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

FORM 10-Q

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2008

OR

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from __________ to __________

Commission File Number 000-20202

CREDIT ACCEPTANCE CORPORATION

(Exact name of registrant as specified in its charter)

MICHIGAN (State or other jurisdiction of incorporation or organization)	**38-1999511** (IRS Employer Identification)
25505 WEST TWELVE MILE ROAD **SOUTHFIELD, MICHIGAN** (Address of principal executive offices)	**48034-8339** (Zip Code)

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No o

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

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

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

Indicate the number of shares outstanding of each of the issuer's class of common stock, as of the latest practicable date.

The number of shares of Common Stock, par value $0.01, outstanding on October 30, 2008 was 30,570,755.

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PART I. — FINANCIAL INFORMATION

ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

CREDIT ACCEPTANCE CORPORATION
CONSOLIDATED INCOME STATEMENTS
(UNAUDITED)

	Three Months Ended September 30,		Nine Months Ended September 30,	
(Dollars in thousands, except per share data)	2008	2007	2008	2007
Revenue:				
Finance charges	$ 75,617	$ 56,743	$ 210,119	$ 162,240
Other income	4,490	4,315	15,771	14,455
Total revenue	80,107	61,058	225,890	176,695
Costs and expenses:				
Salaries and wages	16,766	13,620	51,205	38,573
General and administrative	6,975	7,266	20,726	20,542
Sales and marketing	4,088	3,835	13,272	12,451
Provision for credit losses	8,383	5,931	31,792	13,602
Interest	10,954	9,030	31,702	26,781
Other expense	2	16	59	74
Total costs and expenses	47,168	39,698	148,756	112,023
Operating income	32,939	21,360	77,134	64,672
Foreign currency (loss) gain	(2)	26	(15)	64
Income from continuing operations before provision for income taxes	32,937	21,386	77,119	64,736
Provision for income taxes	12,606	7,917	28,828	23,387
Income from continuing operations	20,331	13,469	48,291	41,349
Discontinued operations				
Gain (loss) from discontinued United Kingdom operations	504	(9)	548	(280)
Provision (credit) for income taxes	178	(1,282)	218	(1,363)
Gain from discontinued operations	326	1,273	330	1,083
Net income	$ 20,657	$ 14,742	$ 48,621	$ 42,432
Net income per common share:				
Basic	$ 0.68	$ 0.49	$ 1.61	$ 1.41
Diluted	$ 0.67	$ 0.47	$ 1.57	$ 1.36
Income from continuing operations per common share:				
Basic	$ 0.67	$ 0.45	$ 1.60	$ 1.38
Diluted	$ 0.66	$ 0.43	$ 1.56	$ 1.32
Gain from discontinued operations per common share:				
Basic	$ 0.01	$ 0.04	$ 0.01	$ 0.04
Diluted	$ 0.01	$ 0.04	$ 0.01	$ 0.03
Weighted average shares outstanding:				
Basic	30,310,053	30,015,048	30,223,586	30,069,639
Diluted	31,024,455	31,139,612	30,994,466	31,228,893

See accompanying notes to consolidated financial statements.

CREDIT ACCEPTANCE CORPORATION
CONSOLIDATED BALANCE SHEETS

(Dollars in thousands, except per share data)	As of September 30, 2008 (Unaudited)	As of December 31, 2007
ASSETS:		
Cash and cash equivalents	$ 934	$ 712
Restricted cash and cash equivalents	82,993	74,102
Restricted securities available for sale	3,933	3,290
Loans receivable (including $16,067 and $16,125 from affiliates as of September 30, 2008 and December 31, 2007, respectively)	1,155,591	944,698
Allowance for credit losses	(119,184)	(134,145)
Loans receivable, net	1,036,407	810,553
Property and equipment, net	21,550	20,124
Income taxes receivable	10,012	20,712
Other assets	14,527	12,689
Total Assets	$ 1,170,356	$ 942,182
LIABILITIES AND SHAREHOLDERS' EQUITY:		
Liabilities:		
Accounts payable and accrued liabilities	$ 79,845	$ 79,834
Line of credit	82,900	36,300
Secured financing	602,429	488,065
Mortgage note and capital lease obligations	6,608	7,765
Deferred income taxes, net	78,848	64,768
Total Liabilities	850,630	676,732
Shareholders' Equity:		
Preferred stock, $.01 par value, 1,000,000 shares authorized, none issued	—	—
Common stock, $.01 par value, 80,000,000 shares authorized, 30,570,110 and 30,240,859 shares issued and outstanding as of September 30, 2008 and December 31, 2007, respectively	306	302
Paid-in capital	9,983	4,134
Retained earnings	309,622	261,001
Accumulated other comprehensive (loss) income, net of tax of $105 and $(7) at September 30, 2008 and December 31, 2007, respectively	(185)	13
Total Shareholders' Equity	319,726	265,450
Total Liabilities and Shareholders' Equity	$ 1,170,356	$ 942,182

See accompanying notes to consolidated financial statements.

