentiality of this Agreement and all information with respect to the other parties, including all information regarding the business of the Borrower and the Servicer hereto and their respective businesses obtained by it or them in connection with the structuring, negotiating and execution of the transactions contemplated herein, except that each such party and its officers and employees may (i) disclose such information to its external accountants, attorneys, investors, potential investors and the agents of such Persons ("Excepted Persons"), provided, however, that each Excepted Person shall be advised that such information shall be used solely in connection with such Excepted Person's evaluation of, or relationship with, the Borrower and its affiliates, (ii) disclose the existence of this Agreement, but not the financial terms hereof, (iii) disclose such information as is required by the Transaction Documents or Applicable Law and (iv) disclose this Agreement and such information in any suit, action, proceeding or investigation (whether in law or in equity or pursuant to arbitration) involving any of the Transaction Documents or any Hedging Agreement for the purpose of defending itself, reducing its liability, or protecting or exercising any of its claims, rights, remedies, or interests under or in connection with any of the Transaction Documents or any Hedging Agreement. It is understood that the financial terms that may not be disclosed except in compliance with this Section 14.13(a) include, without limitation, all fees and other pricing terms, and all Termination Events, Servicer Termination Events, and priority of payment provisions

(b) Anything herein to the contrary notwithstanding, each of the Borrower and the Servicer hereby consents to the disclosure of any nonpublic information with respect to it and the Transaction Documents (i) to the Deal Agent, the Collateral Agent, the Backup Servicer or the Secured Parties by each other, (ii) by the Deal Agent or the Lender to any prospective or actual assignee or participant of any of them or (iii) by the Deal Agent, the Collateral Agent or the Lender to any, commercial paper dealer or provider of a surety, guaranty or credit or liquidity enhancement to the Lender and to any officers, directors, members, employees, outside accountants and attorneys of any of the foregoing, provided each such Person is informed of the confidential nature of such information. In addition, the Secured Parties, the Backup Servicer and the Deal Agent may disclose any such nonpublic information as required pursuant to any law, rule, regulation, direction, request or order of any judicial, administrative or regulatory authority or proceedings (whether or not having the force or effect of law).

(c) Notwithstanding anything herein to the contrary, the foregoing shall not be construed to prohibit (i) disclosure of any and all information that is or becomes publicly known or known to any party hereto as a result of disclosure by any third party not bound by any obligation of confidentiality, (ii) disclosure of any and all information (A) if required to do so by any applicable

statute, law, rule or regulation, (B) to any government agency or regulatory body having or claiming authority to regulate or oversee any respects of the Collateral Agent's, Deal Agent's or Backup Servicer's business or that of their affiliates, (C) pursuant to any subpoena, civil investigative demand or similar demand or request of any court, regulatory authority, arbitrator or arbitration to which the Deal Agent, Collateral Agent, Backup Servicer, any Secured Party or an affiliate or an officer, director, employer or shareholder thereof is a party, (D) in any preliminary or final offering circular, registration statement or contract or other document pertaining to the transactions contemplated herein approved in advance by the Borrower or Servicer or (E) to any affiliate, independent or internal auditor, agent, employee or attorney of the Deal Agent, Collateral Agent, Backup Servicer, any Secured Party having a need to know the same, provided that such Person advises such recipient of the confidential nature of the information being disclosed, or (iii) any other disclosure authorized by the Transaction Documents or the Borrower or Servicer.

(d) Notwithstanding anything herein to the contrary, any party to this Agreement (and any employee, representative or other agent of any party to this Agreement) may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of the transactions contemplated by this Agreement and all materials of any kind (including opinions or other tax analyses) that are provided to it relating to such tax treatment and tax structure; provided, however, that such disclosure may not be made to the extent required to be kept confidential to comply with any applicable federal or state securities laws; and provided further that (to the extent not inconsistent with the foregoing) such disclosure shall be made without disclosing the names or other identifying information of any party.

Section 14.14. Execution in Counterparts; Severability; Integration. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute one and the same agreement. In case any provision in or obligation under this Agreement shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby. This Agreement and any agreements or letters (including fee letters) executed in connection herewith contains the final and complete integration of all prior expressions by the parties hereto with respect to the subject matter hereof and shall constitute the entire agreement among the parties hereto with respect to the subject matter hereof, superseding all prior oral or written understandings other than any fee letter delivered by the Originator to the Deal Agent and the Lender.

Section 14.16. USA Patriot Act. Each of the Lender, the Deal Agent and the Collateral Agent hereby notifies the Borrower, the Servicer and the Custodian that pursuant to the requirements of the USA PATRIOT Act, Title III of Pub. L. 107-56 (signed into law October 26, 2001) (the "PATRIOT Act"), the Lender, the Deal Agent and the Collateral Agent may be required to obtain, verify and record information that identifies the Borrower, the Servicer and the Custodian, which information includes the name, address, tax identification number and other information regarding the Seller, the Borrower, the Servicer and the Custodian that will allow the Administrator and the Purchasers to identify the Borrower, the Servicer and the Custodian in accordance with the PATRIOT Act. This notice is given in accordance with the requirements of the PATRIOT Act. Each of the Borrower,

the Servicer and the Custodian agrees to provide the Lender, the Deal Agent and/or the Collateral Agent, from time to time, with all documentation and other information required by bank regulatory authorities under “know your customer” and anti-money laundering rules and regulations, including, without limitation, the PATRIOT Act.

[Remainder of Page Intentionally Left Blank.]

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

THE BORROWER:

CAC WAREHOUSE FUNDING LLC V

By: _____
Name: Douglas W. Busk
Title: Senior Vice President and Treasurer

CAC Warehouse Funding LLC V
Silver Triangle Building
25505 West Twelve Mile Road
Southfield, Michigan 48034-8339
Attention: Douglas W. Busk
Facsimile No. 866-743-2704
Confirmation No.: 248-353-2700 (ext. 4432)

THE SERVICER:

CREDIT ACCEPTANCE CORPORATION

By: _____
Name: Douglas W. Busk
Title: Senior Vice President and Treasurer

Silver Triangle Building
25505 West Twelve Mile Road
Southfield, Michigan 48034-8339
Attention: Douglas W. Busk
Facsimile No. 866-743-2704
Confirmation No.: 248-353-2700 (ext. 4432)

[SIGNATURES CONTINUED ON THE FOLLOWING PAGE]

THE LENDER

FIFTH THIRD BANK

By: _____
Name: _____
Title: _____

Fifth Third Bank
38 Fountain Square Plaza
MD 109046
Cincinnati, Ohio 45263
Attention: Brian Gardner
Facsimile No.: (513) 534-0319
Confirmation No: (513) 534-7949

[SIGNATURES CONTINUED ON THE FOLLOWING PAGE]

THE DEAL AGENT:

FIFTH THIRD BANK

By: _____
Name: _____
Title: _____

Fifth Third Bank
38 Fountain Square Plaza
MD 109046
Cincinnati, Ohio 45263
Attention: Brian Gardner
Facsimile No.: (513) 534-0319
Confirmation No: (513) 534-7949

[SIGNATURES CONTINUED ON THE FOLLOWING PAGE]

THE COLLATERAL AGENT:

FIFTH THIRD BANK, as Collateral Agent

By: _____
Name: _____
Title: _____

Fifth Third Bank
38 Fountain Square Plaza
MD 109046
Cincinnati, Ohio 45263
Attention: Brian Gardner
Facsimile No.: (513) 534-0319
Confirmation No: (513) 534-7949

[SIGNATURES CONTINUED ON THE FOLLOWING PAGE]

THE BACKUP SERVICER:

SYSTEMS & SERVICES TECHNOLOGIES, INC., as Backup Servicer

By: _____
Name: _____
Title: _____

Systems & Services Technologies, Inc.
c/o Alorica Inc.
5 Park Plaza, Suite 1100
Irvine, CA 92614
Attn: Chief Financial Officer

With a copy to :Systems & Services Technologies, Inc.
4315 Pickett Road
St. Joseph, MO 64503

FORM OF FUNDING NOTICE

Reference is made to the Loan and Security Agreement, dated as of September 15, 2014 (as amended, supplemented or otherwise modified and in effect from time to time, the “Agreement”), by and among CAC Warehouse Funding LLC V, as borrower (in such capacity, the “Borrower”), Credit Acceptance Corporation, as servicer (in such capacity, the “Servicer”), Fifth Third Bank, as Lender, Deal Agent and Collateral Agent and Systems & Services Technologies, Inc., as the Backup Servicer. Terms defined in the Agreement, or incorporated therein by reference, are used herein as therein defined.

(A) Funding Request. The Borrower hereby requests the Funding pursuant to Section 2.1 and Section 2.3 of the Loan Agreement.

(B) Funding Information. The Funding shall (a) take place on [_____] and (b) shall be in an amount equal to \$[_____].

(C) Representations. The Borrower hereby represents and warrants that (i) all conditions precedent to the Funding described in Article III of the Agreement have been satisfied and (ii) no Termination Event or Unmatured Termination Event shall have occurred. This Funding Notice has been made in accordance with the provisions of Section 2.1(a) and Section 2.3 of the Agreement.

(D) Irrevocable. This Funding Notice shall be irrevocable.

(E) Governing Law. This Funding Notice shall be governed by, and construed in accordance with, the laws of the State of New York.

IN WITNESS WHEREOF, the undersigned has caused this Funding Notice to be duly executed and delivered by its duly authorized officer as of the date first above written.

CAC Warehouse Funding LLC V

By: ____
Name:
Title:

Form of Assignment and Acceptance

B-1

FORM OF ASSIGNMENT AND ACCEPTANCE

Dated _____, 20__

Reference is made to the Loan and Security Agreement dated as of September 15, 2014 (as amended or modified from time to time, the “Agreement”) among CAC Warehouse Funding LLC V, as borrower (the “Borrower”), Credit Acceptance Corporation, as servicer (the “Servicer”), Fifth Third Bank, as lender, deal agent collateral agent (the “Lender”, “Deal Agent” and “Collateral Agent”) and Systems & Services Technologies, Inc., as backup servicer. Terms defined in the Agreement are used herein with the same meaning.

_____ (the “Assignor”) and _____ (the “Assignee”) agree as follows:

1. The Assignor hereby sells and assigns to the Assignee, and the Assignee hereby purchases and assumes from the Assignor, that interest in and to all of the Assignor’s rights and obligations under the Agreement as of the date hereof which represents the percentage interest specified in Section 1 of Schedule 1 of all outstanding rights and obligations of the Assignor under the Agreement, including, without limitation, such interest in the Commitment of the Assignor and the Advance made by the Assignor. After giving effect to such sale and assignment, the Commitment and the amount of the Capital made by the Assignee will be as set forth in Section 2 of Schedule 1.

2. The Assignor: (i) represents and warrants that it is the legal and beneficial owner of the interest being assigned by it hereunder and that such interest is free and clear of any Adverse Claim; (ii) makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with the Agreement or the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Agreement or any other instrument or document furnished pursuant thereto; (iii) makes no representation or warranty and assumes no responsibility with respect to the financial condition of itself or the performance or observance by it of any of its obligations under the Agreement or any other instrument or document furnished pursuant thereto; and (iv) confirms that the Assignee is an Eligible Assignee.

3. The Assignee: (i) confirms that it has received a copy of the Agreement, together with copies of such financial statements and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Acceptance; (ii) agrees that it will, independently and without reliance upon the Deal Agent, the Collateral Agent or the Assignor and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Agreement; (iii) confirms that it is an Eligible Assignee; (iv) appoints and authorizes the Deal Agent and the Collateral Agent each to take such action as agent on its behalf and to exercise such powers under the Agreement as are delegated to the Deal Agent and the Collateral Agent, respectively, by the terms thereof, together with such powers as are reasonably incidental thereto;

(v) agrees that it will perform in accordance with their terms all of the obligations which by the terms of the Agreement are required to be performed by it; and (vi) agrees and acknowledges that the Assignee and Secured Party is bound by the confidentiality provisions of Section 14.13 of the Agreement.

4. Following the execution of this Assignment and Acceptance by the Assignor and the Assignee, it will be delivered to each of the Deal Agent and the Collateral Agent and the related for acceptance and recording by the Deal Agent. The effective date of this Assignment and Acceptance (the "Assignment Date") shall be the date of acceptance thereof by the Deal Agent, unless a later date is specified in Section 3 of Schedule 1.

5. Upon such acceptance by the Deal Agent and the Collateral Agent and upon such recording by the Deal Agent, as of the Assignment Date, (i) the Assignee shall be a party to the Agreement and, to the extent provided in this Assignment and Acceptance, have the rights and obligations of the Lender thereunder and (ii) the Assignor shall, to the extent provided in this Assignment and Acceptance, relinquish its rights and be released from its obligations under the Agreement.

6. Upon such recording by the Deal Agent, from and after the Assignment Date, the Deal Agent and the Collateral Agent shall make, or cause to be made, all payments under the Agreement in respect of the interest assigned hereby (including, without limitation, all payments of principal, interest and Facility Fee with respect thereto) to the Assignee. The Assignor and Assignee shall make all appropriate adjustments in payments under the Agreement for periods prior to the Assignment Date directly between themselves.

7. This Assignment and Acceptance shall be governed by, and construed in accordance with, the laws of the State of New York.

IN WITNESS WHEREOF, the parties hereto have caused this Assignment and Acceptance to be executed by their respective officers thereunto duly authorized, as of the date first above written, such execution being made on Schedule 1 hereto.

[ASSIGNOR]

By: ____
Name:
Title:

Address for notices

[Address]

[ASSIGNEE]

By: ____
Name:
Title:

Address for notices

[Address]

Consented and agreed this ____ day of
_____, ____

FIFTH THIRD BANK,
as Deal Agent and Collateral Agent

By: ____
Name:____
Title:____

Schedule 1
to
Assignment and Acceptance
Dated _____, 20__

Section 1.

Percentage Interest: _____%

Section 2.

Assignee's Commitment: \$ _____

Aggregate Outstanding Advance owing to the Assignee: \$ _____

Section 3.

Assignment Date: _____, 20__

Form of Monthly Report

[Attached hereto]

Form of Take-Out Release

Reference is hereby made to the Loan and Security Agreement, dated as of September 15, 2014 (as amended, supplemented or otherwise modified and in effect from time to time, the “Agreement”), by and among CAC Warehouse Funding LLC V, as borrower (in such capacity, the “Borrower”), Credit Acceptance Corporation, as servicer (in such capacity, the “Servicer”), Fifth Third Bank, as deal agent (the “Deal Agent”), lender (the “Lender”) and collateral agent (the “Collateral Agent”), and System & Services Technologies Inc., as backup servicer.

Capitalized terms not defined herein shall have the meaning given such terms in the Agreement.

Pursuant to Section 2.8(a) of the Agreement, the Borrower requests the Collateral Agent to release all of its right, title and interest, including any security interest and Lien, in and to the Loans and Related Security identified on Schedule 1 hereto (the “Released Loans and the Related Security”). The Take-Out Date is as of [_____].

Pursuant to Section 2.8(a)(ii) of the Agreement, the Servicer and the Borrower hereby certify that the Borrower will have sufficient funds on the Take-Out Date to effect the Take-Out in accordance with the Agreement.

Pursuant to Section 2.8(a)(iii) of the Agreement, the Servicer and the Borrower hereby certify that after giving effect to the Take-Out and the release to the Borrower of the Loans and Related Security on the Take-Out Date, (x) the representations and warranties contained in Sections 4.1 and 4.2 of the Agreement shall continue to be correct in all material respects, except to the extent relating to an earlier date, and (y) neither an Unmatured Termination Event nor a Termination Event has occurred.

Upon receipt in the Collection Account of \$[_____] in immediately available funds, the Collateral Agent hereby releases all of its right, title and interest, including any security interest and Lien, in and to:

(i) the Released Loans and the Related Security, all monies due or to become due with respect thereto, whether accounts, chattel paper, general intangibles or other property, all monies or remittances on deposit in the Credit Acceptance Payment Account which constitute proceeds of such Released Loans and the Related Security;

- (ii) the security interests in the Contracts granted by Obligors pursuant to the related Released Loans and the Related Security;
- (iii) all of the Borrower's rights under (x) the Contribution Agreement and (y) each Dealer Agreement, in each case with respect to such Released Loans and the Related Security; and
- (iv) the proceeds of any and all of the foregoing.

[REMAINDER OF PAGE BLANK. SIGNATURE PAGE FOLLOWS.]

Executed as of _____.

CREDIT ACCEPTANCE CORPORATION, AS THE SERVICER

By: _

Name: _
Title: _

CAC WAREHOUSE FUNDING LLC V, as the Borrower

By: _

Name: _
Title: _

FIFTH THIRD BANK, as the Lender, Collateral Agent and Deal Agent

By: _

Name: _
Title: _

Form of Hedging Agreement

[on file with the Deal Agent]

Form of Officer's Certificate
CREDIT ACCEPTANCE CORPORATION
CERTIFICATE OF OFFICER

I, Douglas W. Busk, on this date of [_____] __, 2014, hereby certify that I am the duly executed, qualified and acting Treasurer of Credit Acceptance Corporation, a Michigan corporation (the "Company"), and that, as such, I have access to its corporate records and am familiar with the matters certified herein, and I am authorized to execute and deliver this certificate in the name and on behalf of the Company, and that:

1. This certificate is being delivered pursuant to that certain Loan and Security Agreement (the "Loan and Security Agreement"), dated September 15, 2014, by and among the Company, CAC Warehouse Funding LLC V, Fifth Third Bank and Systems & Services Technologies, Inc. The capitalized terms used in this certificate and not defined herein have the respective meanings specified in the Loan and Security Agreement.

2. The closing conditions set forth in Sections 3.1(a) (other than with respect to the Hedging Agreements), (c) and (d) of the Loan and Security Agreement have been satisfied, including without limitation, the following:

(i) No Amortization Event, Termination Event or Unmatured Termination Event has occurred; and

(ii) No Servicer Termination Event or Potential Servicer Termination Event has occurred.

3. The transactions under the Loan and Security Agreement and any other Transaction Document to which the Company is a party do not and will not render the Company not Solvent.

IN WITNESS WHEREOF, I have executed this certificate in the name and on behalf of the Company on the date first written above.

CREDIT ACCEPTANCE CORPORATION

By: _____
Douglas W. Busk
Treasurer

FORM OF RELEASE

Reference is hereby made to the Loan and Security Agreement, dated as of September 15, 2014, among CAC Warehouse Funding LLC V, as the Borrower, Credit Acceptance Corporation, as the Servicer, Fifth Third Bank, as the Lender, Deal Agent and Collateral Agent and Systems & Services Technologies, Inc., as the Backup Servicer as it may from time to time be amended, supplemented or otherwise modified in accordance with the terms thereof (the “Agreement”).

Capitalized terms not defined herein shall have the meaning given such terms in the Agreement.

Pursuant to Section 2.16(a) of the Agreement, the Borrower requests the Collateral Agent to release all of its right, title and interest, including any security interest and Lien, in and to the Loans and Related Security identified on Schedule 1 hereto (the “Released Loans and the Related Security”).

The Servicer and Borrower hereby certify that after giving effect to the release to the Borrower of the Loans and Related Security as provided below, (x) the representations and warranties contained in Article IV of the Agreement shall continue to be correct in all material respects, except to the extent relating to an earlier date, and (y) neither an Unmatured Termination Event nor a Termination Event has occurred.

Upon deposit in the Collection Account of \$[] in immediately available funds, the Collateral Agent hereby releases all of its right, title and interest, including any security interest and Lien, in and to [all of] the Loans and the Related Security identified on Schedule I hereto (the “Released Loans and Related Security”):

- (i) the Released Loans and the Related Security, all monies due or to become due with respect thereto, whether accounts, chattel paper, general intangibles or other property, all monies or remittances on deposit in the Credit Acceptance Payment Account which constitute proceeds of such Loans and the Loans;
- (ii) the security interests in the Contracts granted by Obligors pursuant to the related Loan and all security related thereto;
- (iii) all of the Borrower’s rights under the Contribution Agreement and each Dealer Agreement with respect to such Loans and the Related Security;
- (iv) the proceeds of any and all of the foregoing.

[REMAINDER OF PAGE BLANK. SIGNATURE PAGE FOLLOWS.]

Executed as of _____.

Credit Acceptance Corporation, as the Servicer

By:_____
Name:
Title:

CAC Warehouse Funding LLC V, as the Borrower

By:_____
Name:
Title:

Fifth Third Bank, as the Deal Agent and Collateral Agent

By:_____
Name:
Title:

Form of Contribution Agreement

FORM OF VARIABLE FUNDING NOTE

Cincinnati, Ohio
[____], 2014

FOR VALUE RECEIVED, the undersigned, CAC WAREHOUSE FUNDING LLC V, a Delaware limited liability company (the “Borrower”), promises to pay to the order of Fifth Third Bank, as Deal Agent, on behalf of the Lender, on the Maturity Date specified in Section 2.1(c) of the Loan and Security Agreement (as hereinafter defined), at Fifth Third Bank, Asset Securitization, 38 Fountain Square Plaza, MD 109046, Cincinnati, OH 45263; Fax: 513-534-0319, in lawful money of the United States of America and in immediately available funds, the principal amount of One Hundred Million Dollars (\$100,000,000), or, if less, the aggregate unpaid principal amount of the all Advances made by the Lender to the Borrower pursuant to the Loan and Security Agreement, and to pay interest at such office, in like money, from the date hereof on the unpaid principal amount of the Advance from time to time outstanding at the rates and on the dates specified in the Loan and Security Agreement.

The Deal Agent is authorized to record, on the schedules annexed hereto and made a part hereof or on other appropriate records of the Deal Agent, the date and the amount of the Advance made by the Lenders, each continuation thereof, the funding period for such Advance and the date and amount of each payment or prepayment of principal thereof. Any such recordation shall constitute prima facie evidence of the accuracy of the information so recorded; provided that the failure of the Deal Agent to make any such recordation (or any error in such recordation) shall not affect the obligations of the Borrower hereunder, under the Loan and Security Agreement in respect of the Advance.

This Variable Funding Note is the Note referred to in the Loan and Security Agreement, dated as of September 15, 2014 (as amended, supplemented, or otherwise modified and in effect from time to time, the “Loan and Security Agreement”), among CAC Warehouse Funding LLC V (the “Borrower”); Credit Acceptance Corporation (the “Servicer”); Fifth Third Bank, as lender (the “Lender”); as deal agent (the “Deal Agent”); and as Collateral Agent (the “Collateral Agent”); and Systems & Services Technologies, Inc. (the “Backup Servicer”). Capitalized terms used herein and defined herein have the meanings given them in the Loan and Security Agreement.

This Variable Funding Note is subject to optional and mandatory prepayment as provided in the Loan and Security Agreement.

Upon the occurrence of a Termination Event, the Secured Parties shall have all of the remedies specified in the Loan and Security Agreement. The Borrower hereby waives presentment, demand, protest, and all notices of any kind.

THIS VARIABLE FUNDING NOTE SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

CAC WAREHOUSE FUNDING LLC V,
as Borrower

By: ____
Name:
Title:

**Schedule 1 to
VARIABLE FUNDING NOTE**

Principal of the <u>Advances</u>	Interest on the <u>Advances</u>	Prepayment of the <u>Advances</u>	Notation by <u>Date</u>
-------------------------------------	------------------------------------	--------------------------------------	----------------------------

Form of Dealer Agreement

Forms of Contracts

Form of Backup Servicing Agreement

Form of Purchase Agreement

[Reserved]

Schedule II

[Reserved]

Schedule III

Tradenames, Fictitious Names and “Doing Business As” Name

None

Schedule IV

Location of Records and Contract Files

Credit Acceptance Corporation
Silver Triangle Building
25505 W. Twelve Mile Road, Ste. 3000
Southfield, MI 48034

Schedule V

List of Loans, Contracts, Dealer Agreements and Pools

[To be provided in accordance with Section 2.2(a)(iii) or Section 6.15(c)]

Schedule VI

[Reserved]

Schedule VII

Forecasted Collections

[To be provided in accordance with Section 2.8(a)(vii) or Section 6.5(e)]

Schedule VIII
Commitment Amount of the Lender

<u>Lender</u>	<u>Commitment Amount</u>
Fifth Third Bank	\$100,000,000

Condition Precedent Documents Relating to Closing

<u>CONDITION PRECEDENT DOCUMENTS</u>	<u>RESPONSIBLE PARTY</u>
I. TRANSACTION DOCUMENTS	
A. Loan and Security Agreement	Skadden
Exhibits to Loan and Security Agreement	
Exhibit A Form of Funding Notice	Attached
Exhibit B Form of Assignment and Acceptance	Attached
Exhibit C Form of Monthly Report	Fifth Third
Exhibit D Form of Take-Out Release	Attached
Exhibit E Form of Hedging Agreement (including Schedule and Confirmation)	Credit Acceptance
Exhibit F Form of Officer's Certificate	Attached
Exhibit G Form of Release	Attached
Exhibit H Form of Contribution Agreement	Skadden
Exhibit I Form of Variable Funding Note	Attached
Exhibit J Form of Dealer Agreement	Credit Acceptance
Exhibit K Form of Contracts	Credit Acceptance
Exhibit L Form of Backup Servicing Agreement	Skadden
Exhibit M Form of Purchase Agreement	Attached
Schedules to Loan and Security Agreement	
Schedule I [Reserved]	N/A
Schedule II Credit and Collection Guidelines	Credit Acceptance
Schedule III Tradenames, Fictitious Names and "Doing Business As" Names	Credit Acceptance
Schedule IV Location of Records and Contract Files	Credit Acceptance
Schedule V List of Loans, Contracts, Dealer Agreements and Pools	Credit Acceptance
Schedule VI [Reserved]	N/A
Schedule VII Forecasted Collections	Credit Acceptance
Schedule VIII Commitment Amount of the Lender	Attached
Schedule IX Condition Precedent Documents to the Closing	Attached
B. Contribution Agreement	Skadden
C. Backup Servicing Agreement	Skadden
D. Fee Letter	Fifth Third/Mayer Brown

E. Note in favor of the Lender	Skadden
F. Hedge Agreement	Credit Acceptance/ Fifth Third
G. Payoff Letter with respect to the CAC Warehouse Funding III, LLC securitization facility	Fifth Third/Mayer Brown
II. DOCUMENTS RELATING TO THE BORROWER	
A. Secretary's Certificate with the following items attached: - Resolutions of the Board of Directors of the Borrower - Certificate of Formation of the Borrower - Operating Agreement of the Borrower - Incumbency	Borrower/Skadden
B. On the Closing Date, Officer's Certificate of the Borrower certifying as to the applicable matters set forth in Section 3.1 of the Loan and Security Agreement and the Solvency Certificate described in Section 4.1(i) of the Loan and Security Agreement	Borrower/Skadden
C. On the Funding Date, Officer's Certificate of the Borrower certifying as to the applicable matters set forth in Section 3.1 of the Loan and Security Agreement	Borrower/Skadden
D. Certificate of Formation of the Borrower certified by the Secretary of State of Delaware	Borrower/Skadden
E. Good Standing Certificate issued by the Secretary of State of the State of Delaware with respect Borrower	Borrower/Skadden
F. Copies of the filed financing statement in Delaware on Form UCC-1 naming the Borrower as debtor and the Collateral Agent, for the benefit of the Secured Parties, as secured party	Borrower/Skadden
G. Evidence that the Borrower has been licensed as a "sales finance company" (or similar, as applicable) in the states of Pennsylvania and Maryland.	Borrower/Skadden
III. DOCUMENTS RELATING TO CREDIT ACCEPTANCE	

A. Secretary's Certificate with the following items attached: - Resolutions of the Board of Directors of Credit Acceptance - Certificate of Incorporation of Credit Acceptance - Bylaws of Credit Acceptance - Incumbency	Credit Acceptance/ Skadden
B. On the Closing Date, Officer's Certificate of Credit Acceptance certifying as to the applicable matters set forth in Section 3.1	Credit Acceptance/ Skadden
C. On the Funding Date, Officer's Certificate of Credit Acceptance certifying that no Unmatured Termination Event, Termination Event, Servicer Termination Event or potential Servicer Termination Event shall have occurred	Credit Acceptance/ Skadden
D. Certificate of Incorporation certified by the Secretary of State of the State of Michigan	Credit Acceptance/ Skadden
E. Good Standing Certificate issued by the Secretary of State of the State of Michigan with respect to Credit Acceptance	Credit Acceptance/ Skadden
F. Copies of the filed financing statement in Delaware on Form UCC-1 naming the Originator as debtor/seller, the Borrower as secured party/purchaser, and the Collateral Agent as assignee	Credit Acceptance/ Skadden
IV. OPINIONS OF COUNSEL	
A. Opinion of Skadden as to certain corporate and enforceability matters	Skadden
B. Opinion of Skadden as to non-consolidation matters	Skadden
C. On the date of the Initial Funding, opinion of Skadden as to certain security interest matters	Skadden
D. On the date of the Initial Funding, opinion of Skadden as to true sale matters	Skadden
E. Opinion of Dykema as to certain corporate and enforceability matters under Michigan law	Dykema
V. ADDITIONAL CLOSING DOCUMENTS/ACTIONS	

A. Evidence that (i) the Lender has cancelled all notes and related fee letters executed by CAC Warehouse Funding III, LLC in favor of Fifth Third Bank and delivered the same to the Borrower, (ii) the Amended and Restated Loan and Security Agreement, dated as of June 29, 2012 (as amended), among CAC Warehouse III, LLC, Credit Acceptance, Fifth Third Bank and Systems & Services Technologies, Inc., and the related Contribution Agreement and Backup Servicing Agreement (each, as defined therein), have each been terminated and all collateral thereunder have been released	Lender/Credit Acceptance
B. A certificate of an officer of the Borrower certifying that all of the conditions to funding set forth in Sections 3.1 and 3.2 of the Contribution Agreement have been satisfied	Borrower/Skadden
C. UCC-3 Termination Statements, terminating all UCC financing statements naming Credit Acceptance as debtor/seller, CAC Warehouse Funding III, LLC as secured party/purchaser, and Fifth Third Bank as assignee	Credit Acceptance/Skadden
D. UCC search results (i) for the Borrower in Delaware and (ii) for Credit Acceptance in Michigan	Skadden/Dykema
E. Evidence that the Collection Account and the Reserve Account have been established	Credit Acceptance
F. Evidence that the Structuring Fee and any other fees or amounts due and payable on the Closing Date in accordance with the Fee Letter have been paid in full	Borrower
G. On the date of the Initial Funding, Evidence that the Reserve Account has been funded	Borrower

Key:

Fifth Third	Fifth Third Bank, the Deal Agent or the Collateral Agent
Lender	Fifth Third Bank
Credit Acceptance	Credit Acceptance Corporation
Borrower	CAC Warehouse Funding LLC V
Mayer Brown	Mayer Brown LLP
Dykema	Dykema Gossett PLLC
Skadden	Skadden, Arps, Slate, Meagher & Flom LLP
Backup Servicer	Systems & Services Technologies, Inc.

U.S. \$100,000,000

LOAN AND SECURITY AGREEMENT

Dated as of September 15, 2014

Among

CAC WAREHOUSE FUNDING LLC V

as the Borrower

**CREDIT ACCEPTANCE CORPORATION
as the Servicer and Custodian**

**FIFTH THIRD BANK
as the Lender, the Deal Agent and the Collateral Agent**

and

**SYSTEMS & SERVICES TECHNOLOGIES, INC.
as the Backup Servicer**

ARTICLE I DEFINITIONS		1
Section 1.1.	Certain Defined Terms.	1
Section 1.2.	Other Terms	28
Section 1.3.	Computation of Time Periods	28
Section 1.4.	Interpretation	28
ARTICLE II THE LOAN FACILITY		29
Section 2.1.	Funding of the Advance.	29
Section 2.2.	Grant of Security Interest; Acceptance by Collateral Agent.	30
Section 2.3.	Procedures for Funding of Advances.	32
Section 2.4.	Determination of Interest and Other Amounts	32
Section 2.5.	Reduction of the Facility Limit; Repurchase	33
Section 2.6.	[Reserved.]	33
Section 2.7.	Settlement Procedures.	33
Section 2.8.	Take-Out.	35
Section 2.9.	Collections and Allocations.	37
Section 2.10.	Payments, Computations, Etc.	38
Section 2.11.	[Reserved.]	38
Section 2.12.	Fees.	38
Section 2.13.	Increased Costs; Capital Adequacy; Illegality.	39
Section 2.14.	Taxes.	40
Section 2.15.	Assignment of the Contribution Agreement	41
Section 2.16.	Servicer Clean-up Call.	41
ARTICLE III CONDITIONS TO THE CLOSING AND EACH FUNDING		42
Section 3.1.	Conditions to the Closing and the Initial Funding	42
Section 3.2.	Conditions Precedent To All Fundings	43
ARTICLE IV REPRESENTATIONS AND WARRANTIES		44
Section 4.1.	Representations and Warranties of the Borrower	44
Section 4.2.	Representations and Warranties of the Borrower Relating to the Loans and the Related Contracts.	49
Section 4.3.	Representations and Warranties of the Servicer	51
Section 4.4.	Representations and Warranties of the Backup Servicer	52
Section 4.5.	Breach of Representations and Warranties.	53
ARTICLE V GENERAL COVENANTS		54
Section 5.1.	Affirmative Covenants of the Borrower	54
Section 5.2.	Negative Covenants of the Borrower	60
Section 5.3.	Covenant of the Borrower Relating to the Hedging Agreement	65
Section 5.4.	Affirmative Covenants of the Servicer	65
Section 5.5.	Negative Covenants of the Servicer	68
Section 5.6.	Negative Covenants of the Backup Servicer	69
ARTICLE VI ADMINISTRATION AND SERVICING OF CONTRACTS		70
Section 6.1.	Servicing.	70
Section 6.2.	Duties of the Servicer and Custodian.	71
Section 6.3.	Rights After Designation of Successor Servicer	74
Section 6.4.	Responsibilities of the Borrower	75

TABLE OF CONTENTS
(continued)

Page

Section 6.5.	Reports.	75
Section 6.6.	Additional Representations and Warranties of Credit Acceptance as Servicer	76
Section 6.7.	Establishment of the Accounts.	76
Section 6.8.	Payment of Certain Expenses by Servicer	78
Section 6.9.	Annual Independent Public Accountant's Servicing Reports	78
Section 6.10.	The Servicer Not to Resign	78
Section 6.11.	Servicer Termination Events	78
Section 6.12.	Appointment of Successor Servicer.	80
Section 6.13.	Responsibilities of the Borrower	81
Section 6.14.	Segregated Payment Account	81
Section 6.15	Dealer Collections Repurchase; Replacement of Dealer Loan with Related Purchased Loans	81
ARTICLE VII BACKUP SERVICER		82
Section 7.1.	Designation of the Backup Servicer	82
Section 7.2.	Duties of the Backup Servicer	82
Section 7.3.	Backup Servicing Compensation	82
ARTICLE VIII [Reserved]		83
ARTICLE IX SECURITY INTEREST		83
Section 9.1.	Security Agreement.	83
Section 9.2.	Release of Lien	83
Section 9.3.	Further Assurances	83
Section 9.4.	Remedies	83
Section 9.5.	Waiver of Certain Laws	83
Section 9.6.	Power of Attorney	84
ARTICLE X TERMINATION EVENTS		84
Section 10.1.	Termination Events	84
Section 10.2.	Remedies.	86
ARTICLE XI INDEMNIFICATION		87
Section 11.1.	Indemnities by the Borrower.	87
Section 11.2.	Indemnities by the Servicer.	89
Section 11.3.	After-Tax Basis	89
ARTICLE XII THE DEAL AGENT		90
Section 12.1.	Authorization and Action.	90
Section 12.2.	Delegation of Duties.	90
Section 12.3.	Exculpatory Provisions.	91
Section 12.4.	Reliance.	91
Section 12.5.	Non-Reliance on Deal Agent, Collateral Agent and The Lender	92
Section 12.6.	[Reserved].	92
Section 12.7.	Deal Agent and Collateral Agent in their Individual Capacities	93
Section 12.8.	Successor Deal Agent or Collateral Agent.	93
ARTICLE XIII ASSIGNMENTS; PARTICIPATIONS		93
Section 13.1.	Assignments and Participations.	93

TABLE OF CONTENTS
(continued)

Page

ARTICLE XIV MISCELLANEOUS		96
Section 14.1.	Amendments and Waivers.	96
Section 14.2.	Notices, Etc.	97
Section 14.3.	Ratable Payments	97
Section 14.4.	No Waiver; Remedies	97
Section 14.5.	Binding Effect; Benefit of Agreement.	97
Section 14.6.	Term of this Agreement	98
Section 14.7.	Governing Law; Consent to Jurisdiction; Waiver of Objection to Venue	98
Section 14.8.	Waiver of Jury Trial	98
Section 14.9.	Costs, Expenses and Taxes.	98
Section 14.10.	No Petition.	99
Section 14.11.	Recourse Against Certain Parties.	99
Section 14.12.	Protection of Right, Title and Interest in Collateral; Further Action Evidencing the Funding.	100
Section 14.13.	Confidentiality; Tax Treatment Disclosure.	101
Section 14.14.	Execution in Counterparts; Severability; Integration	102
Section 14.16.	USA Patriot Act	103

EXHIBITS

EXHIBIT A	Form of Funding Notice
EXHIBIT B	Form of Assignment and Acceptance
EXHIBIT C	Form of Monthly Report
EXHIBIT D	Form of Take-Out Release
EXHIBIT E	Form of Hedging Agreement (including Schedule and Confirmation)
EXHIBIT F	Form of Officer’s Certificate
EXHIBIT G	Form of Release
EXHIBIT H	Form of Contribution Agreement
EXHIBIT I	Form of Variable Funding Note
EXHIBIT J	Form of Dealer Agreement
EXHIBIT K	Forms of Contracts
EXHIBIT L	Form of Backup Servicing Agreement
EXHIBIT M	Form of Purchase Agreement

SCHEDULES

SCHEDULE I	[Reserved]
SCHEDULE II	[Reserved]
SCHEDULE III	Tradenames, Fictitious Names and “Doing Business As” Names
SCHEDULE IV	Location of Records and Contract Files
SCHEDULE V	List of Loans, Contracts, Dealer Agreements and Pools
SCHEDULE VI	[Reserved]
SCHEDULE VII	Forecasted Collections
SCHEDULE VIII	Commitment Amount of the Lender
SCHEDULE IX	Condition Precedent Documents Relating to the Closing

THIS LOAN AND SECURITY AGREEMENT (the "Agreement") is made as of September 15, 2014, among:

- (1) CAC WAREHOUSE FUNDING LLC V, a Delaware limited liability company (the "Borrower");
- (2) CREDIT ACCEPTANCE CORPORATION, a Michigan corporation ("Credit Acceptance", the "Originator", the "Servicer" or the "Custodian");
- (3) FIFTH THIRD BANK, an Ohio banking corporation ("Fifth Third"), as the lender (the "Lender"), as deal agent ("Deal Agent") and as collateral agent (the "Collateral Agent"); and
- (4) SYSTEMS & SERVICES TECHNOLOGIES, INC., a Delaware corporation (the "Backup Servicer").

IT IS AGREED as follows:

ARTICLE I
DEFINITIONS

Section 1.1. Certain Defined Terms.

- (a) Certain capitalized terms used throughout this Agreement are defined above or in this Section 1.1.

(b) As used in this Agreement and its schedules, exhibits and other attachments, unless the context requires a different meaning, the following terms shall have the following meanings:

Accrual Period: For any Payment Date, the calendar month immediately preceding such Payment Date.

Addition Date: (a) With respect to any Dealer Loan, the date on which such Dealer Loan is contributed or otherwise transferred by Credit Acceptance to the Borrower pursuant to the Contribution Agreement and (b) with respect to any Purchased Loan, the date on which such Purchased Loan is contributed or otherwise transferred by Credit Acceptance to the Borrower pursuant to the Contribution Agreement.

Additional Amount: Defined in Section 2.14(a).

Additional Loans: All Loans that become part of the Collateral after the Initial Funding.

Additional Principal Payment Amount: With respect to any Payment Date during the Amortization Period, the lesser of: (i) Capital as of the immediately preceding Payment Date (after giving effect to all payments in reduction of principal on such Payment Date); and (ii) Collections remaining after distribution of amounts described in Section 2.7 (a)(i) through (v).

Adjusted LIBOR Rate: For any Accrual Period, an interest rate per annum equal to a fraction, expressed as a percentage and rounded upwards (if necessary), to the nearest 1/100 of 1%, (i) the numerator of which is equal to the LIBOR Rate for such Accrual Period and (ii) the denominator of which is equal to 100% minus the Eurodollar Reserve Percentage for such Accrual Period.

Advance: As defined in Section 2.1.

Affected Party: Each of the Lender, any assignee or participant of the Lender, Fifth Third, any successor to Fifth Third as Deal Agent and any sub-agent of the Deal Agent.

Affiliate: With respect to a Person, means any other Person that, directly or indirectly, controls, is controlled by or under common control with such Person, or is a director or officer of such Person. For purposes of this definition, "control" (including the terms "controlling," "controlled by" and "under common control with") when used with respect to any specified Person means the possession, direct or indirect, of the power to vote 5% or more of the voting securities of such Person or to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

Agent's Account: An account at Fifth Third in the name of the Deal Agent or at such other account as may be designated by the Deal Agent from time to time.

Aggregate Outstanding Eligible Loan Balance: On any date of determination, the sum of the Outstanding Balances of all Eligible Loans on such day.

~~Aggregate Outstanding Eligible Loan Net Balance: On any date of determination the Aggregate Outstanding Eligible Loan Balance less the related Loan Loss Reserves at the end of the most recent Collection Period.~~

Aggregate Unpaid: At any time, an amount, equal to the sum of all accrued and unpaid Capital, Interest, Breakage Costs, Hedge Breakage Costs, fees, indemnities and all other amounts owed by the Borrower hereunder, under any Hedging Agreement (including, without limitation, payments in respect of the termination of any such Hedging Agreement) or under any other Transaction Document or by the Borrower or any other Person under any fee letter (including, without limitation, the Fee Letter) delivered in connection with the transactions contemplated by this Agreement (whether due or accrued) and any unpaid fees due to the Backup Servicer, both before and after the Assumption Date.

Amortization Event: The occurrence of any of the following events: (i) on any Payment Date, the Weighted Average Spread Rate is less than 25.0%; (ii) a Reserve Advance is made, except if on the date of such Reserve Advance, the Capital is zero; (iii) Collections are less than 85.0% of Forecasted Collections for any two (2) consecutive Collection Periods; or (iv) the Commitment Termination Date.

Amortization Period: The period beginning on the earlier of (i) the occurrence of an Amortization Event, and (ii) the occurrence or declaration of the Termination Date, and ending on the Collection Date.

Applicable Law: For any Person, all existing and future applicable laws, rules, regulations (including proposed, temporary and final income tax regulations), statutes, treaties, codes, ordinances, permits, certificates, orders and licenses of and interpretations by any Governmental Authority (including, without limitation, usury laws, the Federal Truth in Lending Act, and Regulation Z and Regulation B of the Board of Governors of the Federal Reserve System), and applicable judgments, decrees, injunctions, writs, orders, or action of any Court, arbitrator or other administrative, judicial, or quasi-judicial tribunal or agency of competent jurisdiction.

Assignment and Acceptance: An assignment and acceptance entered into by the Lender and an Eligible Assignee, and accepted by the Deal Agent, in substantially the form of Exhibit B hereto.

Assumption Date: Defined in the Backup Servicing Agreement.