CREDIT ACCEPTANCE CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

(Dollars in thousands)	Nine Months Ended September 30, 2008	2007
Cash Flows From Operating Activities:		
Net income	$ 48,621	$ 42,432
Adjustments to reconcile cash provided by operating activities:		
Provision for credit losses	31,792	13,602
Depreciation	3,969	2,998
Loss on retirement of property and equipment	—	170
Provision for deferred income taxes	14,192	5,728
Stock-based compensation	2,827	2,340
Change in operating assets and liabilities:		
(Decrease) increase in accounts payable and accrued liabilities	(250)	2,338
Decrease (increase) in income taxes receivable	10,700	(150)
(Increase) decrease in other assets	(1,838)	2,811
Net cash provided by operating activities	110,013	72,269
Cash Flows From Investing Activities:		
Increase in restricted cash and cash equivalents	(8,891)	(18,909)
Purchases of restricted securities available for sale	(1,514)	(550)
Proceeds from sale of restricted securities available for sale	271	—
Maturities of restricted securities available for sale	551	652
Principal collected on Loans receivable	466,122	446,419
Advances to dealers and accelerated payments of dealer holdback	(430,423)	(453,413)
Purchases of Consumer Loans	(246,971)	(81,395)
Payments of dealer holdback	(46,482)	(55,610)
Net decrease in other receivables	23	290
Purchases of property and equipment	(5,395)	(5,678)
Net cash used in investing activities	(272,709)	(168,194)
Cash Flows From Financing Activities:		
Borrowings under line of credit	573,900	470,900
Repayments under line of credit	(527,300)	(472,000)
Proceeds from secured financing	453,700	433,000
Repayments of secured financing	(339,336)	(332,544)
Principal payments under mortgage note and capital lease obligations	(1,157)	(1,068)
Repurchase of common stock	(66)	(9,529)
Proceeds from stock options exercised	2,102	2,129
Tax benefits from stock based compensation plans	990	2,166
Net cash provided by financing activities	162,833	93,054
Effect of exchange rate changes on cash	85	(250)
Net increase (decrease) in cash and cash equivalents	222	(3,121)
Cash and cash equivalents, beginning of period	712	8,528
Cash and cash equivalents, end of period	$ 934	$ 5,407
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the period for interest	$ 31,662	$ 25,939
Cash paid during the period for income taxes	2,033	14,552
Supplemental Disclosure of Non-Cash Transactions:		
Property and equipment acquired through capital lease obligations	$ —	$ 47

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 generally accepted accounting principles 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 at December 31, 2007 has been derived from the audited financial statements at that date but does not include all the information and footnotes required by generally accepted accounting principles 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, 2007 for Credit Acceptance Corporation (the "Company", "Credit Acceptance", "we", "our" or "us"). Certain prior period amounts have been reclassified to conform to the current presentation.

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.

2. DESCRIPTION OF BUSINESS

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

We refer to dealers who participate in our program and who share our commitment to changing consumers' lives as "dealer-partners". Upon enrollment in our financing program, the dealer-partner enters into a dealer servicing agreement with Credit Acceptance that defines the legal relationship between Credit Acceptance and the dealer-partner. The dealer servicing agreement assigns the responsibilities for administering, servicing, and collecting the amounts due on retail installment contracts (referred to as "Consumer Loans") from the dealer-partners to us.

We are an indirect lender from a legal perspective, meaning the Consumer Loan is originated by the dealer-partner and immediately assigned to us. If we discover a misrepresentation by the dealer-partner relating to a Consumer Loan assigned to us, we can demand that the Consumer Loan be repurchased for the current balance of the Consumer Loan less the amount of any unearned finance charge plus the applicable termination fee, which is generally $500. Upon receipt of such amount in full, we will reassign the Consumer Loan and our security interest in the financed vehicle to the dealer-partner.

We have two primary programs: the Portfolio Program and the Purchase Program. Under the Portfolio Program, we advance money to dealer-partners (referred to as a "Dealer Loan") in exchange for the right to service the underlying Consumer Loan. Under the Purchase Program, we buy the Consumer Loan from the dealer-partner (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 under each of the programs:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
Portfolio Program	69.2%	74.5%	68.4%	86.0%
Purchase Program	30.8%	25.5%	31.6%	14.0%

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

2. DESCRIPTION OF BUSINESS – (Continued)

Dealer-partners that enroll in our programs have the option to either pay an upfront, one-time enrollment fee of $9,850 or defer payment by agreeing to allow us to keep 50% of their first accelerated dealer holdback payment ("Portfolio Profit Express"). Portfolio Profit Express is paid to qualifying dealer-partners after a pool of 100 or more Consumer Loans has been closed. Dealer-partners that enrolled in our programs prior to 2008 have the option to assign Consumer Loans under either the Portfolio Program or the Purchase Program. During 2008, we changed our eligibility requirements for new dealer-partner enrollments to restrict access to the Purchase Program. For dealer-partners that enrolled in our programs during the first eight months of 2008, only dealer-partners that elected to pay the upfront, one-time enrollment fee are initially allowed to assign Consumer Loans under either program. Dealer-partners that elected the deferred option during this period are only granted access to the Purchase Program after the first Portfolio Profit Express payment has been made under the Portfolio Program. For all dealer-partners enrolling in our programs after August 31, 2008, access to the Purchase Program is only granted after the first Portfolio Profit Express payment has been made under the Portfolio Program.

Portfolio Program

As payment for the vehicle, the dealer-partner generally receives the following:

(i) a down payment from the consumer;

(ii) a cash advance from us; and

(iii) after the advance has been recovered by us, the cash from payments made on the Consumer Loan, net of certain collection costs and our servicing fee ("dealer holdback").

We record the amount advanced to the dealer-partner as a Dealer Loan, which is classified within Loans receivable in our consolidated balance sheets. Cash advanced to dealer-partners is automatically assigned to the originating dealer-partner's open pool of advances. At the dealer-partner's option, a pool containing at least 100 Consumer Loans can be closed and subsequent advances assigned to a new pool. All advances due from a dealer-partner are secured by the future collections on the dealer-partner's portfolio of Consumer Loans assigned to us. For dealer-partners with more than one pool, the pools are cross-collateralized so the performance of other pools is considered in determining eligibility for dealer holdback. We perfect our security interest in the Dealer Loans by taking possession of the Consumer Loans.

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

- First, to reimburse us for certain collection costs;
- Second, to pay us our servicing fee;
- Third, to reduce the aggregate advance balance and to pay any other amounts due from the dealer-partner to us; and
- Fourth, to the dealer-partner as payment of dealer holdback.

Dealer-partners have an opportunity to receive Portfolio Profit Express at the time a pool of 100 or more Consumer Loans is closed. The amount paid to the dealer-partner is calculated using a formula that considers the forecasted collections and the advance balance on the closed pool. If the collections on Consumer Loans from a dealer-partner's pool are not sufficient to repay the advance balance, the dealer-partner will not receive dealer holdback.