Authoritative Electronic Copy: With respect to any Contract stored in an electronic medium, the single electronic “authoritative copy” (within the meaning of Section 9-105 of the UCC) of such Contract (i) that constitutes the single authoritative copy of the record or records comprising the related chattel paper which is unique, identifiable and, except as otherwise provided in clauses (iv), (v) and (vi) below, unalterable, (ii) that identifies Credit Acceptance as the sole assignee thereof, (iii) that is communicated to and maintained by Credit Acceptance, (iv) copies or revisions to which that add or change an identified assignee thereof can only be made with the participation of Credit Acceptance, (v) for which any copy thereof is readily identifiable as a copy that is not the authoritative copy and (vi) for which any revision of the authoritative copy is readily identifiable as an authorized or unauthorized revision.

Available Funds: With respect to any Payment Date: (i) all amounts deposited in the Collection Account during the Collection Period (other than Dealer Collections and Repossession Expenses) that ended on the last day of the calendar month immediately preceding the calendar month in which such Payment Date occurs and investment earnings thereon; (ii) all Reserve Advances (which shall be applied in accordance with Section 2.7(c) hereof); (iii) all amounts paid by the Borrower pursuant to Section 4.5 hereof during or with respect to the prior Collection Period in respect of Ineligible Loans; (iv) amounts paid by the Borrower pursuant to Section 2.16 hereof; (v) all amounts paid under any Dealer Agreement; and (vi) any other funds on deposit in the Collection Account on such date (other than Dealer Collections and Repossession Expenses).

Backup Servicer: SST.

Backup Servicing Agreement: The Backup Servicing Agreement dated as of the Closing Date, among the Borrower, the Servicer, the Backup Servicer, the Collateral Agent and the Deal Agent substantially in the form attached hereto as Exhibit L, as the same may be amended, restated, supplemented or otherwise modified from time to time.

Backup Servicing Fee: The fee payable by the Borrower to the Backup Servicer pursuant to the Backup Servicing Agreement and Section 7.3 hereof.

Bankruptcy Code: The United States Bankruptcy Reform Act of 1978 (11 U.S.C. § 101, et seq.), as amended from time to time.

Base Rate: On any date, a fluctuating interest rate per annum equal to the higher of (a) the Prime Rate or (b) the Federal Funds Rate plus 2.0%.

Benefit Plan: Any employee benefit plan as defined in Section 3(3) of ERISA in respect of which the Borrower or any ERISA Affiliate of the Borrower is, or at any time during the immediately preceding six years was, an “employer” as defined in Section 3(5) of ERISA.

Borrower: CAC Warehouse Funding LLC V, a Delaware limited liability company.

Borrowing Base: On any date of determination, (a) the product of (i) the Aggregate Outstanding Eligible Loan ~~Net~~ Balance and (ii) the Net Advance Rate, *minus* (b) the Overconcentration Loan Amount.

Breakage Costs: Any amount or amounts as shall compensate the Lender for any loss, cost or expense incurred by the Lender (as determined by the Lender in the Lender’s sole discretion) as a result of a prepayment by the Borrower of Capital or Interest, the failure by the Borrower to draw or accept any requested funds on any applicable borrowing date, or the failure of any Payment Date with respect to any loan or advance hereunder to occur on the maturity date of the applicable source of funds, the proceeds of which were used to fund or maintain such loan or advance (or portion thereof).

Business Day: Any day other than a Saturday or a Sunday on which (a) banks are not required or authorized to be closed in New York City, New York, Delaware, Cincinnati, Ohio, Detroit, Michigan, or if the Backup Servicer becomes the Servicer, Missouri, and (b) if the term “Business Day” is used in connection with the determination of the LIBOR Rate, dealings in United States dollar deposits are carried on in the London interbank market.

Capital: The amounts advanced to the Borrower by the Lender pursuant to Section 2.1(a) and Section 2.3, reduced from time to time by Collections distributed on account of such Capital pursuant to Section 2.7 or as a result of a Take-Out pursuant to Section 2.8; provided, however, if such Capital shall have been reduced by any distribution and thereafter all or a portion of such distribution is rescinded or must otherwise be returned for any reason, such Capital shall be increased by the amount of such rescinded or returned distribution, as though it had not been made.

Capped Servicing Fee: With respect to any Collection Period when the Backup Servicer has become the Servicer, the greater of (x) an amount equal to the product of (i) 10.00% and (ii) Collections received during such Collection Period (exclusive of amounts received under any Hedging Agreement) and (y) \$5,000.

Carrying Costs: With respect to any Payment Date, the sum of amounts payable under Section 2.7(a)(iv)(A)-(C).

CECL Methodology: The current expected credit losses methodology for credit losses accounting under GAAP established under ASU 2016-13.

Certificate of Title: With regard to each Financed Vehicle (i) the original certificate of title relating thereto, or copies of correspondence and application made in accordance with applicable law to the appropriate state title registration agency, and all enclosures thereto, for issuance of its original certificate of title or (ii) if the appropriate state title registration agency issues a letter or other form of evidence of Lien (whether in paper or electronic) in lieu of a certificate of title, the original lien entry letter or form or copies of correspondence and application made in accordance with applicable law to such state title registration agency, and all enclosures thereto, for issuance of the original lien entry letter or form.

Change-in-Control: Any of the following:

- (a) the creation or imposition of any Lien on any shares of membership interest of the Borrower;
- (b) the failure by Originator to own all of the issued and outstanding membership interest of the Borrower.

Closed Pool: With respect to any Dealer Loan, a Pool as to which, pursuant to the terms of the related Dealer Agreement, no additional Dealer Loan Contracts may be allocated.

Closing Date: September 15, 2014.

Code: The United States Internal Revenue Code of 1986, as amended from time to time.

Collateral: Defined in Section 2.2(a).

Collateral Agent: Fifth Third and its successors and permitted assigns.

Collection Account: Defined in Section 6.7(a).

Collection Date: The date following the Termination Date on which the Aggregate Unpays have been reduced to zero and indefeasibly paid in full.

Collection Guidelines: With respect to Credit Acceptance, the policies of the Servicer, relating to the collection of amounts due on contracts for the sale of automobiles and/or light-duty trucks, as in effect on the Cut-Off Date and as amended from time to time in accordance herewith and with the other Transaction Documents, and with respect to the Backup Servicer, as Successor Servicer, the servicing policies set forth in the Backup Servicing Agreement.

Collection Period: Each calendar month, except in the case of the first Collection Period, the period beginning on the Cut-Off Date to and including the last day of the calendar month in which the Funding Date occurs.

Collections: All payments (including recoveries, credit-related insurance proceeds and proceeds of Related Security and so long as Credit Acceptance is the Servicer, excluding certain recovery and repossession expenses, in accordance with the terms of the Dealer Agreements) received by the Servicer, Credit Acceptance, the Borrower or any Successor Servicer on or after

the Cut-Off Date in respect of the Loans in the form of cash, checks, wire transfers or other form of payment in accordance with the Loans and the Dealer Agreements and all net amounts received under any Hedging Agreement.

Commitment: The commitment of the Lender to make Advances to the Borrower in an amount not to exceed the amount set forth on Schedule VIII to this Agreement.

Commitment Termination Date: August 17, 2021, or such later date to which the Commitment Termination Date may be extended if agreed in writing among the Borrower, the Deal Agent and the Lender.

Contract: Any Dealer Loan Contract or Purchased Loan Contract.

Contract Files: With respect to each Contract, the fully executed original counterpart of such Contract or, in the case of any Contract constituting electronic chattel paper, the Authoritative Electronic Copy of the Contract (in each case, for UCC purposes), either a copy of the application to the appropriate state authorities for a Certificate of Title with respect to the related financed vehicle or a standard assurance in the form commonly used in the industry relating to the provision of a Certificate of Title or other evidence of lien, all original or electronic instruments modifying the terms and conditions of such Contract and the original or electronic endorsements or assignments of such Contract.

Contractual Obligation: With respect to any Person, means any provision of any securities issued by such Person or any indenture, mortgage, deed of trust, contract, undertaking, agreement, instrument or other document to which such Person is a party or by which it or any of its property is bound or is subject.

Contribution Agreement: The Contribution Agreement, dated as of the Closing Date, substantially in the form of Exhibit H hereto, between Credit Acceptance and the Borrower, as the same may be amended, restated, supplemented or otherwise modified from time to time.

Credit Acceptance: Credit Acceptance Corporation, a Michigan corporation, and its successors and permitted assigns.

Credit Acceptance Payment Account: The clearinghouse account number xxxxxx5068 maintained by Credit Acceptance at Comerica Bank, or if the Backup Servicer has become the Successor Servicer or a Successor Servicer has been appointed hereunder, such other account specified by the Deal Agent, where payments received in respect of all loans and contracts are deposited or paid.

Credit Agreement: That certain Sixth Amended and Restated Credit Acceptance Corporation Credit Agreement, dated as of June 23, 2014, with Comerica Bank, as administrative agent and collateral agent, Credit Acceptance, as borrower, and the banks signatory, as amended, supplemented or otherwise modified from time to time.

Credit Guidelines: The policies of Credit Acceptance, relating to the extension of credit to automobile and light-duty truck dealers and consumers in respect of retail installment contracts for the sale of automobiles and/or light-duty trucks, including, without limitation, the policies for determining the creditworthiness of such dealers and consumers and, relating to this extension of credit to such dealers and consumers, the maintenance of installment sale contracts, as in effect on the Cut-Off Date and as amended from time to time in accordance herewith and with the other Transaction Documents.

Custodian: Credit Acceptance, or any person appointed as Custodian pursuant to [Section 6.2\(d\)](#).

Cut-Off Date: With respect to the Loans and related collateral purchased by the Borrower on each Payment Date during the Revolving Period, the close of business on the last day of the immediately preceding Collection Period.

Date of Processing: With respect to any transaction relating to a Loan or a Contract, the date on which such transaction is first recorded on the Servicer's master servicing file (without regard to the effective date of such recordation).

Deal Agent: Defined in the preamble of the Agreement.

Dealer: Any new or used automobile and/or light-duty truck dealer who has entered into a Dealer Agreement or a Purchase Agreement with Credit Acceptance.

Dealer Agreement: Each agreement between Credit Acceptance and any Dealer, in substantially the form attached hereto as Exhibit J.

Dealer Collections: Defined in [Section 2.9\(d\)](#).

Dealer Collections Purchase: Defined in [Section 6.15\(a\)](#).

Dealer Collections Purchase Agreement: Defined in [Section 6.15\(a\)](#).

Dealer Collections Purchase Price: Defined in [Section 6.15\(b\)](#).

Dealer Concentration Limit: With respect to any Dealer, an amount equal to, in the case of Dealer Loans made to such Dealer, 4.0% of the aggregate ~~Net Loan~~[Outstanding](#) Balance of all Dealer Loans included in the Collateral, as of the end of the immediately preceding Collection Period .

Dealer Loan: All amounts advanced by Credit Acceptance under a Dealer Agreement and payable from Collections, including servicing charges, insurance charges and service policies and all related finance charges, late charges, and all other fees and charges; provided, however, that the term "Dealer Loan" shall, for the purposes of this Agreement, include only those Dealer Loans identified from time to time on Schedule V hereto, as amended from time to time in accordance herewith, and/or any Funding Notice.

Dealer Loan Contract: Each retail installment sales contract, in substantially one of the forms attached hereto as Exhibit K, relating to the sale of a used automobile or light-duty truck originated by a Dealer and in which Credit Acceptance shall have been granted a security interest and shall have acquired certain other rights under a related Dealer Agreement to secure the related dealer's obligation to repay one or more related Dealer Loans.

Defaulted Contract: A Contract shall be deemed a Defaulted Contract no later than the earlier of (i) the day it becomes 90 days delinquent, based on the date the last payment thereon was received by the Servicer and (ii) the day on which an auction check is posted to the relevant account.

Derivatives: Any exchange-traded or over-the-counter (i) forward, future, option, swap, cap, collar, floor or foreign exchange contract or any combination thereof, whether for physical delivery or cash settlement, relating to any interest rate, interest rate index, currency, currency exchange rate, currency exchange rate index, debt instrument, debt price, debt index, depository instrument, depository price, depository index, equity instrument, equity price, equity index, commodity, commodity price or commodity index, (ii) any similar transaction, contract, instrument, undertaking or security, or (iii) any transaction, contract, instrument, undertaking or security containing any of the foregoing.

Determination Date: The fourth (4th) Business Day prior to the related Payment Date.

Effective Date: The date this Loan and Security Agreement becomes effective, which shall be the Closing Date.

Eligible Assignee: (a) an Affiliate of the Lender; (b) any Person (other than a natural person) that is engaged in the business of making, purchasing, holding or otherwise investing in commercial revolving loans in the ordinary course of its business, provided that such Person is administered or managed by the Lender, an Affiliate of the Lender or an entity or Affiliate of an entity that administers or manages the Lender; or (c) any other Person (other than a natural person) approved by the (i) Deal Agent and (ii) unless a Termination Event has occurred and is continuing or such assignment is to any Federal Reserve Bank, the Borrower (each such approval not to be unreasonably withheld, delayed or conditioned); provided that notwithstanding the foregoing, "Eligible Assignee" shall not include the Borrower, or any of the Borrower's Affiliates or Subsidiaries.

Eligible Contract: Each Eligible Dealer Loan Contract and each Eligible Purchased Loan Contract.

Eligible Dealer Agreement: Each Dealer Agreement:

(a) which was originated by the Originator in material compliance with all applicable requirements of law and which complies in all material respects with all applicable requirements of law;

(b) with respect to which all material consents, licenses, approvals or authorizations of, or registrations or declarations with, any Governmental Authority required to be obtained, effected or given by the Borrower, Credit Acceptance or by the Servicer in connection with the origination

of such Dealer Agreement or the execution, delivery and performance by the Borrower, Credit Acceptance or by the Servicer of such Dealer Agreement have been duly obtained, effected or given and are in full force and effect;

(c) (i) as to which at the time of the transfer of rights thereunder to the Collateral Agent and the Secured Parties, the Borrower will have good and marketable title thereto, free and clear of all Liens, and (ii) which does not contain any terms which would (or purport to) limit or restrict any of the transfers or assignments contemplated by the Transaction Documents (including, without limitation, transfer by the Originator to the Borrower and the collateral assignment by the Borrower to the Collateral Agent);

(d) the Borrower's rights under which have been the subject of a valid grant by the Borrower of a first priority perfected security interest in such rights and in the proceeds thereof in favor of the Collateral Agent;

(e) which will at all times be the legal, valid and binding obligation of the Dealer party thereto (it being understood that recourse for such payment obligation shall be limited to the extent set forth in the Dealer Agreement), enforceable against such Dealer in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws, now or hereafter in effect, affecting the enforcement of creditors' rights in general and except as such enforceability may be limited by general principles of equity (whether considered in a suit at law or in equity);

(f) which constitutes either a "general intangible" or "tangible chattel paper" under and as defined in Article 9 of the UCC;

(g) which, at the time of the pledge of the rights to payment thereunder to the Collateral Agent and the Secured Parties, no right to payment thereunder has been waived or modified;

(h) which is not subject to any right of rescission, setoff, counterclaim or other defense (including the defense of usury), other than defenses arising out of applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights in general;

(i) as to which Credit Acceptance and the Borrower have satisfied in all material respects all obligations to be fulfilled at the time the rights to payment thereunder are pledged to the Collateral Agent and the Secured Parties;

(j) as to which the related Dealer has not asserted that such agreement is void or unenforceable in any legal proceedings not being contested in good faith;

(k) as to which the related Dealer is not known to be bankrupt or insolvent;

(l) as to which the related Dealer is not an Affiliate of or an executive of Credit Acceptance or an Affiliate of Credit Acceptance;

(m) as to which the related Dealer is located in the United States; and

(n) as to which none of Credit Acceptance, the Servicer or the Borrower has done anything, at the time of its pledge to the Collateral Agent and the other Secured Parties, to impair the rights of the Collateral Agent and the other Secured Parties therein.

Eligible Dealer Loan Contract: Each Dealer Loan Contract which at the time of its pledge by the applicable Dealer to the Originator, satisfied the requirements for “Qualifying Receivable” set forth in the related Dealer Agreement.

Eligible Dealer Loans: Each Dealer Loan, at the time of its transfer to the Borrower under the Contribution Agreement (or such other times as specifically provided for below):

- (a) which has arisen under a Dealer Agreement that, on the day the Dealer Loan was created, qualified as an Eligible Dealer Agreement;
- (b) which was created in material compliance with all applicable requirements of law and pursuant to an Eligible Dealer Agreement which complies in all material respects with all applicable requirements of law;
- (c) with respect to which all material consents, licenses, approvals or authorizations of, or registrations or declarations with, any Governmental Authority required to be obtained, effected or given by the Borrower or Originator, in connection with the creation of such Dealer Loan or the execution, delivery and performance by the Borrower or Originator, of the related Eligible Dealer Agreement have been duly obtained, effected or given and are in full force and effect;
- (d) as to which at the time of the pledge of such Dealer Loan to the Collateral Agent and the Secured Parties, the Borrower will have good and marketable title thereto, free and clear of all Liens;
- (e) as to which a valid first priority perfected ownership interest in such Dealer Loan, related security and in the Proceeds thereof has been sold or contributed by the Originator to the Borrower and a valid first priority perfected security interest in such Dealer Loan has been granted by the Borrower in favor of the Collateral Agent;
- (f) which will at all times be the legal, valid and binding payment obligation of the related Dealer thereof (it being understood that recourse for such payment obligation shall be limited to the extent set forth in the Dealer Agreement), enforceable against such Dealer in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws, now or hereafter in effect, affecting the enforcement of creditors’ rights in general and except as such enforceability may be limited by general principles of equity (whether considered in a suit at law or in equity);
- (g) which constitutes a “general intangible” under and as defined in Article 9 of the UCC as in effect in the relevant State;
- (h) which is denominated and payable in United States dollars;

- (i) which, at the time of its pledge to the Collateral Agent and the Secured Parties, has not been waived or modified;
- (j) which is not subject to any right of rescission (subject to the rights of the related Dealer to repay the outstanding balance of the Dealer Loan and terminate the related Dealer Agreement), setoff, counterclaim or other defense (including the defense of usury), other than defenses arising out of applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights in general;
- (k) as to which Credit Acceptance and the Borrower have satisfied all material obligations to be fulfilled at the time it is pledged to the Collateral Agent and the Secured Parties;
- (l) as to which the related Dealer has not asserted that the related Dealer Agreement is void or unenforceable in any legal proceeding not being contested in good faith;
- (m) as to which the related Dealer is not known to be bankrupt or insolvent;
- (n) as to which none of Credit Acceptance, the Servicer or the Borrower has done anything, other than actions permitted under the Collection Guidelines, to impair the rights of the Collateral Agent and the other Secured Parties;
- (o) the proceeds of which were used to finance the purchases of new or used automobiles and/or light-duty trucks and related products;
- (p) if any Dealer Loan Contract securing such Dealer Loan is an electronic contract, such electronic contract constitutes "electronic chattel paper" and there is only a single "authoritative copy" (as such terms are used in Section 9-105 of the UCC) of such electronic contract and such "authoritative copy" constitutes an Authoritative Electronic Copy; and
- (q) as to which, on the day the Dealer Loan was created, the related Dealer was not listed on the OFAC SDN List.

Eligible Hedge Transaction: Each Hedge Transaction governed by an Eligible Hedging Agreement.

Eligible Hedging Agreement: Any of the following: (i) that certain ISDA Master Agreement and the Schedule thereto, each dated as of May 27, 2014, and entered into between the Borrower and Fifth Third, as amended, supplemented or otherwise modified and in effect from time to time with the written consent of the Deal Agent, or (ii) any other Hedging Agreement approved by the Deal Agent in writing with respect to a Hedge Transaction.

Eligible Loans: The Eligible Dealer Loans and Eligible Purchased Loans.

Eligible Purchased Loan Contract: Each Purchased Loan Contract which at the time of its purchase from the applicable Dealer by the Originator, evidenced an Eligible Purchased Loan.

Eligible Purchased Loans: Each Purchased Loan at the time of its transfer to the Borrower under the Contribution Agreement:

- (a) which has been originated in the United States by a Dealer for the retail sale of a Financed Vehicle in the ordinary course of such Dealer's business and is evidenced by a fully and properly executed Purchased Loan Contract of which there is only one original executed copy (or, if such Purchased Loan Contract is an electronic contract, there is only a single "authoritative copy" (as such term is used in Section 9-105 of the UCC) of such electronic contract and such "authoritative copy" constitutes an Authoritative Electronic Copy);
- (b) which creates a valid, subsisting, and enforceable first priority security interest for the benefit of the Originator in the Financed Vehicle, which security interest has been, in turn, assigned by the Originator to the Borrower, and by the Borrower to the Collateral Agent;
- (c) which contains customary and enforceable provisions such that the rights and remedies of the holder thereof shall be adequate for realization against the collateral of the benefits of the security;
- (d) which provides for, in the event that such Purchased Loan is prepaid in full, a prepayment that fully pays the Outstanding Balance of such Purchased Loan (net of all rebates for the unused portion of any ancillary products and net of all unearned finance charges);
- (e) which was created in material compliance with all applicable requirements of law;
- (f) which will at all times be the legal, valid and binding payment obligation of the Obligor thereof, enforceable against such Obligor in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws, now or hereafter in effect, affecting the enforcement of creditors' rights in general and except as such enforceability may be limited by general principles of equity (whether considered in a suit at law or in equity);
- (g) which is not subject to any right of rescission, setoff, counterclaim or other defense (including the defense of usury), other than defenses arising out of applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights in general;
- (h) the Obligor thereon is not the United States, any State or any agency, department, or instrumentality of the United States or any State;
- (i) the Obligor thereon is a natural person;
- (j) with respect to which, to the best of the Originator's knowledge, no liens or claims have been filed for work, labor, materials, taxes or liens that arise out of operation of law relating to the applicable Financed Vehicle that are prior to, or equal with, the security interest in the Financed Vehicle granted by the related Purchased Loan Contract;

- (k) with respect to which, to the best of the Originator's knowledge, there was no material misrepresentation by the Obligor thereon on such Obligor's credit application;
- (l) which has not been originated in, and is not subject to the laws of, any jurisdiction under which the sale, transfer and assignment of such Purchased Loan under this Agreement or pursuant to the transfer of the related Purchased Loan Contract shall be unlawful, void or voidable;
- (m) which (i) constitutes either "tangible chattel paper," "electronic chattel paper" or a "payment intangible," as such terms are defined in the UCC in the relevant State (ii) if "tangible chattel paper," shall be maintained in its original "tangible" form, unless the Collateral Agent has consented in writing to such chattel paper being maintained in another form or medium, and (iii) if "electronic chattel paper," there is only a single "authoritative copy" (as such term is used in Section 9-105 of the UCC) and such "authoritative copy" constitutes an Authoritative Electronic Copy;
- (n) which is payable in U.S. Dollars and the Obligor thereon is an individual who is a United States resident and who is not listed on the OFAC SDN List;
- (o) which satisfies in all material respects the requirements under the Credit Guidelines;
- (p) with respect to which the collection practices used with respect thereto have complied in all material respects with the Collection Guidelines;
- (q) with respect to which there are no proceedings pending, or to the best of the Originator's knowledge, threatened, wherein the Obligor thereon or any governmental agency has alleged that such Purchased Loan is illegal or unenforceable;
- (r) with respect to which the Originator has duly fulfilled all material obligations to be fulfilled on the lender's part under or in connection with the origination, acquisition and assignment of such Purchased Loan, including, without limitation, giving any notices or consents necessary to effect the acquisition of such Purchased Loan by the Borrower, and has done nothing to materially impair the rights of the Borrower, or the Secured Parties in payments with respect thereto;
- (s) which was purchased by the Originator from a Dealer pursuant to a Purchase Agreement;
- (t) with respect to which the Dealer from whom the Originator purchased such Purchased Loan has not engaged in any conduct constituting fraud or misrepresentation with respect to such Purchased Loan to the best of the Originator's knowledge;
- (u) with respect to which, at the time such Purchased Loan was originated the proceeds thereof were fully disbursed and there is no requirement for future advances thereunder, and all fees and expenses in connection with the origination of such Purchased Loan have been paid;
- (v) with respect to which Credit Acceptance holds the Certificate of Title as of the date on which the related Purchased Loan Contract is transferred to the Borrower and will obtain within 180 days of such date (i) the original certificate of title or (ii) the original lien entry letter or form

or copies of correspondence and all enclosures thereto for issuance of the original lien entry letter or form with respect to such Financed Vehicle, in each case, as to which Credit Acceptance holds only an application; and

(x) with respect to which the related Purchased Loan Contract has not been extended or rewritten and is not subject to any forbearance, or any other modified payment plan other than in accordance with the Credit Guidelines or the Collection Guidelines; and

ERISA: The United States Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated and rulings issued thereunder.

ERISA Affiliate: (a) Any corporation that is a member of the same controlled group of corporations (within the meaning of Section 414(b) of the Code) as the Borrower, (b) a trade or business (whether or not incorporated) under common control (within the meaning of Section 414(c) of the Code) with the Borrower, or (c) a member of the same affiliated service group (within the meaning of Section 414(m) of the Code) as the Borrower, any corporation described in clause (a) above or any trade or business described in clause (b) above.

Eurocurrency Liabilities: Defined in Regulation D of the Board of Governors of the Federal Reserve System, as in effect from time to time.

Eurodollar Disruption Event: The occurrence of any of the following: (a) a determination by the Lender that it would be contrary to law or to the directive of any central bank or other governmental authority (whether or not having the force of law) to obtain United States dollars in the London interbank market to make, fund or maintain the Funding, (b) the failure of one or more of the Reference Banks to furnish timely information for purposes of determining the Adjusted LIBOR Rate, (c) a determination by the Lender that the rate at which deposits of United States dollars are being offered to the Lender in the London interbank market does not accurately reflect the cost to the Lender of making, funding or maintaining the Funding or (d) the inability of the Lender to obtain United States dollars in the London interbank market to make, fund or maintain the Advance.

Eurodollar Reserve Percentage: Of any Reference Bank for any period, for Capital means the percentage applicable during such period (or, if more than one such percentage shall be so applicable, the daily average of such percentages for those days in such period during which any such percentage shall be so applicable) under regulations issued from time to time by the Board of Governors of the Federal Reserve System (or any successor) for determining the maximum reserve requirement (including, without limitation, any emergency, supplemental or other marginal reserve requirement) for such Reference Bank with respect to liabilities or assets consisting of or including Eurocurrency Liabilities having a term of one month.

Excess Reserve Amount: With respect to any Payment Date, the excess, if any, of the amount on deposit in the Reserve Account over the Required Reserve Account Amount.

Excluded Dealer Agreement Rights: With respect to any Dealer Agreement, the rights of Credit Acceptance thereunder related to loans made to the related Dealer which are not Dealer Loans

pledged by the Borrower to the Collateral Agent hereunder, including rights of set-off and rights of indemnification, related to such loans.

Facility Fee: As defined in the Fee Letter.

Facility Limit: \$100,000,000; or as such amount may vary from time to time upon the written agreement of the Borrower, Credit Acceptance, the Deal Agent, and the Lender.

Federal Funds Rate: For any period, a fluctuating interest rate per annum equal for each day during such period to the weighted average of the federal funds rates as quoted by Fifth Third and confirmed in Federal Reserve Board Statistical Release H.15(519) or any successor or substitute publication selected by Fifth Third (or, if such day is not a Business Day, for the next preceding Business Day), or, if, for any reason, such rate is not available on any day, the rate determined, in the sole opinion of Fifth Third, to be the rate at which federal funds are being offered for sale in the national federal funds market at 9:00 a.m. Cincinnati, Ohio time.

Fee Letter: The Fee Letter, dated as of the date hereof, between Fifth Third and the Borrower, as any such letter may be amended, modified, supplemented, restated or replaced from time to time.

Fifth Third: As defined in the Preamble hereto.

Final Score: Means the final output from the Originator's proprietary credit scoring process, which, when divided by 1,000, represents the Originator's expectations of the ultimate collection rate on a contract at inception.

Financed Vehicle: With respect to a Contract, any new or used automobile, light-duty truck, minivan or sport utility vehicle, together with all accessories thereto, securing the related Obligor's indebtedness thereunder.

Forecasted Collections: The expected amount of Collections to be received with respect to the Aggregate Outstanding Eligible Loan Balance each month as determined by Credit Acceptance in accordance with its forecasting model, which amount shall be submitted to the Deal Agent with each Funding Notice related to a proposed Advance when new Pools are pledged to the Collateral Agent or in accordance with Section 6.5(e).

Funding: An Advance by the Lender pursuant to Section 2.1 and Section 2.3 hereof.

Funding Date: With respect to the Initial Funding and any Incremental Funding, the date determined in accordance with Section 2.3.

Funding Notice: The notice, in the form of Exhibit A hereto, delivered in accordance with Section 2.3 hereof.

GAAP: Generally accepted accounting principles as in effect from time to time in the United States.

Governmental Authority: Any nation or government, any state or other political subdivision thereof, any central bank (or similar monetary or regulatory authority) thereof, any body or entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government and any court or arbitrator having jurisdiction over such Person, and any accounting board or authority (whether or not a part of government) which is responsible for the establishment or interpretation of national or international accounting principles, in each case whether foreign or domestic.

H.15: Federal Reserve Statistical Release H.15.

Hedge Breakage Costs: For any Hedging Agreement, any amount payable by the Borrower for the early termination of such Hedging Agreement or any portion thereof.

Hedge Costs: For any Hedging Agreement, any amount payable by the Borrower with respect thereto, including any swap payments, any breakage payments, any termination payments, any notional reduction payments and any other amounts due to the Hedge Counterparty.

Hedge Counterparty: (I) Any entity that (a) on the date of entering into any Hedge Transaction (i) is an interest rate swap dealer that is either the Lender or an Affiliate of the Lender, or has been approved in writing by the Deal Agent (which approval shall be in the sole discretion of the Deal Agent), and (ii) unless otherwise agreed to by the Deal Agent, has a long-term unsecured debt rating of not less than "A" by S&P and not less than "A2" by Moody's ("Long-term Rating Requirement") and a short-term unsecured debt rating of not less than "A-1" by S&P and not less than "P-1" by Moody's ("Short-term Rating Requirement"), and (b) in a Hedging Agreement (i) consents to the assignment of the Borrower's rights under the Hedging Agreement to the Deal Agent pursuant to Section 2.2(a) and (ii) agrees that in the event that Moody's or S&P reduces its long-term unsecured debt rating below the Long-term Rating Requirement, or reduces its short-term unsecured debt rating below the Short-term Rating Requirement, it shall transfer its rights and obligations under each Hedging Agreement to another entity that meets the requirements of clause (a) and (b) hereof and has entered into a Hedging Agreement with the Borrower on or prior to the date of such transfer, ~~or~~ (II) any entity that (a) on the date of entering into any Hedge Transaction (i) is a bank signatory to the Credit Agreement and (ii) unless otherwise agreed to by the Deal Agent, has a short- and long-term unsecured debt rating of not less than investment grade by S&P and by Moody's, and (b) in a Hedging Agreement (i) consents to the assignment of the Borrower's rights under the Hedging Agreement to the Deal Agent pursuant to Section 2.2(a) (except in the case of an interest rate cap where such consent is not required) and (ii) agrees that in the event that it no longer has a short- and long-term unsecured debt rating of not less than investment grade by S&P and by Moody's, it shall transfer its rights and obligations under each Hedging Agreement to another entity that meets the requirements of clauses (I)(a) and (I)(b) or clauses (II)(a) and (II)(b) hereof and has entered into a Hedging Agreement with the Borrower on or prior to the date of such transfer (except in the case of an interest rate cap where such transfer is not required).

Hedge Transaction: Each interest rate swap, interest rate cap or other interest rate protection transaction between the Borrower and a Hedge Counterparty that is entered into pursuant to Section 5.3 hereof and is governed by a Hedging Agreement.

Hedging Agreement: Each agreement between the Borrower and a Hedge Counterparty that governs one or more Hedge Transactions entered into pursuant to Section 5.3 hereof, and each “Confirmation” thereunder confirming the specific terms of each such Hedge Transaction.

Increased Costs: Any amounts required to be paid by the Borrower to an Affected Party pursuant to Section 2.13.

Incremental Funding: Any Advance made after the Initial Funding.

Independent Director: Defined in Section 5.2(q)(xxvii).

Ineligible Contract: Each Contract other than an Eligible Contract.

Ineligible Loan: Each Loan other than an Eligible Loan.

Indebtedness: With respect to any Person at any date, (a) all indebtedness of such Person for borrowed money or for the deferred purchase price of property or services (other than current liabilities incurred in the ordinary course of business and payable in accordance with customary trade practices) or that is evidenced by a note, bond, debenture or similar instrument, (b) all obligations of such Person under leases that shall have been or should be, in accordance with generally accepted accounting principles, recorded as capital leases, (c) all obligations of such Person in respect of acceptances issued or created for the account of such Person, (d) all liabilities secured by any Lien on any property owned by such Person even though such Person has not assumed or otherwise become liable for the payment thereof, (e) all indebtedness, obligations or liabilities of that Person in respect of Derivatives, and (f) obligations under direct or indirect guaranties in respect of obligations (contingent or otherwise) to purchase or otherwise acquire, or to otherwise assure a creditor against loss in respect of, indebtedness or obligations of others of the kind referred to in clauses (a) through (e) above.

Indemnified Amounts: Defined in Section 11.1(a).

Indemnified Parties: Defined in Section 11.1(a).

Initial Facility Limit: \$75,000,000.

Initial Funding: Defined in Section 2.3(a).

Insolvency Event: With respect to a specified Person, (a) the filing of a decree or order for relief by a court having jurisdiction in the premises in respect of such Person or any substantial part of its property in an involuntary case under any applicable Insolvency Law now or hereafter in effect, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official for such Person or for any substantial part of its property, or ordering the winding-up or liquidation of such Person’s affairs, and such decree or order shall remain unstayed and in effect for a period of 60 consecutive days; or (b) the commencement by such Person of a voluntary case under any applicable Insolvency Law now or hereafter in effect, or the consent by such Person to the entry of an order for relief in an involuntary case under any such law, or the consent by such Person to the appointment of or taking possession by a receiver, liquidator, assignee, custodian,

trustee, sequestrator or similar official for such Person or for any substantial part of its property, or the making by such Person of any general assignment for the benefit of creditors, or the failure by such Person generally to pay its debts as such debts become due, or the taking of action by such Person in furtherance of any of the foregoing.

Insolvency Laws: The Bankruptcy Code and all other applicable liquidation, conservatorship, bankruptcy, moratorium, rearrangement, receivership, insolvency, reorganization, suspension of payments, or similar debtor relief laws from time to time in effect affecting the rights of creditors generally.

Insolvency Proceeding: Any case, action or proceeding before any court or other Governmental Authority relating to any Insolvency Event.

Instrument: Any “instrument” (as defined in Article 9 of the UCC), other than an instrument that constitutes part of chattel paper.

Interest: With respect to the Lender and the Capital, with respect to any Accrual Period, the sum of the products (for each day during such Accrual Period) of:

$$IR \times C \times \frac{1}{360}$$

where:

C = the outstanding principal amount of the Advance of the Lender;

and

IR = the Interest Rate for the Lender applicable on such day;

provided, however, that (i) no provision of this Agreement shall require the payment or permit the collection of Interest in excess of the maximum permitted by Applicable Law and (ii) Interest shall not be considered paid by any distribution if at any time such distribution is rescinded or must otherwise be returned for any reason.

Interest Cap: With respect to the Lender and the Capital, with respect to any Accrual Period, the amount of Interest payable for such Accrual Period determined based on an Interest Rate for each day during such Accrual Period equal to the Adjusted LIBOR Rate.

Interest Cap Carryover: With respect to the Lender and any Accrual Period, an amount equal to the sum of (a) the positive excess if any of (i) Interest payable on such Payment Date to the Lender without giving effect to the Interest Cap, over (ii) the amount of Interest actually paid on

such Payment Date to the Lender pursuant to clause fourth of Section 2.7(a), plus (b) any previously unpaid Interest Cap Carryover with respect to the Lender.

Interest Rate: For any Accrual Period and for the aggregate principal amount of the Advance allocated to such Accrual Period:

- (a) before the occurrence of a Termination Event,
 - (i) if a Eurodollar Disruption Event has not occurred, a rate equal to the Adjusted LIBOR Rate; or
 - (ii) if a Eurodollar Disruption Event occurs, the Base Rate; or
- (b) after the occurrence of a Termination Event, a rate equal to the Base Rate plus 2.0%.

Investment: With respect to any Person, any direct or indirect loan, advance or investment by such Person in any other Person, whether by means of share purchase, capital contribution, loan or otherwise, excluding the acquisition of assets pursuant to the Contribution Agreement and excluding commission, travel and similar advances to officers, employees and directors made in the ordinary course of business.

Late Fees: If the Backup Servicer has become the Successor Servicer, any late fees collected with respect to any Contract in accordance with the Collection Guidelines.

Lender: Fifth Third and any other Person that agrees, pursuant to the pertinent Assignment and Acceptance, to make or maintain Fundings pursuant to this Agreement.

LIBOR Determination Date: With respect to any Accrual Period, the date that is two Business Days before the first day of such Accrual Period

LIBOR Rate: For any portion of Capital on any day during any Accrual Period, a rate per annum (rounded upwards, if necessary, to the nearest 1/100 of 1%) equal to the rate for deposits in United States Dollars for a period equal to such Accrual Period, which appears on the Reuters Screen LIBOR01 Page as of 11:00 a.m. (London, England time) on the related LIBOR Determination Date. If Thomson Reuters no longer reports such rate or if such index no longer exists or if Reuters Screen LIBOR01 Page no longer exists, the Deal Agent may select a replacement index or replacement page, as the case may be, consistent with market practices at the time. The LIBOR Rate shall be adjusted for each Accrual Period after the initial Accrual Period, as of the first day of each such Accrual Period, and as of the effective day of any change in the maximum reserve requirement.

Lien: With respect to any Loan, Dealer Agreement or Contract or any other property or collateral, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind (other than any Permitted Lien, mechanics' liens and liens of collection attorneys or agents collecting the property subject to such Permitted Lien or mechanics' lien).

Loan: Any Dealer Loan or Purchased Loan.

~~Loan Loss Reserve: The loan loss reserve, calculated in accordance with Credit Acceptance's accounting policies.~~

Material Adverse Effect: With respect to any event or circumstance, means a material adverse effect on (a) the business, condition (financial or otherwise), operations, performance, properties or prospects of the Originator, the Servicer or the Borrower, (b) the validity, enforceability or collectibility of this Agreement or any other Transaction Document or the validity, enforceability or collectibility of the Loans, (c) the rights and remedies of the Deal Agent, the Collateral Agent or Secured Parties, (d) the ability of the Borrower, the Originator or the Servicer to perform its obligations under this Agreement or any Transaction Document, or (e) the status, existence, perfection, priority or enforceability of the Collateral Agent's or any Secured Party's interest in the Collateral.

Material Debt: Defined in Section 6.11(i).

Maturity Date: Defined in Section 2.1(c)(i).

Monthly Principal Payment Amount: With respect to any Payment Date, the amount, if any, necessary to reduce the Capital to the Borrowing Base.

Monthly Report: Defined in Section 6.5(a).

Moody's: Moody's Investors Service, Inc., and any successor thereto.

Multiemployer Plan: A "multiemployer plan" as defined in Section 4001(a)(3) of ERISA that is or was at any time during the current year or the immediately preceding five years contributed to by the Borrower or any ERISA Affiliate on behalf of its employees.

Net Advance Rate: 80%.

~~Net Loan Balance: With respect to any Loan, the excess of the related Outstanding Balance over the related Loan Loss Reserve.~~

Nonconforming Contract: Defined in Section 6.2(c)(ii).

Nonconforming Contract Payment Amount: With respect to a Nonconforming Contract, an amount equal to the sum of (i) the product of the Outstanding Balance of such Contract as of the last day of the related Collection Period and a fraction, the numerator of which is Capital as of the Funding Date and the denominator of which is the Outstanding Balance of Eligible Contracts as of the Funding Date; (ii) accrued and unpaid Carrying Costs, Increased Costs, Indemnified Amounts and Additional Amounts related to such Contract through the date of such deposit; and (iii) all Hedge Costs due to the relevant Hedge Counterparties for any termination in whole or in part of one or more transactions related to the relevant Hedging Agreement, as required by the terms of any Hedging Agreement.

Note: The Variable Funding Note of the Borrower, issued to the Lender pursuant to Section 2.1(c) hereof substantially in the form of Exhibit I hereto.

Obligor: With respect to any Loan, Dealer Agreement or Contract, the Person or Persons obligated to make payments with respect to such Dealer Agreement, Loan or Contract, respectively, including any guarantor thereof.

OFAC: The United States Department of Treasury Office of Foreign Assets Control.

OFAC/AML Laws: All laws, regulations, and Executive Orders administered by OFAC, including all economic and trade sanction programs administered by OFAC, any and all similar United States federal laws, regulations or Executive Orders, and any similar laws, regulations or orders adopted by any State within the United States.

OFAC Event: The event specified in Section 5.1(t).

OFAC SDN List: The list of the Specially Designated Nationals and Blocked Persons maintained by OFAC.

Officer's Certificate: A certificate signed by any officer of the Borrower, the Originator or the Servicer, as the case may be, and delivered to the Collateral Agent.

Open Pool: With respect to any Dealer Loan, a Pool as to which, pursuant to the terms of the related Dealer Agreement, additional Dealer Loan Contracts may be allocated.

Opinion of Counsel: A written opinion of counsel, which opinion and counsel are reasonably acceptable to the Deal Agent.

Original Advance Rate: Means, with respect to any Dealer, the ratio, expressed as a percentage, where the numerator is equal to the sum of the Outstanding Balance of all Eligible Loans of such Dealer on the dates such Eligible Loans were originated and the denominator is equal to the sum of payments due under all Eligible Contracts related to such Dealer on their dates of origination.

Originator: Defined in the preamble of this Agreement.

Outstanding Balance:

(i) With respect to any Contract on any date of determination, all amounts owing under such Contract (whether considered principal or as finance charges) on such date of determination. The Outstanding Balance with respect to a Contract shall be deemed to have been created at the end of the day on the Date of Processing of such Contract; which shall be greater than or equal to zero (except in the case of a Contract as to which the final payment on such Contract is in excess of the amount owed on such Contract on the date of such final payment);

(ii) with respect to any Dealer Loan on any date of determination, the aggregate amount advanced under such Dealer Loan plus revenue accrued with respect to such Dealer Loan in accordance with Credit Acceptance's adjusted accounting policies, ~~recoveries on such Dealer Loan if it has been written off (as in effect as of January 1, 2020)~~ and the payment of monies to a Dealer under the related Dealer Agreement, less ~~collections~~ Collections on the related Dealer Loan Contracts

applied through such date of determination in accordance with the related Dealer Agreement to the reduction of the balance of such ~~Loan and write-offs of such~~ Dealer Loan; and

(iii) with respect to any Purchased Loan (other than any Purchased Loan arising from a Dealer Collections Purchase Agreement) on any date of determination, the aggregate amount advanced under such Purchased Loan plus revenue accrued with respect to such Purchased Loan in accordance with Credit Acceptance's adjusted accounting policies ~~and recoveries on such Purchased Loan, if it has been written off (as in effect as of January 1, 2020)~~ less Collections on the related Purchased Loan Contract applied through the date of determination to the reduction of the balance of such ~~Purchase Loan and write-offs of such~~ Purchased Loan; and

(iv) with respect to any Purchased Loan arising from a Dealer Collections Purchase Agreement on any date of determination, (A) such Purchased Loan's pro rata share of the sum of (x) the Outstanding Balance of the related Dealer Loan as of the date of the related Dealer Collections Purchase and (y) the Dealer Collections Purchase Price with respect to such Dealer Loan (such pro rata share determined based on such Purchased Loan's pro rata share of the forecasted collections on the pool of Purchased Loans which previously constituted Dealer Loan Contracts securing such Dealer Loan), plus following the acquisition of such Purchased Loan (B) revenue accrued with respect to such Purchased Loan in accordance with Credit Acceptance's adjusted accounting policies ~~and recoveries on such Purchased Loan if it has been written off (as in effect as of January 1, 2020)~~, less (C) Collections on the related Purchased Loan Contract applied through the date of determination to the reduction of the balance of such Purchased Loan ~~and write-offs of such Purchased Loan~~.