Since typically the combination of the advance and the consumer's down payment provides the dealer-partner with a cash profit at the time of sale, the dealer-partner's risk in the Consumer Loan is limited. We cannot demand repayment from the dealer-partner of the advance except in the event the dealer-partner is in default of the dealer servicing agreement. Advances are made only after the Consumer Loan is approved, accepted and assigned to us and all other stipulations required for funding have been satisfied. The dealer-partner can also opt to repurchase Consumer Loans assigned under the Portfolio Program at their own discretion.

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

2. DESCRIPTION OF BUSINESS – (Concluded)

For accounting purposes, the transactions described under the Portfolio Program are not considered to be loans to consumers. Instead, our accounting reflects that of a lender to the dealer-partner. The classification as a Dealer Loan for accounting purposes is primarily a result of (i) the dealer-partner's financial interest in the Consumer Loan and (ii) certain elements of our legal relationship with the dealer-partner. The cash amount advanced to the dealer-partner is recorded as an asset on our balance sheet. The aggregate amount of all advances to an individual dealer-partner, plus accrued income, less repayments comprises the amount of the Dealer Loan recorded in Loans receivable.

Purchase Program

We began offering a Purchase Program on a limited basis in March of 2005. The Purchase Program differs from our traditional Portfolio Program in that the dealer-partner receives a single payment from us at the time of origination instead of a cash advance and dealer holdback. Purchase Program volume increased significantly beginning in 2007 as the program was offered to additional dealer-partners.

For accounting purposes, the transactions described under the Purchase Program are considered to be originated by the dealer-partner and then purchased by us. The cash amount paid to the dealer-partner is recorded as an asset on our balance sheet. The aggregate amount of all amounts paid to purchase Consumer Loans from dealer-partners, plus accrued income, less repayments, comprises the amount of Purchased Loans recorded in Loans receivable.

3. SIGNIFICANT ACCOUNTING POLICIES

Restricted Cash and Cash Equivalents

The carrying amount of restricted cash and cash equivalents approximate their fair value due to the short maturity of these instruments. The following table summarizes restricted cash and cash equivalents:

(in thousands)	As of September 30, 2008	As of December 31, 2007
Cash collections related to secured financings	$ 55,082	$ 42,518
Cash held in trusts for future vehicle service contract claims (1)	27,911	18,266
Cash held in escrow related to settlement of class action lawsuit	—	13,318
Total restricted cash and cash equivalents	$ 82,993	$ 74,102

(1) The claims reserve associated with the trusts are included in accounts payable and accrued liabilities in the consolidated balance sheets.

Deferred Debt Issuance Costs

As of September 30, 2008 and December 31, 2007, deferred debt issuance costs were $4.7 million (net of accumulated amortization of $4.7 million) and $3.3 million (net of accumulated amortization of $2.0 million), respectively, and are included in other assets in the consolidated balance sheets. Expenses associated with the issuance of debt instruments are capitalized and amortized as interest expense over the term of the debt instrument on a level-yield basis for term secured financings and on a straight-line basis for lines of credit and revolving secured financings.

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

3. SIGNIFICANT ACCOUNTING POLICIES – (Concluded)

New Accounting Pronouncements

Fair Value Measurements. In September 2006, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 157, "Fair Value Measurements" ("SFAS 157"). SFAS 157 defines fair value, establishes a framework and gives guidance regarding the methods used for measuring fair value, and expands disclosures about fair value measurements. SFAS 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods of those fiscal years. However, on February 12, 2008, the FASB issued FASB Staff Position No. FAS 157-2, "Effective Date of FASB Statement No. 157" ("FSP FAS 157-2"), which delays the effective date of SFAS 157 for nonfinancial assets and nonfinancial liabilities, except for items that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). FSP FAS 157-2 defers the effective date of SFAS 157 to fiscal years beginning after November 15, 2008, and interim periods within those fiscal years for items within the scope of FSP FAS 157-2. We adopted the applicable portions of SFAS 157 on January 1, 2008 (See Note 7). The deferred portions of SFAS 157 will not have an impact on our financial statements. The adoption of the applicable portions of SFAS 157 for financial assets and liabilities did not have a material impact on our consolidated financial statements.

Fair Value Option for Financial Assets and Liabilities. In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities" ("SFAS 159"). SFAS 159 permits entities to choose to measure financial assets and liabilities (except for those that are specifically exempted from SFAS 159) at fair value. The election to measure a financial asset or liability at fair value can be made on an instrument-by-instrument basis and is irrevocable. The difference between carrying value and fair value at the election date is recorded as a transition adjustment to opening retained earnings. Subsequent changes in fair value are recognized in earnings. SFAS 159 is effective for fiscal years beginning after November 15, 2007. At this time, we have not elected to measure any financial assets or liabilities at fair value under SFAS 159.

Disclosures About Derivative Instruments and Hedging Activities. In March 2008, the FASB issued SFAS No. 161, "Disclosures About Derivative Instruments and Hedging Activities" ("SFAS 161"). SFAS 161 is intended to improve financial reporting about derivative instruments and hedging activities by requiring enhanced disclosures. This statement is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008, with early application encouraged. We are currently evaluating the impact that SFAS 161 will have on our consolidated financial statements.