Overconcentration Loan Amount: With respect to any Dealer, the amount by which the aggregate ~~Net Loan~~Outstanding Balance of Dealer Loans made to such Dealer, calculated on a Funding Date as of the end of the immediately preceding Collection Period, exceeds the Dealer Concentration Limit.

Payment Date: The fifteenth (15th) day of each calendar month or, if such day is not a Business Day, the next succeeding Business Day.

Permitted Investments: Any one or more of the following types of investments:

(a) marketable obligations of the United States, the full and timely payment of which are backed by the full faith and credit of the United States of America and that have a maturity of not more than 270 days from the date of acquisition;

(b) marketable obligations, the full and timely payment of which are directly and fully guaranteed by the full faith and credit of the United States and that have a maturity of not more than 270 days from the date of acquisition;

(c) bankers' acceptances and certificates of deposit and other interest-bearing obligations (in each case having a maturity of not more than 270 days from the date of acquisition) denominated in dollars and issued by any bank with capital, surplus and undivided profits

aggregating at least \$100,000,000, the short-term obligations of which are rated at least A-1 by S&P or P-1 by Moody's;

(d) repurchase obligations with a term of not more than ten days for underlying securities of the types described in clauses (a), (b) and (c) above entered into with any bank of the type described in clause (c) above;

(e) commercial paper rated at least A-1 by S&P or P-1 by Moody's; and

(f) demand deposits, time deposits or certificates of deposit (having original maturities of no more than 365 days) of depository institutions or trust companies incorporated under the laws of the United States of America or any state thereof (or domestic branches of any foreign bank) and subject to supervision and examination by federal or state banking or depository institution authorities; provided, however that at the time such investment, or the commitment to make such investment, is entered into, the short-term debt rating of such depository institution or trust company shall be at least A-1 by S&P or P-1 by Moody's; and

(g) money market mutual funds (including funds for which the Collateral Agent may act as a sponsor or advisor or for which the Collateral Agent may receive fee income) having a rating, at the time of such investment, in the highest investment category granted thereby.

Permitted Liens: Liens for state, municipal or other local taxes if such taxes shall not at the time be due and payable and Liens granted pursuant to the Transaction Documents and with respect to the Dealer Loan Contracts, the second priority lien of the related Dealer therein as set forth in the related Dealer Agreement.

Person: An individual, partnership, corporation (including a business trust), limited liability company, joint stock company, trust, unincorporated association, sole proprietorship, joint venture, government (or any agency or political subdivision thereof) or other entity.

Pool: An identifiable group of Dealer Loan Contracts related to a particular Dealer Agreement identified on Schedule V hereto (as amended from time to time in accordance herewith), which, for the avoidance of doubt, may take the form of an Open Pool or Closed Pool at the time it is pledged hereunder.

Potential Servicer Termination Event: Means any event which, with the giving of notice or passage of time or both, would become a Servicer Termination Event.

Prime Rate: The rate announced by Fifth Third from time to time as its prime rate in the United States, such rate to change as and when such designated rate changes. The Prime Rate is not intended to be the lowest rate of interest charged by Fifth Third in connection with extensions of credit to debtors.

Proceeds: With respect to any portion of the Collateral, all "proceeds" as such term is defined in Article 9 of the UCC, including, whatever is receivable or received when such portion of Collateral is sold, liquidated, foreclosed, exchanged, or otherwise disposed of, whether such disposition is

voluntary or involuntary, and includes all rights to payment with respect to any insurance relating thereto.

Program Fee: As defined in the Fee Letter.

Program Fee Rate: On any day, the rate set forth in the Fee Letter as the “Program Fee Rate.”

Purchase Agreement: Each agreement between Credit Acceptance and any Dealer in substantially the form attached hereto as Exhibit P, together with any Dealer Collections Purchase Agreement.

Purchased Loan: A motor vehicle retail installment loan relating to the sale of a used automobile or light-duty truck originated by a Dealer, purchased by the Originator from such Dealer and evidenced by a Purchased Loan Contract; provided, however, that the term “Purchased Loan” shall, for purposes of this Agreement, include only those Purchased Loans identified from time to time on Schedule V hereto, and/or any Funding Notice, as amended from time to time in accordance herewith.

Purchased Loan Contract: Each motor vehicle retail installment sales contract, in substantially one of the forms attached hereto as Exhibit K, relating to a Purchased Loan.

Qualified Institution: Defined in [Section 6.7\(a\)](#).

Records: The Dealer Agreements, Contracts, Contract Files, certificates of title (and applications therefor) and all other documents, books, records and other information (including, without limitation, computer programs, tapes, discs, punch cards, data processing software and related contracts, records and other media for storage of information) in each case whether tangible or electronic that are maintained with respect to the Loans and the Contracts and the related Obligor.

Reference Bank: Any bank that furnishes information for purposes of determining the Adjusted LIBOR Rate.

Register: Defined in [Section 13.1\(c\)](#).

Related Security: With respect to any Loan all of Credit Acceptance’s and the Borrower’s right, title and interest in:

(i) the Dealer Agreements (other than Excluded Dealer Agreement Rights, but including, without limitation, Credit Acceptance’s rights to service the Loans and the related Contracts and receive the related collection fee and receive reimbursement of certain repossession and recovery expenses, in accordance with the terms of the Dealer Agreements) and Contracts securing payment of such Loan;

(ii) all security interests or liens purporting to secure payment of such Loan, whether pursuant to such Loan, the related Dealer Agreement or otherwise, together with all financing statements signed by the related Obligor describing any collateral securing

such Loan and all other property obtained upon foreclosure of any security interest securing payment of such Loan or any related Contract;

(iii) all guarantees, insurance (including insurance insuring the priority or perfection of any lien) or other agreements or arrangements of any kind from time to time supporting or securing payment of each Contract whether pursuant to such Contract or otherwise, including any of the foregoing relating to any Contract securing payment of such Loan;

(iv) all of the Borrower's interest in all Records, documents and writing evidencing or related to such Loan;

(v) all rights of recovery of the Borrower against the Originator;

(vi) all Collections (other than Dealer Collections), the Collection Account, the Reserve Account, and all amounts on deposit therein and investments thereof;

(vii) all of the Borrower's right, title and interest in and to (but not its obligations under) any Hedging Agreement and any payment from time to time due thereunder;

(viii) all of the Borrower's right, title and interest in and to the Contribution Agreement and the assignment to the Collateral Agent of all UCC financing statements filed by the Borrower against the Originator under or in connection with the Contribution Agreement; and

(ix) the Proceeds of each of the foregoing.

For the avoidance of doubt, the term "Related Security" with respect to any Dealer Loan includes all rights arising under such Dealer Loan which rights are attributable to advances made under such Dealer Loan as the result of such Dealer Loan being secured by an Open Pool on the date such Dealer Loan was sold and Dealer Loan Contracts being added to such Open Pool.

Release Date: As defined in Section 4.5(b).

Release Price: As defined in Section 4.5(a).

Repossession Expenses: For any Collection Period, any expenses payable pursuant to the terms of this Agreement, incurred by the Backup Servicer, if it has become the Successor Servicer, in connection with the liquidation or repossession of any Financed Vehicle, in an aggregate amount not to exceed the cash proceeds received by the Backup Servicer, if it has become the Successor Servicer, from the disposition of the Financed Vehicles.

Required Reserve Account Amount: With respect to any date of determination, an amount equal to the sum of (a) the product of (i) 1.0% and (ii) the Capital on such date (after the application of funds pursuant to Section 2.7 on the related Payment Date) plus (b) all amounts required to be maintained by the Borrower pursuant to Section 6.2(c)(ii) hereof; provided, however, the Required

Reserve Account Amount shall at no time be less than \$70,000 (unless the Capital is zero, in which case the Required Reserve Account Amount shall be zero).

Reserve Account: The segregated account established at the Collateral Agent for the benefit of the Secured parties, established pursuant to Section 6.7(a).

Reserve Advance: Defined in Section 2.7(c)(i).

Responsible Officer: As to any Person any officer of such Person with direct responsibility for the administration of this Agreement and also, with respect to a particular matter, any other officer to whom such matter is referred because of such officer's knowledge of and familiarity with the particular subject.

Retransfer Amount: Defined in Section 4.5(b).

Revolving Period: The period commencing on the Closing Date and ending on the day immediately preceding the first day of the Amortization Period.

S&P: S&P Global Ratings, and any successor thereto.

Secured Party: (i) The Collateral Agent, the Deal Agent and the Lender and (ii) each Hedge Counterparty that is either the Lender or an Affiliate of the Lender if that Affiliate that is a Hedge Counterparty executes a counterpart of this Agreement agreeing to be bound by the terms of this Agreement applicable to a Secured Party.

Servicer: Credit Acceptance, the Backup Servicer, if it has become the Successor Servicer, or any other Successor Servicer, appointed in accordance with the terms hereof as the Servicer of the Loans and Contracts.

Servicer Termination Event: Defined in Section 6.11.

Servicer Termination Notice: Defined in Section 6.11.

Servicer Expenses: Any expenses incurred by the Backup Servicer, if it has become the Successor Servicer hereunder (including any expenses incurred by the Backup Servicer in connection with the retitling or relieving of the Financed Vehicles), other than Repossession Expenses or Transition Expenses.

Servicing Fee: For each Payment Date, a fee payable to Servicer for services rendered during the related Collection Period, equal to: (i) so long as Credit Acceptance is the Servicer, the product of (A) 6.00% and (B) the total Collections for the related Collection Period (exclusive of amounts received under any Hedging Agreement) and (ii) if the Backup Servicer is the Servicer, the sum of (1) the greatest of: (a) the product of 10.0% and the total Collections for the related Collection Period (exclusive of amounts received under any Hedging Agreement), (b) the actual costs incurred by the Backup Servicer as Successor Servicer, and (c) the product of (x) \$30.00 and (y) the aggregate number of Contracts serviced by it during the related Collection Period, plus (2) without duplication, Late Fees and Servicer Expenses; provided, however, with respect to each

Payment Date on which the Backup Servicer is the Servicer, the Servicing Fee shall be at least equal to \$5,000.

Solvent: As to any Person at any time, having a state of affairs such that all of the following conditions are met: (a) the fair value of the property of such Person is greater than the amount of such Person's liabilities (including disputed, contingent and unliquidated liabilities) as such value is established and liabilities evaluated for purposes of Section 101(32) of the Bankruptcy Code; (b) the present fair salable value of the property of such Person in an orderly liquidation of such Person is not less than the amount that will be required to pay the probable liability of such Person on its debts as they become absolute and matured; (c) such Person is able to realize upon its property and pay its debts and other liabilities (including disputed, contingent and unliquidated liabilities) as they mature in the normal course of business; (d) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person's ability to pay as such debts and liabilities mature; and (e) such Person is not engaged in business or a transaction, and is not about to engage in a business or a transaction, for which such Person's property would constitute unreasonably small capital.

Specified Change in Law: Means the adoption, existence or implementation of, or any change in (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act (Pub. L. 111-203, H.R. 4173) and all requests, rules, regulations, guidelines, interpretations or directives promulgated thereunder or issued in connection therewith and (ii) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, which, in each case, shall be deemed to be a "Change in Law", regardless of the date enacted, adopted, issued or promulgated, whether before or after the Effective Date.

SST: Systems & Services Technologies, Inc., a Delaware corporation.

Structuring Fees: The structuring fee set forth in the Fee Letter.

Subsidiary: A corporation of which the Originator and/or its Subsidiaries own, directly or indirectly, such number of outstanding shares as have more than 50% of the ordinary voting power for the election of directors.

Successor Servicer: Defined in Section 6.12(a).

Take-Out: The release of certain Loans and the related Contracts from the Lien of this Agreement and the reduction of the Capital by at least \$10,000,000 in connection with a refinancing (which may take the form of a sale) of such Loans by the Borrower using an affiliated special purpose entity.

Take-Out Date: Defined in Section 2.8(a).

Take-Out Release: The release to be executed pursuant to Section 2.8 hereto, substantially in the form of Exhibit D hereto.

Taxes: Any present or future taxes, levies, imposts, duties, charges, assessments or fees of any nature (including interest, penalties, and additions thereto) that are imposed by any Governmental Authority.

Termination Date: The earlier of: (a) the date of the declaration of the Termination Date pursuant to Section 10.1, and (b) the date of termination of the Facility Limit pursuant to Section 2.5.

Termination Event: Defined in Section 10.1.

Transaction Documents: This Agreement, the Contribution Agreement, each Hedging Agreement, the Fee Letters, the Backup Servicing Agreement and any additional document the execution of which is necessary or incidental to carrying out the terms of the foregoing documents.

Transition Expenses: If the Backup Servicer has become the Successor Servicer, the sum of: (i) reasonable costs and expenses incurred by the Backup Servicer in connection with its assumption of the servicing obligations hereunder, related to travel, Obligor welcome letters, freight and file shipping plus (ii) a boarding fee equal to the product of \$7.50 and the number of Contracts to be serviced.

UCC: The Uniform Commercial Code as from time to time in effect in the applicable jurisdiction or jurisdictions.

United States: The United States of America.

Unmatured Termination Event: Any event that, with the giving of notice or the lapse of time, or both, would become a Termination Event.

Unsatisfactory Audit: The occurrence of any audit exceptions resulting from any audit, inspection or review pursuant to Section 6.1(c), Section 6.2(e) or Section 6.9, which, in the reasonable judgment of the Deal Agent, would have a Material Adverse Effect on the ability of the Servicer to identify and allocate Collections or to service, as provided in this Agreement, any Collateral.

Weighted Average Final Score: With respect to each Payment Date during the Revolving Period, the ratio, expressed as a percentage, where (i) the numerator is equal to the aggregate for all Dealers of the product of (a) the Final Score of each Dealer with respect to all Eligible Loans of such Dealer and (b) the aggregate ~~outstanding Net Loan~~ Outstanding Balance of all Eligible Loans for such Dealer and (ii) the denominator is equal to the Aggregate Outstanding Eligible Loan Net Balance.

Weighted Average Original Advance Rate: With respect to each Payment Date during the Revolving Period, the ratio, expressed as a percentage, where the numerator is equal to the aggregate for all Dealers of the product of: (i) the Original Advance Rate of each Dealer; and (ii) the aggregate ~~outstanding Net Loan~~ Outstanding Balance of all Eligible Loans for such Dealer and the denominator is equal to the Aggregate Outstanding Eligible Loan ~~Net~~ Balance.

Weighted Average Spread Rate: With respect to each Payment Date during the Revolving Period, one minus the Weighted Average Original Advance Rate divided by the Weighted Average Final Score (expressed as a percentage).

Section 1.2. Other Terms. All accounting terms used but not specifically defined herein shall be construed in accordance with GAAP. All terms used in Article 9 of the UCC in the State of Michigan, and used but not specifically defined herein, are used herein as defined in such Article 9.

Section 1.3. Computation of Time Periods Unless otherwise stated in this Agreement, in the computation of a period of time from a specified date to a later specified date, the word “from” means “from and including” and the words “to” and “until” each mean “to but excluding.”

Section 1.4. Interpretation. In each Transaction Document, unless a contrary intention appears:

(i) the singular number includes the plural number and vice versa;

(ii) reference to any Person includes such Person’s successors and assigns but, if applicable, only if such successors and assigns are permitted by the Transaction Documents;

(iii) reference to any gender includes each other gender;

(iv) reference to any agreement (including any Transaction Document), document or instrument means such agreement, document or instrument as amended, supplemented or modified and in effect from time to time in accordance with the terms thereof and, if applicable, the terms of the other Transaction Documents, and reference to any promissory note includes any promissory note that is an extension or renewal thereof or a substitute or replacement therefor; and

(v) reference to any Applicable Law means such Applicable Law as amended, modified, codified, replaced or reenacted, in whole or in part, and in effect from time to time, including rules and regulations promulgated thereunder and reference to any section or other provision of any Applicable Law means that provision of such Applicable Law from time to time in effect and constituting the substantive amendment, modification, codification, replacement or reenactment of such section or other provision.

ARTICLE II THE LOAN FACILITY

Section 2.1. Funding of the Advance.

(a) On the terms and conditions hereinafter set forth (including, without limitation, the conditions set forth in Sections 3.1 and 3.2), the Borrower may, at its option, on the Closing Date and on any Funding Date request an advance (an “Advance” or a “Funding”). On the terms and conditions hereinafter set forth (including, without limitation, the conditions set forth in

Sections 3.1 and 3.2), the Lender agrees to make the Advance from time to time as requested by the Borrower during the period from the date hereof to but not including the Termination Date. Under no circumstances shall the Lender make an Advance if, after giving effect to such Advance, (A) the aggregate Capital outstanding hereunder would exceed the lesser of (i) the Facility Limit and (ii) the Borrowing Base.

(b) [Reserved].

(c) The Note.

(i) The Borrower's obligation to pay the principal of and interest on all amounts advanced by the Lender pursuant to the Fundings shall be evidenced by a variable funding note of the Borrower in favor of the Lender (the "Note") which shall: (1) be dated the Effective Date; (2) be in the stated principal amount equal to the Commitment amount for the Lender (as reflected from time to time on the grid attached thereto); (3) bear interest as provided therein; (4) be payable to the order of the Lender, and mature (whether or not there are funds available therefor at such time, pursuant to Section 2.7 or otherwise) on August 17, 2023 (the "Maturity Date"); and (5) be substantially in the form of Exhibit I hereto, with blanks appropriately completed in conformity herewith. The Lender may, and is hereby authorized to, make a notation on the schedule attached to the Note of the date and the amount of the Fundings and the date and amount of the payment of principal thereon, and prior to any transfer of the Note, the Lender shall endorse the outstanding principal amount of the Note on the schedule attached thereto; provided, however, that failure to make such notation shall not adversely affect the Lender's rights with respect to the Note.

(ii) Although the Note shall be dated the Effective Date, interest in respect thereof shall be payable only for the periods during which amounts are outstanding thereunder. In addition, although the stated principal amount of the Note shall be equal to the Commitment amount of the Lender, such Note shall be enforceable with respect to the Borrower's obligation to pay the principal thereof only to the extent of the unpaid principal amount of the Capital and Interest and all other amounts outstanding hereunder and thereunder at the time such enforcement shall be sought.

Section 2.2. Grant of Security Interest: Acceptance by Collateral Agent.

(a) (i) As security for the prompt and complete payment of the Note and the performance of all of the Borrower's obligations under the Note, this Agreement and the other Transaction Documents, the Borrower hereby grants to the Collateral Agent, for the benefit of the Secured Parties, a security interest in and continuing Lien on all of the Borrower's property (whether now owned or hereafter acquired or arising, and wherever located) including, without limitation, all of its right, title and interest to: (i) the Loans, and all monies due or to become due in payment thereupon on and after the related Cut-Off Date; (ii) all Related Security; (iii) all of the Borrower's right, title and interest in and to the Contribution Agreement and the other Transaction Documents and the assignment to the Deal Agent of all UCC financing statements filed by the Borrower against the Originator under or in connection with the Contribution Agreement and the other Transaction Documents and (iv) all income, Collections and Proceeds of the foregoing (collectively, the

“Collateral”). The foregoing pledge does not constitute an assumption by the Collateral Agent of any obligations of the Borrower to Obligors or any other Person in connection with the Collateral or under any agreement or instrument relating to the Collateral, including, without limitation, any obligation to make future advances to or on behalf of such Obligors.

(ii) In connection with such grant, the Borrower authorizes Credit Acceptance, and Credit Acceptance agrees to record and file, at Borrower's expense, financing statements with respect to the Collateral now existing and hereafter created meeting the requirements of applicable state law in such manner and in such jurisdictions as are necessary to perfect the first priority security interest of the Collateral Agent for the benefit of the Secured Parties in the Collateral, and to deliver a file-stamped copy of such financing statements or other evidence of such filing to the Collateral Agent and the Deal Agent on or prior to each Funding Date. Such financing statements may describe as the collateral covered thereby “all of the debtor's personal property or assets” or words to that effect, notwithstanding that such wording may be broader in scope than the Collateral described in this Agreement. In addition, the Borrower and the Servicer agree to clearly and unambiguously mark their respective general ledgers and all accounting records and documents and all computer tapes and records to show that the Collateral, including that portion of the Collateral consisting of the Dealer Agreements listed on Schedule V hereto (and each addendum thereto), the Loans and the related Contracts and the rights to payment under the related Dealer Agreements, has been pledged to the Collateral Agent for the benefit of the Secured Parties hereunder.

(iii) In connection with such pledge, the Borrower (or the Servicer on its behalf) agrees to deliver to the Collateral Agent on the Closing Date or any Funding Date on which new Pools or Purchased Loans are pledged to the Collateral Agent, as the case may be, one or more computer files or microfiche lists containing true and complete lists of all applicable Dealer Agreements, Pools and Loans securing the payment of the Note and amounts due under the Transaction Documents and all of the Borrower's obligations under the Note and the Transaction Documents as of the Closing Date or Funding Date, and all Contracts securing all such Loans, identified by, as applicable, account number, dealer number and pool number as of the end of the Collection Period immediately preceding such date. Such file shall be marked as Schedule V hereto or as an addendum thereto, shall be delivered to the Collateral Agent as confidential and proprietary, and such Schedule V and each addendum thereto are hereby incorporated into and made a part of this Agreement. Such Schedule V shall be supplemented and updated on the date of each Incremental Funding in the Revolving Period to include all Loans and Contracts pledged on the date of each such date so that, on each such date, the Collateral Agent will have a Schedule V that describes all Loans pledged by the Borrower to the Collateral Agent hereunder on or prior to said date of Incremental Funding, any related Dealer Agreements, Purchase Agreements and all Contracts securing or evidencing such Loans (other than those that have been released from the Collateral and those Dealer Loans that have been deemed to be satisfied pursuant to Section 6.15(b) hereto). Such updated Schedule V shall be deemed to replace any existing Schedule V as of the date such updated Schedule V is provided in accordance with this Section 2.2(a)(iii). Furthermore, Schedule V hereto shall be deemed to be supplemented

on each date of Dealer Collections Purchase by the related list delivered by Credit Acceptance pursuant to Section 6.15(c).

(iv) In connection with such pledge, each of the Borrower, Credit Acceptance and the Servicer also agrees, within 180 days of the Closing Date or relevant Funding Date, as the case may be, to clearly mark at least 98% of the Contracts or Contract folders securing a Loan with the following legend: "THIS AGREEMENT AND ALL RELATED CONTRACTS AND LOANS HAVE BEEN PLEDGED TO FIFTH THIRD BANK AS COLLATERAL AGENT FOR THE BENEFIT OF CERTAIN SECURED PARTIES AND ANY PURCHASE, SALE OR COLLATERAL ASSIGNMENT OF ANY SUCH ASSET WOULD VIOLATE THE RIGHTS OF SUCH SECURED PARTIES". Such legend shall be in bold, in type face at least as large as 12 point and shall be entirely in capital letters.

(b) The Collateral Agent hereby acknowledges its acceptance, on behalf of the Secured Parties, of the pledge by the Borrower of the Loans and all other Collateral. The Collateral Agent further acknowledges that, prior to or simultaneously with the execution and delivery of this Agreement, the Borrower delivered to the Collateral Agent the computer file or microfiche list represented by the Borrower to be the computer file or microfiche list described in Section 2.2(a)(iii).

(c) The Collateral Agent hereby agrees not to disclose to any Person (other than to each Secured Party) any of the account numbers or other information contained in the computer files or microfiche lists delivered to the Collateral Agent by the Borrower pursuant to Section 2.2(a)(iii), except as is required in connection with the performance of its duties hereunder or in enforcing the rights of the Secured Parties or to a Successor Servicer; ~~provided, however,~~ that notwithstanding anything to the contrary in this Agreement, the Collateral Agent may reply to a request from any Person for a list of Loans, Dealer Agreements, Contracts or other information referred to in any financing statement. The Collateral Agent agrees to take such measures as shall be necessary or reasonably requested by the Borrower to protect and maintain the security and confidentiality of such information. The Collateral Agent shall provide the Borrower with written notice five Business Days prior to any disclosure pursuant to this subsection 2.2(c).

Section 2.3. Procedures for Funding of Advances.

(a) Each Advance hereunder shall be requested by the Borrower delivering to the Lender (with a copy to the Collateral Agent) a duly completed Funding Notice no later than 12:00 p.m. (New York time) at least two (2) Business Days prior to the proposed Funding Date. Each Funding Notice shall: (i) specify the desired amount of such Funding which amount must (x) in the case of the initial funding hereunder (the "Initial Funding") be in a minimum amount of \$1,000,000, and (y) in the case of any Incremental Funding, be in an amount equal to \$1,000,000 or an integral multiple of \$10,000 in excess thereof, (ii) specify the date of such Funding, and (iii) include a representation that all conditions precedent for a Funding described in Article III hereof have been met. Each Funding Notice shall be irrevocable.

(b) Following receipt of such Funding Notice, the Lender will make the Advance. On the Funding Date, the Lender shall, upon satisfaction of the applicable conditions set forth in Article III, initiate a wire to the Borrower no later than 3:00 p.m. (New York time), at such bank or other location reasonably designated by Borrower in its Funding Notice given pursuant to this Section 2.3, an amount equal to the lesser of (A) the amount requested by the Borrower from the Lender for such Advance or (B) the excess of the Commitment over the Capital then outstanding.

(c) In no event shall the Lender be required on any date to make any Funding which would result in the Capital, determined after giving effect to such funding, exceeding the Commitment.

Section 2.4. Determination of Interest and Other Amounts. On each LIBOR Determination Date, the Lender shall determine and deliver to the Servicer the applicable LIBOR Rate with respect to the related Accrual Period. On or before each Determination Date, the Lender shall determine and deliver to the Servicer (i) the applicable Interest Rate and the Interest (including unpaid Interest, if any, due and payable on a prior Payment Date) to be paid by the Borrower on the related Payment Date, (ii) the Program Fee, the Facility Fee, any Breakage Costs, any Increased Costs and any Additional Amounts due in respect of the related Payment Date and any such amounts unpaid from any prior Payment Date.

Section 2.5. Reduction of the Facility Limit; Repurchase. The Borrower may, upon at least ten (10) Business Days' notice to the Deal Agent, terminate in whole or reduce in part the portion of the Facility Limit that exceeds the aggregate Capital; provided, however, that each partial reduction of the Facility Limit shall be in an aggregate amount equal to \$1,000,000 or an integral multiple thereof. Each notice of reduction or termination pursuant to this Section 2.5 shall be irrevocable.

Section 2.6. [Reserved.]

Section 2.7. Settlement Procedures.

(a) On each Payment Date and on the Maturity Date, the Collateral Agent shall withdraw Available Funds and any Excess Reserve Amount (to be applied in accordance with Section 2.7(c)) and investment earnings on amounts on deposit in the Collection Account from the Collection Account and allocate and distribute such amounts to the applicable Person in the following order of priority:

(i) FIRST, to the Hedge Counterparty, an amount equal to any Hedge Costs (exclusive of termination payments) and any such Hedge Costs (exclusive of termination payments) unpaid from any prior Payment Date.

(ii) SECOND, to the Backup Servicer so long as it has not become the Servicer hereunder, an amount equal to any accrued and unpaid Backup Servicing Fee due in respect of such Payment Date, any unpaid Backup Servicing Fee from any prior Payment Date, any reasonable out-of-pocket expenses incurred in SST's capacity as Backup Servicer,

and any accrued and unpaid Indemnified Amounts owed by the Borrower to SST up to \$17,000, monthly;

(iii) THIRD, (A) to the Servicer, an amount equal to any accrued and unpaid Servicing Fees due in respect of such Payment Date and any Servicing Fees unpaid from any prior Payment Date; provided, however, if the Servicer has been replaced pursuant to Section 6.12 such amount shall not exceed the Capped Servicing Fee; and (B) to the Backup Servicer, if it has become the Successor Servicer, any Transition Expenses;

(iv) FOURTH, to the Deal Agent for the account of the Lender, an amount equal to the sum of any accrued and unpaid (A) Interest (up to an amount not exceeding the Interest Cap) and Breakage Costs, (B) the Program Fee, and (C) the Facility Fee, Increased Costs and any Additional Amounts due in respect of such Payment Date and any such amounts unpaid from any prior Payment Date;

(v) FIFTH, during the Revolving Period, to the Deal Agent for the account of the Lender, an amount equal to the Monthly Principal Payment Amount for such Payment Date;

(vi) SIXTH, during the Amortization Period, to the Deal Agent for the account of the Lender, the Additional Principal Payment Amount, until Capital has been reduced to zero;

(vii) SEVENTH, to the Deal Agent for the account of the Lender, an amount equal to, without double counting, any Interest Cap Carryover.

(viii) EIGHTH, to the Deal Agent for the account of the Lender and the Backup Servicer, an amount equal to, without double counting, Increased Costs, any Additional Amounts and Indemnified Amounts (provided that, with respect to the Backup Servicer, such Indemnified Amounts shall include only those Indemnified Amounts not paid pursuant to clause (ii) above) due in respect of such Payment Date and unpaid from any prior Payment Date;

(ix) NINTH, to the Reserve Account, (A) an amount equal to any outstanding Reserve Advances and (B) the amount necessary to cause the amount on deposit in the Reserve Account to equal the Required Reserve Account Amount (after giving effect to any deposits made in subclause (A));

(x) TENTH, to the Backup Servicer, any Servicing Fee due in respect of such Payment Date, to the extent not paid pursuant to clause (iii) above and any such Servicing Fee unpaid from any prior Payment Date;

(xi) ELEVENTH, to the Deal Agent for the account of any other applicable Person, all remaining amounts up to all Aggregate Unpaid (during the Revolving Period, other than Capital) until paid in full;

(xii) TWELFTH, to the Borrower any remaining amounts.

(b) One Business Day per calendar month, the date of which is to be chosen by the Borrower, the Collateral Agent shall, upon two Business Days' prior written request of the Borrower, withdraw from the Collection Account an amount not to exceed the amount on deposit therein on the date of such request. The Collateral Agent shall distribute such amount to the Deal Agent for the account of the Lender, to be distributed by the Deal Agent to the Lender as a payment in reduction of Capital. Notwithstanding anything in this Section 2.7(b) to the contrary, the Collateral Agent shall not be required to effect any such withdrawal or the Deal Agent make any such distribution until an Officer of the Servicer or a representative of the Servicer designated by a Responsible Officer of the Servicer has certified to the Collateral Agent and the Deal Agent in writing (which shall include electronic transmission) that it reasonably believes that at the end of the related Collection Period the sum of Available Funds and Excess Reserve Amount, after giving effect to such payment, will be greater than the amount needed to make the payments required pursuant to Section 2.7(a)(i) through (xi). Any such prepayment of principal shall include all accrued and unpaid Interest and any applicable Breakage Costs relating thereto.

(c) (i) If on any Payment Date the amount paid pursuant to Section 2.7(a)(iv) and (v) is insufficient to cover all amounts due thereunder on such Payment Date the Collateral Agent shall withdraw from the Reserve Account an amount equal to the lesser of such shortfall and the amount of funds on deposit in the Reserve Account (such withdrawal, a "Reserve Advance") and deposit such amount to the Collection Account. The Collateral Agent shall pay such amount to the Deal Agent for payment to the Lender.

(ii) If on any Payment Date during the Amortization Period, the amount paid pursuant to Section 2.7(a)(vi) is insufficient to reduce Capital to zero, the Deal Agent, in its sole discretion, may direct the Collateral Agent to withdraw any or all of the amount on deposit in the Reserve Account, and pay such amount to the Deal Agent, for payment to the Lender in respect of interest and principal and all other Aggregate Unpaid payable to the Lender at such time.

Section 2.8. Take-Out.

(a) On any Business Day (the "Take-Out Date"), but subject to the limitations below (including those contained in clause (d) below), the Borrower shall have the right to effect a Take-Out and require the Collateral Agent to release its security interest and Lien on the related Contracts and Loans, subject to the following terms and conditions:

(i) The Borrower shall have given the Deal Agent, the Collateral Agent, the Backup Servicer and the Servicer at least three (3) Business Days' prior written notice of its intent to effect the Take-Out, which notice shall be irrevocable; provided, however, failure to effect such Take-Out on the Take-Out Date shall not result in a Termination Event, but the Borrower shall be obligated to pay any Breakage Costs and any other losses and Indemnified Amounts incurred by the Lender and the other Indemnified Parties in connection therewith.

(ii) Unless the Take-Out is to be effected on a Payment Date (in which case the relevant calculations with respect to such Take-Out shall be reflected on the applicable Monthly Report), the Servicer shall deliver to the Deal Agent an Officer's Certificate, together with evidence to the reasonable satisfaction of the Deal Agent (which evidence may consist solely of the Officer's Certificate signed by an officer of the Servicer) that the Borrower shall have sufficient funds on the related Take-Out Date to effect the contemplated Take-Out in accordance with this Agreement. In effecting the Take-Out, the Borrower may use the proceeds of sales of the Loans (which sales must be made in arm's length transactions).

(iii) After giving effect to the Take-Out and the release to the Borrower of the Loans and related Contracts on the Take-Out Date, (x) the representations and warranties contained in Section 4.1 and 4.2 hereof shall continue to be correct in all material respects, except to the extent relating to an earlier date and (y) neither an Unmatured Termination Event nor a Termination Event shall have resulted.

(iv) On the Take-Out Date, the Collateral Agent shall have received, for the benefit of the Secured Parties and the Hedge Counterparties, as applicable, in immediately available funds, an amount equal to the sum of: (A) the Capital being paid plus (B) an amount equal to the related unpaid Interest plus (C) an aggregate amount equal to the sum of all other amounts due and owing to the Deal Agent, the Collateral Agent, the Lender, the Backup Servicer, the Successor Servicer, the Hedge Counterparties and the other Secured Parties, as applicable, under this Agreement and the other Transaction Documents, to the extent accrued to such date (including, without limitation, Breakage Costs and Hedge Costs) plus (D) all other Aggregate Unpaid. No reduction of the Capital shall be given effect unless the Borrower has complied with the terms of any Hedging Agreement requiring that any derivative transaction related thereto be terminated in whole or in part as a result of any such reduction in the Capital and the Borrower has paid all Hedge Costs due to the relevant Hedge Counterparty for any such termination.

(v) Upon receipt of the amount set forth in clause (iv) above, the Collateral Agent shall apply such amounts first to the pro rata reduction of the Capital, second to the payment of accrued Interest on the amount of the Capital to be repaid and to the payment of any Breakage Costs, by paying such amounts to the Lender, and third to pay any Hedge Costs related to such reduction of the Capital due to the relevant Hedge Counterparty, and fourth to pay all other Aggregate Unpaid related to such reduction of the Capital due to the relevant party.

(vi) The Borrower shall certify in writing to the Collateral Agent and the Deal Agent that no adverse selection was employed in the selection of the Loans and Contracts to be released.

(vii) On the Take-Out Date, the Servicer shall submit to the Deal Agent a report setting forth (A) the Forecasted Collections in respect of the Loans remaining as part of the Collateral after giving effect to such Take-Out, (B) a calculation of the Borrowing Base (and material components thereof) after giving effect to such Take-Out and (C) such

other information regarding the Collateral remaining after the Take-Out as the Deal Agent may reasonably request.

(viii) Any sale or other transfer of Loans and related Contracts by the Borrower in connection with any Take-Out shall be made in an arm's length transaction, the terms of which shall state that such sale or other transfer is made without recourse to, or representation or warranty by, the Borrower; provided that the Borrower may represent and warrant that it is selling or transferring such Loans and Contracts free and clear of any Lien created by or through the Borrower.

Upon the occurrence of any Take-Out the Borrower and the Servicer shall be deemed to represent and warrant that each of the foregoing conditions has been satisfied with respect thereto.

(b) The Borrower hereby agrees to pay the reasonable legal fees and expenses of the Lender, the Deal Agent and the Collateral Agent in connection with any Take-Out (including, but not limited to, expenses incurred in connection with the release of the Lien of the Collateral Agent, for the benefit of the Secured Parties, and any expenses of the Lender, the Deal Agent or any other party having such an interest in the Loans in connection with such Take-Out).

(c) In connection with any Take-Out, on the related Take-Out Date, the Collateral Agent, on behalf of the Lender, the Deal Agent and the other Secured Parties, shall, at the expense of the Borrower: (i) execute such instruments of release with respect to the portion of the Loans to be released to the Borrower, in favor of the Borrower as the Borrower may reasonably request; (ii) deliver any portion of the Loans to be released to the Borrower in its possession to the Borrower; and (iii) at the Borrower's reasonable request, otherwise take such actions, and permit the Borrower to take such actions, as are necessary and appropriate to release the Lien of the Collateral Agent on the Loans to be released to the Borrower and deliver to the Borrower such Loans.

(d) Notwithstanding anything to the contrary contained herein, Borrower may not effect a Take-Out more frequently than one time during any three month period.

Section 2.9. Collections and Allocations.

(a) Collections. The Servicer shall transfer, or cause to be transferred, all Collections on deposit in the form of available funds in the Credit Acceptance Payment Account to the Collection Account by the close of business on the second Business Day such Collections are received therein. The Servicer shall promptly (but in no event later than the second Business Day (or if the Backup Servicer has become the Successor Servicer hereunder, the third Business Day) after the receipt thereof) deposit all Collections received directly by it in the Collection Account. The Servicer shall make such deposits or payments on the date indicated therein by wire transfer of immediately available funds or by automated clearing house (ACH) payment.

(b) Initial Deposits. On each Funding Date, the Servicer will deposit (in immediately available funds) into the Collection Account all Collections received on and after the applicable Cut-Off Date and through and including the day that is two days immediately preceding such Funding Date, in respect of the Loans.

(c) Investment of Funds. (i) Until the occurrence of a Termination Event or Unmatured Termination Event, to the extent there are uninvested amounts on deposit in the Collection Account and the Reserve Account, all amounts therein shall be invested as set forth in Section 6.7(c).

(ii) On the date on which Capital is reduced to zero and all Aggregate Unpaid have been indefeasibly paid in full in cash, all Collateral is released from the Lien of this Agreement, and this Agreement is terminated, any amounts on deposit in the Reserve Account shall be released to the Borrower.

(d) Allocation of Collections. The Servicer will allocate Collections monthly in accordance with the actual amount of Collections received. The Servicer (including any applicable Successor Servicer) shall determine each month the amount of Collections received during such month which constitutes amounts which, pursuant to the terms of any Dealer Agreement, are required to be remitted to the applicable Dealer (such collections, "Dealer Collections") and shall so notify the Collateral Agent. Notwithstanding any other provision hereof, the Collateral Agent, at the direction of the Servicer, shall distribute on each Payment Date: (i) to the Borrower, an amount equal to the aggregate amount of Dealer Collections received during or with respect to the prior Collection Period and (ii) to the Backup Servicer, if it has become the Successor Servicer, an amount equal to any Repossession Expenses related to the prior Collection Period prior to the distribution of Available Funds pursuant to Section 2.7.

Section 2.10. Payments, Computations, Etc.

(a) Unless otherwise expressly provided herein, all amounts to be paid or deposited by the Borrower or the Servicer hereunder shall be paid or deposited in accordance with the terms hereof no later than 10:00 a.m. (New York time) on the day when due in lawful money of the United States in immediately available funds to the Agent's Account and the Deal Agent shall distribute such amounts actually received by it to the Persons entitled thereto for receipt no later than 11:00 a.m. (New York time). Any amounts received in the Agent's Account after 10:00 a.m. (New York time) shall be deemed to be received on the next subsequent Business Day and the Deal Agent shall distribute such amounts to the Persons entitled thereto no later than 11:00 a.m. (New York time) on such next subsequent Business Day. The Borrower shall, to the extent permitted by law, pay to the Secured Parties interest on all amounts not paid or deposited when due hereunder 3.0% per annum above the Base Rate, payable on demand; provided, however, that such interest rate shall not at any time exceed the maximum rate permitted by Applicable Law. All computations of interest and all computations of Interest and other fees hereunder shall be made on the basis of a year of 360 days for the actual number of days (including the first but excluding the last day) elapsed.

(b) Whenever any payment hereunder shall be stated to be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day, and such extension of time shall in such case be included in the computation of payment of Interest, interest or any fee payable hereunder, as the case may be.

(c) If the Advance requested by the Borrower for any Funding Date and approved by the Lender and the Deal Agent pursuant to Section 2.1 and Section 2.3, is not made or effectuated for any reason other than the Lender's failure to honor its obligations hereunder, as the case may be, on the requested Funding Date, the Borrower shall indemnify the Lender against Breakage Costs, any reasonable loss, cost or expense incurred by the Lender, including, without limitation, any loss (including loss of anticipated profits, net of anticipated profits in the reemployment of such funds in the manner determined by the Lender), cost or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by the Lender to fund or maintain the Funding.

Section 2.11. [Reserved.]

Section 2.12. Fees.

(a) The Borrower shall pay to the Deal Agent, for the account of the Lender from the Collection Account on each Payment Date, monthly in arrears, the Program Fee agreed to in each Fee Letter.

(b) The Servicer shall be entitled to receive the Servicing Fee, monthly in arrears in accordance with Section 2.7(a).

(c) The Backup Servicer shall be entitled to receive the Backup Servicing Fee in accordance with Section 2.7(a).

(d) The Borrower shall pay to Mayer Brown LLP, as counsel to the Deal Agent, on the Effective Date, their respective estimated reasonable fees and out-of-pocket expenses in immediately available funds and shall pay all additional reasonable fees and out-of-pocket expenses of Mayer Brown LLP, within ten (10) Business Days after receiving an invoice for such amounts.

Section 2.13. Increased Costs; Capital Adequacy; Illegality.

(a) If (i) the introduction of or any change (including, without limitation, any change by way of imposition or increase of reserve requirements) in or in the interpretation of any law or regulation, (ii) the compliance by an Affected Party with any guideline or request from any central bank or other Governmental Authority (whether or not having the force of law), or (iii) without limiting the generality of the foregoing, any Specified Change in Law, in any of the foregoing cases, shall (A) subject an Affected Party to any Tax (except for Taxes on the overall net income of such Affected Party imposed on it by the jurisdiction under the laws of which such Affected Party is organized), duty or other charge with respect to the Advance made by it hereunder, or any right to make the Funding hereunder, or on any payment made hereunder, (B) impose, modify or deem applicable any reserve requirement (including, without limitation, any reserve requirement imposed by the Board of Governors of the Federal Reserve System, but excluding any reserve requirement, if any, included in the determination of Interest), special deposit or similar requirement against assets of, deposits with or for the amount of, or credit extended by, any Affected Party or (C) impose any other condition affecting the Advance made by it hereunder or the Lender's rights hereunder, the result of which is to increase the cost to any Affected Party or to reduce the amount of any sum received or receivable by an Affected Party under this Agreement, then within ten days after demand

by such Affected Party (which demand shall be accompanied by a statement setting forth the basis for such demand), the Borrower shall pay directly to such Affected Party such additional amount or amounts as will compensate such Affected Party for such additional or increased cost incurred or such reduction suffered.

(b) If (i) the introduction of or any change in or in the interpretation of any law, guideline, rule, regulation, directive or request, (ii) compliance by any Affected Party with any law, guideline, rule, regulation, directive or request from any central bank or other governmental authority or agency (whether or not having the force of law), including, without limitation, compliance by an Affected Party with any request or directive regarding capital adequacy, or (iii) without limiting the generality of the foregoing, any Specified Change in Law, in any of the foregoing cases, has or would have the effect of reducing the rate of return on the capital of any Affected Party as a consequence of its obligations hereunder or arising in connection herewith to a level below that which any such Affected Party could have achieved but for such introduction, change or compliance (taking into consideration the policies of such Affected Party with respect to capital adequacy) by an amount deemed by such Affected Party to be material, then from time to time, within ten days after demand by such Affected Party (which demand shall be accompanied by a statement setting forth the basis for such demand), the Borrower shall pay directly to such Affected Party such additional amount or amounts as will compensate such Affected Party for such reduction. For avoidance of doubt, any interpretation of Accounting Research Bulletin No. 51 by the Financial Accounting Standards Board shall constitute an adoption, change, request or directive subject to this subsection 2.13(b).

(c) If as a result of any event or circumstance similar to those described in clauses (a) or (b) of this section, any Affected Party is required to compensate a bank or other financial institution providing liquidity support, credit enhancement or other similar support to such Affected Party in connection with this Agreement or the funding or maintenance of the Advance hereunder, then within ten days after demand by such Affected Party, the Borrower shall pay to such Affected Party such additional amount or amounts as may be necessary to reimburse such Affected Party for any amounts payable or paid by it.

(d) In determining any amount provided for in this section, the Affected Party may use any reasonable averaging and attribution methods. Any Affected Party making a claim under this section shall submit to the Borrower a written description as to such additional or increased cost or reduction and the calculation thereof, which written description shall be conclusive absent manifest error.

(e) If the Lender shall notify the Deal Agent that a Eurodollar Disruption Event as described in clause (a) of the definition of "Eurodollar Disruption Event" has occurred, the Deal Agent shall in turn so notify the Borrower, whereupon all Capital in respect of which Interest accrues at the Adjusted LIBOR Rate shall immediately be converted into Capital in respect of which Interest accrues at the Base Rate.

Section 2.14. Taxes.

(a) All payments made by an Obligor in respect of each Loan and each Contract and all payments made by the Borrower, Originator or Credit Acceptance under this Agreement or the other Transaction Documents will be made free and clear of and without deduction or withholding for or on account of any Taxes. If any Taxes are required to be withheld from any amounts payable to the Deal Agent or any Secured Party, then the amount payable to such Person will be increased (such increase, the “Additional Amount”) such that every net payment made under this Agreement after withholding for or on account of any Taxes (including, without limitation, any Taxes on such increase) is not less than the amount that would have been paid had no such deduction or withholding been deducted or withheld. The foregoing obligation to pay Additional Amounts, however, will not apply with respect to net income or franchise taxes imposed on the Lender or the Deal Agent, respectively, with respect to payments required to be made by the Borrower or Credit Acceptance under this Agreement, by a taxing jurisdiction in which the Lender or Deal Agent is organized, conducts business or is paying taxes (in either case of conducting business or paying taxes, other than solely as a result of the transactions contemplated by this Agreement and the other Transaction Documents) as of the Effective Date (as the case may be).

(b) The Borrower will indemnify each Affected Party for the full amount of Taxes payable by such Person in respect of Additional Amounts and any liability (including penalties, interest and expenses) arising therefrom or with respect thereto. All payments in respect of this indemnification shall be made within ten days from the date a written invoice therefor is delivered to the Borrower.

(c) The Borrower will notify the Deal Agent on an annual basis of any payments by the Borrower in respect of any Taxes, not including those Taxes paid by Credit Acceptance on a consolidated basis.

(d) If the Lender is not created or organized under the laws of the United States or a political subdivision thereof, the Lender shall deliver to the Borrower, with a copy to the Deal Agent, (i) within 15 days after the date hereof, or, if a successor lender becomes the Lender after the Closing Date, the date on which such party becomes the Lender hereunder, two (or such other number as may from time to time be prescribed by Applicable Laws) duly completed copies of IRS Form W-8BEN or Form W-8ECI (or any successor forms or other certificates or statements that may be required from time to time by the relevant United States taxing authorities or Applicable Laws), as appropriate, to permit the Borrower to make payments hereunder for the account of the Lender, as the case may be, without deduction or withholding of United States federal income or similar Taxes and (ii) upon the obsolescence of or after the occurrence of any event requiring a change in, any form or certificate previously delivered pursuant to this Section 2.14(d), copies (in such numbers as may from time to time be prescribed by Applicable Laws or regulations) of such additional, amended or successor forms, certificates or statements as may be required under Applicable Laws or regulations to permit the Borrower to make payments hereunder for the account of the Lender, without deduction or withholding of United States federal income or similar Taxes.

(e) Without prejudice to the survival of any other agreement of the Borrower hereunder, the agreements and obligations of the Borrower contained in this section shall survive the termination of this Agreement.

Section 2.15. Assignment of the Contribution Agreement. The Borrower hereby assigns to the Deal Agent, for the ratable benefit of the Secured Parties hereunder, all of the Borrower's right, title and interest in and to, but none of its obligations under, the Contribution Agreement, the Hedging Agreement and any other Transaction Documents. The Borrower confirms that the Deal Agent on behalf of the Secured Parties shall have the sole right to enforce the Borrower's rights and remedies under the Contribution Agreement and the Hedging Agreement for the benefit of the Secured Parties.

Section 2.16. Servicer Clean-up Call.

(a) (i) On any Payment Date after the last day of any Collection Period during the Amortization Period as of which the amount of Capital shall be less than or equal to 10% of the amount of Capital as of the beginning of the Amortization Period, Credit Acceptance shall have the option to purchase the Loans, subsequent Collections and Related Security for a price equal to the aggregate Release Price for the Loans. To exercise such option, Credit Acceptance shall deposit in the Collection Account an amount equal to such aggregate Release Price plus accrued Interest, Hedge Costs and Breakage Costs in immediately available funds. Notwithstanding the foregoing, Credit Acceptance shall not exercise such option unless the amount so deposited equals or exceeds the Retransfer Amount for the Loans.

(ii) Credit Acceptance shall have the right to purchase from time to time Loans, subsequent Collections and Related Security (as selected by the Borrower without adverse selection) so long as in the aggregate such purchases do not exceed 1.0% of the Loans based upon the Aggregate Outstanding Eligible Loan ~~Net~~ Balance on the date of purchase, for an amount equal to the greater of: (A) the Release Price plus any accrued Interest, Hedge Costs and Breakage Costs related to such Loans; and (B) the aggregate fair market value of such Loans. Such amount shall be paid by depositing immediately available funds in the Collection Account.

(iii) Credit Acceptance shall give at least 2 Business Days' notice to the Collateral Agent and the Deal Agent of its intent to exercise either of the foregoing options.

(b) The Borrower hereby agrees to pay the reasonable legal fees and expenses of the Deal Agent, any Successor Servicer and the Lender in connection with any such purchase option (including, but not limited to, expenses incurred in connection with the release of the Lien of the Collateral Agent, the Lender and any other party having such an interest in the Loans).

(c) In connection with any such purchase option, on the related date of purchase, the Collateral Agent, on behalf of the Lender, shall, at the expense of the Borrower: (i) arrange for the execution by the Lender of such instruments of release with respect to the Loans being released, in favor of the Borrower and the purchaser as the Borrower or purchaser may reasonably request, including without limitation, a release in the form of Exhibit G hereto; (ii) deliver any portion of the Loans to be released in its possession to the Borrower or purchaser; and (iii) otherwise take such

actions, and cause or permit the Collateral Agent to take such actions, as are necessary and appropriate to release the Lien of the Collateral Agent on the Loans to be released and deliver to the Borrower or purchaser such Loans.

ARTICLE III
CONDITIONS TO THE CLOSING AND EACH FUNDING

Section 3.1. Conditions to the Closing and the Initial Funding. The Closing Date shall not occur and no Lender shall be obligated to make an Advance hereunder on the occasion of the Initial Funding, nor shall any Lender, the Deal Agent, the Backup Servicer or the Collateral Agent be obligated to take, fulfill or perform any other action hereunder, until (i) in the case of the Closing Date, the conditions set forth in clauses (a), (c) and (d) below, and (ii) in the case of the Initial Funding, all of the following conditions, after giving effect to the proposed Advance, in each case, have been satisfied, in the sole discretion of, or waived in writing by, the Deal Agent:

- (a) Each document specified in the schedule of documents attached hereto as Schedule IX has been duly executed by, and delivered to, the parties hereto and thereto and the Deal Agent has received all such executed documents. The Lender shall have cancelled all notes and terminated related fee letters executed by CAC Warehouse Funding III, LLC in favor of Fifth Third Bank and delivered the same to the Borrower.
- (b) The executed Note in the face amount representing the Commitment amount and dated as of the Effective Date has been delivered to the Lender.
- (c) The Deal Agent has received such other approvals, opinions or documents as the Deal Agent or its counsel may reasonably require.
- (d) All fees payable by the Borrower to Fifth Third on or prior to the Effective Date pursuant to the Fee Letter shall have been paid in full in accordance with the terms thereof.
- (e) The Borrower shall have deposited to the Reserve Account an amount equal to the Required Reserve Account Amount after giving effect to the proposed Advance.
- (f) An Eligible Hedging Agreement shall be in effect.

Section 3.2. Conditions Precedent To All Fundings. Each request for a Funding hereunder (each, a “Transaction”) shall be subject to the further conditions precedent:

- (a) With respect to any Advance (including the Initial Funding), the Borrower shall have delivered to the Deal Agent, on or prior to the date of the Advance in form and substance satisfactory to the Deal Agent, (i) the Funding Notice and (ii) Exhibit A to the Contribution Agreement, including the Schedule of Loans and Contracts attached thereto, dated within two (2) Business Days prior to the date of the Advance and containing such additional information as may be reasonably requested by the Deal Agent.

(b) On the date of such Transaction the following statements shall be true and the Borrower shall be deemed to have certified that, after giving effect to the proposed Advance and pledge of Additional Loans:

(i) The representations and warranties contained in Sections 4.1, 4.2 and 4.3 are true and correct on and as of such day as though made on and as of such day and shall be deemed to have been made on such day;

(ii) On and as of such day, after giving effect to the proposed Advance, the outstanding Capital does not exceed the lesser of (A) the Borrowing Base and (B) the Facility Limit;

(iii) On and as of such day, the Borrower, the Originator and the Servicer each has performed all of the agreements contained in this Agreement and the other Transaction Documents to which it is a party to be performed by such person at or prior to such day; and

(iv) No law or regulation shall prohibit, and no order, judgment or decree of any federal, state or local court or governmental body, agency or instrumentality shall prohibit or enjoin, the making of the Funding by the Lender in accordance with the provisions hereof.

(c) The Borrower shall have delivered to the Collateral Agent the information described in Section 2.2(a)(iii).

(d) All financing statements necessary to perfect the Collateral Agent's first priority security interest in the Collateral shall have been filed in the appropriate filing offices.

(e) Forecasted Collections for the Aggregate Outstanding Eligible Loan ~~Net~~ Balance (after giving effect to the proposed Advance) shall be greater than or equal to Capital, after giving effect to the proposed Advance.

(f) all conditions required to be satisfied in the Contribution Agreement shall have been satisfied.

(g) No Amortization Event, Termination Event or Unmatured Termination Event shall have occurred.

(h) No Servicer Termination Event or any event, that with the giving of notice or the lapse of time, or both, would become a Servicer Termination Event shall have occurred.

(i) No material adverse selection procedures were used by the Borrower with respect to the Loans, Contracts or Dealer Agreements; provided, for the avoidance of doubt, that during the Revolving Period, the Borrower in its sole discretion may elect to pledge Dealer Loans secured by either Open Pools or Closed Pools.

(j) The Borrower shall have made any deposit to the Reserve Account necessary to ensure that the amount on deposit therein is equal to the Required Reserve Account Amount after giving effect to the proposed Advance.

(k) An Eligible Hedging Agreement shall be in effect.

(l) There shall be no litigation, proceeding or investigation, to the best knowledge of the Borrower and Servicer, threatened against the Borrower or the Servicer, before any Governmental Authority (i) asserting the invalidity of this Agreement or any other Transaction Document to which the Borrower or Servicer is a party, (ii) seeking to prevent the consummation of any of the transactions contemplated by this Agreement or any other Transaction Document to which the Borrower or Servicer is a party or (iii) seeking any determination or ruling that could reasonably be expected to have Material Adverse Effect.

(m) The Deal Agent shall have received such other approvals, opinions or documents as the Deal Agent or its counsel may reasonably require.

ARTICLE IV REPRESENTATIONS AND WARRANTIES

Section 4.1. Representations and Warranties of the Borrower. The Borrower represents and warrants to the Collateral Agent, the Deal Agent, any Successor Servicer, the Backup Servicer and the Secured Parties on the Closing Date, and on each Funding Date thereafter until the Collection Date, as follows:

(a) Organization and Good Standing. The Borrower has been duly organized, and is validly existing as a limited liability company in good standing under the laws of the State of Delaware, with all requisite power and authority to own or lease its properties and conduct its business as such business is presently conducted, and the Borrower had at all relevant times, and now has all necessary power, authority and legal right to acquire, own and pledge the Collateral and perform its obligations under this Agreement.

(b) Due Qualification. The Borrower is duly qualified to do business and is in good standing as a limited liability company and has obtained all material necessary licenses and approvals, in all jurisdictions in which the ownership or lease of property or the conduct of its business requires such qualification, licenses or approvals.

(c) Power and Authority; Due Authorization. The Borrower: (i) has all necessary power, authority and legal right to: (A) execute and deliver this Agreement and the other Transaction Documents to which it is a party, (B) carry out the terms of the Transaction Documents to which it is a party, and (C) transfer and assign each Loan, Related Security and all other Collateral on the terms and conditions herein provided and (ii) has duly authorized by all necessary action the execution, delivery and performance of this Agreement and the other Transaction Documents to which it is a party and the transfer and assignment of the Loans, Related Security and all other Collateral on the terms and conditions herein provided. This Agreement and each other Transaction Document to which it is a party have been duly executed and delivered by it.

(d) Binding Obligation. This Agreement and each other Transaction Document to which the Borrower is a party constitutes a legal, valid and binding obligation of the Borrower, each enforceable against the Borrower in accordance with its terms, subject to any defense, if any, arising out of a breach or other action or inaction of a party thereto other than the Borrower or any Affiliate of the Borrower.

(e) No Violation. The consummation of the transactions contemplated by this Agreement and the other Transaction Documents to which it is a party and the fulfillment of the terms hereof and thereof will not (i) conflict with, result in any breach of any of the terms and provisions of, or constitute (with or without notice or lapse of time or both) a default under, the Borrower's certificate of formation, operating agent or any Contractual Obligation of the Borrower, (ii) result in the creation or imposition of any Lien upon any of the Borrower's properties pursuant to the terms of any such Contractual Obligation, other than this Agreement, or (iii) violate any Applicable Law.

(f) No Proceedings. There is no litigation, proceeding or investigation pending or, to the best knowledge of the Borrower, threatened against the Borrower, before any Governmental Authority (i) asserting the invalidity of this Agreement or any other Transaction Document to which the Borrower is a party, (ii) seeking to prevent the consummation of any of the transactions contemplated by this Agreement or any other Transaction Document to which the Borrower is a party or (iii) seeking any determination or ruling that would reasonably be expected to have Material Adverse Effect and is reasonably expected to occur.

(g) All Consents Required. All approvals, authorizations, consents, orders or other actions of any Person or of any Governmental Authority (if any) required for the due execution, delivery and performance by the Borrower of this Agreement and any other Transaction Document to which the Borrower is a party have been obtained except where the failure to so obtain is not reasonably expected to result in a Material Adverse Effect.

(h) Bulk Sales. The execution, delivery and performance of this Agreement do not require compliance with any "bulk sales" act or similar law by Borrower.

(i) Solvency. The transactions under this Agreement and any other Transaction Document to which the Borrower is a party do not and will not render the Borrower not Solvent and the Borrower shall deliver to the Deal Agent on the Effective Date a certification in the form of Exhibit F. The Originator has confirmed in writing to the Borrower that, until one year and one day after the Collection Date, the Originator will not cause the Borrower to file a voluntary petition under the Bankruptcy Code or any other Insolvency Laws.

(j) Selection Procedures. No procedures believed by the Borrower to be materially adverse to the interests of the Collateral Agent or the Lender were utilized by the Borrower in identifying and/or selecting Loans or Dealer Agreements; provided, for the avoidance of doubt, that during the Revolving Period, the Borrower in its sole discretion may elect to pledge Dealer Loans secured by either Open Pools or Closed Pools. In addition, each Loan shall have been underwritten in accordance with and satisfy, in each case in all material respects, the standards of

any Credit Guidelines that have been established by the Borrower or the Originator and are then in effect.

(k) Taxes. The Borrower has filed or caused to be filed all tax returns that are required to be filed by it. The Borrower has paid or made adequate provisions for the payment of all material Taxes and all assessments made against it or any of its property (other than any amount of Tax the validity of which is currently being contested in good faith by appropriate proceedings and with respect to which reserves in accordance with GAAP have been provided on the books of the Borrower), and no tax lien has been filed and, to the Borrower's knowledge, no claim is being asserted, with respect to any such Tax, fee or other charge.

(l) Exchange Act Compliance; Regulations T, U and X. None of the transactions contemplated herein (including, without limitation, the use of the proceeds from the pledge of the Collateral) will violate or result in a violation of Section 7 of the Securities Exchange Act, or any regulations issued pursuant thereto, including, without limitation, Regulations T, U and X of the Board of Governors of the Federal Reserve System, 12 C.F.R., Chapter II. The Borrower does not own or intend to carry or purchase, and no proceeds from the pledge of the Collateral will be used to carry or purchase, any "margin stock" within the meaning of Regulation U or to extend "purchase credit" within the meaning of Regulation U.

(m) Quality of Title. Each Loan, together with the Related Security related thereto, shall, at all times, be owned by the Borrower free and clear of any Lien except as provided in Section 4.2(a)(iii), and upon each Funding, the Collateral Agent as agent for the Secured Parties shall acquire a valid and perfected first priority security interest in such Loans, the Related Security related thereto and all Collections then existing or thereafter arising, free and clear of any Lien, except as provided in Section 4.2(a)(iii). No effective financing statement or other instrument similar in effect covering any Loan or Dealer Agreement shall at any time be on file in any recording office except such as may be filed (i) in favor of the Borrower in accordance with the Contribution Agreement or (ii) in favor of the Collateral Agent in accordance with this Agreement.

(n) Security Interest. The Borrower has granted a security interest (as defined in the UCC) to the Collateral Agent, as agent for the Secured Parties, in the Collateral, which is enforceable in accordance with applicable law upon execution and delivery of this Agreement. Upon the filing of UCC-1 financing statements naming the Collateral Agent as secured party and the Borrower as debtor, the Collateral Agent, as agent for the Secured Parties, shall have a first priority perfected security interest in the Collateral. All filings (including, without limitation, such UCC filings) as are necessary in any jurisdiction to perfect the interest of the Collateral Agent, as agent for the Secured Parties, in the Collateral have been made.

(o) Accuracy of Information. All information heretofore furnished by the Borrower (including without limitation, the Monthly Report and Credit Acceptance's financial statements) to the Deal Agent, Collateral Agent or the Lender for purposes of or in connection with this Agreement or any other Transaction Document, or any transaction contemplated hereby or thereby, will be true, correct, complete and accurate in every material respect, on the date such information is stated or certified.

(p) Location of Offices. The principal place of business and chief executive office of the Borrower and the office where the Borrower keeps all the Records (other than the Certificates of Title) are located at the address of the Borrower referred to in Section 14.2 hereof, and the office where the Borrower keeps all the Certificates of Title is located at 200 Galleria Offcentre, Suite 125, Southfield, Michigan 48034 (or, in each case, at such other locations as to which the notice and other requirements specified in Section 5.2(g) shall have been satisfied); provided, that, Credit Acceptance may temporarily (or permanently, solely in the case of a Contract that is repurchased, liquidated or paid in full) move or transfer individual Contract Files or Records, or any portion thereof without notice in accordance with Section 6.2(c)(iii).

(q) OFAC. The Borrower has provided to the Lender, the Deal Agent and the Collateral Agent all information regarding Credit Acceptance, the Borrower and their respective Affiliates and Subsidiaries, as requested by the Deal Agent, necessary for the Lender, the Deal Agent and the Collateral Agent to comply with all applicable OFAC/AML Laws. To the best of the Borrower's knowledge, neither Credit Acceptance, the Borrower nor any of their respective Affiliates or Subsidiaries is, as of the date hereof, named on the current OFAC SDN List. No part of the proceeds of the Loans will be used, directly or indirectly, for any payments to any governmental official or employee, political party, official of a political party, candidate for political office, or anyone else acting in an official capacity, in order to obtain, retain or direct business or obtain any improper advantage, in violation of the United States Foreign Corrupt Practices Act of 1977.

(r) Tradenames; Place of Business; Correct Legal Name. (i) Except as described in Schedule III, the Borrower has no trade names, fictitious names, assumed names or "doing business as" names or other names under which it has done or is doing business; (ii) the principal place of business, chief executive office and location of the Borrower (for purposes of the applicable UCC) are located at the address of the Borrower set forth on the signature pages hereto; and (iii) "CAC Warehouse Funding LLC V" is the correct legal name of the Borrower indicated on the public records of the Borrower's jurisdiction of organization.

(s) Contribution Agreement. The Contribution Agreement is the only agreement pursuant to which the Borrower purchases Loans from the Originator.

(t) Value Given. The Borrower shall have given reasonably equivalent value to the Originator in consideration for the transfer to the Borrower of the Loans and Related Security under the Contribution Agreement, no such transfer shall have been made for or on account of an antecedent debt owed by the Originator to the Borrower, and no such transfer is or may be voidable or subject to avoidance under any section of the Bankruptcy Code.

(u) Accounting. The Borrower accounts for the transfers to it from the Originator of Loans and Related Security under the Contribution Agreement as sales or contributions to capital of such Loans and Related Security in its books, records and financial statements, in each case consistent with the requirements set forth herein.

(v) Special Purpose Entity. The Borrower is in compliance with Section 5.2(p) hereof in all material respects.

(w) Confirmation from the Originator. The Borrower has received in writing from the Originator confirmation that, until one year and one day after the Collection Date, the Originator will not cause the Borrower to file a voluntary petition under the Bankruptcy Code or any other bankruptcy or insolvency laws. Each of the Borrower and the Originator is aware that in light of the circumstances described in the preceding sentence and other relevant facts, the filing of a voluntary petition under the Bankruptcy Code for the purpose of making any Loan or any other assets of the Borrower available to satisfy claims of the creditors of the Originator would not result in making such assets available to satisfy such creditors under the Bankruptcy Code.

(x) Investment Company Act. The Borrower is not, and is not “controlled by”, an “investment company” within the meaning of the Investment Company Act of 1940, as amended, and the Borrower is not relying exclusively on the exemption from the definition of “investment company” afforded by either Section 3(c)(1) or Section 3(c)(7) of the Investment Company Act of 1940, as amended.

(y) ERISA. The present value of all benefits vested under all “employee pension benefit plans,” as such term is defined in Section 3 of ERISA, maintained by the Borrower, or in which employees of the Borrower are entitled to participate, as from time to time in effect (herein called the “Pension Plans”), does not exceed the value of the assets of the Pension Plan allocable to such vested benefits (based on the value of such assets as of the last annual valuation date). No prohibited transactions, accumulated funding deficiencies, withdrawals or reportable events have occurred with respect to any Pension Plans that, in the aggregate, could subject the Borrower to any material tax, penalty or other liability. No notice of intent to terminate a Pension Plan has been billed, nor has any Pension Plan been terminated under Section 4041(f) of ERISA, nor has the Pension Benefit Guaranty Corporation instituted proceedings to terminate, or appoint a trustee to administer a Pension Plan and no event has occurred or condition exists that might constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Pension Plan.

(z) [Reserved.]

(aa) Representations and Warranties in Contribution Agreement. The representations and warranties made by the Originator to the Borrower in the Contribution Agreement are hereby remade by the Borrower on each date to which they speak in the Contribution Agreement as if such representations and warranties were set forth herein. For purposes of this Section 4.1(aa), such representations and warranties are incorporated herein by reference as if made by the Borrower to the Deal Agent, the Successor Servicer, the Collateral Agent and to each of the Secured Parties under the terms hereof *mutatis mutandis*.

(bb) Amount of Loans and Contracts; Computer File. When new Pools or Purchased Loans are pledged to the Collateral Agent, the related Funding Notice shall provide (A) the aggregate Outstanding Balance of the Contracts to be pledged to the Collateral Agent on the related Funding Date; and (B) the Aggregate Outstanding Eligible Loan Balance; ~~and (C) the Aggregate Outstanding Eligible Loan Net Balance~~, each as of the applicable Cut-Off Date and as reported in Credit Acceptance's loan servicing system ~~or as a product of the Loan Loss Reserve analysis~~. The computer file or microfiche list delivered pursuant to Section 2.2(a)(iii) hereof is

complete and accurately reflects the information regarding the Loans, applicable Dealer Agreements and Contracts in all material respects.

(cc) Use of Proceeds. The proceeds of each Funding will be used by the Borrower solely to purchase the Loans and related Collateral from the Originator pursuant to the Contribution Agreement or, subject to Section 5.2(f), to make distributions to Credit Acceptance in respect of its equity interest in the Borrower.

(dd) Subsidiaries. The Borrower does not have any Subsidiaries.

(ee) Capital Stock. The Borrower has neither sold nor pledged any of its equity interests to any entity other than Credit Acceptance.

The representations and warranties set forth in this Section 4.1 shall survive the Borrower's pledge of the Collateral to the Collateral Agent and the termination and rights and obligations of the Servicer. Upon discovery by the Borrower, the Servicer (provided that, if SST is Successor Servicer, SST shall only be obligated to inform the other parties to the Agreement of breaches detailed in Section 4.1 of which a Responsible Officer has actual knowledge), Credit Acceptance or the Collateral Agent of a breach of any of the representations and warranties set forth herein, the party discovering such breach shall give prompt written notice to the other parties of such breach.

Section 4.2. Representations and Warranties of the Borrower Relating to the Loans and the Related Contracts.

(a) Eligibility of Loans. The Borrower hereby represents and warrants to the Deal Agent, the Collateral Agent, the Backup Servicer, any Successor Servicer, and the Secured Parties as of the Closing Date, the Effective Date and each Funding Date (or on such dates as otherwise provided herein) with respect to the Dealer Agreements, Loans, Contracts and Related Security pledged to the Collateral Agent on such date that:

(i) each Loan classified as an "Eligible Dealer Loan" (or included in any aggregation of balances of "Eligible Dealer Loans") or as an "Eligible Purchased Loan" (or included in any aggregation of balances of "Eligible Purchased Loans") by the Borrower or the Servicer in any document or report delivered hereunder satisfied the requirements contained in the definition of Eligible Dealer Loan or Eligible Purchased Loan, as applicable, on the date so delivered; each Contract classified as an "Eligible Dealer Loan Contract" or "Eligible Purchased Loan Contract" (or included in any aggregation of balances of "Eligible Dealer Loan Contracts" or "Eligible Purchased Loan Contracts") by the Borrower or the Servicer in any document or report delivered hereunder satisfied the requirements contained in the definition of Eligible Dealer Loan Contract or Eligible Purchased Loan Contract, as applicable, on the date so delivered;

(ii) all information with respect to the Dealer Agreements, Purchase Agreements and the Loans and the Contracts and the other Collateral provided to the Collateral Agent or the Deal Agent by the Borrower or the Servicer was true and correct in

all material respects as of the date such information was provided to the Collateral Agent or the Deal Agent, as applicable;

(iii) each Loan and all other Collateral has been pledged to the Collateral Agent free and clear of any Lien of any Person (other than, with respect to the Dealer Loan Contracts, the second priority Lien of the related Dealer therein as set forth in the related Dealer Agreement) and in compliance, in all material respects, with all Applicable Laws;

(iv) with respect to each Dealer Agreement, Purchase Agreement, Loan, Contract and all other Collateral, all material consents, licenses, approvals or authorizations of or registrations or declarations with any Governmental Authority required to be obtained, effected or given by the Borrower, in connection with the pledge of such Dealer Agreement, Purchase Agreement, Loan, Contract or other Collateral to the Collateral Agent have been duly obtained, effected or given and are in full force and effect;

(v) Schedules V and IX to this Agreement (and any addendums thereto) are and will be accurate and complete listings of all Loans, Contracts and Dealer Agreements in all material respects on the date each such Loan, Contract or Dealer Agreement was pledged to the Collateral Agent hereunder, and the information contained therein is and will be true and correct in all material respects as of such date;

(vi) each Contract and Purchased Loan constitutes tangible or electronic chattel paper; and

(vii) no selection procedure believed by the Borrower to be materially adverse to the interests of the Secured Parties has been or will be used in selecting the Dealer Agreements, Loans or Contracts; provided that for the avoidance of doubt, during the Revolving Period, Credit Acceptance in its sole discretion may elect to transfer to the Borrower Dealer Loans secured by either Open Pools or Closed Pools.

(b) Notice of Breach. The representations and warranties set forth in this Section 4.2 shall survive the pledge of the Collateral to the Collateral Agent and the termination of the rights and obligations of the Servicer. Upon discovery by the Borrower, Credit Acceptance, the Servicer (provided that, if SST is Successor Servicer, SST shall only be obligated to inform the other parties to the Agreement of breaches detailed in Section 4.2 of which a Responsible Officer has actual knowledge) or the Collateral Agent of a breach of any of the representations and warranties set forth in this Section 4.2, the party discovering such breach shall give prompt written notice to the other parties of such breach.

Section 4.3. Representations and Warranties of the Servicer. Credit Acceptance, as Servicer, represents and warrants as follows on the Closing Date, the Effective Date and each Funding Date thereafter until the Collection Date:

(a) Organization and Good Standing. The Servicer has been duly organized and is validly existing as a corporation in good standing under the laws of the State of Michigan, with all requisite corporate power and authority to own or lease its properties and to conduct its business

as such business is presently conducted and to enter into and perform its obligations pursuant to this Agreement and the other Transaction Documents to which it is a party.

(b) Due Qualification. The Servicer is duly qualified to do business as a corporation and is in good standing as a corporation, and has obtained all necessary licenses and approvals in all jurisdictions in which the ownership or lease of its property and or the conduct of its business requires such qualification, licenses or approvals.

(c) Power and Authority; Due Authorization. The Servicer (i) has all necessary power, authority and legal right to (A) execute and deliver this Agreement and the other Transaction Documents to which it is a party, (B) carry out the terms of this Agreement and the other Transaction Documents to which it is a party, and (ii) has duly authorized by all necessary corporate action the execution, delivery and performance of this Agreement and the other Transaction Documents to which it is a party. This Agreement and each other Transaction Document to which it is a party have been duly executed and delivered by the Servicer.

(d) Binding Obligation. This Agreement and each other Transaction Document to which the Servicer is a party constitutes a legal, valid and binding obligation of the Servicer, each enforceable against the Servicer in accordance with its terms, subject to any defense, if any, arising out of a breach or other action or inaction of a party thereto other than the Servicer or any Affiliate of the Servicer.

(e) No Violation. The consummation of the transactions contemplated by this Agreement and the other Transaction Documents to which it is a party and the fulfillment of the terms hereof and thereof will not (i) conflict with, result in any breach of any of the terms and provisions of, or constitute (with or without notice or lapse of time or both) a default under, the Servicer's certificate of incorporation, bylaws or any Contractual Obligation of the Servicer, (ii) result in the creation or imposition of any Lien upon any of the Servicer's properties pursuant to the terms of any such Contractual Obligation, or (iii) violate any Applicable Law.

(f) No Proceedings. There is no litigation, proceeding or investigation pending or, to the best knowledge of the Servicer, threatened against the Servicer, before any Governmental Authority (i) asserting the invalidity of this Agreement or any other Transaction Document to which the Servicer is a party, (ii) seeking to prevent the consummation of any of the transactions contemplated by this Agreement or any other Transaction Document to which the Servicer is a party or (iii) seeking any determination or ruling that would reasonably be expected to have Material Adverse Effect and is reasonably expected to occur.

(g) All Consents Required. All approvals, authorizations, consents, orders or other actions of any Person or of any Governmental Authority (if any) required for the due execution, delivery and performance by the Servicer of this Agreement and any other Transaction Document to which the Servicer is a party have been obtained except where the failure to so obtain is not reasonably expected to result in a Material Adverse Effect.

(h) Reports Accurate. All Monthly Reports and other written and electronic information, exhibits, financial statements, documents, books, records or reports furnished by the

Servicer to the Deal Agent, the Backup Servicer, the Collateral Agent or the Lender in connection with this Agreement are accurate, true, complete and correct in all material respects as of the date delivered.

(i) Servicer's Performance. The Servicer has the knowledge, the experience and the systems, financial and operational capacity available to timely perform each of its obligations hereunder and under each Transaction Document to which it is a party.

(j) Compliance With Credit Guidelines and Collection Guidelines. The initial Servicer has, with respect to the Loans and Contracts, complied in all material respects with the Credit Guidelines and the Collection Guidelines.

(k) OFAC. Credit Acceptance has provided to the Lender, the Deal Agent and the Collateral Agent all information regarding Credit Acceptance, the Borrower and their respective Affiliates and Subsidiaries, as requested by the Deal Agent, necessary for the Lender, the Deal Agent and the Collateral Agent to comply with all applicable OFAC/AML Laws. To the best of Credit Acceptance's knowledge, neither Credit Acceptance, the Borrower nor any of their respective Affiliates or Subsidiaries is, as of the date hereof, named on the current OFAC SDN List. No part of the proceeds of the Loans will be used, directly or indirectly, for any payments to any governmental official or employee, political party, official of a political party, candidate for political office, or anyone else acting in an official capacity, in order to obtain, retain or direct business or obtain any improper advantage, in violation of the United States Foreign Corrupt Practices Act of 1977.

Section 4.4. Representations and Warranties of the Backup Servicer. The Backup Servicer represents and warrants as follows:

(a) Organization and Good Standing. The Backup Servicer has been duly organized, and is validly existing as a corporation and in good standing under the laws of Delaware, with all requisite power and authority to own or lease its properties and to conduct its business as such business is presently conducted and to enter into and perform its obligations pursuant to this Agreement and each Transaction Document to which it is a party.

(b) Binding Obligation. This Agreement and each other Transaction Document to which it is a party constitutes a legal, valid and binding obligation of the Backup Servicer, each enforceable against the Backup Servicer in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization or other similar laws affecting the enforcement of creditors' rights generally and by equitable limitations on the availability of specific remedies, regardless of whether such enforceability is considered in a proceeding in equity or at law.

(c) Backup Servicing Agreement. The Backup Servicer hereby remakes the representations and warranties made by it under the Backup Servicing Agreement.

Section 4.5. Breach of Representations and Warranties.

(a) Payment in respect of an Ineligible Loan or Ineligible Contract. If a Loan or a Contract is an Ineligible Loan or Ineligible Contract, no later than the earlier of (i) knowledge

by the Borrower of such Loan or Contract being an Ineligible Loan or Ineligible Contract and (ii) receipt by the Borrower from the Deal Agent, the Collateral Agent or the Servicer (provided that, if SST is Successor Servicer, SST shall only be obligated to inform the other parties to the Agreement of breaches detailed in Section 4.2 of which a Responsible Officer has actual knowledge) of written notice thereof the Borrower shall, by no later than the first Payment Date occurring after the Collection Period during which such discovery or notice thereof occurred, make a payment to the Collection Account in respect of each such Loan or Contract in an amount equal to the related Release Price. On and after the date of such payment, any such Loan or Contract shall for all purposes of this Agreement be deemed to be an Ineligible Loan or Ineligible Contract. The Borrower shall make a deposit to the Collection Account (for allocation pursuant to Section 2.7) in immediately available funds an amount (the "Release Price") equal to the sum of (i): in the case of an Ineligible Loan, the product of (x) the ~~Net Loan~~ Outstanding Balance related to such Loan as of the last day of the related Collection Period and (y) the Net Advance Rate in effect on the date of such payment; and in the case of an Ineligible Contract, the product of (x) the Outstanding Balance related to such Contract as of the last day of the related Collection Period and (y) a ratio the numerator of which is the outstanding Capital as of the date of such payment and the denominator of which is the Outstanding Balance of all Contracts as of the last day of the related Collection Period; (ii) accrued and unpaid Carrying Costs, Breakage Costs, Increased Costs, Indemnified Amounts and Additional Amounts related to such Loan or Contract through the date of such deposit; and (iii) all Hedge Costs due to the relevant Hedge Counterparties for any termination in whole or in part of one or more transactions related to the relevant Hedging Agreement, as required by the terms of any Hedging Agreement. Notwithstanding the foregoing, with respect to any Ineligible Contracts, the Borrower may repurchase the Loans related thereto in lieu of such Ineligible Contracts and deposit into the Collection Account the Release Price of such Loans (as if such Loans were Ineligible Loans). Each Loan or Contract which is subject to a payment in accordance with this Section 4.5(a) shall, upon payment in full of the related Release Price, be released from the lien created pursuant to this Agreement and shall no longer constitute Collateral. The Collateral Agent as agent for the Secured Parties shall, at the sole expense of the Servicer, execute and deliver such instruments of transfer, in each case without recourse, representation or warranty, as shall be prepared and reasonably requested by the Servicer on behalf of the Borrower to vest in the Borrower, or its designee or assignee, all right, title and interest of the Collateral Agent as agent for the Secured Parties in, to and under the Loans or Contract subject to a payment in accordance with this Section 4.5(a).

(b) Retransfer of All of the Loans. In the event of a breach of any representation or warranty set forth in Section 4.2 hereof which breach could reasonably be expected to have a Material Adverse Effect, by notice then given in writing to the Borrower, the Deal Agent may direct the Borrower to accept the release by the Collateral Agent of all of the Loans, in which case the Borrower shall be obligated to accept the release of such Loans on a Payment Date specified by the Deal Agent (such date, the "Release Date"); provided, however, that no such release shall be given effect unless Borrower has complied with the terms of any Hedging Agreement requiring that any derivative transaction related thereto be terminated in whole or in part and the Borrower has paid all Hedge Costs due with respect to such termination. The Borrower shall deposit in the Collection Account on the Release Date an amount equal to: (A) the Aggregate Unpaid minus (B) the amount, if any, available in the Collection Account and Reserve Account on such Payment Date (the "Retransfer Amount") for allocation and distribution in accordance with Section 2.7 in respect of

such Aggregate Unpaid. On the Release Date, provided that the full Retransfer Amount has been deposited into the Collection Account, the Loans and Related Security related thereto shall be transferred to the Borrower; and the Collateral Agent as agent for the Secured Parties shall, at the sole expense of Credit Acceptance, execute and deliver such instruments of transfer, in each case without recourse, representation or warranty, as shall be prepared and reasonably requested by Credit Acceptance on behalf of the Borrower to vest in the Borrower, or its designee or assignee, all right, title and interest of the Collateral Agent as agent for the Secured Parties in, to and under the Loans.

(c) Remedy for Breach. The parties hereto agree that the sole remedy for the breach by the Borrower of the representations and warranties set forth in Section 4.2 hereof with respect to the eligibility of a Loan or Contract shall be set forth in this Section 4.5 and Section 6.2(c)(ii).

(d) Application. Amounts paid in accordance with Section 4.5(a) and (b) shall be distributed on the next succeeding Payment Date in accordance with Section 2.7.

(e) Notwithstanding anything herein to the contrary, during the Revolving Period, payments required under Section 4.5(a) and (b) shall not be required if the Capital is equal to or less than the Borrowing Base.

ARTICLE V GENERAL COVENANTS

Section 5.1. Affirmative Covenants of the Borrower. From the date hereof until the Collection Date:

(a) Compliance with Laws. The Borrower will comply in all material respects with all Applicable Laws, including those with respect to the Loans and Dealer Agreements.

(b) Preservation of Corporate Existence; Conduct of Business. The Borrower will preserve and maintain its existence, rights, franchises and privileges in the jurisdiction of its formation, and qualify and remain qualified in good standing as a foreign corporation in each jurisdiction where the failure to preserve and maintain such existence, rights, franchises, privileges and qualification has had, or could reasonably be expected to have, a Material Adverse Effect. The Borrower will carry on and conduct its business in substantially the same manner and in substantially the same fields of enterprise as it is presently conducted and do all things necessary to remain duly incorporated, validly existing and in good standing as a domestic corporation in its jurisdiction of incorporation and maintain all requisite authority to conduct its business in each jurisdiction in which its business is conducted.

(c) Performance and Compliance with Loans, Dealer Agreements and Contracts. The Borrower will, at its expense, timely and fully perform and comply (or cause the Originator to perform and comply pursuant to the Contribution Agreement) with all provisions, covenants and other promises required to be observed by it under the Loans, Dealer Agreements and Contracts in and all other agreements related thereto in all material respects.

(d) Keeping of Records and Books of Account. The Borrower will maintain and implement administrative and operating procedures (including, without limitation, an ability to recreate records evidencing Loans in the event of the destruction of the originals thereof), and keep and maintain all documents, books, records and other information reasonably necessary or advisable for the collection of all Loans.

(e) Originator Assets. With respect to each Loan acquired by the Borrower, the Borrower will: (i) acquire such Loan pursuant to and in accordance with the terms of the Contribution Agreement; (ii) take all action necessary to perfect, protect and more fully evidence the Borrower's ownership of such Loan, including, without limitation, (A) filing and maintaining, effective financing statements (Form UCC-1) against the Originator in all necessary or appropriate filing offices, and filing continuation statements, amendments or assignments with respect thereto in such filing offices, and (B) executing or causing to be executed such other instruments or notices as may be necessary or appropriate; and (iii) take all additional action that the Deal Agent or the Collateral Agent may reasonably request to perfect, protect and more fully evidence the respective interests of the parties to this Agreement in the Collateral.

(f) Delivery of Collections. Subject to Section 2.9(d) hereof, the Borrower will deposit to the Collection Account promptly (but in no event later than two (2) Business Days after receipt) all Collections received by Borrower in respect of the Loans or the Contracts.

(g) Separate Corporate Existence. The Borrower shall be in compliance with the requirements set forth in Section 5.2(o).

(h) Credit Guidelines and Collection Guidelines. The Borrower will comply in all material respects with the Credit Guidelines and the Collection Guidelines with respect to each Loan and Contract.

(i) Taxes. The Borrower will file all Tax returns, that are required to be filed by it, and pay any and all Taxes (other than any amount of Tax the validity of which is being contested in good faith by appropriate proceedings and with respect to which reserves in accordance with GAAP have been provided on the books of the Borrower).

(j) Use of Proceeds. The Borrower will use the proceeds of the Funding only to acquire Loans and related Collateral from the Originator pursuant to the Contribution Agreement or, subject to Section 5.2(f), to make distributions to Credit Acceptance in respect of its equity interest in the Borrower.