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

4. LOANS RECEIVABLE

A summary of changes in Loans receivable is as follows (in thousands):

	Three Months Ended September 30, 2008		
	Dealer Loans	Purchased Loans	Total
Balance, beginning of period	$ 859,691	$ 284,718	$ 1,144,409
New loans (1)	109,027	61,697	170,724
Transfers (2)	(3,472)	3,472	—
Dealer holdback payments	13,736	—	13,736
Net cash collections on loans	(122,400)	(29,398)	(151,798)
Write-offs	(21,423)	(15)	(21,438)
Recoveries	—	3	3
Other	(8)	—	(8)
Currency translation	(37)	—	(37)
Balance, end of period	$ 835,114	$ 320,477	$ 1,155,591

	Three Months Ended September 30, 2007		
	Dealer Loans	Purchased Loans	Total
Balance, beginning of period	$ 813,192	$ 60,249	$ 873,441
New loans (1)	101,205	39,481	140,686
Transfers (2)	(1,731)	1,731	—
Dealer holdback payments	16,661	—	16,661
Net cash collections on loans	(130,958)	(8,850)	(139,808)
Write-offs	(4,956)	(13)	(4,969)
Recoveries	—	5	5
Other	(86)	—	(86)
Currency translation	103	—	103
Balance, end of period	$ 793,430	$ 92,603	$ 886,033

	Nine Months Ended September 30, 2008		
	Dealer Loans	Purchased Loans	Total
Balance, beginning of period	$ 804,245	$ 140,453	$ 944,698
New loans (1)	430,423	246,971	677,394
Transfers (2)	(5,571)	5,571	—
Dealer holdback payments	46,482	—	46,482
Net cash collections on loans	(393,851)	(72,502)	(466,353)
Write-offs	(46,519)	(34)	(46,553)
Recoveries	—	18	18
Other	(10)	—	(10)
Currency translation	(85)	—	(85)
Balance, end of period	$ 835,114	$ 320,477	$ 1,155,591

	Nine Months Ended September 30, 2007		
	Dealer Loans	Purchased Loans	Total
Balance, beginning of period	$ 724,645	$ 29,926	$ 754,571
New loans (1)	453,413	81,395	534,808
Transfers (2)	(3,710)	3,710	—
Dealer holdback payments	55,610	—	55,610
Net cash collections on loans	(424,778)	(22,279)	(447,057)
Write-offs	(12,139)	(173)	(12,312)
Recoveries	—	24	24
Other	140	—	140
Currency translation	249	—	249
Balance, end of period	$ 793,430	$ 92,603	$ 886,033

(1) New Dealer Loans includes advances to dealer-partners and Portfolio Profit Express.

(2) Transfers relate to Dealer Loans that are now considered to be Purchased Loans when we exercise our right to the dealer holdback of certain dealer-partners' Consumer Loans once they are inactive and have originated less than 100 Consumer Loans.

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

4. LOANS RECEIVABLE – (Continued)

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

	Three Months Ended September 30, 2008		
	Dealer Loans	Purchased Loans	Total
Balance, beginning of period	$ 125,814	$ 6,445	$ 132,259
Provision for credit losses (1)	5,122	3,268	8,390
Write-offs	(21,423)	(15)	(21,438)
Recoveries	—	3	3
Currency translation	(30)	—	(30)
Balance, end of period	$ 109,483	$ 9,701	$ 119,184

	Three Months Ended September 30, 2007		
	Dealer Loans	Purchased Loans	Total
Balance, beginning of period	$ 128,425	$ 857	$ 129,282
Provision for credit losses (2)	5,505	126	5,631
Write-offs	(4,956)	(13)	(4,969)
Recoveries	—	5	5
Currency translation	88	—	88
Balance, end of period	$ 129,062	$ 975	$ 130,037

	Nine Months Ended September 30, 2008		
	Dealer Loans	Purchased Loans	Total
Balance, beginning of period	$ 133,201	$ 944	$ 134,145
Provision for credit losses (3)	22,878	8,773	31,651
Write-offs	(46,519)	(34)	(46,553)
Recoveries	—	18	18
Currency translation	(77)	—	(77)
Balance, end of period	$ 109,483	$ 9,701	$ 119,184

	Nine Months Ended September 30, 2007		
	Dealer Loans	Purchased Loans	Total
Balance, beginning of period	$ 127,881	$ 910	$ 128,791
Provision for credit losses (4)	13,108	214	13,322
Write-offs	(12,139)	(173)	(12,312)
Recoveries	—	24	24
Currency translation	212	—	212
Balance, end of period	$ 129,062	$ 975	$ 130,037

(1) Does not include a provision for credit losses of $(11) related to other items.

(2) Does not include a provision for credit losses of $300 related to other items.

(3) Does not include a provision for credit losses of $141 related to other items.

(4) Does not include a provision for credit losses of $280 related to other items.

4. LOANS RECEIVABLE – (Concluded)

The increase in the provision for credit losses for the nine months ended September 30, 2008 compared to the same period in the prior year was primarily due to a reduction in estimated future collection rates during the second quarter of 2008. Our forecast as of March 31, 2008 assumed that Loans within our current portfolio would produce similar collection rates as produced by historical Loans with the same attributes and we expected net cash flows of $1.3 billion from our Loan portfolio. During the second quarter of 2008, we modified our forecasting methodology which now assumes that Loans originated in 2006, 2007 and 2008 will perform 100 to 300 basis points lower than historical Loans with the same attributes. As a result we reduced our estimate of future cash flows on these same Loans by $22.2 million, or 1.7%. Of the total reduction, $20.8 million was recorded as provision for credit losses during the second quarter of 2008. This new expectation is consistent with recent experience and included both the lower realized collection rates experienced during the second quarter of 2008 as well as lower expected recoveries on repossession sales as a result of a decline in used vehicle values that occurred during the second quarter of 2008. We did not modify our forecast related to 2005 and prior Loans as these Loans continue to perform as expected.

During the first quarter of 2008, in conjunction with our implementation of a new forecasting methodology, we reevaluated our forecast of future collections on old, fully-reserved Dealer Loans. As a result, we wrote off $22.7 million of Dealer Loans and the related allowance for credit losses as we were no longer forecasting any future collections on these Dealer Loans. This write-off had no impact on net income for the first quarter of 2008 as all of these Dealer Loans were fully-reserved. During the third quarter of 2008, we wrote off $16.5 million of Loans to one individual dealer-partner in accordance with our write-off policy as we were no longer forecasting any future collections on these Loans. This dealer-partner has not assigned any Consumer Loans to us for several years. As of June 30, 2008 and December 31, 2007, we had an allowance for credit losses of $16.4 million and $16.2 million, respectively, on Loans to this dealer-partner.