(k) Reporting. The Borrower will maintain for itself a system of accounting established and administered as presented within the audited consolidated financial statements of Credit Acceptance and its subsidiaries and furnish or cause to be furnished to the Deal Agent and the Lender the following information:

(i) [Reserved];

(ii) Annual Reporting. Within 120 days after the close of the Borrower's and Credit Acceptance's fiscal years, (A) audited consolidated financial statements for Credit Acceptance and all of its Subsidiaries, accompanied by an unqualified audit report certified by independent certified public accountants, acceptable to the Deal Agent, and prepared in accordance with GAAP and any management letter prepared by said accountants and (B) unaudited financial statements for the Borrower, including balance sheets as of the end of such period and related statements of operations, prepared as presented within the audited consolidated financial statements of Credit Acceptance and all of its Subsidiaries;

(iii) Quarterly Reporting. Within sixty (60) days after the close of the first three quarterly periods of each of the Borrower's and Credit Acceptance's fiscal years, (A) unaudited consolidated financial statements for Credit Acceptance and all of its Subsidiaries, including the consolidated balance sheets as of the end of each such period and consolidated related statements of operations and cash flows for the period from the beginning of such fiscal year to the end of such quarter, prepared in accordance with GAAP and certified by its chief financial officer or treasurer as true, accurate and complete in all material respects and (B) unaudited financial statements for the Borrower, including balance sheets as of the end of each such period and related statement of operations for the period from the beginning of such fiscal year to the end of such quarter, prepared as presented within the unaudited consolidated financial statements of Credit Acceptance and all of its Subsidiaries and certified by its chief financial officer or treasurer as true, accurate and complete in all material respects;

(iv) Compliance Certificate. Together with the financial statements required hereunder, a compliance certificate signed by the Borrower's or Credit Acceptance's, as applicable, chief financial officer or treasurer stating that (A) the attached consolidated financial statements of Credit Acceptance and all of its Subsidiaries have been prepared in accordance with GAAP and accurately reflect the financial condition of Credit Acceptance, (B) the attached financial statements of the Borrower have been prepared as presented within the consolidated financial statements of Credit Acceptance and all of its Subsidiaries and accurately reflect the financial condition of the Borrower, and (C) to the best of such Person's knowledge, no Servicer Termination Event, Potential Servicer Termination Event, Termination Event or Unmatured Termination Event exists, or if any Servicer Termination Event, Potential Servicer Termination Event, Termination Event or Unmatured Termination Event exists, stating the nature and status thereof;

(v) Shareholders Statements and Reports. Promptly upon the furnishing thereof to the shareholders of the Borrower or Credit Acceptance, copies of all financial statements, reports and proxy statements so furnished, to the extent such information has not been provided pursuant to another clause of this Section 5.1(k);

(vi) S.E.C. Filings. Promptly upon the filing thereof, copies of all registration statements and annual, quarterly, monthly or other regular reports which Credit Acceptance or any subsidiary files with the Securities and Exchange Commission;

(vii) Notice of Servicer Termination Events, Potential Servicer Termination Events, Termination Events or Unmatured Termination Events. As soon as possible and in any event within two (2) days after the occurrence of each Servicer Termination Event, Potential Servicer Termination Event, Termination Event or each Unmatured Termination Event, a statement of the chief financial officer or treasurer of the Borrower setting forth details of such Servicer Termination Event, Potential Servicer Termination Event, Termination Event or Unmatured Termination Event and the action which the Borrower proposes to take with respect thereto;

(viii) Change in Credit Guidelines or Collection Guidelines. Prior to the date of the effectiveness of any change in or amendment to the Credit Guidelines or Collection Guidelines, which change or amendment would materially impair the collectibility of any Loan or Contract or otherwise materially adversely affect the interests or the remedies of the Deal Agent, the Collateral Agent or the other Secured Parties under this Agreement or any other Transaction Document (and which change or amendment shall be subject to the applicable requirements of this Article V), a notice describing such change or amendment, other than in the case of a change or amendment required in order to comply with Applicable Law.

(ix) Credit Guidelines and Collection Guidelines. On the Closing Date and on August 18, 2016, a complete copy of the Credit Guidelines and Collection Guidelines then in effect;

(x) ERISA. Promptly after the filing or receiving thereof, copies of all reports and notices with respect to any reportable event (as defined in Article IV of ERISA) which the Borrower, Credit Acceptance or any ERISA Affiliate of the Borrower or Credit Acceptance files under ERISA with the United States Internal Revenue Service, the Pension Benefit Guaranty Corporation or the United States Department of Labor or which the Borrower, Credit Acceptance or any ERISA Affiliates of the Borrower or Credit Acceptance receives from the United States Internal Revenue Service, the Pension Benefit Guaranty Corporation or the United States Department of Labor;

(xi) Proceedings. As soon as possible and in any event within two (2) Business Days after any executive officer of the Borrower receives notice or obtains knowledge thereof, any settlement of, material judgment (including a material judgment with respect to the liability phase of a bifurcated trial) in or commencement of any labor controversy litigation, action, suit or proceeding (in each case, of a material nature), before any court or governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, affecting the Borrower or any of its Affiliates;

(xii) Notice of Material Events. Promptly upon becoming aware thereof, notice of any other event or circumstances that, in the reasonable judgment of the Borrower, is likely to have a Material Adverse Effect; and

(xiii) Other Information. Such other information, documents, records or reports (including non-financial information) as the Deal Agent or the Collateral Agent may

from time to time reasonably request with respect to Credit Acceptance, the Borrower, the Servicer or any Subsidiary of any of the foregoing.

(l) Compliance with Applicable Law. The Borrower shall duly satisfy in all material respects its obligations under or in connection with any Loan and Contract, will maintain in effect all material qualifications required under all Applicable Law, and will comply in all material respects with all other Applicable Law in connection with each Loan and Contract the failure to comply with which would have a material adverse effect on the interests of the Secured Parties in the Collateral.

(m) Furnishing of Information and Inspection of Records. The Borrower will furnish to the Deal Agent, the Backup Servicer and the Collateral Agent, from time to time, such information with respect to the Loans and Contracts as may be reasonably requested, including, without limitation, a computer file, microfiche list or other list identifying each Loan and Contract by pool number, account number and dealer number and identifying the Obligor on such Loan or Contract. The Borrower will, at any time and from time to time during regular business hours, upon reasonable notice, permit the Deal Agent, the Backup Servicer and the Collateral Agent, or its agents or representatives, to examine and make copies of and abstracts from all Records, to visit the offices and properties of the Borrower for the purpose of examining such Records, and to discuss matters relating to the Loans or Contracts or the Borrower's performance hereunder and under the other Transaction Documents with any of the officers, directors, employees or independent public accountants of the Borrower having knowledge of such matters; provided, however, that the Deal Agent and the Collateral Agent each acknowledges that in exercising the rights and privileges conferred in this Section 5.1(m) it or its agents and representatives may, from time to time, obtain knowledge of information, practices, books, correspondence and records of a confidential nature and in which the Borrower has a proprietary interest. The Deal Agent and the Collateral Agent each agrees that all such information, practices, books, correspondence and records are to be regarded as confidential information and agrees that it shall retain in strict confidence and shall use its reasonable efforts to ensure that its agents and representatives retain in strict confidence, and will not disclose without the prior written consent of the Borrower, any such information, practices, books, correspondence and records furnished to them except that it may disclose such information: (i) to its officers, directors, employees, agents, counsel, accountants, auditors, affiliates, advisors or representatives (provided that such Persons are informed of the confidential nature of such information); (ii) to the extent such information has become available to the public other than as a result of a disclosure by or through the Deal Agent, the Collateral Agent or its officers, directors, employees, agents, counsel, accountants, auditors, affiliates, advisors or representatives; (iii) to the extent such information was available to the Deal Agent or the Collateral Agent on a non-confidential basis prior to its disclosure hereunder; (iv) to the extent the Deal Agent or the Collateral Agent should be (A) required under the Transaction Documents or in connection with any legal or regulatory proceeding or (B) requested by any bank regulatory authority to disclose such information; or (v) to the Lender or prospective assignee; provided, that the relevant party shall notify such assignee of the confidentiality provisions of this Section 5.1(m).

(n) Keeping of Records and Books of Account. The Borrower will maintain and implement or cause to be maintained and implemented administrative and operating procedures

(including, without limitation, an ability to recreate records evidencing the Loans and Contracts in the event of the destruction of the originals thereof), and keep and maintain, or obtain, as and when required, all documents, books, records and other information reasonably necessary or advisable for the collection of all amounts due under the Loans and Contracts (including, without limitation, records adequate to permit adjustments to amounts due under each existing Loan and Contract). The Borrower will give the Deal Agent notice of any material change in the administrative and operating procedures of the Borrower referred to in the previous sentence.

(o) Notice of Liens. The Borrower will advise the Deal Agent and the Collateral Agent promptly, in reasonable detail of: (i) any Lien asserted by a Person against any of the Loans or Contracts or other Collateral; (ii) any breach by the Borrower, the Originator or the Servicer of any of its representations, warranties and covenants contained herein or in any other Transaction Document; and (iii) of the occurrence of any other event which has had or is reasonably expected to have a Material Adverse Effect.

(p) Protection of Interest in Collateral. The Borrower shall file such continuation statements and any other documents reasonably requested by the Collateral Agent, the Deal Agent or the Lender or which may be required by law to fully preserve and protect the interest of the Collateral Agent and the Secured Parties in and to the Loans, the Contracts and the other Collateral.

(q) Contribution Agreement. The Borrower will at all times enforce the covenants and agreements of Credit Acceptance in the Contribution Agreement (including, without limitation, the rights and remedies against the Dealers).

(r) Notice of Delegation of Servicer's Duties. The Borrower promptly shall notify the Collateral Agent and the Deal Agent of any delegation by the Servicer of any of the Servicer's duties under this Agreement which is not in the ordinary course of business of the Servicer.

(s) Organizational Documents. The Borrower shall only amend, alter, change or repeal its Certificate of Formation with the prior written consent of the Deal Agent.

(t) Compliance with OFAC/AML Laws .

(i) The Borrower shall provide the Lender, the Deal Agent and the Collateral Agent, as the reasonable request of the Deal Agent, with any information regarding the Borrower, its Affiliates, and its Subsidiaries (if any) necessary for the Lender, the Deal Agent and the Collateral Agent to comply with all applicable OFAC/AML Laws; subject however, in the case of Affiliates, to the Borrower's ability to provide such information applicable to them, and provided that the Borrower and its Affiliates are not prohibited from providing such information by the Applicable Laws.

(ii) If the Borrower obtains actual knowledge or receives any written notice that the Borrower, Credit Acceptance or any of their respective Affiliates or Subsidiaries is named on the then current OFAC SDN List (such occurrence, an "OFAC Event"), the Borrower shall promptly give written notice to the Lender, the Deal Agent and the Collateral Agent of such OFAC Event,

Section 5.2. Negative Covenants of the Borrower. From the date hereof until the Collection Date:

(a) Other Business. Borrower will not: (i) engage in any business other than the transactions contemplated by the Transaction Documents; (ii) incur any indebtedness, obligation, liability or contingent obligation of any kind other than pursuant to the Transaction Documents; or (iii) form any Subsidiary or make any Investments in any other Person.

(b) Loans Not to be Evidenced by Instruments. The Borrower will take no action to cause any Loan that is not, as of the Closing Date, evidenced by an Instrument, to be so evidenced except in connection with the enforcement or collection of such Loan.

(c) Security Interests. The Borrower will not sell, pledge, assign or transfer to any other Person, or grant, create, incur, assume or suffer to exist any Lien (other than the Lien described in Section 4.2(a)(iii)) on any Loan, Contract, Related Security or any other Collateral, whether now existing or hereafter transferred hereunder, or any interest therein, and the Borrower will not sell, pledge, assign or suffer to exist any Lien on its interest, if any, hereunder. The Borrower will promptly notify the Deal Agent of the existence of any Lien on any Loan, Contract, Related Security or any other Collateral and the Borrower shall defend the right, title and interest of the Deal Agent and Collateral Agent as agent for the Secured Parties in, to and under the Loans, Contracts, Related Security and other Collateral, against all claims of third parties.

(d) Mergers, Acquisitions, Sales, etc. The Borrower will not be a party to any merger or consolidation, or purchase or otherwise acquire all or substantially all of the assets or any stock of any class of, or any partnership or joint venture interest in, any other Person, or, sell, transfer, convey or lease all or any substantial part of its assets, or sell or assign with or without recourse any Loan, Contracts, Related Security or other Collateral or any interest therein (other than pursuant to and in accordance with the Transaction Documents).

(e) [Reserved.]

(f) Distributions. The Borrower shall not directly or indirectly, make any distribution (whether in cash or other property) with respect to the profits, assets or capital of the Borrower or any Person's interest therein, except that so long as no Termination Event or Unmatured Termination Event has occurred and is continuing or would result therefrom, the Borrower may declare and make distributions to its members.

(g) Change of Name or Location; Change of Location of Records Files. The Borrower shall not (x) change its name or state of organization, (y) move the location of its principal place of business or chief executive office or the offices where it keeps the Records from the location referred to in Sections 4.2 and 14.2 or (z) move, or consent to the Custodian or Servicer moving, the Records/Contract Files from the location thereof on the Closing Date, unless the Borrower has given at least thirty (30) days' written notice to the Deal Agent and the Collateral Agent and has taken all actions required under the UCC of each relevant jurisdiction in order to continue the first priority perfected security interest of the Collateral Agent, as agent for the Secured Parties, in the Collateral; provided, that, Credit Acceptance may temporarily (or permanently, solely in the case

of a Contract that is repurchased, liquidated or paid in full) move or transfer individual Contract Files or Records, or any portion thereof without notice in accordance with Section 6.2(c)(iii).

(h) Accounting of the Contribution Agreement. The Borrower will not account for or treat (whether in financial statements or otherwise) the transaction contemplated by the Contribution Agreement in any manner other than as a contribution, or absolute assignment, of the Loans and related assets by the Originator to the Borrower.

(i) ERISA Matters. The Borrower will not: (i) engage or permit any ERISA Affiliate to engage in any prohibited transaction for which an exemption is not available or has not previously been obtained from the United States Department of Labor; (ii) permit to exist any accumulated funding deficiency, as defined in Section 302(a) of ERISA and Section 412(a) of the Code, or funding deficiency with respect to any Benefit Plan other than a Multiemployer Plan; (iii) fail to make any payments to a Multiemployer Plan that the Borrower or any ERISA Affiliate may be required to make under the agreement relating to such Multiemployer Plan or any law pertaining thereto; (iv) terminate any Benefit Plan so as to result in any liability; or (v) permit to exist any occurrence of any reportable event described in Title IV of ERISA.

(j) Certificate of Incorporation; Contribution Agreement. The Borrower will not (without the prior written consent of the Deal Agent) amend, modify, waive or terminate any provision of its Certificate of Formation, the Contribution Agreement or any other Transaction Document. The Borrower will not take any action under the Contribution Agreement which would have a Material Adverse Effect.

(k) Changes in Payment Instructions to Obligors. The Borrower will not make any change, or permit Servicer to make any change, in its instructions to Obligors regarding where payments in respect of Contracts are to be made to Borrower or Servicer, unless the Deal Agent shall have consented to such change in writing and has received duly executed copies of all documentation related thereto.

(l) Extension or Amendment. The Borrower will not, except as otherwise permitted hereunder or by law, extend, amend or otherwise modify, or permit the Servicer to extend, amend or otherwise modify, the terms of any Dealer Agreement, Loan or Contract; provided, however, the Dealer Agreements may be amended (i) in connection with the closing of or opening of a Pool and (ii) in a manner that does not materially impair the collectability of any Loan or Contract.

(m) Credit Guidelines or Collection Guidelines. The Borrower will not permit the amendment, modification, restatement or replacement, in whole or in part, of the Credit Guidelines or Collection Guidelines, which change would materially impair the collectability of any Loan or Contract or otherwise materially adversely affect the interests or the remedies of the Deal Agent, the Collateral Agent or the other Secured Parties under this Agreement or any other Transaction Document, without the prior written consent of the Deal Agent, which consent shall not be unreasonably withheld or delayed; provided that no consent shall be required for any such change required in order to comply with Applicable Law.

(n) No Assignments. The Borrower will not assign or delegate, or grant any interest in, or permit any Lien to exist upon, any of its rights, obligations or duties under this Agreement or any other Transaction Document without the prior written consent of the Deal Agent.

(o) Special Purpose Entity. The Borrower has not and shall not:

(i) engage in any business or activity other than the purchase and receipt of Loans and related assets from the Originator under the Contribution Agreement, the pledge of Loans and related assets under the Transaction Documents and such other activities as are incidental thereto;

(ii) acquire or own any material assets other than (A) the Loans and related assets from the Originator under the Contribution Agreement and (B) incidental property as may be necessary for the operation of the Borrower;

(iii) merge into or consolidate with any Person or dissolve, terminate or liquidate in whole or in part, transfer or otherwise dispose of all or substantially all of its assets or change its legal structure, without in each case first obtaining the Deal Agent's consent;

(iv) fail to preserve its existence as an entity duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization or formation, or without the prior written consent of the Deal Agent, amend, modify, terminate, fail to comply with the provisions of its Certificate of Incorporation, or fail to observe corporate formalities;

(v) own any subsidiary or make any investment in any Person without the consent of the Deal Agent;

(vi) commingle its assets or funds with the assets or funds of any of its Affiliates, or of any other Person, except for (A) Dealer Collections, (B) erroneous deposits or (C) prior to the identification and separation of such funds or assets by the Servicer in accordance with the Servicer's normal and customary business practices;

(vii) incur any debt, secured or unsecured, direct or contingent (including guaranteeing any obligation), other than (A) indebtedness to the Lender hereunder or in conjunction with a repayment of Aggregate Unpaid owed to the Lender and (B) trade payables in the ordinary course of its business and in an amount not to exceed \$12,300 at any one time outstanding, provided that such debt is not evidenced by a note and is paid when due;

(viii) become insolvent or fail to pay its debts and liabilities from its assets as the same shall become due;

(ix) fail to maintain its records, books of account and bank accounts separate and apart from those of its principal and Affiliates, and any other Person;

- (x) enter into any contract or agreement with any of its principals or Affiliates or any other Person, except upon terms and conditions that are commercially reasonable and intrinsically fair and substantially similar to those that would be available on an arms-length basis with third parties other than any principal or Affiliates;
- (xi) seek its dissolution or winding up in whole or in part;
- (xii) fail to correct any known misunderstandings regarding the separate identity of Borrower or Affiliate thereof or any other Person;
- (xiii) guarantee, become obligated for, or hold itself out to be responsible for the debt of another Person;
- (xiv) make any loan or advances to any third party, including Affiliate, or hold evidence of indebtedness issued by any other Person (other than cash and investment-grade securities);
- (xv) fail either to hold itself out to the public as a legal entity separate and distinct from any other Person or to conduct its business solely in its own name in order not (A) to mislead others as to the identity with which such other party is transacting business, or (B) to suggest that it is responsible for the debts of any third party (including any of its Affiliates);
- (xvi) fail to maintain adequate capital for the normal obligations reasonably foreseeable in a business of its size and character and in light of its contemplated business operations;
- (xvii) file or consent to the filing or any petition, either voluntary or involuntary, to take advantage of any applicable insolvency, bankruptcy, liquidation or reorganization statute, or make an assignment for the benefit of creditors;
- (xviii) share any common logo with or hold itself out as or be considered as a department or division of (A) any of its Affiliates or (B) any other Person;
- (xix) permit any transfer (whether in any one or more transactions) of any direct or indirect ownership interest in the Borrower;
- (xx) fail to maintain separate financial statements, showing its assets and liabilities separate and apart from those of any other Person, or have its assets listed on the financial statement of any other Person except its parent in accordance with GAAP;
- (xxi) fail to pay its own liabilities and expenses only out of its own funds;
- (xxii) fail to pay the salaries of its own employees in light of its contemplated business operations;
- (xxiii) acquire the obligations or securities of its Affiliates or stockholders;

(xxiv) fail to allocate fairly and reasonably any overhead expenses that are shared with an Affiliate, including paying for office space and services performed by any employee of an Affiliate;

(xxv) to the extent it has invoices or checks, fail to use separate invoices or checks bearing its own name;

(xxvi) pledge its assets for the benefit of any other Person, other than with respect to payment of the indebtedness to the Lender hereunder;

(xxvii) fail at any time to have at least two (2) independent directors (each, an "Independent Director") on its board of directors, each of which is a natural person who (A) for the five-year period prior to his or her appointment as Independent Director has not been, and during the continuation of his or her service as Independent Director is not: (i) an employee, director, stockholder, member, manager, partner or officer of the Borrower, Credit Acceptance or any of their respective Affiliates (other than his or her service as an Independent Director thereof); (ii) a supplier of the Borrower, Credit Acceptance or any of their respective Affiliates (other than his or her service as an Independent Director thereof); or (iii) any member of the immediate family of a person described in (i) or (ii), and (B) has, (i) prior experience as an Independent Director for a corporation or limited liability company whose charter documents required the unanimous consent of all Independent Directors thereof before such corporation or limited liability company could consent to the institution of bankruptcy or insolvency proceedings against it or could file a petition seeking relief under any applicable federal or state law relating to bankruptcy and (ii) at least three years of employment experience with one or more entities that provide, in the ordinary course of their respective businesses, advisory, management or placement services to issuers of securitization or structured finance instruments, agreements or securities;

(xxviii) fail to provide that the unanimous consent of all directors (including the consent of the Independent Directors) is required for the Borrower to (A) dissolve or liquidate, in whole or part, or institute proceedings to be adjudicated bankrupt or insolvent, (B) institute or consent to the institution of bankruptcy or insolvency proceedings against it, (C) file a petition seeking or consent to reorganization or relief under any applicable federal or state law relating to bankruptcy or insolvency, (D) seek or consent to the appointment of a receiver, liquidator, assignee, trustee, sequestrator, custodian or any similar official for the Borrower, (E) make any assignment for the benefit of the Borrower's creditors, (F) admit in writing its inability to pay its debts generally as they become due, or (G) take any action in furtherance of any of the foregoing; and

(xxix) take or refrain from taking, as applicable, each of the activities specified in the non-consolidation opinion of Skadden, Arps, Slate, Meagher & Flom LLP, delivered on the Closing Date, upon which the conclusions expressed therein are based.

Section 5.3. Covenant of the Borrower Relating to the Hedging Agreement. At all times until the Collection Date, when any Advances are outstanding hereunder, an Eligible Hedging Agreement shall be in place. In addition, the Borrower hereby covenants and agrees that from the

date of the first Advance occurring after August 15, 2018 through the Commitment Termination Date (as the same may be extended), it shall cause the aggregate notional amount of all Eligible Hedging Transactions to at all times at least equal 75% of the Facility Limit at such time and the notional amount of any Eligible Hedging Transaction shall amortize according to a schedule approved in writing by the Deal Agent.

Section 5.4. Affirmative Covenants of the Servicer. From the date hereof until the Collection Date:

(a) Compliance with Law. The Servicer will comply in all material respects with all Applicable Laws, including those with respect to the Contracts, the Loans and the Dealer Agreements or any part thereof.

(b) Preservation of Existence. The Servicer will preserve and maintain its existence, rights, franchises and privileges in the jurisdiction of its formation, and qualify and remain qualified in good standing as a foreign corporation in each jurisdiction where the failure to preserve and maintain such existence, rights, franchises, privileges and qualification has had, or could reasonably be expected to have, a Material Adverse Effect.

(c) Obligations and Compliance with Loans and Contracts. Credit Acceptance will duly fulfill and comply with all material obligations on the part of the Borrower to be fulfilled or complied with under or in connection with each Loan and each Contract and will do nothing to impair the rights of the Collateral Agent as agent for the Secured Parties or of the Secured Parties in, to and under the Collateral.

(d) Keeping of Records and Books of Account. The Servicer will maintain and implement administrative and operating procedures (including without limitation, an ability to recreate records evidencing the Loans and Contracts in the event of the destruction of the originals thereof), and keep and maintain all documents, books, records and other information reasonably necessary or advisable for the collection of all Loans.

(e) Preservation of Security Interest. Credit Acceptance will file such financing and continuation statements and any other documents that may be required by any law or regulation of any Governmental Authority to preserve and protect fully the security interest of the Collateral Agent as agent for the Secured Parties in, to and under the Collateral. In its capacity as Custodian, it will maintain possession of the Contract Files and Records, as Custodian for the Secured Parties, as set forth in Section 6.2(c).

(f) Credit Guidelines and Collection Guidelines.

(i) The Servicer will comply in all material respects with the Credit Guidelines and Collection Guidelines in regard to each Loan and Contract.

(ii) Credit Acceptance will not agree to or otherwise permit to occur any change in the Collection Guidelines, which change would materially impair the collectibility of any Loan or Contract or otherwise materially adversely affect the interests or remedies

of the Deal Agent, the Collateral Agent or the other Secured Parties under this Agreement or any other Transaction Document, without the prior written consent of the Deal Agent, which consent shall not be unreasonably withheld or delayed; provided that no consent shall be required for any such change required in order to comply with Applicable Law.

(iii) The Servicer shall, upon at least thirty (30) days' prior written request therefor, furnish to the Deal Agent the Credit Guidelines and Collection Guidelines in effect at such time.

(g) Amortization Events, Servicer Termination Events and Termination Events. The Servicer will furnish to the Deal Agent, as soon as possible and in any event within two (2) Business Days after the occurrence of each Amortization Event, each Termination Event, each Unmatured Termination Event, each Servicer Termination Event and Potential Servicer Termination Event, a written statement of the chief financial officer or treasurer (or if the Backup Servicer has become the Servicer, only to the extent a Responsible Officer has actual knowledge of such event) of the Servicer setting forth the details of such event and the action that the Servicer purposes to take with respect thereto.

(h) Other. The Servicer will furnish to the Deal Agent or the Collateral Agent, as applicable, promptly, from time to time, such other information, documents, records or reports respecting the Collateral or the condition or operations, financial or otherwise, of Borrower or the Servicer as the Deal Agent or the Collateral Agent may from time to time reasonably request in connection with the interests of the Collateral Agent or the Secured Parties under or as contemplated by this Agreement and the other Transaction Documents.

(i) Losses, Etc. In any suit, proceeding or action brought by the Deal Agent, the Collateral Agent or any Secured Party for any sum owing thereto, the Servicer shall save, indemnify and keep the Deal Agent, the Collateral Agent and the Secured Parties harmless from and against all expense, loss or damage suffered by reason of any defense, setoff, counterclaim, recoupment or reduction of liability whatsoever of the Obligor under a Loan or Contract, arising out of a breach by Credit Acceptance of any obligation under the related Loan or Contract or arising out of any other agreement, indebtedness or liability at any time owing to or in favor of such Obligor or its successor from Credit Acceptance, and all such obligations of Credit Acceptance shall be and remain enforceable against and only against Credit Acceptance and shall not be enforceable against the Deal Agent, the Collateral Agent or any Secured Party.

(j) Notice of Liens. Credit Acceptance shall advise the Collateral Agent and the Deal Agent promptly, in reasonable detail of: (i) any Lien asserted or claim made against any portion of the Collateral; (ii) the occurrence of any breach by Credit Acceptance of any of its representations, warranties and covenants contained herein or in any other Transaction Document; and (iii) the occurrence of any other event which has had or could be reasonably expected to have a Material Adverse Effect.

(k) Realization on Loans or Contracts. In the event that the Servicer realizes upon any Loan or Contract, the methods utilized by the Servicer to realize upon such Loan or Contract or otherwise enforce any provisions of such Loan or Contract will not subject the Servicer,

the Borrower, any Secured Party, the Deal Agent or the Collateral Agent to liability under any federal, state or local law, and such enforcement by the Servicer will be conducted in all material respects in accordance with the provisions of the Credit Guidelines (not in the case of SST if SST is Successor Servicer), the Collection Guidelines, Applicable Law and, in the case of Credit Acceptance, this Agreement, and in the case of the Backup Servicer if it has become the Servicer, the Backup Servicing Agreement.

(l) Backup Servicing Agreement. The Servicer shall provide the Backup Servicer with all information, data and reports as required by the terms of the Backup Servicing Agreement.

(m) Change in Debt Rating. Within five (5) days after the date of any change in the Borrower's or Credit Acceptance's public or private debt ratings, if any, a written certification of the Borrower's or Credit Acceptance's public and private debt ratings after giving effect to any such change.

(n) Monthly Reports. Not later than the Determination Date preceding each Payment Date, the Servicer will furnish to the Deal Agent and the Backup Servicer a Monthly Report relating to the immediately preceding Collection Period.

(o) Compliance with OFAC/AML Laws.

(i) The Servicer shall provide the Lender, the Deal Agent and the Collateral Agent, at the reasonable request of the Deal Agent, with any information regarding the Servicer, its Affiliates, and its Subsidiaries (if any) necessary for the Lender, the Deal Agent and the Collateral Agent to comply with all applicable OFAC/AML Laws; subject however, in the case of Affiliates, to the Servicer's ability to provide such information applicable to them, and provided that the Servicer and its Affiliates are not prohibited from providing such information by the Applicable Law.

(ii) If the Servicer obtains actual knowledge or receives any written notice that an OFAC Event has occurred, the Servicer shall promptly give written notice to the Lender, the Deal Agent and the Collateral Agent of such OFAC Event.

Section 5.5. Negative Covenants of the Servicer. From the date hereof until the Collection Date.

(a) Mergers, Acquisition, Sales, etc. Credit Acceptance will not consolidate with or merge into any other Person or convey or transfer its properties and assets substantially as an entirety to any Person, unless Credit Acceptance is the surviving entity and unless:

(i) Either (A) each Person merged into Credit Acceptance was a wholly-owned subsidiary of Credit Acceptance at all times after the date hereof and prior to the merger, or (B) Credit Acceptance has delivered to the Deal Agent and the Backup Servicer an Officer's Certificate and an Opinion of Counsel each stating that any consolidation, merger, conveyance or transfer and such supplemental agreement comply with this Section

5.5 and that all conditions precedent herein provided for relating to such transaction have been complied with and, in the case of the Opinion of Counsel, that such supplemental agreement is legal, valid and binding with respect to Credit Acceptance and such other matters as the Deal Agent may reasonably request;

(ii) Credit Acceptance shall have delivered notice of such consolidation, merger, conveyance or transfer to the Deal Agent;

(iii) after giving effect thereto, no Termination Event, Unmatured Termination Event or Servicer Termination Event or event that with notice or lapse of time, or both, would constitute a Servicer Termination Event shall have occurred.

(b) Change of Name or Location; Change of Location of Records. Credit Acceptance shall not (x) change its name or its state of organization, (y) move the location of its principal place of business or chief executive office or the offices where it keeps records concerning the Loans from the location referred to in Sections 4.2 and 14.2 or (z) move, or consent to the Custodian moving, the Records from the location thereof on the Closing Date, unless Credit Acceptance has given at least thirty (30) days' written notice to the Deal Agent and has taken all actions required under the UCC of each relevant jurisdiction in order to continue the first priority perfected security interest of the Collateral Agent as agent for the Secured Parties in the Collateral; provided, that, Credit Acceptance may temporarily (or permanently, solely in the case of a Contract that is repurchased, liquidated or paid in full) move or transfer individual Contract Files or Records, or any portion thereof without notice in accordance with Section 6.2(c)(iii).

(c) Change in Payment Instructions to Obligors. The Servicer will not make any change in its instructions to Obligors regarding where payments in respect of Contracts are to be made, unless the Deal Agent has consented to such change and has received duly executed documentation related thereto.

(d) [Reserved].

(e) No Instruments. The Servicer shall take no action to cause any Loan to be evidenced by any instrument (as defined in the UCC as in effect in the relevant UCC) except for instruments obtained with respect to defaulted Loans.

(f) No Liens. The Servicer shall not sell, pledge, assign or transfer to any other Person, or grant, create, incur, assume or suffer to exist any Lien (other than the Lien described in Section 4.2(a)(iii)) on the Collateral or any interest therein; the Servicer will notify the Collateral Agent and the Deal Agent of the existence of any Lien on any portion of the Collateral immediately upon discovery thereof. Credit Acceptance shall defend the right, title and interest of the Collateral Agent on behalf of the Secured Parties in, to and under the Collateral against all claims of third parties claiming through or under Credit Acceptance.

(g) Information. The Servicer shall, within five (5) Business Days of its receipt thereof, respond to reasonable written directions or written requests for information that the Backup

Servicer, the Borrower, the Deal Agent or the Collateral Agent might have with respect to the administration of the Loans.

(h) Consent. The Servicer will promptly advise the Borrower, the Backup Servicer, the Deal Agent and the Collateral Agent of any inquiry received from an Obligor which requires the consent of the Borrower, the Deal Agent or the Collateral Agent.

(i) Credit Guidelines and Collection Guidelines. The Servicer will not amend, modify, restate or replace, in whole or in part, the Credit Guidelines (other than in the case of SST if SST is Successor Servicer) or the Collection Guidelines, which change would materially impair the collectibility of any Loan or Contract or otherwise materially adversely affect the interests or the remedies of the Deal Agent, Collateral Agent or the other Secured Parties under this Agreement or any other Transaction Document, without the prior written consent of the Deal Agent, which consent shall not be unreasonably withheld or delayed; provided that no consent shall be required for any such change required in order to comply with Applicable Law.

(j) Electronic Contracts. Credit Acceptance will not transfer to the Borrower any Purchased Loan Contract constituting electronic chattel paper or any Dealer Loan secured by a Dealer Loan Contract constituting electronic chattel paper, in either case, unless and until all of the following conditions precedent have been satisfied: (i) Credit Acceptance shall have delivered to the Deal Agent at least 10 days prior written notice of first such transfer, (ii) prior to the first such transfer, Credit Acceptance shall have delivered or caused to be delivered to the Collateral Agent, the Deal Agent and the Lender an Opinion of Counsel in form and substance acceptable to the Deal Agent in its sole discretion (which may be a reasoned opinion as to what a court would hold) substantially to the effect that, assuming specific procedures are followed by Credit Acceptance, Credit Acceptance's security interest (as defined in the UCC) in the Contracts constituting electronic chattel paper will be perfected by "control" and (iii) Credit Acceptance shall have "control" of such electronic chattel paper within the meaning of Section 9-105 of the UCC.

Section 5.6. Negative Covenants of the Backup Servicer. From the date hereof until the Collection Date.

(a) No Changes in Backup Servicer Fee. The Backup Servicer will not make any changes to the Backup Servicer Fee without the prior written approval of the Deal Agent.

ARTICLE VI ADMINISTRATION AND SERVICING OF CONTRACTS

Section 6.1. Servicing.

(a) The Borrower, the Deal Agent and the Collateral Agent hereby revocably appoint Credit Acceptance as servicer hereunder and Credit Acceptance hereby accepts such appointment and agrees to manage, collect and administer each of the Loans and Contracts as Servicer. In the event of a Servicer Termination Event, the Deal Agent shall have the right to terminate Credit Acceptance as servicer hereunder. Upon termination of Credit Acceptance as servicer of the Loans pursuant to Section 6.11 hereof, the Deal Agent shall have the right to appoint

a Successor Servicer and enter into a servicing agreement with such Successor Servicer at such time and exercise all of its rights under Section 6.3 hereof. Such servicing agreement shall specify the duties and obligations of such Successor Servicer, and all references herein to the Servicer shall be deemed to refer to such Successor Servicer.

(b) The Borrower shall cause the Servicer to deposit all Collections to the Collection Account no later than two Business Days after receipt (if SST is Successor Servicer, within one (1) Business Day with respect to cleared funds, and in all other cases within three (3) Business Days of receipt). The Servicer agrees to deposit all Collections to the Collection Account no later than two (2) Business Days after receipt (if SST is Successor Servicer, within one (1) Business Day with respect to cleared funds, and in all other cases within three (3) Business Days of receipt).

(c) On or before 120 days after the end of each fiscal year of Credit Acceptance, beginning with the fiscal year ending December 31, 2014, Credit Acceptance shall cause a firm of nationally recognized independent public accountants acceptable to the Deal Agent (who may also render other services to Credit Acceptance or the Borrower) to furnish a report to the Collateral Agent, the Deal Agent and the Secured Parties to the effect that they have (i) compared the information contained in the Monthly Reports delivered during such fiscal year, based on a sample size provided by the Collateral Agent, with the information contained in the Loans, the Contracts and Credit Acceptance's records and computer systems for such period, and that, on the basis of such agreed upon procedures, such firm is of the opinion that the information contained in the Monthly Reports reconciles with the information contained in the Loans and the Contracts and Credit Acceptance's records and computer system and that the servicing of the Loans and the Contracts has been conducted in compliance with this Agreement and (ii) verified the Aggregate Outstanding Eligible Loan Balance as of the end of each Collection Period during such fiscal year, except, in each case for (A) such exceptions as such firm shall believe to be immaterial (which exceptions need not be enumerated) and (B) such other exceptions as shall be set forth in such statement.

Section 6.2. Duties of the Servicer and Custodian.

(a) The Servicer shall take or cause to be taken all such action as may be necessary or advisable to collect all amounts due under the Loans and Contracts from time to time, all in material accordance with applicable laws, rules and regulations, with reasonable care and diligence, and in material accordance with the Collection Guidelines and Credit Guidelines, it being understood that there shall be no recourse to the Servicer (in its capacity as such) with regard to the Loans and Contracts except as otherwise provided herein and in the other Transaction Documents. In performing its duties as Servicer, the Servicer shall use the same degree of care and attention it employs with respect to similar contracts and loans which it services for itself or others. Each of the Borrower, the Deal Agent, the Collateral Agent and the Secured Parties hereby appoints as its agent the Servicer, from time to time designated pursuant to Section 6.1 hereof, to enforce its respective rights and interests in and under the Collateral. If the Servicer shall commence a legal proceeding to enforce a Loan or a Contract (for purposes of collection or otherwise), or if in any enforcement or other legal proceeding it shall be held that the Servicer may not enforce a Loan or

a Contract, on the grounds that it shall not be a real party in interest or a holder entitled to enforce the Loan or Contract or on similar grounds, the Collateral Agent shall thereupon be deemed to have automatically assigned to the Servicer, solely for the purpose of enforcement, such a Loan or Contract. Without limiting the foregoing, the Collateral Agent (and Lender, if applicable) shall furnish the Servicer with any reasonably necessary and appropriate affidavit prepared by the Servicer that the Servicer may use in any such legal proceedings confirming the Servicer's power and authority to sue and otherwise enforce the Loans and Contracts in its own name, consistent with this Section 6.2, and any powers of attorney, declarations or other documents prepared by the Servicer reasonably necessary or appropriate to enable the Servicer to carry out its servicing and administrative duties hereunder. The Servicer shall hold in trust for the Secured Parties all Records and any amounts it receives in respect of the Collateral. In the event that a Successor Servicer is appointed, the outgoing Servicer shall deliver to the Successor Servicer and the Successor Servicer shall hold in trust for the Borrower and the Secured Parties all records which evidence or relate to all or any part of the Collateral.

(b) The Servicer, if other than Credit Acceptance, shall as soon as practicable upon demand, deliver to the Borrower all records in its possession which evidence or relate to indebtedness of an Obligor which is not a Loan or a Contract.

(c) (i) The Borrower, Deal Agent and Collateral Agent hereby revocably appoint Credit Acceptance as custodian (or if there has been a Successor Servicer appointed hereunder then such Successor Servicer shall act as custodian), and Credit Acceptance (or the Successor Servicer, if applicable) hereby accepts such appointment, to hold and maintain physical possession of the Contract Files and all Records (or with respect to any Contract constituting electronic chattel paper, to maintain "control" (for UCC purposes) of the Authoritative Electronic Copy thereof) (in such capacity together with its successors in such capacity, the "Custodian"). The Contract Files and Records are to be delivered to the Custodian or its designated bailee by or on behalf of the Borrower, the Deal Agent and Collateral Agent within two (2) Business Days preceding the Funding Date or within 2 Business Days after each Addition Date, as the case may be, with respect to each Loan acquired on the Funding Date or Addition Date.

(ii) The Custodian shall within 180 days after the Closing Date or Funding Date, as applicable, review 100% of the Contract Files to verify the presence of the original retail installment contract and security agreement and/or installment loans with respect to each Contract, provided, however, that the Certificate of Title or other evidence of lien with respect to a Contract need not be verified. If the number of Contracts for which any of the foregoing documents have not been delivered to the Custodian within 180 days of the Closing Date or relevant Funding Date, as the case may be, or corrected (each such Contract, a "Nonconforming Contract"), exceeds 2% of the aggregate number of Contract Files required to be reviewed pursuant to this Section 6.2(c)(ii), the Borrower shall make a deposit to the Reserve Account only with respect to the excess number of Nonconforming Contracts, in an amount equal to the related Nonconforming Contract Payment Amount. Once per month, the amount on deposit in the Reserve Account in respect of Nonconforming Contracts shall be adjusted to account for increases or decreases in the excess number of Nonconforming Contracts and for changes in the Outstanding Balance of such Nonconforming Contracts.

The Borrower shall, in the case of an increase, promptly deposit to the Reserve Account the amount of any such increase. In the case of a decrease, the amount of any such decrease shall be deemed to be part of the Excess Reserve Amount. During the Revolving Period, payments required under this Section 6.2(c)(ii) shall not be required if the Capital is equal to or less than the Borrowing Base by the amount of the payment that would otherwise be required to be made by this clause.

(iii) The Custodian agrees to maintain the Contract Files and Records which are delivered to it at the offices of the Custodian as shall from time to time be identified to the Deal Agent by written notice. Subject to the foregoing, Credit Acceptance may temporarily (or permanently, solely in the case of a Contract that is repurchased, liquidated or paid in full) move or transfer to an agent of the Servicer individual Contract Files or Records, or any portion thereof without notice as necessary to allow the Servicer to conduct collection and other servicing activities in accordance with its customary practices and procedures.

(iv) The Custodian shall have the following powers and perform the following duties:

(A) hold the Contract Files and Records for the benefit of the Secured Parties and maintain a current inventory thereof; and

(B) carry out such policies and procedures in accordance with its customary actions with respect to the handling and custody of the Contract Files and Records so that the integrity and physical possession of the Contract Files and Records (or with respect to any Contract constituting electronic chattel paper, the integrity and “control” (for UCC purposes) of the Authoritative Electronic Copy thereof) will be maintained.

In performing its duties as custodian, the Custodian agrees to act with reasonable care, using that degree of skill and care that it exercises with respect to similar Contracts or Loans owned or held by it for its own account or for any other Person.

(v) Credit Acceptance shall have the obligation (i) to physically segregate the Contract Files (to the extent held in physical form) from the other custodial files it is holding for its own account or on behalf of any other Person, (ii) to physically mark the Contract folders (to the extent held in physical form) to demonstrate the transfer of Contract Files and the Collateral Agent’s security interest hereunder, (iii) mark its computer records indicating the transfer of any Contract Files relating to Contracts constituting electronic chattel paper and the Collateral Agent’s security interest hereunder and (iv) with respect to each Contract constituting electronic chattel paper, cause the single “authoritative copy” (within the meaning of Section 9-105 of the UCC) to be communicated to and maintained at all times by Credit Acceptance such that the “authoritative copy” constitutes an Authoritative Electronic Copy at all times.

(d) (i) If (A) an Unsatisfactory Audit occurs or (B) a Termination Event, Unmatured Termination Event, Servicer Termination Event or a Potential Servicer Termination Event occurs, the Deal Agent shall have the right to terminate Credit Acceptance as the Custodian hereunder and the Deal Agent shall have the right to appoint a successor Custodian hereunder who shall assume all the rights and obligations of the “Custodian” hereunder. On the effective date of the termination of Credit Acceptance as Servicer, Credit Acceptance shall be released of all of its obligations as Custodian arising on or after such date. The Contract Files and Records shall be delivered by Credit Acceptance to the successor Custodian, on or before the date which is two (2) Business Days prior to such date.

(ii) Upon the occurrence of a Servicer Termination Event, Potential Servicer Termination Event, Termination Event or Unmatured Termination Event, the Servicer and the Borrower shall, at the request of the Deal Agent, in the Deal Agent’s sole discretion, take all steps necessary to cause the Certificate of Title or other evidence of ownership of each Financed Vehicle to be revised to name the Collateral Agent on behalf of the Secured Parties as lienholder. Any costs associated with such revision of the Certificate of Title shall be paid by Credit Acceptance, and to the extent such costs are not paid by Credit Acceptance such unpaid costs shall be recovered as Servicer Expenses as described in Section 2.7 hereof. In no event shall the Collateral Agent be required to expend funds in connection with this Section 6.2(d).

(iii) The Custodian shall provide to the Deal Agent access to the Contract Files and Records and all other documentation regarding the Contracts, Dealer Agreement and the Loans and the related Financed Vehicles in such cases where the Collateral Agent is required in connection with the enforcement of the rights or interests of the Secured Parties, or by applicable statutes or regulations to review such documentation, such access being afforded without charge.