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

5. DEBT

We currently use four primary sources of debt financing: (i) a revolving secured line of credit with a commercial bank syndicate; (ii) revolving secured warehouse facilities with institutional investors; (iii) SEC Rule 144A asset-backed secured financings ("Term ABS 144A") with qualified institutional investors; and (iv) a residual credit facility with an institutional investor. General information for each of our financing transactions in place as of September 30, 2008 is as follows (dollars in thousands):

Financings	Wholly owned Subsidiary (1)	Issue Number	Close Date	Revolving Maturity Date	Financing Amount	Interest Rate at September 30, 2008
Revolving Line of Credit	n/a	n/a	January 25, 2008	June 22, 2010	$153,500	At the Company's option, either Eurodollar rate plus 125 basis points (5.18%) or the prime rate minus 105 basis points (3.95%)
Revolving Secured Warehouse Facility (1)	CAC Warehouse Funding Corp. II	2003-2	August 27, 2008	August 26, 2009	$325,000	Commercial paper rate plus 100 basis points (4.36%) or LIBOR plus 200 basis points (5.93%) (4)
Revolving Secured Warehouse Facility (1)	CAC Warehouse Funding III, LLC	2008-2	May 27, 2008	May 23, 2010	$ 50,000	Commercial paper rate plus 77.5 basis points (4.14%) or LIBOR plus 177.5 basis points (5.70%) (4)
Term ABS 144A 2006-2 (1)	Credit Acceptance Funding LLC 2006-2	2006-2	November 21, 2006	November 15, 2007 (2)	$100,000	Fixed rate (5.38%)
Term ABS 144A 2007-1 (1)	Credit Acceptance Funding LLC 2007-1	2007-1	April 12, 2007	April 15, 2008 (2)	$100,000	Fixed rate (5.32%)
Term ABS 144A 2007-2 (1)	Credit Acceptance Funding LLC 2007-2	2007-2	October 29, 2007	October 15, 2008 (2)	$100,000	Fixed rate (6.22%) (3)
Term ABS 144A 2008-1 (1)	Credit Acceptance Funding LLC 2008-1	2008-1	April 18, 2008	April 15, 2009 (2)	$150,000	Fixed rate (6.37%) (3)
Residual Credit Facility (1)	Credit Acceptance Residual Funding LLC	2006-3	August 27, 2008	August 26, 2009	$ 50,000	LIBOR plus 350 basis points (7.43%) or the commercial paper rate plus 250 basis points (5.86%) (4)

(1) Financing made available only to a specified subsidiary of the Company.

(2) Loans will amortize after the revolving maturity date based on the cash flows of the contributed assets.

(3) Includes a floating rate obligation that has been converted to a fixed rate via an interest rate swap.

(4) The LIBOR rate is used if funding is not available from the commercial paper market.

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

5. DEBT – (Continued)

Additional information related to the amounts outstanding on each facility is as follows (dollars in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
Revolving Line of Credit				
Maximum outstanding balance	$ 82,900	$ 56,200	$128,400	$ 70,200
Average outstanding balance	56,282	39,699	59,038	41,286
Revolving Secured Warehouse Facility (2003-2) (1)				
Maximum outstanding balance	$264,061	$261,000	$297,211	$293,500
Average outstanding balance	258,743	234,933	262,398	221,996
Revolving Secured Warehouse Facility (2008-2)				
Maximum outstanding balance	$ 50,000	$ —	$ 50,000	$ —
Average outstanding balance	50,000	—	50,000	—

(1) Includes amounts owing after February 12, 2008 to an institutional investor that did not renew their participation in the facility. The amount due did not reduce the amount available on the Warehouse Facility. See "Revolving Secured Warehouse Facilities" for additional information.

	As of September 30, 2008	As of December 31, 2007
Revolving Line of Credit		
Balance outstanding	$ 82,900	$ 36,300
Letter(s) of credit	55	173
Amount available for borrowing	70,545	38,527
Interest rate	3.35%	5.60%
Revolving Secured Warehouse Facility (2003-2)		
Balance outstanding	$246,000	$198,100
Amount available for borrowing	79,000	226,900
Contributed eligible Loans	324,123	254,294
Interest rate	4.36%	5.76%
Revolving Secured Warehouse Facility (2008-2)		
Balance outstanding	$ 50,000	$ —
Amount available for borrowing	—	—
Contributed eligible Loans	62,516	—
Interest rate	5.70%	—
Term ABS 144A 2006-2		
Balance outstanding	$ —	$ 89,965
Contributed eligible Dealer Loans	—	129,950
Interest rate	—	5.38%
Term ABS 144A 2007-1		
Balance outstanding	$ 56,429	$100,000
Contributed eligible Dealer Loans	101,520	130,841
Interest rate	5.32%	5.32%
Term ABS 144A 2007-2		
Balance outstanding	$100,000	$100,000
Contributed eligible Dealer Loans	125,008	132,695
Interest rate	6.22%	6.22%
Term ABS 144A 2008-1		
Balance outstanding	$150,000	$ —
Contributed eligible Loans	189,342	—
Interest rate	6.37%	—
Residual Credit Facility		
Balance outstanding	$ —	$ —
Certificate Pledged	—	28,513
Interest rate	5.86%	6.56%

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

5. DEBT – (Continued)

Line of Credit Facility

During the first quarter of 2008, we increased the amount of our line of credit facility with a commercial bank syndicate from $75.0 million to $153.5 million. In addition, the maturity of the line of credit facility was extended from June 20, 2009 to June 22, 2010. There were no other material changes to the terms of the line of credit facility.

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

Revolving Secured Warehouse Facilities

We have two revolving secured warehouse facilities that are provided to wholly owned subsidiaries of the Company. One is a $325.0 million facility with an institutional investor and the other is a $50.0 million facility with another institutional investor.