(e) From time to time during normal business hours, at the expense of the Servicer (provided that the Deal Agent may review the Successor Servicer’s collection and administration of the Loans, Dealer Agreements and Contracts two times per calendar year, at the expense of the party requesting such review, with prior written notice and without undue disruption of the Successor Servicer’s business before the occurrence of a Servicer Termination Event at a time after the Assumption Date, and the Deal Agent and may conduct such review, with prior written notice but otherwise without limitation, at the Successor Servicer’s expense if the Servicer Termination Event is due to the actions of the current Successor Servicer and otherwise at the expense of the party requesting such review, after the occurrence of a Servicer Termination Event at a time after the Assumption Date) (but at the Servicer’s expense not more than twice during any calendar year), the Deal Agent and may review the Servicer’s collection and administration of the Loans, Dealer Agreements and Contracts in order to assess compliance by the Servicer with the Servicer’s written policies and procedures, as well as with this Agreement and at the Servicer’s (provided that the Deal Agent and may review the Successor Servicer’s collection and administration of the Loans, Dealer Agreements and Contracts two times per calendar year, at the expense of the party requesting such review, with prior written notice and without undue disruption of the Successor Servicer’s business before the occurrence of a Servicer Termination Event at a time after the Assumption Date,

and the Deal Agent may conduct such review, with prior written notice but otherwise without limitation, at the Successor Servicer's expense if the Servicer Termination Event is due to the actions of the current Successor Servicer and otherwise at the expense of the party requesting such review, after the occurrence of a Servicer Termination Event at a time after the Assumption Date) expense may conduct an audit (but not more than two such audits during any calendar year except as described in the next sentence) of the Loans, Dealer Agreements and Contracts and Contract Files in conjunction with such a review. On and after the occurrence of a Termination Event or Servicer Termination Event, the Deal Agent may conduct such reviews and audits without limitation, at the Servicer's expense.

Section 6.3. Rights After Designation of Successor Servicer. At any time following the designation of a Successor Servicer pursuant to Section 6.12(a):

(i) The Collateral Agent may intercept payments made by or on behalf of Obligors and direct that payment of all amounts payable under any Loan or Contract be made directly to the Collateral Agent or its designee; provided, that the Collateral Agent shall pay to any Dealer, to the extent to which such Dealer is entitled, all related Dealer Collections.

(ii) The Borrower shall, at the Collateral Agent's request and at the Borrower's expense, give notice of the Collateral Agent's interest in the Loans and Contracts to each Obligor and direct that payments be made directly to the Collateral Agent or its designee.

(iii) The Borrower and Credit Acceptance shall, at the Collateral Agent's request, (A) assemble all of the records relating to the Collateral, including all Records with respect to the Loans and Contracts, and shall make the same available to the Collateral Agent at a place selected by the Collateral Agent or its designee, and (B) segregate all cash, checks and other instruments received by it from time to time constituting collections of Collateral in a manner acceptable to the Collateral Agent and shall, promptly upon receipt but in any event within two (2) Business Days, remit all such cash, checks and instruments, duly endorsed or with duly executed instruments of transfer, to the Collateral Agent or its designee.

(iv) The Borrower and Credit Acceptance hereby authorize the Collateral Agent to take any and all steps in the Borrower's or the Servicer's name and on behalf of the Borrower and the Servicer necessary or desirable, in the determination of the Collateral Agent, to collect all amounts due under any and all of the Collateral with respect thereto, including, without limitation, endorsing the Borrower's name on checks and other instruments representing Collections and enforcing the Loans and Contracts.

Section 6.4. Responsibilities of the Borrower. Anything herein to the contrary notwithstanding, the Borrower shall (i) perform all of its obligations under the Loans and Contracts to the same extent as if a security interest in such Loans and Contracts had not been granted hereunder and the exercise by the Collateral Agent of its rights hereunder shall not relieve the Borrower from such obligations and (ii) pay when due any taxes, including without limitation, any sales taxes payable in connection with the Loans or Contracts and their creation and satisfaction. Neither the

Collateral Agent, the Deal Agent nor any Secured Party shall have any obligation or liability with respect to any Loan, nor shall any of them be obligated to perform any of the obligations of the Borrower thereunder.

Section 6.5. Reports.

(a) Monthly Report. On each Determination Date, the Servicer shall deliver to the Deal Agent, the Backup Servicer and the Collateral Agent a report in substantially the form of Exhibit C attached hereto (the "Monthly Report") for the related Collection Period (provided that, if SST is Successor Servicer, SST shall only be responsible to the extent it has received sufficient assistance from the Borrower). The Deal Agent shall provide to the Borrower, the Servicer and the Backup Servicer by the third Business Day prior to each Payment Date, information relating to the amount of each obligation which comprises Carrying Costs, Increased Costs, Indemnified Amounts and Additional Amounts for such Collection Period. The Monthly Report shall specify whether an Amortization Event, Servicer Termination Event, Potential Servicer Termination Event, Termination Event or Unmatured Termination Event has occurred with respect to the Collection Period preceding such Determination Date. Upon receipt of the Monthly Report, the Deal Agent and the Collateral Agent shall rely (and shall be fully protected in so relying) on the information contained therein for the purposes of making distributions and allocations as provided for herein. Each Monthly Report shall be certified by a Responsible Officer of the Servicer.

(b) Credit Agreement. Credit Acceptance shall deliver to the Deal Agent all reports or certificates required to be delivered under Section 7.3 of the Credit Agreement at the times set forth therein.

(c) Financial Statements. In the event the initial Servicer is no longer subject to the periodic and current reporting requirements of Section 13 or 15(d) of the United States Securities Exchange Act of 1934, as amended, or is not current as to such reporting requirements, Credit Acceptance will submit to the Deal Agent, the Collateral Agent and the Backup Servicer, within 60 days of the end of each of its fiscal quarters, commencing September 30, 2014 unaudited consolidated financial statements as of the end of each such fiscal quarter. Credit Acceptance will submit to the Deal Agent and the Collateral Agent, within 120 days of the end of each of its fiscal years, commencing with the fiscal year ending December 31, 2014 audited consolidated financial statements as of the end of each such fiscal year. Credit Acceptance will submit to the Deal Agent, the Collateral Agent and the Backup Servicer an analysis of the static pool performance of Credit Acceptance for each fiscal quarter within 60 days of the end of such fiscal quarter.

(d) Annual Statement as to Compliance. The Servicer will provide to the Deal Agent and the Collateral Agent, within 120 days following the end of each fiscal year of the Servicer, commencing with the fiscal year ending on December 31, 2014, an annual report signed by a Responsible Officer of the Servicer certifying that (a) a review of the activities of the Servicer, and the Servicer's performance pursuant to this Agreement, for the period ending on the last day of such fiscal year has been made under such Person's supervision and (b) the Servicer has performed or has caused to be performed in all material respects all of its obligations under this Agreement throughout such year (or in the case of a Successor Servicer which has been Servicer for less than one year, for so long as such Successor Servicer has been Servicer) and no Servicer Termination

Event or potential Servicer Termination Event has occurred and is continuing (or if a Servicer Termination Event has so occurred and is continuing, specifying each such event, the nature and status thereof and the steps necessary to remedy such event, and, if a Servicer Termination Event or potential Servicer Termination Event occurred during such year and no notice thereof has been given to the Deal Agent and the Collateral Agent, specifying such Servicer Termination Event or potential Servicer Termination Event and the steps taken to remedy such event) (it being understood and agreed that the provision of any such notice shall in no event constitute or be deemed to constitute a waiver thereof for any purpose of this Agreement or any other Transaction Document).

(e) Forecasted Collections. On the last day of each fiscal quarter of the Borrower, Credit Acceptance will submit to the Deal Agent a report setting forth the Forecasted Collections as of the most recent month end in respect of all Loans which are part of the Collateral, if no Forecasted Collections was otherwise submitted to the Deal Agent during such fiscal quarter.

Section 6.6. Additional Representations and Warranties of Credit Acceptance as Servicer. Credit Acceptance, in its capacity as Servicer, represents and warrants to the Collateral Agent, the Deal Agent and the Backup Servicer as of the Closing Date, the Effective Date and each day thereafter until the Collection Date, that the only material servicing computer systems and related software utilized by Credit Acceptance to service the Loans and Contracts are: (i) provided by Ontario Systems Corporation under an existing licensing agreement and related resource agreement, each of which may be amended from time to time, and (ii) the “loan servicing system” software developed by Credit Acceptance, which is owned by Credit Acceptance. Should Credit Acceptance or any of its Affiliates develop or implement computer software for servicing that is owned by or exclusively licensed to Credit Acceptance or an Affiliate and utilize such software in the servicing of the Loans and Contracts, the Collateral Agent shall be entitled to compel a license or sublicense for the benefit of the Collateral Agent or its designee of any such rights to the extent the Collateral Agent deems reasonably necessary and appropriate to assure that it or a duly appointed Successor Servicer would be able to continue to service the Loans and Contracts should that be required in accordance with the terms hereof.

Section 6.7. Establishment of the Accounts.

(a) Establishment of the Collection Account and Reserve Account. The initial Servicer shall cause to be established, on or before the Closing Date, and maintained in the name of the Collateral Agent as agent for the Secured Parties (and at the expense of the Borrower), with an office or branch of a depository institution or trust company acceptable to the Deal Agent (i) an account entitled “Collection Account for Fifth Third, as agent for the Secured Parties” (the “Collection Account”) and (ii) an account entitled “Reserve Account for Fifth Third” as agent for the Secured Parties (the “Reserve Account”), in each case, over which the Collateral Agent as agent for the Secured Parties shall have sole dominion and control and from which neither the Originator, the Servicer nor the Borrower shall have any right of withdrawal; ~~provided, however,~~ that at all times such depository institution or trust company shall be a depository institution organized under the laws of the United States of America or any one of the States thereof or the District of Columbia (or any domestic branch of a foreign bank), (i) (A) that has either (1) a long-term unsecured debt rating of AA- or better by S&P and Aa3 or better by Moody’s or (2) a short-term unsecured debt

rating or certificate of deposit rating of A-1 or better by S&P or P-1 or better by Moody's, (B) the parent corporation which has either (1) a long-term unsecured debt rating of AA- or better by S&P and Aa3 or better by Moody's or (2) a short-term unsecured debt rating or certificate of deposit rating of A-1 or better by S&P and P-1 or better by Moody's or (C) is otherwise acceptable to the Deal Agent (it being understood that for purposes of this Section 6.7(a)(i)(C) Fifth Third shall always be a depository institution acceptable to the Deal Agent) and (ii) whose deposits are insured by the Federal Deposit Insurance Corporation (any such depository institution or trust company, a "Qualified Institution").

(b) Adjustments. If (i) the Servicer makes a deposit into the Collection Account in respect of a Collection of a Loan and such Collection was received by the Servicer in the form of a check or other form of payment that is not honored for any reason or (ii) the Servicer makes a mistake with respect to the amount of any Collection and deposits an amount that is less than or more than the actual amount of such Collection, the Servicer shall appropriately adjust the amount subsequently deposited into the Collection Account to reflect such dishonored check or mistake. Any payment in respect of which a dishonored check or other form of payment is received shall be deemed not to have been paid.

(c) Permitted Investments. Funds on deposit in the Collection Account and the Reserve Account shall be invested in Permitted Investments by or at the written direction of the Borrower, provided that if a Termination Event or Unmatured Termination Event shall have occurred, such investments shall be made as directed by the Collateral Agent. Any such written directions shall specify the particular investment to be made and shall certify that such investment is an Permitted Investment and is permitted to be made under this Agreement. Funds on deposit in the Collection Account and the Reserve Account shall be invested in Permitted Investments that will mature so that such funds will be available no later than the Business Day prior to the next Payment Date, except that in the case of funds representing Collections with respect to a succeeding Collection Period, such Permitted Investments may mature so that such funds will be available no later than the Business Day prior to the Payment Date for such Collection Period. No Permitted Investment may be liquidated or disposed of prior to its maturity. All proceeds of any Permitted Investment shall be deposited in the Collection Account or the Reserve Account, as applicable. Investments may be made in either account on any date (provided such investments mature in accordance herewith), only after giving effect to deposits to and withdrawals from such account on such date. Realized losses, if any, on amounts invested in Permitted Investments shall be charged against investment earnings on amounts on deposit in the Collection Account or the Reserve Account, as applicable.

Section 6.8. Payment of Certain Expenses by Servicer. Credit Acceptance will be required to pay all expenses incurred by it in connection with its activities under this Agreement, including fees and disbursements of independent accountants, Taxes imposed on Credit Acceptance, expenses incurred in connection with payments and reports pursuant to this Agreement, and all other fees and expenses not expressly stated under this Agreement for the account of the Borrower. The Borrower will be required to pay all reasonable fees and expenses owing to any bank or trust company in connection with the maintenance of the Collection Account, the Reserve Account and the Credit

Acceptance Payment Account. Credit Acceptance shall be required to pay such expenses for its own account and shall not be entitled to any payment therefor other than the Servicing Fee.

Section 6.9. Annual Independent Public Accountant's Servicing Reports. Credit Acceptance will cause a firm of nationally recognized independent public accountants (who may also render other services to Credit Acceptance) to furnish to the Deal Agent, within 120 days following the end of each fiscal year of Credit Acceptance, commencing with the fiscal year ending on December 31, 2014: (i) a report relating to such fiscal year to the effect that (A) such firm has reviewed certain documents and records relating to the servicing of the Loans and Contracts included in the Collateral, and (B) based on such examination, such firm is of the opinion that the Monthly Reports for such year were prepared in compliance with this Agreement, except for such exceptions as it believes to be immaterial and (ii) a report covering such fiscal year to the effect that such accountants have applied certain agreed-upon procedures, as set forth in Section 6.1(c) (which procedures shall have been approved by the Deal Agent) to certain documents and records relating to the Loans under any Transaction Document, compared the information contained in the Monthly Reports delivered during the period covered by such report with such documents and records and that no matters came to the attention of such accountants that caused them to believe that such servicing was not conducted in compliance with Article VI of this Agreement, except for such exceptions as such accountants shall believe to be immaterial.

Section 6.10. The Servicer Not to Resign. The Servicer shall not resign from the obligations and duties hereby imposed on it hereunder except upon the Servicer's determination that (i) the performance of its duties hereunder is or becomes impermissible under Applicable Law and (ii) there is no reasonable action that the Servicer could take to make the performance of its duties hereunder permissible under Applicable Law. Any such determination permitting the resignation of the Servicer shall be evidenced as to clause (i) above by an Opinion of Counsel to such effect delivered to the Deal Agent, the Collateral Agent and the Backup Servicer. No such resignation shall become effective until a Successor Servicer shall have assumed the responsibilities and obligations of the Servicer in accordance with Section 6.12.

Section 6.11. Servicer Termination Events. If any one of the following events (a "Servicer Termination Event") shall occur and be continuing and remains unremedied for more than thirty (30) days (or such other amount of time as specifically listed below) after knowledge by or written notice to the Servicer:

(a) any failure by the Servicer to make any payment, transfer or deposit as required by this Agreement or any other Transaction Document, other than any such failure resulting from an administrative or technical error of the Servicer in the amount so paid, transferred or deposited; provided that within one (1) Business Day after the Servicer receives notice or becomes aware that, as a result of an administrative or technical error of the Servicer, any amount previously paid, transferred or deposited by the Servicer was less than the amount required to be paid, transferred or deposited by the Servicer, the Servicer pays, transfers or deposits the amount of such shortfall;

(b) any failure by the Servicer (only with respect to Credit Acceptance) to give instructions or notice to the Deal Agent as required by this Agreement or any other Transaction Document, or to deliver any required Monthly Report or other required reports hereunder on or

before the date occurring two (2) Business Days after the date such instruction, notice or report is required to be made or given, as the case may be, under the terms of this Agreement or the relevant Transaction Document;

(c) any failure on the part of the Servicer to duly observe or perform in any material respect any other covenants or agreements of the Servicer set forth in this Agreement or the other Transaction Documents (other than as set forth in clauses (a) or (b) above) to which the Servicer is a party, which continues unremedied for a period of 10 days;

(d) any material representation, warranty or certification made by the Servicer (only with respect to Credit Acceptance) in any Transaction Document or in any certificate delivered pursuant to any Transaction Document shall prove to have been incorrect when made; which continues unremedied for more than thirty (30) days (or a longer period, not in excess of sixty (60) days, as may be reasonably necessary to remedy such default, if the default is capable of remedy within sixty (60) days or less and the Servicer delivers an Officer's Certificate to the Deal Agent to the effect that it has commenced, or will promptly commence and diligently pursue, all reasonable efforts to remedy the default);

(e) an Insolvency Event shall occur with respect to the Servicer;

(f) any delegation of the Servicer's duties that is not permitted by Section 7.1;

(g) any information related to the Collateral reasonably requested by the Deal Agent, the Collateral Agent or the Lender as provided herein is not reasonably provided as requested;

(h) the rendering against the Servicer of one or more final judgments, decrees or orders for the payment of money in excess of United States \$15,000,000 (in the event SST is Successor Servicer, the amount shall be \$10,000,000) in the aggregate, and the continuance of such judgment, decree or order unsatisfied and in effect for any period of more than 60 consecutive days without a stay of execution;

(i) the Servicer shall fail to pay any principal of or premium or interest on any indebtedness in an aggregate outstanding principal amount of \$15,000,000 (in the event SST is Successor Servicer, the amount shall be \$10,000,000) or more ("Material Debt"), when the same becomes due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise) and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to such Material Debt; or any other default under any agreement or instrument relating to any Material Debt or any other event, shall occur and shall continue after the applicable grace period, if any, specified in such agreement or instrument if the effect of such default or event is to accelerate, or to permit the acceleration of, the maturity of such Material Debt; or any such Material Debt shall be declared to be due and payable or required to be prepaid (other than by a regularly scheduled required prepayment) prior to the stated maturity thereof;

(j) any change in the control of Credit Acceptance that takes the form of either a merger or consolidation in which Credit Acceptance is not the surviving entity;

(k) a Material Adverse Effect shall have occurred;

(l) if Credit Acceptance is Servicer, a Termination Event shall have occurred and such Termination Event has not been waived by the Deal Agent; or

(m) the occurrence of the thirtieth (30th) day after the end of the fiscal quarter in which a breach of any covenant set forth in Sections 7.5, 7.6 and 7.7 of the Credit Agreement shall occur unless prior to such date, such breach is cured or waived by the Deal Agent in the Deal Agent's sole discretion

then notwithstanding anything herein to the contrary, so long as any such Servicer Termination Event shall not have been remedied within any applicable cure period prior to the delivery of the Servicer Termination Notice (defined below), the Deal Agent may, at the direction of the Lender, by written notice to the Servicer (with a copy to the Backup Servicer) (a "Servicer Termination Notice"), terminate all of the rights and obligations of the Servicer as Servicer under this Agreement.

Section 6.12. Appointment of Successor Servicer.

(a) On and after the receipt by the Servicer of a Servicer Termination Notice pursuant to Section 6.11 or Section 10.2, the Servicer shall continue to perform all servicing functions under this Agreement until the date specified in the Servicer Termination Notice or otherwise specified by the Deal Agent in writing or, if no such date is specified in such Servicer Termination Notice or otherwise specified by the Deal Agent, until a date mutually agreed upon by the Servicer and the Deal Agent. The Deal Agent may at the time described in the immediately preceding sentence at the direction of the Lender appoint the Backup Servicer by written notice as the Servicer hereunder, and the Backup Servicer shall on such date (which date shall be no less than 30 days after receipt of such written notice) assume all obligations of the Servicer hereunder (except as specifically set forth herein or in the Backup Servicing Agreement), and all authority and power of the Servicer under this Agreement and the other Transaction Documents shall pass to and be vested in the Backup Servicer. In the event that the Deal Agent does not so appoint the Backup Servicer, there is no Backup Servicer or the Backup Servicer is unable to assume such obligations on such date, the Deal Agent shall as promptly as possible appoint a successor servicer (together with the Backup Servicer, if the Backup Servicer has been appointed Servicer hereunder, the "Successor Servicer") who shall be acceptable to the Lender, and such Successor Servicer shall accept its appointment by a written assumption in a form acceptable to the Deal Agent. In the event that a Successor Servicer has not accepted its appointment at the time when the Servicer ceases to act as Servicer, the Deal Agent shall petition a court of competent jurisdiction to appoint any established financial institution having a net worth of not less than United States \$50,000,000 and whose regular business includes the servicing of Loans as the Successor Servicer hereunder.

(b) Upon its assumption as Successor Servicer, the Backup Servicer (except as specifically set forth herein or in the Backup Servicing Agreement and subject to Section 6.12(a)) or any other Successor Servicer, as applicable, shall be the successor in all respects to the Servicer with respect to servicing functions under this Agreement and shall be subject to all the responsibilities, duties and liabilities relating thereto placed on the Servicer by the terms and provisions hereof, and all references in this Agreement and the other Transaction Documents to the

Servicer shall be deemed to refer to the Backup Servicer or the Successor Servicer, as applicable. In no event shall the Backup Servicer be liable for any actions or omissions of any predecessor Servicer.

(c) Subject to Section 6.12(a) and (b) above, all authority and power granted to the Servicer under this Agreement shall automatically cease and terminate upon the later of the Collection Date and the termination of this Agreement and shall pass to and be vested in the Borrower and, without limitation, the Borrower is hereby authorized and empowered to execute and deliver, on behalf of the Servicer, as attorney-in-fact or otherwise, all documents and other instruments, and to do and accomplish all other acts or things necessary or appropriate to effect the purposes of such transfer of servicing rights. The Servicer agrees to cooperate with the Borrower in effecting the termination of the responsibilities and rights of the Servicer to conduct servicing on the Loans and the Contracts.

(d) Within 30 days of receiving notice that the Backup Servicer is required to serve as the Servicer hereunder pursuant to the foregoing provisions of this Section 6.12 the Backup Servicer will begin the transition to its role as Servicer.

Section 6.13. Responsibilities of the Borrower. Anything herein to the contrary notwithstanding, the Borrower shall (i) perform all of its obligations under the Loans to the same extent as if a security interest in such Loans had not been granted hereunder and (ii) pay when due, from funds available to the Borrower under Section 2.7 hereto, any taxes. Neither the Deal Agent, Collateral Agent nor any Secured Party shall have any obligation or liability with respect to any Loan, nor shall any of them be obligated to perform any of the obligations of the Borrower thereunder.

Section 6.14. Segregated Payment Account. Upon the occurrence of a Servicer Termination Event, a Potential Servicer Termination Event or an Unsatisfactory Audit, the Deal Agent shall have the right to require the Borrower and the Servicer (i) to establish a segregated payment trust account in the name of the Collateral Agent for Collections related to the Collateral and (ii) to direct all Obligor to make payments into such account.

Section 6.15 Dealer Collections Repurchase; Replacement of Dealer Loan with Related Purchased Loans. The parties hereto acknowledge the following:

(a) In the ordinary course of its business in managing its serviced portfolio of dealer loans, Credit Acceptance may from time to time agree to enter into agreements (each, a “Dealer Collections Purchase Agreement”) with Dealers, pursuant to which the applicable Dealer agrees to sell and assign to Credit Acceptance all of its rights, interests and entitlement in and to one or more Pools of Dealer Loan Contracts securing one or more Dealer Loans, including such Dealer’s ownership interest in such Dealer Loan Contracts and rights to receive the related Dealer Collections (a “Dealer Collections Purchase”).

(b) Credit Acceptance has assigned all of its rights under any Dealer Collections Purchase Agreements (including, without limitation, any right, title and interest in any Dealer Loan Contract acquired from a Dealer thereunder) to the Borrower pursuant to the Contribution Agreement. Upon the payment by Credit Acceptance to the applicable Dealer under a Dealer

Collections Purchase Agreement of the purchase price thereunder (the “Dealer Collections Purchase Price”), the related Dealer Loans shall be deemed to have been satisfied and, pursuant to the Contribution Agreement, the Dealer Loan Contracts securing such Dealer Loans shall be automatically and immediately transferred by Credit Acceptance to Borrower as Purchased Loan Contracts, and the loans thereunder shall be deemed Purchased Loans for all purposes of this Agreement. For the avoidance of doubt, all Collections on such Purchased Loan Contracts shall be included in Available Funds, and the determination of whether any Purchase Loan so transferred to the Borrower on the date of a Dealer Collections Purchase is an Eligible Purchased Loan shall be made on the date of such Dealer Collections Purchase.

(c) On the date of each Dealer Collections Purchase, Credit Acceptance shall deliver to the Collateral Agent a list identifying (A) all Dealer Loans satisfied as a result of such Dealer Collections Purchase, (B) each Dealer Loan Contract previously securing such Dealer Loans and (C) the Purchased Loans and Purchased Loan Contracts evidencing such Purchased Loans resulting from such Dealer Collections Purchase, in each case, identified by account number, dealer number and pool number, as applicable. Such list shall be deemed to supplement Exhibit A to the Contribution Agreement and Schedule V hereto as of the date of such Dealer Collections Purchase.

ARTICLE VII BACKUP SERVICER

Section 7.1. Designation of the Backup Servicer. The backup servicing role with respect to the Collateral shall be conducted by the Person designated as Backup Servicer under the Backup Servicing Agreement, which shall initially be SST.

Section 7.2. Duties of the Backup Servicer. On or before the Closing Date, and until its removal pursuant to the Backup Servicing Agreement, the Backup Servicer shall perform, on behalf of the Servicer, the Borrower, the Deal Agent, the Collateral Agent and the Secured Parties, the duties and obligations set forth in the Backup Servicing Agreement.

Section 7.3. Backup Servicing Compensation. As compensation for its backup servicing activities hereunder and under the Backup Servicing Agreement, the Backup Servicer shall be entitled to receive the Backup Servicing Fee pursuant to the provisions of Section 2.7(a). The Backup Servicer’s entitlement to receive the Backup Servicing Fee shall cease on the earliest to occur of: (i) it becoming the Successor Servicer; (ii) its removal as Backup Servicer pursuant to the terms of the Backup Servicing Agreement; or (iii) the termination of this Agreement following the Collection Date.

ARTICLE VIII [Reserved]

ARTICLE IX SECURITY INTEREST

Section 9.1. Security Agreement.

(a) The parties hereto intend that this Agreement constitute a security agreement and the transactions effected hereby constitute secured loans by the Lender to the Borrower under Applicable Law.

(b) The Borrower hereby authorizes the Collateral Agent to file one or more financing or continuation statements, and amendments thereto, relating to all or any part of the Collateral and Proceeds thereof without the signature of the Borrower where permitted by law. A photographic or other reproduction of this Agreement or any financing statement covering the Collateral or any part thereof shall be sufficient as a financing statement where permitted by law.

Section 9.2. Release of Lien. At the same time as any Loan by its terms and all amounts in respect thereof has been finally paid in full by the related Obligor and deposited in the Collection Account, the Deal Agent as agent for the Lender will, to the extent requested by the Servicer, release its interest in such Loan and Related Security. The Deal Agent as agent for the Lender will after the deposit by the Servicer of the such payment into the Collection Account, at the sole expense of Credit Acceptance, execute and deliver to the Servicer any assignments, termination statements and any other releases and instruments as Credit Acceptance may reasonably request in order to effect such release and transfer; provided, that the Deal Agent as agent for the Lender will make no representation or warranty, express or implied, with respect to any such Loan and Related Security in connection with such sale or transfer and assignment.

Section 9.3. Further Assurances. The provisions of Section 14.12 shall apply to the security interest granted under Section 2.2(a) as well as to each Funding hereunder.

Section 9.4. Remedies. Upon the occurrence of a Termination Event, the Deal Agent, the Collateral Agent and Secured Parties shall have, with respect to the Collateral granted pursuant to Section 2.2(a), and in addition to all other rights and remedies available to the Deal Agent, the Collateral Agent and Secured Parties under this Agreement or other Applicable Law, all rights and remedies of a secured party under the UCC.

Section 9.5. Waiver of Certain Laws. Each of the Borrower and the Servicer agrees, to the full extent that it may lawfully so agree, that neither it nor anyone claiming through or under it will set up, claim or seek to take advantage of any appraisal, valuation, stay, extension or redemption law now or hereafter in force in any locality where all or any portion of the Collateral may be situated in order to prevent, hinder or delay the enforcement or foreclosure of this Agreement, or the absolute sale of all any portion of the Collateral, or the final and absolute putting into possession thereof, immediately after such sale, of the purchasers thereof, and each of the Borrower and the Servicer, for itself and all who may at any time claim through or under it, hereby waives, to the full extent that it may be lawful so to do, the benefit of all such laws, and any and all right to have any of the properties or assets constituting the Collateral marshaled upon any such sale, and agrees that the Deal Agent, the Collateral Agent or any court having jurisdiction to foreclosure the security interests granted in this Agreement may sell the Collateral as an entirety or in such parcels as the Deal Agent, the Collateral Agent or such court may determine (including, without limitation, on a servicing released basis).

Section 9.6. Power of Attorney. The Borrower hereby irrevocably appoints the Deal Agent and the Servicer and any Successor Servicer as its true and lawful attorney (with full power of substitution) in its name, place and stead and at its expense, in connection with the enforcement of the rights and remedies provided for in this Agreement, including without limitation the following powers: (a) to give any necessary receipts or acquittance for amounts collected or received hereunder, (b) to make all necessary transfers of the Collateral in connection with any such sale or other disposition made pursuant hereto, (c) to execute and deliver for value all necessary or appropriate bills of sale, assignments and other instruments in connection with any such sale or other disposition, the Borrower hereby ratifying and confirming all that such attorney (or any substitute) shall lawfully do hereunder and pursuant hereto, and (d) to sign any agreements, orders or other documents in connection with or pursuant to any Transaction Document or Hedging Agreement. Nevertheless, if so requested by the Deal Agent, the Servicer or any Successor Servicer, the Collateral Agent or a purchaser of the Collateral, the Borrower and the Servicer shall ratify and confirm any such sale or other disposition by executing and delivering to the Deal Agent, the Collateral Agent or such purchaser all proper bills of sale, assignments, releases and other instruments as may be designated in any such request.

ARTICLE X TERMINATION EVENTS

Section 10.1. Termination Events. The following events shall be termination events ("Termination Events") hereunder:

(a) the Weighted Average Spread Rate is less than 12.5%; or

(b) a Servicer Termination Event occurs and is continuing; or

(c) (i) failure on the part of the Borrower or the Originator to make any payment or deposit required by the terms of any Transaction Document on the day such payment or deposit is required to be made (including, without limitation, the failure of the Borrower to fully repay all principal and interest on the Note on the related Maturity Date (whether or not sufficient funds are available therefor at such time under Section 2.7 or otherwise)); or

(ii) failure on the part of the Borrower or the Originator to materially observe or perform any of its covenants or agreements set forth in this Agreement or any Transaction Document and such failure continues unremedied for more than five (5) Business Days after knowledge by or written notice to the Borrower or the Originator;

(d) any representation or warranty made or deemed to be made by the Borrower or Credit Acceptance under or in connection with this Agreement, any of the other Transaction Documents or any information required to be given by the Borrower or Credit Acceptance to the Deal Agent or the Collateral Agent to identify Loans or Contracts pursuant to any Transaction Document, shall prove to have been false or incorrect in any material respect when made, deemed made or delivered and such failure continues unremedied for more than thirty (30) days after knowledge by or written notice to the Borrower or Credit Acceptance; or

(e) the occurrence of an Insolvency Event relating to the Originator, the Borrower or the Servicer; or

(f) the Borrower or Originator shall become an “investment company” within the meaning of the Investment Company Act of 1940, as amended or the arrangements contemplated by the Transaction Document shall require registration as an “investment company” within the meaning of the 40 Act; or

(g) a regulatory, tax or accounting body has ordered that the activities of the Borrower or any Affiliate of the Borrower, contemplated hereby be terminated or, as a result of any other event or circumstance, the activities of the Borrower or any Affiliate of the Borrower contemplated hereby may reasonably be expected to cause the Borrower or any of its respective Affiliates to suffer materially adverse regulatory, accounting or tax consequences; or

(h) there shall exist any event or occurrence that has a reasonable possibility of causing a Material Adverse Effect; or

(i) the Borrower or Credit Acceptance shall enter into any merger, consolidation or conveyance transaction, unless in the case of Credit Acceptance or the Servicer, the Servicer or Credit Acceptance, as applicable, is the surviving entity; or

(j) the United States Internal Revenue Service shall file notice of a lien pursuant to Section 6323 of the Code with regard to any assets of the Borrower or the Originator and such lien shall not have been released within five (5) Business Days, or the Pension Benefit Guaranty Corporation shall file notice of a lien pursuant to Section 4068 of ERISA with regard to any of the assets of the Borrower or the Originator and such lien shall not have been released within five (5) Business Days; or

(k) the Collateral Agent, as agent for the secured parties, shall fail for any reason to have a first priority perfected security interest in a material portion of the Collateral free and clear of all Liens other than Permitted Liens; provided, however, that the failure of the Collateral Agent at any time to have a first priority perfected security interest in Contracts with an aggregate Outstanding Balance at such time not exceeding 3.00% of the aggregate Outstanding Balance of all Eligible Contracts at such time shall not constitute a Termination Event pursuant to this clause (k) so long as such failure does not have a Material Adverse Effect; or

(l) any Change-in-Control shall occur; or

(m) (i) any Transaction Document, or any lien or security interest granted thereunder, shall (except in accordance with its terms), in whole or in part, terminate, cease to be effective or cease to be the legally valid, binding and enforceable obligation of the Borrower, the Originator or the Servicer (ii) the Borrower, the Originator or the Servicer shall, directly or indirectly, contest in any manner such effectiveness, validity, binding nature or enforceability or (iii) any security interest securing any obligation under any Transaction Document shall, in whole or in part, cease to be a perfected first priority security interest free and clear of all Liens other than Permitted Liens; or

(n) Credit Acceptance shall fail to pay any principal of or premium or interest on any Material Debt, when the same becomes due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise) and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to such Material Debt; or any other default under any agreement or instrument relating to any Material Debt or any other event, shall occur and shall continue after the applicable grace period, if any, specified in such agreement or instrument if the effect of such default or event is to accelerate, or to permit the acceleration of, the maturity of such Material Debt; or any such Material Debt shall be declared to be due and payable or required to be prepaid (other than by a regularly scheduled required prepayment) prior to the stated maturity thereof; or

(o) Collections are less than 75.0% of Forecasted Collections for any three consecutive Collection Periods.

Section 10.2. Remedies.

(a) Upon the occurrence of a Termination Event (other than a Termination Event described in Section 10.1(e)), the Deal Agent may, or at the direction of the Lender, shall by notice to the Borrower declare the Termination Date to have occurred.

(b) Upon the occurrence of a Termination Event described in Section 10.1(e), the Termination Date shall automatically occur.

(c) Upon any Termination Date that occurs following a Termination Event pursuant to this Section 10.2: (i) the rate on the Capital outstanding shall be equal to the applicable Interest Rate as described herein; (ii) the Deal Agent may, and shall at the direction of the Lender by delivery of a Servicer Termination Notice, terminate the Servicer; and (iii) the Deal Agent, may, and at the direction of the Lender, shall declare the entire outstanding principal amount of the Note be immediately due and payable. The Deal Agent, the Collateral Agent and the Secured Parties shall have, in addition to all other rights and remedies under this Agreement or otherwise, all other rights and remedies provided of a secured party under the UCC of each applicable jurisdiction and other applicable laws, which rights shall be cumulative.

(d) If the Note has been declared due and payable pursuant to Section 10.2(c), the Collateral Agent may institute proceedings to collect amounts due, exercise remedies as a secured party (including foreclosure or sale of the Collateral (and each of the parties hereto hereby acknowledges and agrees that any such sale may, in the sole discretion of the Deal Agent be on a servicer released basis)) or elect to maintain the Collateral and continue to apply the proceeds from the Collateral as if there had been no declaration of acceleration.

(e) Upon the declaration of the Termination Date, the Borrower may not request and no Lender shall be required to effect any Funding.

ARTICLE XI
INDEMNIFICATION

Section 11.1. Indemnities by the Borrower.

(a) Without limiting any other rights that any such Person may have hereunder or under Applicable Law, the Borrower hereby agrees to indemnify the Deal Agent, the Backup Servicer, the Collateral Agent, the Successor Servicer, the Secured Parties, and each of their respective Affiliates and officers, directors, members, employees and agents thereof (collectively, the “Indemnified Parties”), forthwith on demand, from and against any and all damages, losses, claims, liabilities and related costs and expenses, including attorneys’ fees and disbursements (all of the foregoing being collectively referred to as the “Indemnified Amounts”) awarded against or incurred by such Indemnified Party or other non-monetary damages of any such Indemnified Party any of them arising out of or as a result of this Agreement or the financing or maintenance of the Capital or in respect of any Loan or any Contract, excluding, however, (a) Indemnified Amounts to the extent resulting from gross negligence or willful misconduct on the part of such Indemnified Party or (b) Indemnified Amounts that have the effect of recourse for non-payment of the Loans due to credit problems of the Obligor (except as otherwise specifically provided in this Agreement). If the Borrower has made any indemnity payment pursuant to this Section 11.1 and such payment fully indemnified the recipient thereof and the recipient thereafter collects any payments from others in respect of such Indemnified Amounts then, the recipient shall repay to the Borrower an amount equal to the amount it has collected from others in respect of such indemnified amounts. Without limiting the foregoing, the Borrower shall indemnify each Indemnified Party for Indemnified Amounts relating to or resulting from:

(i) any Contract or Loan treated as or represented by Credit Acceptance to be an Eligible Dealer Loan Contract or Eligible Loan that is not at the applicable time an Eligible Dealer Loan Contract or Eligible Loan;

(ii) reliance on any representation or warranty made or deemed made by the Borrower or any of its officers under or in connection with this Agreement, which shall have been false or incorrect in any material respect when made or deemed made or delivered;

(iii) the failure by the Borrower to comply with any term, provision or covenant contained in this Agreement or any agreement executed in connection with this Agreement, or with any Applicable Law, with respect to any Loan, Dealer Agreement, Purchase Agreement, any Contract, or the nonconformity of any Loan, Dealer Agreement, Purchase Agreement or Contract with any such Applicable Law;

(iv) the failure to vest and maintain vested in the Collateral Agent for the Secured Parties a first priority perfected security interest in the Collateral, together with all Collections, free and clear of any Lien whether existing at the time of any Funding or at any time thereafter;

(v) the failure to file, or any delay in filing, financing statements or other similar instruments or documents under the UCC of any applicable jurisdiction or other Applicable Laws with respect to the Collateral, whether at the time of the Funding or at any subsequent time;

(vi) any dispute, claim, offset or defense (other than the discharge in bankruptcy of the Obligor) of the Obligor to the payment of any Loan or Contract (including, without limitation, a defense based on such Loan or Contract not being a legal, valid and binding obligation of such Obligor enforceable against it in accordance with its terms);

(vii) any failure of the Borrower to perform its duties or obligations in accordance with the provisions of this Agreement or any failure by the Borrower to perform its respective duties under the Loans;

(viii) the failure by Borrower to pay when due any Taxes for which the Borrower is liable, including without limitation, sales, excise or personal property taxes payable in connection with the Collateral;

(ix) any repayment by the Deal Agent or a Secured Party of any amount previously distributed in reduction of Capital or payment of Interest or any other amount due hereunder or under any Hedging Agreement, in each case which amount the Deal Agent or a Secured Party believes in good faith is required to be repaid;

(x) the commingling of Collections of the Collateral at any time with other funds;

(xi) any investigation, litigation or proceeding related to this Agreement or the use of proceeds of the Funding or the funding of or maintenance of Capital or in respect of any Loan or Contract;

(xii) any failure by the Borrower to give reasonably equivalent value to the Originator in consideration for the transfer by the Originator to the Borrower of the Loans, Related Security or any portion thereof or any attempt by any Person to void or otherwise avoid any such transfer under any statutory provision or common law or equitable action, including, without limitation, any provision of the Bankruptcy Code;

(xiii) the use of the Proceeds of any Funding; or

(xiv) the failure of the Borrower or any of its agents or representatives to remit to the Servicer, the Deal Agent, the Collateral Agent or any other Secured Party, any Collections of the Collateral remitted to the Borrower or any such agent or representative.

(b) Any amounts subject to the indemnification provisions of this Section 11.1 shall be paid by the Borrower to the relevant Indemnified Party on the earlier of the next Payment Date or 5 Business Days following demand therefor.

(c) The obligations of the Borrower under this Section 11.1 shall survive the resignation or removal of the Deal Agent, the Collateral Agent, the Servicer, the Successor Servicer, the Lender or the Backup Servicer or the termination of this Agreement.

Section 11.2. Indemnities by the Servicer.

(a) Without limiting any other rights that any such Person may have hereunder or under Applicable Law, the Servicer hereby agrees to indemnify each Indemnified Party, forthwith on demand, from and against any and all Indemnified Amounts awarded against or incurred by any such Indemnified Party by reason of any acts, omissions or alleged acts or omissions of the Servicer, including, but not limited to: (i) any representation or warranty made by the Servicer under or in connection with any Transaction Document, any Monthly Report or any other information or report delivered by or on behalf of the Servicer pursuant hereto, which shall have been false, incorrect or misleading in any respect (or if the Backup Servicer becomes the Successor Servicer hereunder, in any material respect) when made or deemed made; (ii) the failure by the Servicer to comply with any Applicable Law; (iii) the failure of the Servicer to comply with its duties or obligations in accordance with the Agreement or any other Transaction Document to which it is a party; (iv) any litigation, proceedings or investigation against the Servicer; (v) the commingling of Collections at any time with other funds; or (vi) the failure of the Servicer or any of its agents or representatives to remit to the Collection Account, Deal Agent or Collateral Agent any Collections or Proceeds of the Collateral. The provisions of this indemnity shall run directly to and be enforceable by an Indemnified Party subject to the limitations hereof.

(b) Any amounts subject to the indemnification provisions of this Section 11.2 shall be paid by the Servicer to the relevant Indemnified Party within five (5) Business Days following such Person's demand therefor.

(c) The Servicer shall have no liability for making indemnification hereunder to the extent any such indemnification constitutes recourse for uncollectible Contracts.

(d) The obligations of the Servicer under this Section 11.2 shall survive the resignation or removal of the Deal Agent, the Collateral Agent, the Servicer, the Successor Servicer, the Lender or the Backup Servicer and the termination of this Agreement.

(e) Any indemnification pursuant to this Section 11.2 shall not be payable from the Collateral.

Section 11.3. After-Tax Basis. Indemnification under Sections 11.1 and 11.2 shall be in an amount necessary to make the Indemnified Party whole after taking into account any tax consequences to the Indemnified Party of the receipt of the indemnity provided hereunder, including the effect of such tax or refund on the amount of tax measured by net income or profits that is or was payable by the Indemnified Party.

ARTICLE XII THE DEAL AGENT

Section 12.1. Authorization and Action.

(a) Each Secured Party hereby designates and appoints Fifth Third as Deal Agent hereunder, and authorizes the Deal Agent to take such actions as agent on its behalf and to exercise such powers as are delegated to the Deal Agent by the terms of this Agreement together with such powers as are reasonably incidental thereto. The Deal Agent shall not have any duties or

responsibilities, except those expressly set forth herein, or any fiduciary relationship with any Secured Party, and no implied covenants, functions, responsibilities, duties, obligations or liabilities on the part of the Deal Agent shall be read into this Agreement or otherwise exist for the Deal Agent. In performing its functions and duties hereunder, the Deal Agent shall act solely as agent for the Secured Parties and does not assume nor shall be deemed to have assumed any obligation or relationship of trust or agency with or for the Borrower or any of its successors or assigns. The Deal Agent shall not be required to take any action that exposes the Deal Agent to personal liability or that is contrary to this Agreement or Applicable Law. The appointment and authority of the Deal Agent hereunder shall terminate upon the indefeasible payment in full of the Aggregate Unpaid.

(b) [Reserved].

(c) Each Secured Party hereby designates and appoints Fifth Third as Collateral Agent hereunder, and authorizes the Collateral Agent to take such actions as agent on its behalf and to exercise such powers as are delegated to the Collateral Agent by the terms of this Agreement together with such powers as are reasonably incidental thereto. The Collateral Agent shall not have any duties or responsibilities, except those expressly set forth herein, or any fiduciary relationship with any Secured Party, and no implied covenants, functions, responsibilities, duties, obligations or liabilities on the part of the Collateral Agent shall be read into this Agreement or otherwise exist for the Collateral Agent. In performing its functions and duties hereunder, the Collateral Agent shall act solely as agent for the Secured Parties and does not assume nor shall be deemed to have assumed any obligation or relationship of trust or agency with or for the Borrower or any of its successors or assigns. The Collateral Agent shall not be required to take any action that exposes the Collateral Agent to personal liability or that is contrary to this Agreement or Applicable Law. The appointment and authority of the Collateral Agent hereunder shall terminate upon the indefeasible payment in full of the Aggregate Unpaid.

Section 12.2. Delegation of Duties.

(a) The Deal Agent may execute any of its duties under this Agreement by or through agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The Deal Agent shall not be responsible for the negligence or misconduct of any agents or attorneys-in-fact selected by it with reasonable care.

(b) [Reserved].

(c) The Collateral Agent may execute any of its duties under this Agreement by or through agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The Collateral Agent shall not be responsible for the negligence or misconduct of any agents or attorneys-in-fact selected by it with reasonable care.

Section 12.3. Exculpatory Provisions.

(a) Neither the Deal Agent nor any of its directors, officers, agents or employees shall be (i) liable for any action lawfully taken or omitted to be taken by it or them under or in connection with this Agreement (except for its, their or such Person's own gross negligence or

willful misconduct or, in the case of the Deal Agent, the breach of its obligations expressly set forth in this Agreement), or (ii) responsible in any manner to any of the Secured Parties for any recitals, statements, representations or warranties made by the Borrower contained in this Agreement or in any certificate, report, statement or other document referred to or provided for in, or received under or in connection with, this Agreement for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other document furnished in connection herewith, or for any failure of the Borrower to perform its obligations hereunder, or for the satisfaction of any condition specified in Article III. The Deal Agent shall not be under any obligation to any Secured Party to ascertain or to inquire as to the observance or performance of any of the agreements or covenants contained in, or conditions of, this Agreement, or to inspect the properties, books or records of the Borrower. The Deal Agent shall not be deemed to have knowledge of any Amortization Event, Unmatured Termination Event, Termination Event or Servicer Termination Event unless the Deal Agent has received notice from the Borrower or a Secured Party.

(b) [Reserved].

(c) Neither the Collateral Agent nor any of its directors, officers, agents or employees shall be (i) liable for any action lawfully taken or omitted to be taken by it or them under or in connection with this Agreement (except for its, their or such Person's own gross negligence or willful misconduct or, in the case of the Collateral Agent, the breach of its obligations expressly set forth in this Agreement), or (ii) responsible in any manner to any of the Secured Parties for any recitals, statements, representations or warranties made by the Borrower contained in this Agreement or in any certificate, report, statement or other document referred to or provided for in, or received under or in connection with, this Agreement for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other document furnished in connection herewith, or for any failure of the Borrower to perform its obligations hereunder, or for the satisfaction of any condition specified in Article III. The Collateral Agent shall not be under any obligation to any Secured Party to ascertain or to inquire as to the observance or performance of any of the agreements or covenants contained in, or conditions of, this Agreement, or to inspect the properties, books or records of the Borrower. The Collateral Agent shall not be deemed to have knowledge of any Amortization Event, Unmatured Termination Event, Termination Event or Servicer Termination Event unless the Collateral Agent has received notice from the Borrower or a Secured Party.

Section 12.4. Reliance.

(a) The Deal Agent shall in all cases be entitled to rely, and shall be fully protected in relying, upon any document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including, without limitation, counsel to the Borrower), independent accountants and other experts selected by the Deal Agent. The Deal Agent shall in all cases be fully justified in failing or refusing to take any action under this Agreement or any other document furnished in connection herewith unless it shall first receive such advice or concurrence of the Lender any of the Secured Parties, as applicable, as it deems appropriate or it shall first be indemnified to its satisfaction by the Secured Parties, provided that unless and until the Deal Agent shall have received such advice,

the Deal Agent may take or refrain from taking any action, as the Deal Agent shall deem advisable and in the best interests of the Secured Parties. The Deal Agent shall in all cases be fully protected in acting, or in refraining from acting, in accordance with a request of the Lender or any of the Secured Parties, as applicable, and such request and any action taken or failure to act pursuant thereto shall be binding upon all the Secured Parties.

(b) [Reserved.]

(c) The Collateral Agent shall in all cases be entitled to rely, and shall be fully protected in relying, upon any document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including, without limitation, counsel to the Borrower), independent accountants and other experts selected by the Collateral Agent. The Collateral Agent shall in all cases be fully justified in failing or refusing to take any action under this Agreement or any other document furnished in connection herewith unless it shall first receive such advice or concurrence of the Lender or any of the Secured Parties, as applicable, as it deems appropriate or it shall first be indemnified to its satisfaction by the Secured Parties, provided that unless and until the Collateral Agent shall have received such advice, the Collateral Agent may take or refrain from taking any action, as the Collateral Agent shall deem advisable and in the best interests of the Secured Parties. The Collateral Agent shall in all cases be fully protected in acting, or in refraining from acting, in accordance with a request of the Lender or any of the Secured Parties, as applicable, and such request and any action taken or failure to act pursuant thereto shall be binding upon all the Secured Parties.

Section 12.5. Non-Reliance on Deal Agent, Collateral Agent and The Lender. Each Secured Party expressly acknowledges that neither the Deal Agent, the Collateral Agent nor any of their respective officers, directors, employees, agents, attorneys-in-fact or affiliates has made any representations or warranties to it and that no act by the Deal Agent or the Collateral Agent hereafter taken, including, without limitation, any review of the affairs of the Borrower, shall be deemed to constitute any representation or warranty by the Deal Agent or the Collateral Agent. Each Secured Party represents and warrants to the Deal Agent and the Collateral Agent that it has and will, independently and without reliance upon the Deal Agent, the Collateral Agent or any other Secured Party and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, operations, property, prospects, financial and other conditions and creditworthiness of the Borrower and made its own decision to enter into this Agreement or Hedging Agreement, as the case may be.

Section 12.6. [Reserved].

Section 12.7. Deal Agent and Collateral Agent in their Individual Capacities. The Deal Agent, the Collateral Agent and each of their respective Affiliates may make loans to, accept deposits from and generally engage in any kind of business with the Borrower or any Affiliate of the Borrower as though the Deal Agent or the Collateral Agent, as the case may be, were not the Deal Agent or the Collateral Agent, as the case may be, hereunder. With respect to each Funding pursuant to this Agreement, the Deal Agent, the Collateral Agent and each of their respective Affiliates shall have the same rights and powers under this Agreement as the Lender and may exercise the same as though

it were not the Deal Agent or the Collateral Agent, as the case may be, and the term “Lender” shall include the Deal Agent or the Collateral Agent, as the case may be, each in its individual capacity.

Section 12.8. Successor Deal Agent or Collateral Agent.

(a) The Deal Agent may, upon 5 days’ notice to the Borrower and the Secured Parties, resign as Deal Agent. If the Deal Agent shall resign, then the Lender during such 5-day period may appoint a successor agent. If for any reason no successor Deal Agent is appointed by the Lender during such 5-day period, then effective upon the expiration of such 5-day period, the Secured Parties other than the Lender shall perform all of the duties of the Deal Agent hereunder and the Borrower shall make all payments in respect of the Aggregate Unpaid or under any fee letter delivered in connection herewith directly to the applicable Secured Party and for all purposes shall deal directly with each Secured Party. After any retiring Deal Agent’s resignation hereunder as Deal Agent, the provisions of Article XI and Article XII shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Deal Agent under this Agreement.

(b) The Collateral Agent may, upon 5 days’ notice to the Borrower and the Secured Parties, and the Collateral Agent will, upon the direction of all of the Secured Parties resign as Collateral Agent. If the Collateral Agent shall resign, then the Secured Parties, during such 5-day period shall appoint a successor agent. If for any reason no successor Collateral Agent is appointed by the Secured Parties during such 5-day period, then effective upon the expiration of such 5-day period, the Secured Parties shall perform all of the duties of the Collateral Agent hereunder and the Borrower shall make all payments in respect of the Aggregate Unpaid or under any fee letter delivered in connection herewith directly to the applicable Secured Party and for all purposes shall deal directly with each Secured Party. After any retiring Collateral Agent’s resignation hereunder as Collateral Agent, the provisions of Article XI and Article XII shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Collateral Agent under this Agreement.

ARTICLE XIII
ASSIGNMENTS; PARTICIPATIONS

Section 13.1. Assignments and Participations.

(a) The Lender may, with the express prior written consent of the Deal Agent (in its sole discretion) upon at least 30 days notice to the Deal Agent and the Collateral Agent, assign to one or more banks or other entities all or a portion of its rights and obligations under this Agreement; provided, however, that (i) each such assignment shall be of a constant, and not a varying percentage of all of the Lender’s rights and obligations under this Agreement; (ii) the amount of the Commitment of the Lender being assigned pursuant to each such assignment (determined as of the date of the Assignment and Acceptance with respect to such assignment) shall in no event be less than the lesser of (A) \$15,000,000 or an integral multiple of \$1,000,000 in excess of that amount and (B) the full amount of the Lender’s Commitment; (iii) each such assignment shall be to an Eligible Assignee; (iv) the parties to each such assignment shall execute and deliver to the Deal Agent, for its acceptance and recording in the Register, an Assignment and Acceptance, together with a processing and recordation fee of \$3,500 or such lesser amount as shall be approved by the Deal Agent; (v) the parties to each such assignment shall have agreed to reimburse the Deal Agent

and the Collateral Agent for all fees, costs and expenses (including, without limitation, the reasonable fees and out-of-pocket expenses of counsel for the Deal Agent) incurred by the Deal Agent and the Collateral Agent, respectively, in connection with such assignment; and (vi) there shall be no increased costs, expenses or taxes incurred by the Deal Agent or the Collateral Agent upon such assignment or participation. Upon such execution, delivery and acceptance by the Deal Agent and the Collateral Agent and the recording by the Deal Agent, from and after the effective date specified in each Assignment and Acceptance, which effective date shall be the date of acceptance thereof by the Deal Agent and the Collateral Agent, unless a later date is specified therein, (i) the assignee thereunder shall be a party hereto and, to the extent that rights and obligations hereunder have been assigned to it pursuant to such Assignment and Acceptance, have the rights and obligations of the Lender hereunder and (ii) the Lender assignor thereunder shall, to the extent that rights and obligations hereunder have been assigned by it pursuant to such Assignment and Acceptance, relinquish its rights and be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all or the remaining portion of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto).

(b) By executing and delivering an Assignment and Acceptance, the Lender assignor thereunder and the assignee thereunder confirm to and agree with each other and the other parties hereto as follows: (i) other than as provided in such Assignment and Acceptance, such assigning Lender makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with this Agreement or the execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement or any other instrument or document furnished pursuant hereto; (ii) the assigning Lender makes no representation or warranty and assumes no responsibility with respect to the financial condition of itself or the performance or observance by it of any of its obligations under the Agreement or any other instrument or document furnished pursuant thereto; (iii) such assignee confirms that it has received a copy of this Agreement, together with copies of such financial statements and other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into such Assignment and Acceptance; (iv) such assignee will, independently and without reliance upon the Deal Agent or the Collateral Agent, the assigning Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement; (v) the assigning Lender and such assignee confirm that such assignee is an Eligible Assignee; (vi) such assignee appoints and authorizes each of the Deal Agent and the Collateral Agent to take such action as agent on its behalf and to exercise such powers under this Agreement as are delegated to such agent by the terms hereof, together with such powers as are reasonably incidental thereto; and (vii) such assignee agrees that it will perform in accordance with their terms all of the obligations which by the terms of this Agreement are required to be performed by it as the Lender.

(c) The Deal Agent, acting solely for this purpose as a non-fiduciary agent of the Borrower, shall maintain at its address referred to herein a copy of each Assignment and Acceptance delivered to and accepted by it and a register for the recordation of the name and address of the Lender and the Commitment of, and the Capital of the Funding (the "Register"). The entries in the Register shall be conclusive and binding for all purposes, absent manifest error. The Register

shall be available for inspection by the Lender at any reasonable time and from time to time upon reasonable prior notice.

(d) Subject to the provisions of Section 13.1(a) (including receipt of Deal Agent's prior written consent), upon its receipt of an Assignment and Acceptance executed by the assigning Lender and an assignee, the Deal Agent and the Collateral Agent shall each, if such Assignment and Acceptance has been completed and is in substantially the form of Exhibit B hereto, accept such Assignment and Acceptance, and the Deal Agent shall then (i) record the information contained therein in the Register.

(e) The Lender may, with the express prior written consent of the Deal Agent (in its sole discretion) sell participations to one or more banks or other entities in or to all or a portion of its rights and obligations under this Agreement (including, without limitation, all or a portion of its Commitment and its portion of the Funding and related Collateral); provided, however, that (i) the Lender's obligations under this Agreement (including, without limitation, its Commitment hereunder) shall remain unchanged; and (ii) the Lender shall remain solely responsible to the other parties hereto for the performance of such obligations. Notwithstanding anything herein to the contrary, each participant shall have the rights of the Lender (including any right to receive payment) under Sections 2.13 and 2.14; provided, however, that no participant shall be entitled to receive payment under either such Section in excess of the amount that would have been payable under such Section by the Borrower to the Lender granting its participation had such participation not been granted, and no Lender granting a participation shall be entitled to receive payment under either such Section in an amount that exceeds the sum of (i) the amount to which the Lender is entitled under such Section with respect to any portion of the Capital that is not subject to any participation plus (ii) the aggregate amount to which its participants are entitled under such Sections with respect to the amounts of their respective participations. With respect to any participation described in this Section 13.1, the participant's rights as set forth in the agreement between such participant and the Lender to agree to or to restrict the Lender's ability to agree to any modification, waiver or release of any of the terms of this Agreement or to exercise or refrain from exercising any powers or rights that the Lender may have under or in respect of this Agreement shall be limited to the right to consent to any of the matters set forth in Section 14.1 of this Agreement.

(f) The Lender may, in connection with any assignment or participation or proposed assignment or participation pursuant to this Section 13.1, disclose to the assignee or participant or proposed assignee or participant any information relating to the Borrower furnished to the Lender by or on behalf of the Borrower.

(g) [Reserved].

(h) Nothing herein shall prohibit the Lender from pledging or assigning as collateral any of its rights under this Agreement to any Federal Reserve Bank in accordance with Applicable Law and any such pledge or collateral assignment may be made without compliance with Section 13.1(a) or Section 13.1(b).

(i) In the event the Lender causes increased costs, expenses or taxes to be incurred by the Deal Agent or the Collateral Agent in connection with the assignment or participation

of the Lender's rights and obligations under this Agreement to an Eligible Assignee, then the Lender agrees that it will make reasonable efforts to assign such increased costs, expenses or taxes to such Eligible Assignee in accordance with the provisions of this Agreement.

(j) [Reserved].

(k) Notwithstanding anything herein or in any other Transaction Document to the contrary, no Person or group of Persons (who is not as of the Closing Date already a party hereto) shall become a party to this Agreement as Lender without the express prior written consent of the Deal Agent (in its sole discretion).

ARTICLE XIV MISCELLANEOUS

Section 14.1. Amendments and Waivers.

(a) Except as provided in this Section 14.1, no amendment, waiver or other modification of any provision of this Agreement shall be effective without the written agreement of the Borrower, the Deal Agent, the Collateral Agent and the Lender; provided, however, that no such amendment, waiver or modification shall affect the rights or obligations of any Hedge Counterparty or the Backup Servicer without the written agreement of such Person. Any waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

(b) No amendment, waiver or other modification of this Agreement shall:

(i) without the consent of the Lender, (A) extend the Commitment Termination Date or the date of any payment or deposit of Collections by the Borrower or the Servicer, (B) reduce the rate or extend the time of payment of Interest (or any component thereof), (C) reduce any fee payable to the Deal Agent for the benefit of the Lender, (D) except pursuant to Article XIII hereof, change the amount of the Capital of the Lender, (E) amend, modify or waive any provision of this Section 14.1(b), Section 14.10 or Section 14.11, (F) consent to or permit the assignment or transfer by the Borrower of any of its rights and obligations under this Agreement or (G) amend or modify any defined term (or any defined term used directly or indirectly in such defined term) used in clauses (A) through (F) above in a manner that would circumvent the intention of the restrictions set forth in such clauses, including, without limitation, the definitions of "Breakage Costs", "Eligible Assignee", or "Interest Rate";

(ii) without the written consent of the Deal Agent or the Collateral Agent, as applicable, amend, modify or waive any provision of this Agreement if the effect thereof is to affect the rights or duties of the Deal Agent or the Collateral Agent, as applicable; or

(iii) without the consent of the Deal Agent, amend or modify (A) Section 10.1, (B) the definitions of "Amortization Event," "Eligible Dealer Agreement," "Hedging Agreement," "Net Advance Rate," "Initial Facility Limit," "Termination Date" and

“Required Reserve Account Amount” as set forth in Section 1.1, (C) Section 2.7(a) or (D) Section 5.3.

(c) Any modification or waiver shall be binding upon the Borrower, the Lender, the Collateral Agent and the Deal Agent.

Section 14.2. Notices, Etc. All notices and other communications provided for hereunder shall, unless otherwise stated herein, be in writing (including telex communication and communication by facsimile copy) and mailed, telexed, transmitted or delivered, as to each party hereto, at its address set forth under its name on the signature pages hereof or specified in such party’s Assignment and Acceptance, as the case may be, or at such other address as shall be designated by such party in a written notice to the other parties hereto. All such notices and communications shall be effective, upon receipt, or in the case of (a) notice by mail, five days after being deposited in the United States mail, first class postage prepaid, (b) notice by telex, when telexed against receipt of answer back, or (c) notice by facsimile copy, when verbal communication of receipt is obtained, except that notices and communications pursuant to this Article XIV shall not be effective until received with respect to any notice sent by mail or telex.

Section 14.3. Ratable Payments. If any Secured Party, whether by setoff or otherwise, has payment made to it with respect to any portion of the Aggregate Unpaid owing to such Secured Party (other than payments received pursuant to Section 11.1) in a greater proportion than that received by any other Secured Party, such Secured Party agrees, promptly upon demand, to deliver such excess to the other Secured Parties (ratably) so that following such delivery each Secured Party will hold its ratable proportion of the Aggregate Unpaid.

Section 14.4. No Waiver; Remedies. No failure on the part of the Deal Agent, the Collateral Agent, the Backup Servicer or a Secured Party to exercise, and no delay in exercising, any right or remedy hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right or remedy hereunder preclude any other or further exercise thereof or the exercise of any other right. The rights and remedies herein provided are cumulative and not exclusive of any rights and remedies provided by law.

Section 14.5. Binding Effect; Benefit of Agreement. This Agreement shall be binding upon and inure to the benefit of the Borrower, the Deal Agent, the Backup Servicer, the Collateral Agent, the Secured Parties and their respective successors and permitted assigns and, in addition, the provisions of Section 2.7(a)(i) shall inure to the benefit of each Hedge Counterparty, whether or not that Hedge Counterparty is a Secured Party.

Section 14.6. Term of this Agreement. This Agreement, including, without limitation, the Borrower’s representations, warranties and covenants set forth in Articles IV and V, and the Servicer’s representations, warranties and covenants set forth in Articles V and VI hereof, create and constitute the continuing obligation of the parties hereto in accordance with its terms, and shall remain in full force and effect until the Collection Date; provided, however, that the rights and remedies with respect to any breach of any representation and warranty made or deemed made by the Borrower or Servicer pursuant to Articles III and IV and the indemnification and payment

provisions of Article XI and Article XII and the provisions of Section 14.10 and Section 14.11 shall be continuing and shall survive any termination of this Agreement.

Section 14.7. **Governing Law; Consent to Jurisdiction; Waiver of Objection to Venue.** THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK. EACH OF THE PARTIES HERETO AND EACH HEDGE COUNTERPARTY HEREBY AGREES TO THE NON-EXCLUSIVE JURISDICTION OF ANY FEDERAL COURT LOCATED WITHIN THE STATE OF NEW YORK. EACH OF THE PARTIES HERETO AND EACH SECURED PARTY HEREBY WAIVES ANY OBJECTION BASED ON FORUM NON CONVENIENS, AND ANY OBJECTION TO VENUE OF ANY ACTION INSTITUTED HEREUNDER IN ANY OF THE AFOREMENTIONED COURTS AND CONSENTS TO THE GRANTING OF SUCH LEGAL OR EQUITABLE RELIEF AS IS DEEMED APPROPRIATE BY SUCH COURT.

Section 14.8. **Waiver of Jury Trial.** TO THE EXTENT PERMITTED BY APPLICABLE LAW, EACH OF THE PARTIES HERETO AND EACH HEDGE COUNTERPARTY HEREBY WAIVES ANY RIGHT TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE, WHETHER SOUNDING IN CONTRACT, TORT, OR OTHERWISE BETWEEN THE PARTIES HERETO ARISING OUT OF, CONNECTED WITH, RELATED TO, OR INCIDENTAL TO THE RELATIONSHIP BETWEEN ANY OF THEM IN CONNECTION WITH THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY. INSTEAD, ANY SUCH DISPUTE RESOLVED IN COURT WILL BE RESOLVED IN A BENCH TRIAL WITHOUT A JURY.

Section 14.9. **Costs, Expenses and Taxes.**

(a) In addition to the rights of indemnification granted to the Deal Agent, the Backup Servicer, the Collateral Agent, the Secured Parties and its or their Affiliates and officers, directors, employees and agents thereof under Article XI hereof, the Borrower agrees to pay on demand all costs and expenses of the Deal Agent, the Backup Servicer, the Collateral Agent and the Secured Parties incurred in connection with the preparation, execution, delivery, administration (including periodic auditing), amendment or modification of, or any waiver or consent issued in connection with, this Agreement, the other Transaction Documents and the other documents to be delivered hereunder or thereunder, or in connection herewith or therewith (excluding any Hedging Agreement), including, without limitation, the reasonable fees and out-of-pocket expenses of counsel for the Deal Agent, the Backup Servicer, the Collateral Agent and the Secured Parties with respect thereto and with respect to advising the Deal Agent, the Backup Servicer, the Collateral Agent and the Secured Parties as to their respective rights and remedies under this Agreement, the other Transaction Documents and the other documents to be delivered hereunder or thereunder, or in connection herewith or therewith (excluding any Hedging Agreement), and all costs and expenses, if any (including reasonable counsel fees and expenses), incurred by the Deal Agent, the Backup Servicer, the Collateral Agent or the Secured Parties in connection with the enforcement of this Agreement, the other Transaction Documents and the other documents to be delivered hereunder or thereunder, or in connection herewith or therewith (including any Hedging Agreement).

(b) The Borrower shall pay on demand any and all stamp, sales, excise and other taxes and fees payable or determined to be payable in connection with the execution, delivery, filing and recording of this Agreement, the other Transaction Documents, the other documents to be delivered hereunder or any agreement or other document providing liquidity support, credit enhancement or other similar support to the Lender in connection with this Agreement or the funding or maintenance of any Funding hereunder.

(c) The Borrower shall pay on demand all other costs, expenses and Taxes (excluding income taxes, imposed on such Person by the jurisdiction under the laws of which such Person is organized) incurred by any Secured Party or any shareholder of such Secured Party ("Other Costs"), including, without limitation, all costs and expenses incurred by the Deal Agent in connection with periodic audits of the Borrower's or the Servicer's books and records and, in the case of the Lender, the cost of rating the Lender's (or its related funding source's) commercial paper with respect to financing any Advance hereunder by independent financial rating agencies.

Section 14.10. No Petition.

(a) Each of the parties hereto (other than the Deal Agent) hereby agrees that it will not institute against, or join any other Person in instituting against the Borrower any Insolvency Proceeding so long as there shall not have elapsed one year and one day since the Collection Date.

Section 14.11. Recourse Against Certain Parties.

(a) No recourse under or with respect to any obligation, covenant or agreement (including, without limitation, the payment of any fees or any other obligations) of any Secured Party as contained in this Agreement or any other agreement, instrument or document entered into by it pursuant hereto or in connection herewith shall be had against any administrator of such Secured Party or any incorporator, affiliate, stockholder, officer, employee or director of such Secured Party or of any such administrator, as such, by the enforcement of any assessment or by any legal or equitable proceeding, by virtue of any statute or otherwise; it being expressly agreed and understood that the agreements of such Secured Party contained in this Agreement and all of the other agreements, instruments and documents entered into by it pursuant hereto or in connection herewith are, in each case, solely the corporate obligations of such Secured Party, and that no personal liability whatsoever shall attach to or be incurred by any administrator of such Secured Party or any incorporator, stockholder, affiliate, officer, employee or director of such Secured Party or of any such administrator, as such, or any other of them, under or by reason of any of the obligations, covenants or agreements of such Secured Party contained in this Agreement or in any other such instruments, documents or agreements, or that are implied therefrom, and that any and all personal liability of every such administrator of such Secured Party and each incorporator, stockholder, affiliate, officer, employee or director of such Secured Party or of any such administrator, or any of them, for breaches by such Secured Party of any such obligations, covenants or agreements, which liability may arise either at common law or at equity, by statute or constitution, or otherwise, is hereby expressly waived as a condition of and in consideration for the execution of this Agreement. The provisions of this Section 14.11 shall survive the termination of this Agreement.

Section 14.12. Protection of Right, Title and Interest in Collateral; Further Action Evidencing the Funding.

(a) Each of the Borrower and Credit Acceptance shall cause this Agreement, all amendments hereto and/or all financing statements and continuation statements and any other necessary documents covering the right, title and interest of the Collateral Agent, as agent for the Secured Parties and of the Secured Parties to the Collateral to be promptly recorded, registered and filed, and at all times to be kept recorded, registered and filed, all in such manner and in such places as may be required by law fully to preserve and protect the right, title and interest of the Collateral Agent, as agent for the Secured Parties hereunder to all property comprising the Collateral. Each of the Borrower and Credit Acceptance shall deliver to the Deal Agent file-stamped copies of, or filing receipts for, any document recorded, registered or filed as provided above, as soon as available following such recording, registration or filing. The Borrower shall cooperate fully with Credit Acceptance in connection with the obligations set forth above and will execute any and all documents reasonably required to fulfill the intent of this Section 14.12(a).

(b) Each of the Borrower and the Servicer agrees that from time to time, at its expense (or if the Backup Servicer becomes the Successor Servicer hereunder, at the expense of the Borrower), it will promptly execute and deliver all instruments and documents, and take all actions, that the Deal Agent may reasonably request in order to perfect, protect or more fully evidence the Funding hereunder, or to enable the Deal Agent or the Secured Parties to exercise and enforce their rights and remedies hereunder or under any Transaction Document.

(c) If the Borrower or the Servicer fails to perform any of its obligations hereunder, the Deal Agent or any Secured Party may (but shall not be required to) perform, or cause performance of, such obligation; and the Deal Agent's or such Secured Party's costs and expenses incurred in connection therewith shall be payable by the Borrower (if the Servicer that fails to so perform is the Borrower or an Affiliate thereof) as provided in Article XI, as applicable. The Borrower irrevocably authorizes the Deal Agent and appoints the Deal Agent as its attorney-in-fact to act on behalf of the Borrower (i) to execute on behalf of the Borrower as debtor and to file financing statements necessary or desirable in the Deal Agent's sole discretion to perfect and to maintain the perfection and priority of the interest of the Secured Parties in the Collateral and (ii) to file a carbon, photographic or other reproduction of this Agreement or any financing statement with respect to the Collateral as a financing statement in such offices as the Deal Agent in its sole discretion deems necessary or desirable to perfect and to maintain the perfection and priority of the interests of the Secured Parties in the Collateral. This appointment is coupled with an interest and is irrevocable.

(d) Without limiting the generality of the foregoing, each of the Borrower and Credit Acceptance will, not earlier than six (6) months and not later than three (3) months prior to the fifth anniversary of the date of filing of the financing statement referred to in Section 3.1 or any other financing statement filed pursuant to this Agreement or in connection with the Funding hereunder, unless the Collection Date shall have occurred:

- (i) execute and deliver and file or cause to be filed an appropriate continuation statement with respect to such financing statement;

(ii) deliver or cause to be delivered to the Deal Agent an opinion of the counsel for Borrower and Credit Acceptance, in form and substance reasonably satisfactory to the Deal Agent, with respect to creation and perfection of security interest in the Collateral, which opinion may contain usual and customary assumptions, limitations and exceptions.

Section 14.13. Confidentiality; Tax Treatment Disclosure.

(a) Each of the Deal Agent, the Secured Parties, the Servicer, the Collateral Agent, the Backup Servicer and the Borrower shall maintain and shall cause each of its employees and officers to maintain the confidentiality of this Agreement and all information with respect to the other parties, including all information regarding the business of the Borrower and the Servicer hereto and their respective businesses obtained by it or them in connection with the structuring, negotiating and execution of the transactions contemplated herein, except that each such party and its officers and employees may (i) disclose such information to its external accountants, attorneys, investors, potential investors and the agents of such Persons ("Excepted Persons"), provided, however, that each Excepted Person shall be advised that such information shall be used solely in connection with such Excepted Person's evaluation of, or relationship with, the Borrower and its affiliates, (ii) disclose the existence of this Agreement, but not the financial terms hereof, (iii) disclose such information as is required by the Transaction Documents or Applicable Law and (iv) disclose this Agreement and such information in any suit, action, proceeding or investigation (whether in law or in equity or pursuant to arbitration) involving any of the Transaction Documents or any Hedging Agreement for the purpose of defending itself, reducing its liability, or protecting or exercising any of its claims, rights, remedies, or interests under or in connection with any of the Transaction Documents or any Hedging Agreement. It is understood that the financial terms that may not be disclosed except in compliance with this Section 14.13(a) include, without limitation, all fees and other pricing terms, and all Termination Events, Servicer Termination Events, and priority of payment provisions

(b) Anything herein to the contrary notwithstanding, each of the Borrower and the Servicer hereby consents to the disclosure of any nonpublic information with respect to it and the Transaction Documents (i) to the Deal Agent, the Collateral Agent, the Backup Servicer or the Secured Parties by each other, (ii) by the Deal Agent or the Lender to any prospective or actual assignee or participant of any of them or (iii) by the Deal Agent, the Collateral Agent or the Lender to any, commercial paper dealer or provider of a surety, guaranty or credit or liquidity enhancement to the Lender and to any officers, directors, members, employees, outside accountants and attorneys of any of the foregoing, provided each such Person is informed of the confidential nature of such information. In addition, the Secured Parties, the Backup Servicer and the Deal Agent may disclose any such nonpublic information as required pursuant to any law, rule, regulation, direction, request or order of any judicial, administrative or regulatory authority or proceedings (whether or not having the force or effect of law).

(c) Notwithstanding anything herein to the contrary, the foregoing shall not be construed to prohibit (i) disclosure of any and all information that is or becomes publicly known or known to any party hereto as a result of disclosure by any third party not bound by any obligation of confidentiality, (ii) disclosure of any and all information (A) if required to do so by any applicable

statute, law, rule or regulation, (B) to any government agency or regulatory body having or claiming authority to regulate or oversee any respects of the Collateral Agent's, Deal Agent's or Backup Servicer's business or that of their affiliates, (C) pursuant to any subpoena, civil investigative demand or similar demand or request of any court, regulatory authority, arbitrator or arbitration to which the Deal Agent, Collateral Agent, Backup Servicer, any Secured Party or an affiliate or an officer, director, employer or shareholder thereof is a party, (D) in any preliminary or final offering circular, registration statement or contract or other document pertaining to the transactions contemplated herein approved in advance by the Borrower or Servicer or (E) to any affiliate, independent or internal auditor, agent, employee or attorney of the Deal Agent, Collateral Agent, Backup Servicer, any Secured Party having a need to know the same, provided that such Person advises such recipient of the confidential nature of the information being disclosed, or (iii) any other disclosure authorized by the Transaction Documents or the Borrower or Servicer.

(d) Notwithstanding anything herein to the contrary, any party to this Agreement (and any employee, representative or other agent of any party to this Agreement) may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of the transactions contemplated by this Agreement and all materials of any kind (including opinions or other tax analyses) that are provided to it relating to such tax treatment and tax structure; provided, however, that such disclosure may not be made to the extent required to be kept confidential to comply with any applicable federal or state securities laws; and provided further that (to the extent not inconsistent with the foregoing) such disclosure shall be made without disclosing the names or other identifying information of any party.

Section 14.14. Execution in Counterparts; Severability; Integration. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute one and the same agreement. In case any provision in or obligation under this Agreement shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby. This Agreement and any agreements or letters (including fee letters) executed in connection herewith contains the final and complete integration of all prior expressions by the parties hereto with respect to the subject matter hereof and shall constitute the entire agreement among the parties hereto with respect to the subject matter hereof, superseding all prior oral or written understandings other than any fee letter delivered by the Originator to the Deal Agent and the Lender.

Section 14.16. USA Patriot Act. Each of the Lender, the Deal Agent and the Collateral Agent hereby notifies the Borrower, the Servicer and the Custodian that pursuant to the requirements of the USA PATRIOT Act, Title III of Pub. L. 107-56 (signed into law October 26, 2001) (the "PATRIOT Act"), the Lender, the Deal Agent and the Collateral Agent may be required to obtain, verify and record information that identifies the Borrower, the Servicer and the Custodian, which information includes the name, address, tax identification number and other information regarding the Seller, the Borrower, the Servicer and the Custodian that will allow the Administrator and the Purchasers to identify the Borrower, the Servicer and the Custodian in accordance with the PATRIOT Act. This notice is given in accordance with the requirements of the PATRIOT Act. Each of the Borrower,

the Servicer and the Custodian agrees to provide the Lender, the Deal Agent and/or the Collateral Agent, from time to time, with all documentation and other information required by bank regulatory authorities under “know your customer” and anti-money laundering rules and regulations, including, without limitation, the PATRIOT Act.

[Remainder of Page Intentionally Left Blank.]

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

THE BORROWER:

CAC WAREHOUSE FUNDING LLC V

By: _____
Name: Douglas W. Busk
Title: Senior Vice President and Treasurer

CAC Warehouse Funding LLC V
Silver Triangle Building
25505 West Twelve Mile Road
Southfield, Michigan 48034-8339
Attention: Douglas W. Busk
Facsimile No. 866-743-2704
Confirmation No.: 248-353-2700 (ext. 4432)

THE SERVICER:

CREDIT ACCEPTANCE CORPORATION

By: _____
Name: Douglas W. Busk
Title: Senior Vice President and Treasurer

Silver Triangle Building
25505 West Twelve Mile Road
Southfield, Michigan 48034-8339
Attention: Douglas W. Busk
Facsimile No. 866-743-2704
Confirmation No.: 248-353-2700 (ext. 4432)

[SIGNATURES CONTINUED ON THE FOLLOWING PAGE]

THE LENDER

FIFTH THIRD BANK

By: _____
Name: _____
Title: _____

Fifth Third Bank
38 Fountain Square Plaza
MD 109046
Cincinnati, Ohio 45263
Attention: Brian Gardner
Facsimile No.: (513) 534-0319
Confirmation No: (513) 534-7949

[SIGNATURES CONTINUED ON THE FOLLOWING PAGE]

THE DEAL AGENT:

FIFTH THIRD BANK

By: _____
Name: _____
Title: _____

Fifth Third Bank
38 Fountain Square Plaza
MD 109046
Cincinnati, Ohio 45263
Attention: Brian Gardner
Facsimile No.: (513) 534-0319
Confirmation No: (513) 534-7949

[SIGNATURES CONTINUED ON THE FOLLOWING PAGE]

THE COLLATERAL AGENT:

FIFTH THIRD BANK, as Collateral Agent

By: _____
Name: _____
Title: _____

Fifth Third Bank
38 Fountain Square Plaza
MD 109046
Cincinnati, Ohio 45263
Attention: Brian Gardner
Facsimile No.: (513) 534-0319
Confirmation No: (513) 534-7949

[SIGNATURES CONTINUED ON THE FOLLOWING PAGE]

THE BACKUP SERVICER:

SYSTEMS & SERVICES TECHNOLOGIES, INC., as Backup Servicer

By: _____
Name: _____
Title: _____

Systems & Services Technologies, Inc.
c/o Alorica Inc.
5 Park Plaza, Suite 1100
Irvine, CA 92614
Attn: Chief Financial Officer

With a copy to :Systems & Services Technologies, Inc.
4315 Pickett Road
St. Joseph, MO 64503

FORM OF FUNDING NOTICE

Reference is made to the Loan and Security Agreement, dated as of September 15, 2014 (as amended, supplemented or otherwise modified and in effect from time to time, the “Agreement”), by and among CAC Warehouse Funding LLC V, as borrower (in such capacity, the “Borrower”), Credit Acceptance Corporation, as servicer (in such capacity, the “Servicer”), Fifth Third Bank, as Lender, Deal Agent and Collateral Agent and Systems & Services Technologies, Inc., as the Backup Servicer. Terms defined in the Agreement, or incorporated therein by reference, are used herein as therein defined.

(A) Funding Request. The Borrower hereby requests the Funding pursuant to Section 2.1 and Section 2.3 of the Loan Agreement.

(B) Funding Information. The Funding shall (a) take place on [_____] and (b) shall be in an amount equal to \$[_____].

(C) Representations. The Borrower hereby represents and warrants that (i) all conditions precedent to the Funding described in Article III of the Agreement have been satisfied and (ii) no Termination Event or Unmatured Termination Event shall have occurred. This Funding Notice has been made in accordance with the provisions of Section 2.1(a) and Section 2.3 of the Agreement.

(D) Irrevocable. This Funding Notice shall be irrevocable.

(E) Governing Law. This Funding Notice shall be governed by, and construed in accordance with, the laws of the State of New York.

IN WITNESS WHEREOF, the undersigned has caused this Funding Notice to be duly executed and delivered by its duly authorized officer as of the date first above written.

CAC Warehouse Funding LLC V

By: ____
Name:
Title:

Form of Assignment and Acceptance

B-1

FORM OF ASSIGNMENT AND ACCEPTANCE

Dated _____, 20__

Reference is made to the Loan and Security Agreement dated as of September 15, 2014 (as amended or modified from time to time, the “Agreement”) among CAC Warehouse Funding LLC V, as borrower (the “Borrower”), Credit Acceptance Corporation, as servicer (the “Servicer”), Fifth Third Bank, as lender, deal agent collateral agent (the “Lender”, “Deal Agent” and “Collateral Agent”) and Systems & Services Technologies, Inc., as backup servicer. Terms defined in the Agreement are used herein with the same meaning.

_____ (the “Assignor”) and _____ (the “Assignee”) agree as follows:

1. The Assignor hereby sells and assigns to the Assignee, and the Assignee hereby purchases and assumes from the Assignor, that interest in and to all of the Assignor’s rights and obligations under the Agreement as of the date hereof which represents the percentage interest specified in Section 1 of Schedule 1 of all outstanding rights and obligations of the Assignor under the Agreement, including, without limitation, such interest in the Commitment of the Assignor and the Advance made by the Assignor. After giving effect to such sale and assignment, the Commitment and the amount of the Capital made by the Assignee will be as set forth in Section 2 of Schedule 1.

2. The Assignor: (i) represents and warrants that it is the legal and beneficial owner of the interest being assigned by it hereunder and that such interest is free and clear of any Adverse Claim; (ii) makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with the Agreement or the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Agreement or any other instrument or document furnished pursuant thereto; (iii) makes no representation or warranty and assumes no responsibility with respect to the financial condition of itself or the performance or observance by it of any of its obligations under the Agreement or any other instrument or document furnished pursuant thereto; and (iv) confirms that the Assignee is an Eligible Assignee.

3. The Assignee: (i) confirms that it has received a copy of the Agreement, together with copies of such financial statements and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Acceptance; (ii) agrees that it will, independently and without reliance upon the Deal Agent, the Collateral Agent or the Assignor and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Agreement; (iii) confirms that it is an Eligible Assignee; (iv) appoints and authorizes the Deal Agent and the Collateral Agent each to take such action as agent on its behalf and to exercise such powers under the Agreement as are delegated to the Deal Agent and the Collateral Agent, respectively, by the terms thereof, together with such powers as are reasonably incidental thereto;

(v) agrees that it will perform in accordance with their terms all of the obligations which by the terms of the Agreement are required to be performed by it; and (vi) agrees and acknowledges that the Assignee and Secured Party is bound by the confidentiality provisions of Section 14.13 of the Agreement.

4. Following the execution of this Assignment and Acceptance by the Assignor and the Assignee, it will be delivered to each of the Deal Agent and the Collateral Agent and the related for acceptance and recording by the Deal Agent. The effective date of this Assignment and Acceptance (the "Assignment Date") shall be the date of acceptance thereof by the Deal Agent, unless a later date is specified in Section 3 of Schedule 1.

5. Upon such acceptance by the Deal Agent and the Collateral Agent and upon such recording by the Deal Agent, as of the Assignment Date, (i) the Assignee shall be a party to the Agreement and, to the extent provided in this Assignment and Acceptance, have the rights and obligations of the Lender thereunder and (ii) the Assignor shall, to the extent provided in this Assignment and Acceptance, relinquish its rights and be released from its obligations under the Agreement.

6. Upon such recording by the Deal Agent, from and after the Assignment Date, the Deal Agent and the Collateral Agent shall make, or cause to be made, all payments under the Agreement in respect of the interest assigned hereby (including, without limitation, all payments of principal, interest and Facility Fee with respect thereto) to the Assignee. The Assignor and Assignee shall make all appropriate adjustments in payments under the Agreement for periods prior to the Assignment Date directly between themselves.

7. This Assignment and Acceptance shall be governed by, and construed in accordance with, the laws of the State of New York.

IN WITNESS WHEREOF, the parties hereto have caused this Assignment and Acceptance to be executed by their respective officers thereunto duly authorized, as of the date first above written, such execution being made on Schedule 1 hereto.

[ASSIGNOR]

By: ____
Name:
Title:

Address for notices

[Address]

[ASSIGNEE]

By: ____
Name:
Title:

Address for notices

[Address]

Consented and agreed this ____ day of
_____, ____

FIFTH THIRD BANK,
as Deal Agent and Collateral Agent

By: ____
Name:____
Title:____

Schedule 1
to
Assignment and Acceptance
Dated _____, 20__

Section 1.

Percentage Interest: _____%

Section 2.

Assignee's Commitment: \$ _____

Aggregate Outstanding Advance owing to the Assignee: \$ _____

Section 3.

Assignment Date: _____, 20__

Form of Monthly Report

[Attached hereto]

Form of Take-Out Release

Reference is hereby made to the Loan and Security Agreement, dated as of September 15, 2014 (as amended, supplemented or otherwise modified and in effect from time to time, the “Agreement”), by and among CAC Warehouse Funding LLC V, as borrower (in such capacity, the “Borrower”), Credit Acceptance Corporation, as servicer (in such capacity, the “Servicer”), Fifth Third Bank, as deal agent (the “Deal Agent”), lender (the “Lender”) and collateral agent (the “Collateral Agent”), and System & Services Technologies Inc., as backup servicer.

Capitalized terms not defined herein shall have the meaning given such terms in the Agreement.

Pursuant to Section 2.8(a) of the Agreement, the Borrower requests the Collateral Agent to release all of its right, title and interest, including any security interest and Lien, in and to the Loans and Related Security identified on Schedule 1 hereto (the “Released Loans and the Related Security”). The Take-Out Date is as of [_____].