During the first quarter of 2008, we extended the maturity of the $325.0 million facility from February 13, 2008 to February 11, 2009. The amount of the facility was reduced from $425.0 million to $325.0 million. The reduction in the amount of the facility is due to one of the two institutional investors (the "Nonextending Investor") not renewing their participation in the facility. The amount owing to the Nonextending Investor has been reduced to zero. During the third quarter of 2008, we extended the maturity of the $325.0 million facility from February 11, 2009 to August 26, 2009 and increased the interest rate on borrowings under the facility from a floating rate equal to the commercial paper rate plus 65 basis points, to the commercial paper rate plus 100 basis points.

The $325.0 million facility requires that certain amounts outstanding under the facility be refinanced within 360 days of the most recent refinancing. The most recent refinancing occurred in October of 2008. If such refinancing does not occur, the facility will cease to revolve, will amortize as collections are received and, at the option of the institutional investor, may be subject to acceleration and foreclosure.

During the second quarter of 2008, we entered into a $50.0 million revolving warehouse facility with an institutional investor. This facility was fully drawn as of September 30, 2008.

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

The subsidiaries are liable for any amounts due under the applicable facility. Even though the subsidiaries and the Company are consolidated for financial reporting purposes, the financing is non-recourse to us. As the subsidiaries are organized as separate legal entities from the Company, assets of the subsidiaries (including the conveyed Loans) will not be available to satisfy the general obligations of the Company. All of each subsidiaries' assets have been encumbered to secure its obligations to its respective creditors.

Interest on borrowings under the facilities has been limited to a maximum rate of 6.75% through interest rate cap agreements. The subsidiaries pay us a monthly servicing fee equal to 6% of the collections received with respect to the conveyed Loans. The fee is paid out of the collections. Except for the servicing fee and holdback payments due to dealer-partners, 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 are paid in full.

5. DEBT – (Continued)

Term ABS 144A Financings

In 2007 and 2008, three of our wholly owned subsidiaries (the "Funding LLCs"), each completed a secured financing transaction. In connection with these transactions, we conveyed 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 conveyed the Loans to a respective trust that issued notes to qualified institutional investors. Financial insurance policies were issued in connection with the 2007 transactions. The policies guarantee the timely payment of interest and ultimate repayment of principal on the final scheduled distribution date. In the 2007 transactions, the notes were initially rated "Aaa" by Moody's Investor Service ("Moody's") and "AAA" by Standard & Poor's Rating Services ("S&P") based upon the financial insurance policy. Due to downgrades in the debt ratings of the insurers, at September 30, 2008 the 2007 transactions were rated "A-" by S&P and "A3" by "Moody's. The 2008 transaction was rated "A" by S&P.

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

The financings create loans for which the trusts are liable and which are secured by all the assets of each trust. Such loans are non-recourse to us, even though the trusts, the Funding LLCs and the Company are consolidated for financial reporting purposes. Because the Funding LLCs are organized as separate legal entities from the Company, their assets (including the conveyed Loans) are not available to satisfy our general obligations. We receive a monthly servicing fee on each financing equal to 6% of the collections received with respect to the conveyed Loans. The fee is paid out of the collections. Aside from the servicing fee and payments due to dealer-partners, we do not receive, or have any rights in the collections. 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 under certain specified circumstances. Alternatively, when a trust's underlying indebtedness is paid in full, either through collections or through a prepayment of the indebtedness, the trust is to pay any remaining collections over to its Funding LLC as the sole beneficiary of the trust. The collections will then be available to be distributed to us as the sole member of the respective Funding LLC.

The table below sets forth certain additional details regarding the outstanding Term ABS 144A Financings (dollars in thousands):

Term ABS 144A Financing	Issue Number	Close Date	Net Book Value of Dealer Loans Conveyed at Closing	Revolving Period	Expected Annualized Rates (1)
Term ABS 144A 2007-1	2007-1	April 12, 2007	$125,700	12 months (Through April 15, 2008)	7.2%
Term ABS 144A 2007-2	2007-2	October 29, 2007	$125,000	12 months (Through October 15, 2008)	8.0%
Term ABS 144A 2008-1	2008-1	April 18, 2008	$ 86,615	12 months (Through April 15, 2009)	6.9%

(1) Includes underwriter's fees, insurance premiums and other costs.

Residual Credit Facility

Another wholly owned subsidiary, Credit Acceptance Residual Funding LLC ("Residual Funding"), has a $50.0 million secured credit facility with an institutional investor. This facility allows Residual Funding to finance its purchase of trust certificates from special-purpose entities (the "Term SPEs") that have purchased Dealer Loans under our term securitization transactions. Historically, the Term SPEs' residual interests in Dealer Loans, represented by their trust certificates, have proven to have value that increases as their term securitization obligations amortize. This facility enables the Term SPEs to realize and distribute to us up to 70% of that increase in value prior to the time the related term securitization senior notes are paid in full.

5. DEBT – (Concluded)

Residual Funding's interests in Dealer Loans, represented by its purchased trust certificates, are subordinated to the interests of term securitization senior noteholders. However, the entire arrangement is non-recourse to us. Residual Funding is organized as a separate legal entity from the Company. Therefore its assets, including purchased trust certificates, are not available to satisfy our general obligations, even though Residual Funding and the Company are consolidated for financial reporting purposes.

During the third quarter of 2008, we extended the maturity of the facility from September 9, 2008 to August 26, 2009 and increased the interest rate on borrowings under the facility from a floating rate equal to the commercial paper rate plus 145 basis points, to the commercial paper rate plus 250 basis points.

Debt Covenants

As of September 30, 2008, we are in compliance with various restrictive debt covenants that require the maintenance of certain financial ratios and other financial conditions. The most restrictive covenants require a minimum ratio of our assets to debt and a minimum ratio of our earnings before interest, taxes and non-cash expenses to fixed charges. The covenants also limit the maximum ratio of our funded debt to tangible net worth. Additionally, we must maintain consolidated net income of not less than $1.00 for the two most recently ended fiscal quarters. Some of the debt covenants may indirectly limit the payment of dividends on common stock.