Pursuant to Section 2.8(a)(ii) of the Agreement, the Servicer and the Borrower hereby certify that the Borrower will have sufficient funds on the Take-Out Date to effect the Take-Out in accordance with the Agreement.

Pursuant to Section 2.8(a)(iii) of the Agreement, the Servicer and the Borrower hereby certify that after giving effect to the Take-Out and the release to the Borrower of the Loans and Related Security on the Take-Out Date, (x) the representations and warranties contained in Sections 4.1 and 4.2 of the Agreement shall continue to be correct in all material respects, except to the extent relating to an earlier date, and (y) neither an Unmatured Termination Event nor a Termination Event has occurred.

Upon receipt in the Collection Account of \$[_____] in immediately available funds, the Collateral Agent hereby releases all of its right, title and interest, including any security interest and Lien, in and to:

(i) the Released Loans and the Related Security, all monies due or to become due with respect thereto, whether accounts, chattel paper, general intangibles or other property, all monies or remittances on deposit in the Credit Acceptance Payment Account which constitute proceeds of such Released Loans and the Related Security;

- (ii) the security interests in the Contracts granted by Obligors pursuant to the related Released Loans and the Related Security;
- (iii) all of the Borrower's rights under (x) the Contribution Agreement and (y) each Dealer Agreement, in each case with respect to such Released Loans and the Related Security; and
- (iv) the proceeds of any and all of the foregoing.

[REMAINDER OF PAGE BLANK. SIGNATURE PAGE FOLLOWS.]

Executed as of _____.

CREDIT ACCEPTANCE CORPORATION, AS THE SERVICER

By: _____

Name: _____

Title: _____

CAC WAREHOUSE FUNDING LLC V, as the Borrower

By: _____

Name: _____

Title: _____

FIFTH THIRD BANK, as the Lender, Collateral Agent and Deal Agent

By: _____

Name: _____

Title: _____

Form of Hedging Agreement

[on file with the Deal Agent]

**Form of Officer's Certificate
CREDIT ACCEPTANCE CORPORATION
CERTIFICATE OF OFFICER**

I, Douglas W. Busk, on this date of [_____] __, 2014, hereby certify that I am the duly executed, qualified and acting Treasurer of Credit Acceptance Corporation, a Michigan corporation (the "Company"), and that, as such, I have access to its corporate records and am familiar with the matters certified herein, and I am authorized to execute and deliver this certificate in the name and on behalf of the Company, and that:

1. This certificate is being delivered pursuant to that certain Loan and Security Agreement (the "Loan and Security Agreement"), dated September 15, 2014, by and among the Company, CAC Warehouse Funding LLC V, Fifth Third Bank and Systems & Services Technologies, Inc. The capitalized terms used in this certificate and not defined herein have the respective meanings specified in the Loan and Security Agreement.

2. The closing conditions set forth in Sections 3.1(a) (other than with respect to the Hedging Agreements), (c) and (d) of the Loan and Security Agreement have been satisfied, including without limitation, the following:

(i) No Amortization Event, Termination Event or Unmatured Termination Event has occurred; and

(ii) No Servicer Termination Event or Potential Servicer Termination Event has occurred.

3. The transactions under the Loan and Security Agreement and any other Transaction Document to which the Company is a party do not and will not render the Company not Solvent.

IN WITNESS WHEREOF, I have executed this certificate in the name and on behalf of the Company on the date first written above.

CREDIT ACCEPTANCE CORPORATION

By: _____
Douglas W. Busk
Treasurer

FORM OF RELEASE

Reference is hereby made to the Loan and Security Agreement, dated as of September 15, 2014, among CAC Warehouse Funding LLC V, as the Borrower, Credit Acceptance Corporation, as the Servicer, Fifth Third Bank, as the Lender, Deal Agent and Collateral Agent and Systems & Services Technologies, Inc., as the Backup Servicer as it may from time to time be amended, supplemented or otherwise modified in accordance with the terms thereof (the “Agreement”).

Capitalized terms not defined herein shall have the meaning given such terms in the Agreement.

Pursuant to Section 2.16(a) of the Agreement, the Borrower requests the Collateral Agent to release all of its right, title and interest, including any security interest and Lien, in and to the Loans and Related Security identified on Schedule 1 hereto (the “Released Loans and the Related Security”).

The Servicer and Borrower hereby certify that after giving effect to the release to the Borrower of the Loans and Related Security as provided below, (x) the representations and warranties contained in Article IV of the Agreement shall continue to be correct in all material respects, except to the extent relating to an earlier date, and (y) neither an Unmatured Termination Event nor a Termination Event has occurred.

Upon deposit in the Collection Account of \$[] in immediately available funds, the Collateral Agent hereby releases all of its right, title and interest, including any security interest and Lien, in and to [all of] the Loans and the Related Security identified on Schedule I hereto (the “Released Loans and Related Security”):

- (i) the Released Loans and the Related Security, all monies due or to become due with respect thereto, whether accounts, chattel paper, general intangibles or other property, all monies or remittances on deposit in the Credit Acceptance Payment Account which constitute proceeds of such Loans and the Loans;
- (ii) the security interests in the Contracts granted by Obligors pursuant to the related Loan and all security related thereto;
- (iii) all of the Borrower’s rights under the Contribution Agreement and each Dealer Agreement with respect to such Loans and the Related Security;
- (iv) the proceeds of any and all of the foregoing.

[REMAINDER OF PAGE BLANK. SIGNATURE PAGE FOLLOWS.]

Executed as of _____.

Credit Acceptance Corporation, as the Servicer

By:_____
Name:
Title:

CAC Warehouse Funding LLC V, as the Borrower

By:_____
Name:
Title:

Fifth Third Bank, as the Deal Agent and Collateral Agent

By:_____
Name:
Title:

Form of Contribution Agreement

FORM OF VARIABLE FUNDING NOTE

Cincinnati, Ohio
[____], 2014

FOR VALUE RECEIVED, the undersigned, CAC WAREHOUSE FUNDING LLC V, a Delaware limited liability company (the “Borrower”), promises to pay to the order of Fifth Third Bank, as Deal Agent, on behalf of the Lender, on the Maturity Date specified in Section 2.1(c) of the Loan and Security Agreement (as hereinafter defined), at Fifth Third Bank, Asset Securitization, 38 Fountain Square Plaza, MD 109046, Cincinnati, OH 45263; Fax: 513-534-0319, in lawful money of the United States of America and in immediately available funds, the principal amount of One Hundred Million Dollars (\$100,000,000), or, if less, the aggregate unpaid principal amount of the all Advances made by the Lender to the Borrower pursuant to the Loan and Security Agreement, and to pay interest at such office, in like money, from the date hereof on the unpaid principal amount of the Advance from time to time outstanding at the rates and on the dates specified in the Loan and Security Agreement.

The Deal Agent is authorized to record, on the schedules annexed hereto and made a part hereof or on other appropriate records of the Deal Agent, the date and the amount of the Advance made by the Lenders, each continuation thereof, the funding period for such Advance and the date and amount of each payment or prepayment of principal thereof. Any such recordation shall constitute prima facie evidence of the accuracy of the information so recorded; provided that the failure of the Deal Agent to make any such recordation (or any error in such recordation) shall not affect the obligations of the Borrower hereunder, under the Loan and Security Agreement in respect of the Advance.

This Variable Funding Note is the Note referred to in the Loan and Security Agreement, dated as of September 15, 2014 (as amended, supplemented, or otherwise modified and in effect from time to time, the “Loan and Security Agreement”), among CAC Warehouse Funding LLC V (the “Borrower”); Credit Acceptance Corporation (the “Servicer”); Fifth Third Bank, as lender (the “Lender”); as deal agent (the “Deal Agent”); and as Collateral Agent (the “Collateral Agent”); and Systems & Services Technologies, Inc. (the “Backup Servicer”). Capitalized terms used herein and defined herein have the meanings given them in the Loan and Security Agreement.

This Variable Funding Note is subject to optional and mandatory prepayment as provided in the Loan and Security Agreement.

Upon the occurrence of a Termination Event, the Secured Parties shall have all of the remedies specified in the Loan and Security Agreement. The Borrower hereby waives presentment, demand, protest, and all notices of any kind.

THIS VARIABLE FUNDING NOTE SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

CAC WAREHOUSE FUNDING LLC V,
as Borrower

By: ____
Name:
Title:

Schedule 1 to
VARIABLE FUNDING NOTE

Principal of the <u>Advances</u>	Interest on the <u>Advances</u>	Prepayment of the <u>Advances</u>	Notation by <u>Date</u>
-------------------------------------	------------------------------------	--------------------------------------	----------------------------

Form of Dealer Agreement

Forms of Contracts

Form of Backup Servicing Agreement

Form of Purchase Agreement

[Reserved]

Schedule II

[Reserved]

Schedule III

Tradenames, Fictitious Names and “Doing Business As” Name

None

Schedule IV

Location of Records and Contract Files

Credit Acceptance Corporation
Silver Triangle Building
25505 W. Twelve Mile Road, Ste. 3000
Southfield, MI 48034

Schedule V

List of Loans, Contracts, Dealer Agreements and Pools

[To be provided in accordance with Section 2.2(a)(iii) or Section 6.15(c)]

Schedule VI

[Reserved]

Schedule VII

Forecasted Collections

[To be provided in accordance with Section 2.8(a)(vii) or Section 6.5(e)]

Schedule VIII
Commitment Amount of the Lender

<u>Lender</u>	<u>Commitment Amount</u>
Fifth Third Bank	\$100,000,000

Condition Precedent Documents Relating to Closing

<u>CONDITION PRECEDENT DOCUMENTS</u>	<u>RESPONSIBLE PARTY</u>
I. TRANSACTION DOCUMENTS	
A. Loan and Security Agreement	Skadden
Exhibits to Loan and Security Agreement	
Exhibit A Form of Funding Notice	Attached
Exhibit B Form of Assignment and Acceptance	Attached
Exhibit C Form of Monthly Report	Fifth Third
Exhibit D Form of Take-Out Release	Attached
Exhibit E Form of Hedging Agreement (including Schedule and Confirmation)	Credit Acceptance
Exhibit F Form of Officer's Certificate	Attached
Exhibit G Form of Release	Attached
Exhibit H Form of Contribution Agreement	Skadden
Exhibit I Form of Variable Funding Note	Attached
Exhibit J Form of Dealer Agreement	Credit Acceptance
Exhibit K Form of Contracts	Credit Acceptance
Exhibit L Form of Backup Servicing Agreement	Skadden
Exhibit M Form of Purchase Agreement	Attached
Schedules to Loan and Security Agreement	
Schedule I [Reserved]	N/A
Schedule II Credit and Collection Guidelines	Credit Acceptance
Schedule III Tradenames, Fictitious Names and "Doing Business As" Names	Credit Acceptance
Schedule IV Location of Records and Contract Files	Credit Acceptance
Schedule V List of Loans, Contracts, Dealer Agreements and Pools	Credit Acceptance
Schedule VI [Reserved]	N/A
Schedule VII Forecasted Collections	Credit Acceptance
Schedule VIII Commitment Amount of the Lender	Attached
Schedule IX Condition Precedent Documents to the Closing	Attached
B. Contribution Agreement	Skadden
C. Backup Servicing Agreement	Skadden
D. Fee Letter	Fifth Third/Mayer Brown

E. Note in favor of the Lender	Skadden
F. Hedge Agreement	Credit Acceptance/ Fifth Third
G. Payoff Letter with respect to the CAC Warehouse Funding III, LLC securitization facility	Fifth Third/Mayer Brown
II. DOCUMENTS RELATING TO THE BORROWER	
A. Secretary's Certificate with the following items attached: - Resolutions of the Board of Directors of the Borrower - Certificate of Formation of the Borrower - Operating Agreement of the Borrower - Incumbency	Borrower/Skadden
B. On the Closing Date, Officer's Certificate of the Borrower certifying as to the applicable matters set forth in Section 3.1 of the Loan and Security Agreement and the Solvency Certificate described in Section 4.1(i) of the Loan and Security Agreement	Borrower/Skadden
C. On the Funding Date, Officer's Certificate of the Borrower certifying as to the applicable matters set forth in Section 3.1 of the Loan and Security Agreement	Borrower/Skadden
D. Certificate of Formation of the Borrower certified by the Secretary of State of Delaware	Borrower/Skadden
E. Good Standing Certificate issued by the Secretary of State of the State of Delaware with respect Borrower	Borrower/Skadden
F. Copies of the filed financing statement in Delaware on Form UCC-1 naming the Borrower as debtor and the Collateral Agent, for the benefit of the Secured Parties, as secured party	Borrower/Skadden
G. Evidence that the Borrower has been licensed as a "sales finance company" (or similar, as applicable) in the states of Pennsylvania and Maryland.	Borrower/Skadden
III. DOCUMENTS RELATING TO CREDIT ACCEPTANCE	

A. Secretary's Certificate with the following items attached: - Resolutions of the Board of Directors of Credit Acceptance - Certificate of Incorporation of Credit Acceptance - Bylaws of Credit Acceptance - Incumbency	Credit Acceptance/ Skadden
B. On the Closing Date, Officer's Certificate of Credit Acceptance certifying as to the applicable matters set forth in Section 3.1	Credit Acceptance/ Skadden
C. On the Funding Date, Officer's Certificate of Credit Acceptance certifying that no Unmatured Termination Event, Termination Event, Servicer Termination Event or potential Servicer Termination Event shall have occurred	Credit Acceptance/ Skadden
D. Certificate of Incorporation certified by the Secretary of State of the State of Michigan	Credit Acceptance/ Skadden
E. Good Standing Certificate issued by the Secretary of State of the State of Michigan with respect to Credit Acceptance	Credit Acceptance/ Skadden
F. Copies of the filed financing statement in Delaware on Form UCC-1 naming the Originator as debtor/seller, the Borrower as secured party/purchaser, and the Collateral Agent as assignee	Credit Acceptance/ Skadden
IV. OPINIONS OF COUNSEL	
A. Opinion of Skadden as to certain corporate and enforceability matters	Skadden
B. Opinion of Skadden as to non-consolidation matters	Skadden
C. On the date of the Initial Funding, opinion of Skadden as to certain security interest matters	Skadden
D. On the date of the Initial Funding, opinion of Skadden as to true sale matters	Skadden
E. Opinion of Dykema as to certain corporate and enforceability matters under Michigan law	Dykema
V. ADDITIONAL CLOSING DOCUMENTS/ACTIONS	

A. Evidence that (i) the Lender has cancelled all notes and related fee letters executed by CAC Warehouse Funding III, LLC in favor of Fifth Third Bank and delivered the same to the Borrower, (ii) the Amended and Restated Loan and Security Agreement, dated as of June 29, 2012 (as amended), among CAC Warehouse III, LLC, Credit Acceptance, Fifth Third Bank and Systems & Services Technologies, Inc., and the related Contribution Agreement and Backup Servicing Agreement (each, as defined therein), have each been terminated and all collateral thereunder have been released	Lender/Credit Acceptance
B. A certificate of an officer of the Borrower certifying that all of the conditions to funding set forth in Sections 3.1 and 3.2 of the Contribution Agreement have been satisfied	Borrower/Skadden
C. UCC-3 Termination Statements, terminating all UCC financing statements naming Credit Acceptance as debtor/seller, CAC Warehouse Funding III, LLC as secured party/purchaser, and Fifth Third Bank as assignee	Credit Acceptance/Skadden
D. UCC search results (i) for the Borrower in Delaware and (ii) for Credit Acceptance in Michigan	Skadden/Dykema
E. Evidence that the Collection Account and the Reserve Account have been established	Credit Acceptance
F. Evidence that the Structuring Fee and any other fees or amounts due and payable on the Closing Date in accordance with the Fee Letter have been paid in full	Borrower
G. On the date of the Initial Funding, Evidence that the Reserve Account has been funded	Borrower

Key:

Fifth Third	Fifth Third Bank, the Deal Agent or the Collateral Agent
Lender	Fifth Third Bank
Credit Acceptance	Credit Acceptance Corporation
Borrower	CAC Warehouse Funding LLC V
Mayer Brown	Mayer Brown LLP
Dykema	Dykema Gossett PLLC
Skadden	Skadden, Arps, Slate, Meagher & Flom LLP
Backup Servicer	Systems & Services Technologies, Inc.

**SECOND AMENDMENT TO
LOAN AND SECURITY AGREEMENT**

THIS SECOND AMENDMENT TO LOAN AND SECURITY AGREEMENT (this “*Amendment*”), dated as of July 18, 2019, to the Loan and Security Agreement, dated as of December 1, 2017 (the “*Original Loan Agreement*”), as amended by the First Amendment to Loan and Security Agreement, dated as of December 17, 2018 (the “*First Amendment*” and, together with the Original Loan Agreement, the “*Loan Agreement*”), among CAC WAREHOUSE FUNDING LLC VII, a Delaware limited liability company (the “*Borrower*”), CREDIT ACCEPTANCE CORPORATION, a Michigan corporation (“*Credit Acceptance*”, the “*Originator*”, the “*Servicer*”, or the “*Custodian*”), the persons from time to time party thereto as LENDERS, the persons from time to time party thereto as MANAGING AGENTS and CREDIT SUISSE AG, NEW YORK BRANCH, as deal agent (in such capacity, together with its successors and assigns, the “*Deal Agent*”). Unless defined elsewhere herein, capitalized terms used in this Amendment shall have the meanings assigned to such terms in the Loan Agreement.

RECITALS

WHEREAS, the Borrower, the Servicer, the Custodian, the Lenders, the Managing Agents, the Deal Agent, the Collateral Agent (as defined in the Loan Agreement), and the Backup Servicer (as defined in the Loan Agreement) are parties to the Loan Agreement; and

WHEREAS, the Borrower and the Servicer have requested that the Deal Agent, the Managing Agents and the Lenders amend the Loan Agreement as specified herein and, subject to the terms and conditions hereof, the Deal Agent, the Managing Agents and the Lenders are willing to amend the Loan Agreement as specified herein.

NOW THEREFORE, in consideration of the mutual execution hereof and other good and valuable consideration, the parties hereto agree as follows:

1. *Amendments to the Loan Agreement.*

(a) The following amendments shall be effective as of the date hereof:

(i) The definition of “*Minimum Weighted Average Spread Rate*” appearing in Section 1.1 of the Loan Agreement is hereby deleted and replaced with the following:

““*Minimum Weighted Average Spread Rate*”: 25.0%”

(ii) The definition of “*Credit Agreement*” appearing in Section 1.1 of the Loan Agreement is hereby deleted and replaced with the following:

“*Credit Agreement*”: The Sixth Amended and Restated Credit Acceptance Corporation Credit Agreement, dated as of June 23, 2014, among Credit Acceptance, Comerica Bank, as administrative agent and collateral agent, and the banks signatory thereto, as amended from time to time.”

(iii) The definition of “*Financial Covenant*” appearing in Section 1.1 of the Loan Agreement is hereby deleted.

(iv) The definition of “*Weighted Average Spread Rate*” appearing in Section 1.1 of the Loan Agreement is hereby deleted and replaced with the following:

“*Weighted Average Spread Rate*”: With respect to each Payment Date during the Revolving Period, one minus the Weighted Average Original Advance Rate divided by the Weighted Average Final Score (expressed as a percentage).”

(v) Section 1.1 of the Loan Agreement is hereby amended by adding the following new defined terms in alphabetical order:

“*Capitalized Lease*”: As applied to any Person, any lease of any property (whether real, personal or mixed) with respect to which the discounted present value of the rental obligations of such Person as lessee thereunder, in conformity with GAAP, is required to be capitalized on the balance sheet of that Person; provided, however, that all leases of such Person that are or would have been treated as operating leases for purposes of GAAP prior to the issuance on February 25, 2016 of the ASU 2016-02 (ASC 842, Leases) shall continue to be treated as operating leases (and any future lease that would have been treated as an operating lease for purposes of GAAP prior to the issuance of ASC 842 shall be treated as an operating lease), in each case for purposes of this Agreement.”

“*CECL Methodology*”: The current expected credit losses methodology for credit losses accounting under GAAP established under ASU 2016-13.”

“*Consolidated*”: When used with reference to any financial information pertaining to (or when used as a part of any defined term or statement pertaining to the financial condition of) Credit Acceptance and its Credit Agreement Subsidiaries, mean the accounts of Credit Acceptance and its Credit Agreement Subsidiaries determined on a consolidated basis and, except as otherwise specifically required by the definition of such term or by such statements, as to such accounts, in accordance with GAAP.”

““*Consolidated Fixed Charges*”: For any period, the sum of (a) Consolidated Interest Expense for such period, plus (b) Operating Rentals payable by Credit Acceptance and its Credit Agreement Subsidiaries in respect of such period under Operating Leases, plus (c) the aggregate amount of all dividends on any preferred stock of Credit Acceptance declared during such period, determined after eliminating intercompany transactions among Credit Acceptance and its Credit Agreement Subsidiaries, minus (d) to the extent included in Consolidated Interest Expense, (i) amortization of debt issuance fees, and (ii) any loss from mark-to-market changes in derivative instruments, plus (e) to the extent included in Consolidated Interest Expense, any gain from mark-to-market changes in derivative instruments.”

““*Consolidated Funded Debt*”: As of any applicable date of determination, all Funded Debt of Credit Acceptance and its Credit Agreement Subsidiaries determined on a Consolidated basis according to GAAP, and including the Funded Debt of any Special Purpose Subsidiary (as defined in the Credit Agreement), whether or not includible under GAAP, but minus Funded Debt of the Trusts (as defined in the Credit Agreement) to the extent such liabilities are Consolidated under GAAP.”

““*Consolidated Income Available for Fixed Charges*”: For any period, the sum of (a) Consolidated Net Income, plus (b) the aggregate amount of income taxes, depreciation, amortization (including, without limitation, amortization of any debt issuance fees and any loss from mark-to-market changes in derivative instruments) to the extent, and only to the extent, that such aggregate amount was deducted in the computation of Consolidated Net Income for such period (such aggregated amount to be determined on a Consolidated basis for the applicable Persons in accordance with GAAP).”

““*Consolidated Interest Expense*”: For any period, the amount of interest charged or chargeable to the Consolidated Statement of Operations of Credit Acceptance and its Credit Agreement Subsidiaries in respect of such period, as determined in accordance with GAAP.”

““*Consolidated Net Income*”: For any period, net earnings (or loss) after income taxes of Credit Acceptance and its Credit Agreement Subsidiaries, determined on a Consolidated basis for such Persons in accordance with GAAP, but excluding, to the extent included in calculating net earnings:

- (a) net earnings (or loss) of any Credit Agreement Subsidiary accrued prior to the date it became a Credit Agreement Subsidiary;
- (b) any gain or loss (net of tax effects applicable thereto) resulting from the sale, conversion or other disposition of Capital Assets (as defined in the Credit Agreement) other than in the ordinary course of business;
- (c) any unusual or non-recurring gains or losses (including, without limitation, (i) any gain on sale generated by a Permitted Securitization (as defined in the Credit Agreement), except to the extent Credit Acceptance has received a cash benefit therefrom in the applicable reporting period, and (ii) any gain or loss incurred in connection with any repayment of Debt (as defined in the Credit Agreement) by Credit Acceptance or its Credit Agreement Subsidiaries and/or any refinancing, replacement, renewal or extension transaction of any Debt, or modification, waiver or amendment of any Debt or any document or instrument relating to any such Debt; provided that the cash component of any loss described in this clause (ii) shall not to exceed \$20,000,000 in any four fiscal quarter period); and any interest income generated by a Permitted Securitization (as defined in the Credit Agreement), except to the extent Credit Acceptance has received a cash benefit therefrom in the applicable reporting period;
- (d) any gain (net of tax effects attributable thereto) arising from any reappraisal or write-up of assets and any gain or loss (net of tax effects attributable thereto) arising from the non-cash effect of equity compensation expense;
- (e) any portion of the net earnings of any Credit Agreement Subsidiary (other than a Special Purpose Subsidiary (as defined in the Credit Agreement)) that is not available for payment of dividends to Credit Acceptance or any other Credit Agreement Subsidiary due to operation of the terms of its charter or organizational documents or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to such Credit Agreement Subsidiary;
- (f) any gain or loss (net of tax effects applicable thereto) during such period resulting from the receipt of any proceeds of any insurance policy;
- (g) except as set forth herein, (i) any earnings of any Person acquired by Credit Acceptance or any Credit Agreement Subsidiary through the purchase, merger or consolidation or otherwise, or (ii) earnings of any Person substantially

all of the assets of which have been acquired by Credit Acceptance or any Credit Agreement Subsidiary, in each case, for any period prior to the date of acquisition;

(h) net earnings of any Person (other than a Credit Agreement Subsidiary) in which Credit Acceptance or any Credit Agreement Subsidiary shall have an ownership interest unless such net earnings shall actually have been received by Credit Acceptance or such Credit Agreement Subsidiary in the form of cash distributions; and

(i) any restoration during such period to income of any contingency reserve, (other than any contingency reserve for taxes) except to the extent that provision for such reserve was made either

(i) during such period out of income accrued during such period, or

(ii) in connection with Credit Acceptance's program of financing Installment Contracts (A) to provide for warranty claims for which Credit Acceptance may be responsible, or (B) to cover credit losses in connection with Dealer Loans Receivable or Purchased Contracts (each, as defined in the Credit Agreement)."

"*Consolidated Tangible Net Worth*": shall mean the total preferred shareholders' investment and common shareholders' investment (common stock, paid in capital, retained earnings and accumulated other comprehensive income, net of tax) as computed for Credit Acceptance and its Credit Agreement Subsidiaries on a Consolidated basis under GAAP, less assets properly classified as intangible assets according to GAAP, but excluding from the determination thereof, without duplication, any excess servicing asset resulting from the transfer, pursuant to a Permitted Securitization, of Dealer Loan Pools or Purchased Contracts (each, as defined in the Credit Agreement)."

"*Credit Agreement Subsidiary*": Any other corporation, association, joint stock company, business trust, limited liability company, partnership (whether general or limited) or any other business entity of which more than fifty percent (50%) of the outstanding voting stock, share capital, membership or other interests, as the case may be, is owned either directly or indirectly by any Person or one or more of its Credit Agreement Subsidiaries, or the management of which is otherwise controlled, directly, or indirectly through one or more intermediaries, or both, by

any Person and/or its Credit Agreement Subsidiaries. Unless otherwise specified to the contrary in the Credit Agreement or the context otherwise requires, Credit Agreement Subsidiary(ies) shall refer to each Person which is a Credit Agreement Subsidiary of Credit Acceptance and “100% Credit Agreement Subsidiary(ies)” shall mean any Credit Agreement Subsidiary whose stock or partnership, membership or other Equity Interests (other than directors’ or qualifying shares or other interests to the extent required under applicable law) are owned directly or indirectly entirely by Credit Acceptance.”

“*Equity Interest*”: (i) In the case of any corporation, all capital stock and any securities exchangeable for or convertible into capital stock, (ii) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents of corporate stock (however designated) in or to such association or entity, (iii) in the case of a partnership or limited liability company, partnership or membership interests (whether general or limited) and (iv) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distribution of assets of, the issuing Person, and including, in all of the foregoing cases described in clauses (i), (ii), (iii) or (iv), any warrants, rights or other options to purchase or otherwise acquire any of the interests described in any of the foregoing cases.”

“*Fixed Charge Coverage Ratio*”: As of any applicable date of determination, the ratio of (a) Consolidated Income Available for Fixed Charges for the previous four (4) consecutive fiscal quarters of Credit Acceptance most recently ended at such time to (b) Consolidated Fixed Charges for such period.”

“*Funded Debt*”: Without duplication, (a) all indebtedness of any Person for borrowed money or for the deferred purchase price of property or services as of such date (other than Operating Leases and trade liabilities and royalties payable incurred in the ordinary course of business and payable in accordance with customary practices) or which is evidenced by a note, bond, debenture or similar instrument, (b) the principal component of all obligations of such Person under Capitalized Leases, (c) all reimbursement obligations of such Person in respect of letters of credit (other than trade letters of credit), bankers acceptances or similar obligations issued or created for the account of such Person, (d) all liabilities of the type described in (a), (b) and (c) above that are secured by any Liens (as defined in the Credit Agreement) on any property owned by such Person as of such date even though such Person has not assumed or otherwise become liable for the payment thereof, in the case of each of the items in clauses (a) through (d), the amount of which is determined in accordance with GAAP; *provided*, however,

that so long as such Person is not personally liable for any such liability, the amount of such liability shall be deemed to be the lesser of the fair market value at such date of the property subject to the Lien (as defined in the Credit Agreement) securing such liability and the amount of the liability secured, and (e) all guarantee obligations in respect of any liability which constitutes Funded Debt; *provided*, however, that Funded Debt shall not include any indebtedness under any Hedging Agreement (as defined in the Credit Agreement) prior to the occurrence of a termination event with respect thereto; *provided further* that upon the defeasance or satisfaction and discharge of Funded Debt in accordance with the terms of such Funded Debt, such Funded Debt will cease to be "Funded Debt" hereunder (for the avoidance of doubt, including upon the giving or mailing of a notice of redemption and redemption funds being deposited with a trustee or paying agent or otherwise segregated or held in trust or under an escrow or other funding arrangement for the sole purpose of repurchasing, redeeming, defeasing, repaying, satisfying and discharging, or otherwise acquiring or retiring such Funded Debt in accordance with the terms of such Funded Debt)."

"*Operating Lease*": Any lease, whether now existing or hereafter entered into, under which Credit Acceptance or any Credit Agreement Subsidiary is a lessee, other than a Capitalized Lease, including all leases of such Person that are or would have been treated as operating leases for purposes of GAAP prior to the issuance on February 25, 2016 of the ASU 2016-02 (ASC 842, Leases), in each case for purposes of this Agreement.

"*Operating Rental*": All rental payments that Credit Acceptance or any of its Credit Agreement Subsidiaries, as lessee, is required to make under the terms of any Operating Lease."

"*Unrestricted Cash*": Cash of Credit Acceptance and its consolidated subsidiaries which is not subject to any pledge, security interest, lien, mortgage or other encumbrance, except (a) a lien in favor of Agent (as defined in the Credit Agreement) to secure the Indebtedness (as defined in the Credit Agreement) and (b) in the case of cash deposits held in a deposit account at a financial institution other than Agent (as defined in the Credit Agreement), a customary banker's lien in favor of such financial institution so long as Credit Acceptance has the unrestricted right, at any time, to access, withdraw, assign or transfer such deposits, and such deposits are not subject to any account control agreement or other agreement under which such rights are or can be restricted."

(vi) Section 5.4 of the Loan Agreement is hereby amended by adding the following new clauses in their appropriate position at the end thereof:

“(o) Funded Debt Ratio. The Servicer shall, on a Consolidated basis, maintain as of the end of each fiscal quarter a ratio of Consolidated Funded Debt minus Unrestricted Cash (including in the calculation thereof, for purposes of this Section 5.4(o), all Funded Debt incurred by a Special Purpose Subsidiary (as defined in the Credit Agreement), whether or not included therein under GAAP) to Credit Acceptance’s Consolidated Tangible Net Worth (i) prior to January 1, 2020 (and thereafter if Credit Acceptance has not adopted the CECL Methodology), equal to or less than 3.25 to 1.00, and (ii) on or after January 1, 2020, so long as Credit Acceptance has adopted the CECL Methodology, a ratio of Consolidated Funded Debt minus Unrestricted Cash to the Servicer’s Consolidated Tangible Net Worth equal to or less than 5.60 to 1.00.”

“(p) Minimum Net Income. The Servicer shall, on a Consolidated basis, maintain as of the end of each fiscal quarter calculated for the fiscal quarter then ending, Consolidated Net Income of not less than \$1.00.”

“(q) Fixed Charge Coverage Ratio. The Servicer shall, on a Consolidated basis, maintain as of the end of each fiscal quarter a Fixed Charge Coverage Ratio of not less than 2.00 to 1.0.”

(vii) Clause (f) of Section 6.11 of the Loan Agreement are hereby deleted and replaced, respectively, with the following:

(f) if Credit Acceptance is the Servicer, the Servicer breaches any of the covenants set forth in Section 5.4(o), (p) or (q);

(viii) Clause (m) of Section 6.11 of the Loan Agreement is hereby deleted in its entirety.

(ix) The text of Exhibit L to the Loan Agreement is hereby deleted and replaced with “[RESERVED]” and the Table of Contents is hereby revised accordingly.

(b) The following amendments shall become effective as of January 1, 2020, provided Credit Acceptance has adopted the CECL Methodology:

- (i) Section 1.1 of the Loan Agreement is hereby amended by deleting the definition of “Aggregate Outstanding Eligible Loan Net Balance” in its entirety. All other references in the Agreement to “Aggregate Outstanding Eligible Loan Net Balance” shall be deleted and replaced in each instance with references to “Aggregate Outstanding Eligible Loan Balance.”
- (ii) Section 1.1 of the Loan Agreement is hereby amended by deleting the definition of “Loan Loss Reserve” in its entirety.
- (iii) Section 1.1 of the Loan Agreement is hereby amended by deleting the definition of “Net Loan Balance” in its entirety. All other references in the Loan Agreement to “Net Loan Balance” shall be deleted and replaced in each instance with references to “Outstanding Balance.”
- (iv) Section 1.1 of the Loan Agreement is hereby amended by deleting the definition of “Outstanding Balance” in its entirety and replacing it with the following:

““*Outstanding Balance*”:

(i) With respect to any Contract on any date of determination, all amounts owing under such Contract (whether considered principal or as finance charges) on such date of determination. The Outstanding Balance with respect to a Contract shall be deemed to have been created at the end of the day on the Date of Processing of such Contract; which shall be greater than or equal to zero (except in the case of a Contract as to which the final payment on such Contract is in excess of the amount owed on such Contract on the date of such final payment);

(ii) with respect to any Dealer Loan on any date of determination, the aggregate amount advanced under such Dealer Loan plus revenue accrued with respect to such Dealer Loan in accordance with Credit Acceptance’s adjusted accounting policies (as in effect as of January 1, 2020) as described on Exhibit N hereto and the payment of monies to a Dealer under the related Dealer Agreement, less Collections on the related Dealer Loan Contracts applied through such date of determination in accordance with the related Dealer Agreement to the reduction of the balance of such Dealer Loan;

(iii) with respect to any Purchased Loan (other than any Purchased Loan arising from a Dealer Collections Purchase Agreement) on any date of determination, the aggregate amount advanced under such Purchased Loan plus revenue accrued with respect to such Purchased Loan in accordance with Credit Acceptance's adjusted accounting policies (as in effect as of January 1, 2020) as described on Exhibit N hereto, less Collections on the related Purchased Loan Contract applied through the date of determination to the reduction of the balance of such Purchased Loan; and

(iv) with respect to any Purchased Loan arising from a Dealer Collections Purchase Agreement on any date of determination, (A) such Purchased Loan's pro rata share of the sum of (x) the Outstanding Balance of the related Dealer Loan as of the date of the related Dealer Collections Purchase and (y) the Dealer Collections Purchase Price with respect to such Dealer Loan (such pro rata share determined based on such Purchased Loan's pro rata share of the forecasted collections on the pool of Purchased Loans which previously constituted Dealer Loan Contracts securing such Dealer Loan), plus following the acquisition of such Purchased Loan (B) revenue accrued with respect to such Purchased Loan in accordance with Credit Acceptance's adjusted accounting policies (as in effect as of January 1, 2020) as described on Exhibit N hereto, less (C) Collections on the related Purchased Loan Contract applied through the date of determination to the reduction of the balance of such Purchased Loan."

(v) The Loan Agreement is hereby amended by adding an Exhibit N in the form attached hereto as Exhibit A.

(vi) The first sentence of Section 4.1(bb) of the Loan Agreement is hereby deleted in its entirety and replaced with the following:

"When new Pools or Purchased Loans are pledged to the Collateral Agent, the related Funding Notice shall provide (A) the aggregate Outstanding Balance of the Contracts to be pledged to the Collateral Agent on the related Funding Date; and (B) the Aggregate Outstanding Eligible Loan Balance, each as of the applicable Cut-Off Date and as reported in the Servicer's loan servicing system."

2. *Conditions Precedent to Effectiveness.* The effectiveness of this Amendment (the "*Effective Date*") is subject to the conditions precedent that the Deal Agent and each

Managing Agent shall have received counterparts of this Amendment duly executed by each of the respective parties hereto.

3. *Representations and Warranties.* In order to induce the Deal Agent and each of the Managing Agents to execute, deliver and perform this Amendment, each of Borrower and Servicer hereby represents and warrants that before and after giving effect to this Amendment:
- (a) each of its representations and warranties set forth in Article IV of the Loan Agreement is true and correct in all material respects on and as of the date hereof (except to the extent such representations and warranties expressly relate to an earlier date, in which case such representations and warranties are true and correct in all material respects as of such earlier date); provided, that the preceding materiality standard shall not apply to those representations and warranties which themselves contain materiality standards; and
 - (b) on the date hereof, no Amortization Event, Unmatured Termination Event, Termination Event, Servicer Termination Event, or Potential Servicer Termination Event has occurred and is continuing (either before or after giving effect to this Amendment).
4. *Loan Agreement in Full Force and Effect, as Amended.* All the terms and conditions of the Loan Agreement shall remain in full force and effect, as amended by this Amendment. All references to the Loan Agreement in any other document or instrument shall be deemed to mean the Loan Agreement, as amended by this Amendment. This Amendment shall not constitute a novation of the Loan Agreement, but shall constitute an amendment thereto. The parties hereto agree to be bound by the terms and obligations of the Loan Agreement, as amended by this Amendment.
5. *Governing Law; Consent to Jurisdiction; Waiver of Objection to Venue.* **THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK. EACH OF THE PARTIES HERETO HEREBY AGREES TO THE NON-EXCLUSIVE JURISDICTION OF ANY FEDERAL COURT LOCATED WITHIN THE STATE OF NEW YORK. EACH OF THE PARTIES HERETO AND EACH SECURED PARTY HEREBY WAIVES ANY OBJECTION BASED ON FORUM NON CONVENIENS, AND ANY OBJECTION TO VENUE OF ANY ACTION INSTITUTED HEREUNDER IN ANY OF THE AFOREMENTIONED COURTS AND CONSENTS TO THE GRANTING OF SUCH LEGAL OR EQUITABLE RELIEF AS IS DEEMED APPROPRIATE BY SUCH COURT.**

6. *Execution in Counterparts; Severability; Integration.* This Amendment may be executed in any number of counterparts (including by way of facsimile or electronic transmission) and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute one and the same agreement. In case any provision in or obligation under this Amendment shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby. The Loan Agreement, as amended by this Amendment, and any agreements or letters (including fee letters) executed in connection herewith contain the final and complete integration of all prior expressions by the parties hereto with respect to the subject matter hereof and shall constitute the entire agreement among the parties hereto with respect to the subject matter hereof, superseding all prior oral or written understandings.
7. *Fees and Expenses.* The Borrower hereby confirms its agreement to pay on demand all reasonable, properly documented costs and expenses of the Deal Agent in connection with the preparation, execution and delivery of this Amendment and any of the other instruments, documents and agreements to be executed and/or delivered in connection herewith, including, without limitation, the reasonable fees and expenses of outside legal counsel to the Deal Agent with respect thereto.
8. *Direction to Collateral Agent.* Pursuant to Section 13.1 of the Loan Agreement, the Deal Agent hereby directs the Collateral Agent to execute this Amendment.

[Signature pages follow]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed and delivered by their duly authorized officers as of the date hereof.

CAC WAREHOUSE FUNDING LLC VII,
as Borrower

By: /s/ Douglas W. Busk
Name: Douglas W. Busk
Title: Senior Vice President & Treasurer

CREDIT ACCEPTANCE CORPORATION, as
Servicer

By: /s/ Douglas W. Busk
Name: Douglas W. Busk
Title: Senior Vice President & Treasurer

[Signature Page to Second Amendment to CAC Loan and Security Agreement]

CREDIT SUISSE AG, NEW YORK BRANCH,
as a Managing Agent

By: /s/ Patrick J. Hart
Name: Patrick J. Hart
Title: Director

By: /s/ Jeffrey Traola
Name: Jeffrey Traola
Title: Director

GIFS CAPITAL COMPANY, LLC,
as a Conduit Lender

By: /s/ Carey D. Fear
Name: Carey D. Fear
Title: Manager

CREDIT SUISSE AG, CAYMAN ISLANDS BRANCH, as a Committed Lender

By: /s/ Patrick J. Hart
Name: Patrick J. Hart
Title: Director

By: /s/ Jeffrey Traola
Name: Jeffrey Traola
Title: Director

CREDIT SUISSE AG, NEW YORK BRANCH, as Deal Agent

By: /s/ Patrick J. Hart

Name: Patrick J. Hart

Title: Director

By: /s/ Jeffrey Traola

Name: Jeffrey Traola

Title: Director

[Signature Page to Second Amendment to CAC Loan and Security Agreement]

dCREDIT SUISSE INTERNATIONAL, as Hedge Counterparty

By: /s/ Barry Dixon

Name: Barry Dixon

Title: Authorized Signatory

By: /s/ Bik Kwan Chung

Name: Bik Kwan Chung

Title: Authorized Signatory

[Signature Page to Second Amendment to CAC Loan and Security Agreement]

Memo

Date: 5/6/19 **To:** Files

From: Jay Martin

Re: Loan Floating Yield Accounting Method (Non-GAAP)

The purpose of this memo is to summarize the following related to our non-GAAP loan floating yield accounting method:

- Background
- Floating Yield Accounting Method

Background

The net loan income (finance charge revenue less provision for credit losses) that we will recognize over the life of a loan equals the cash we collect from the underlying consumer loan less the cash we pay to the dealer. While the total amount of net loan income we would recognize over the life of the loan is not impacted by the accounting method, the timing of when we would recognize this income changes significantly based on the accounting method. We believe that recognizing net loan income on a level- yield basis over the life of the loan based on expected future net cash flows matches the economics of our business.

We believe the current GAAP method diverges from economic reality through the disparate treatment of changes in expected future net cash flows. Favorable changes are treated as increases to the yield and are recognized over time as additional finance charge revenue, while unfavorable changes are recorded as a current period provision for credit losses.

We believe the future GAAP method, which will become effective on January 1, 2020, diverges from economic reality by requiring us to recognize a significant provision for credit losses at the time of assignment for amounts we never expected to realize and finance charge revenue in subsequent periods that is significantly in excess of our expected yields.

We believe the floating yield method provides a more accurate reflection of the performance of our business as it begins with our initial estimate of expected future net cash flows and treats changes in expected future net cash flows consistently. Both favorable and unfavorable changes in expected future net cash flows are treated as yield adjustments and are recognized over time as adjustments to finance charge revenue.

Floating Yield Accounting Method

Amounts paid to dealers for consumer loans assigned to us are recorded as loans receivable. The outstanding balance of each loan included in loans receivable is comprised of the following:

- cash paid to the dealer for the consumer loan assignment (advance or purchase price)
- finance charges
- dealer holdback payments
- accelerated dealer holdback payments
- less: collections (net of certain collection costs)

Finance charges are recognized on a level-yield basis over the life of the loan based on expected future net cash flows. Each month, we calculate finance charges by multiplying the prior month outstanding loan receivable balance by the prior month expected loan yield. Each month, we recalculate and adjust the expected loan yield to the discount rate that equates the present value of expected future net cash flows to the current month outstanding loan receivable balance.

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 fiscal 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: July 30, 2019

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

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 fiscal 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: July 30, 2019

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

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 June 30, 2019 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:

and

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934;
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: July 30, 2019

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

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 June 30, 2019 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: July 30, 2019

By: /s/ Kenneth S. Booth

Kenneth S. Booth

Chief Financial Officer

(Principal Financial Officer)