6. DERIVATIVE INSTRUMENTS

Interest Rate Caps. We purchase interest rate cap agreements to manage the interest rate risk on our $325.0 million and $50.0 million revolving secured warehouse facilities. As we have not designated these agreements as hedges as defined under SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("SFAS 133"), as amended, changes in the fair value of these agreements will increase or decrease net income.

As of September 30, 2008, seven interest rate cap agreements with various maturities between July 2009 and February 2011 were outstanding with a cap rate of 6.75% and a fair value of $0.1 million. As of December 31, 2007, four interest rate cap agreements with various maturities between May 2008 and June 2010 were outstanding with a cap rate of 6.75% and a fair value of $6,000.

Interest Rate Swaps. As of September 30, 2008 we had $106.4 million in fixed rate debt, and $200.0 million in floating rate debt outstanding under Term ABS 144A asset-backed secured borrowings. We have entered into two interest rate swaps to convert $50.0 million and $150.0 million in floating rate Term ABS 144A asset-backed secured borrowings into fixed rate debt bearing a rate of 6.28% and 6.37%, respectively. The fair value of the interest rate swaps is based on quoted prices for similar instruments in active markets, which are influenced by a number of factors, including interest rates, amount of debt outstanding, and number of months until maturity. As we have not designated the interest rate swap related to the $50.0 million in floating rate debt as a hedge as defined under SFAS 133, changes in the fair value of this swap will increase or decrease interest expense. For the three and nine months ended September 30, 2008, the impact on interest expense was ($0.3) million and approximately ($38,000), respectively. As of September 30, 2008, the interest rate swap had a fair value of ($0.4) million.

We have designated the interest rate swap related to the $150.0 million floating rate debt as a cash flow hedge as defined under SFAS 133. The effective portion of changes in the fair value will be recorded in other comprehensive income, net of income taxes, and the ineffective portion of changes in fair value will be recorded in interest expense. There has been no such ineffectiveness since the inception of this hedge through the third quarter of 2008. For the three and nine months ended September 30, 2008, the impact on other comprehensive income, net of tax, was approximately $40,000 and ($0.2) million, respectively. As of September 30, 2008, the interest rate swap had a fair value of ($0.3) million.

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

6. DERIVATIVE INSTRUMENTS – (Concluded)

For those derivative instruments that are designated and qualify as hedging instruments, we formally document all relationships between the hedging instruments and hedged items, as well as its risk-management objective and strategy for undertaking various hedge transactions. This process includes linking all derivatives that are designated as cash flow hedges to specific assets and liabilities on the balance sheet. We also formally assess (both at the hedge's inception and on a quarterly basis) whether the derivatives that are used in hedging transactions have been highly effective in offsetting changes in the cash flows of hedged items and whether those derivatives may be expected to remain highly effective in the future periods. When it is determined that a derivative is not (or has ceased to be) highly effective as a hedge, we would discontinue hedge accounting prospectively.

At September 30, 2008, we had minimal exposure to credit loss on the interest rate swaps. We do not believe that any reasonably likely change in interest rates would have a materially adverse effect on our financial position, our results of operations or our cash flows.

We recognize our derivative financial instruments as either other assets or accounts payable and accrued liabilities on our consolidated balance sheets.

7. FAIR VALUE MEASUREMENTS

Effective January 1, 2008, we adopted SFAS 157, which clarifies that 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. As a basis for considering such assumptions, SFAS 157 establishes a three-tier value hierarchy, which prioritizes the inputs used in measuring fair value. As required under SFAS 157, 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 fair value measurements of applicable assets and liabilities as of September 30, 2008 (in thousands):

	Level 1	Level 2	Total Fair Value
Assets			
Restricted securities available for sale	$3,933	$ —	$3,933
Derivative instruments	—	92	92
Liabilities			
Derivative instruments	$ —	$701	$ 701

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

8. RELATED PARTY TRANSACTIONS

In the normal course of our business, we have Dealer Loans with affiliated dealer-partners owned or controlled by: (i) our majority shareholder and Chairman; and (ii) a member of the Chairman's immediate family. Our Dealer Loans to affiliated dealer-partners and non-affiliated dealer-partners are on the same terms.

Affiliated Dealer Loan balances were $16.1 million as of September 30, 2008 and December 31, 2007. Affiliated Dealer Loan balances were 1.9% and 2.0% of total consolidated Dealer Loan balances as of September 30, 2008 and December 31, 2007, respectively. A summary of related party Dealer Loan activity is as follows (dollars in thousands):

	Three Months Ended September 30, 2008		Three Months Ended September 30, 2007	
	Affiliated dealer-partner activity	% of consolidated	Affiliated dealer-partner activity	% of consolidated
New loans	$2,217	2.0%	$1,644	1.6%
Affiliated dealer-partner revenue	$1,024	1.9%	$1,090	2.2%
Dealer holdback payments	$ 530	3.9%	$ 344	2.1%

	Nine Months Ended September 30, 2008		Nine Months Ended September 30, 2007	
	Affiliated dealer-partner activity	% of consolidated	Affiliated dealer-partner activity	% of consolidated
New loans	$8,736	2.0%	$8,202	1.8%
Affiliated dealer-partner revenue	$3,036	1.9%	$3,503	2.4%
Dealer holdback payments	$1,660	3.6%	$1,367	2.5%

Beginning in 2002, entities owned by our majority shareholder and Chairman began offering secured lines of credit to third parties in a manner similar to a program previously offered by us. In December 2004, our majority shareholder and Chairman sold his ownership interest in these entities; however, he continues to have indirect control over these entities and has the right or obligation to reacquire the entities under certain circumstances until December 31, 2014 or the repayment of the related purchase money note.

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

9. CAPITAL TRANSACTIONS

Net Income Per Share

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
Weighted average common and common equivalent shares outstanding:				
Basic number of common shares outstanding	30,310,053	30,015,048	30,223,586	30,069,639
Dilutive effect of stock options	591,667	1,056,255	654,531	1,102,069
Dilutive effect of unvested time based restricted stock	62,735	68,309	56,349	57,185
Dilutive effect of vested performance based restricted stock units	60,000	—	60,000	—
Dilutive number of common and common equivalent shares outstanding	31,024,455	31,139,612	30,994,466	31,228,893

There were no stock options or restricted stock that would be anti-dilutive for the three and nine months ended September 30, 2008 and 2007.

Stock Compensation Plans

Pursuant to our Incentive Compensation Plan (the "Incentive Plan"), which was approved by shareholders on May 13, 2004, we reserved 1.0 million shares of our common stock for the future granting of restricted stock, restricted stock units, stock options, and performance awards to employees, officers, and directors at any time prior to April 1, 2014. Shares available for future grants under the Incentive Plan totaled 429,757 as of September 30, 2008.

Below is a summary of the activity under the Incentive Plan for the nine months ended September 30, 2008 and 2007:

Restricted Stock	Number of Shares
Outstanding as of December 31, 2007	201,872
Granted	80,123
Vested	(20,198)
Forfeited	(12,560)
Outstanding as of September 30, 2008	249,237

Restricted Stock	Number of Shares
Outstanding as of December 31, 2006	146,028
Granted	56,669
Vested	(708)
Forfeited	(17)
Outstanding as of September 30, 2007	201,972

On February 22, 2007, the compensation committee approved an award of 300,000 restricted stock units to our Chief Executive Officer. Each restricted stock unit represents and has a value equal to one share of our common stock. The restricted stock units will be earned over a five year period based upon the annual increase in our adjusted economic profit. Any earned shares will be distributed on February 22, 2014. As of September 30, 2008, 60,000 restricted stock units have been earned.

Expenses related to restricted stock grants and the award of restricted stock units is as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
Restricted stock compensation expense	$ 483	$ (309)	$ 1,194	$ 129
Restricted stock units compensation expense	537	771	1,634	2,175
Total expense	$ 1,020	$ 462	$ 2,828	$ 2,304

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

9. CAPITAL TRANSACTIONS – (Concluded)

On October 2, 2008, the compensation committee approved an award of 100,000 restricted stock units to our President. Each restricted stock unit represents and has a value equal to one share of our common stock. The restricted stock units will be earned over a five year period based upon the annual increase in our adjusted economic profit. Any earned shares will be distributed on February 22, 2016.

10. BUSINESS SEGMENT INFORMATION

We have two reportable business segments: United States and Other. The United States segment primarily consists of the United States automobile financing business. We are currently liquidating all businesses classified in the Other segment.

Selected segment information is set forth below (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
Revenue:				
United States	$ 80,101	$ 61,031	$ 225,856	$ 176,593
Other	6	27	34	102
Total revenue	$ 80,107	$ 61,058	$ 225,890	$ 176,695
Income (loss) from continuing operations before provision for income taxes:				
United States	$ 32,968	$ 21,302	$ 77,260	$ 64,550
Other	(31)	84	(141)	186
Total income from continuing operations before provision for income taxes	$ 32,937	$ 21,386	$ 77,119	$ 64,736

	As of September 30, 2008	As of December 31, 2007
Segment Assets		
United States	$ 1,169,385	$ 940,307
Other	971	1,875
Total Assets	$ 1,170,356	$ 942,182

11. COMPREHENSIVE INCOME

Our comprehensive income information is set forth below (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
Net income	$ 20,657	$ 14,742	$ 48,621	$ 42,432
Unrealized (loss) gain on securities available for sale, net of tax	(37)	24	(32)	28
Unrealized gain (loss) on interest rate swap, net of tax	40	—	(166)	—
Comprehensive income	$ 20,660	$ 14,766	$ 48,423	$ 42,460

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 2007 Annual Report on Form 10-K, as well as Item 1- Consolidated Financial Statements, in this Form 10-Q.

Critical Success Factors

Critical success factors for us include access to capital and the ability to accurately forecast Consumer Loan performance.

Our strategy for accessing the capital required to grow is to: (i) maintain consistent financial performance, (ii) maintain modest financial leverage, and (iii) maintain multiple funding sources. At September 30, 2008 our funded debt to equity ratio is 2.2:1. We currently use four primary sources of debt financing: (i) a revolving secured line of credit with a commercial bank syndicate; (ii) revolving secured warehouse facilities with institutional investors; (iii) SEC Rule 144A asset-backed secured borrowings ("Term ABS 144A") with qualified institutional investors; and (iv) a residual credit facility with an institutional investor.

At the time of Consumer Loan acceptance or purchase, we forecast future expected cash flows from the Consumer Loan. Based on these forecasts, an advance or one time payment is made to the related dealer-partner at a level designed to achieve an acceptable return on capital. If Consumer Loan performance equals or exceeds our original expectation, it is likely our target return on capital will be achieved.

Consumer Loan Performance

The following table compares our forecast of Consumer Loan collection rates as of September 30, 2008, with the forecasts as of June 30, 2008, as of December 31, 2007, and at the time of assignment, segmented by year of assignment:

Loan Assignment Year	Forecasted Collection Percentage as of				Variance in Forecasted Collection Percentage from		
	September 30, 2008	June 30, 2008	December 31, 2007 (1)	Initial Forecast	June 30, 2008	December 31, 2007	Initial Forecast
1999	72.1%	72.1%	72.0%	73.6%	0.0%	0.1%	-1.5%
2000	72.5%	72.5%	72.4%	72.8%	0.0%	0.1%	-0.3%
2001	67.4%	67.4%	67.3%	70.4%	0.0%	0.1%	-3.0%
2002	70.4%	70.4%	70.6%	67.9%	0.0%	-0.2%	2.5%
2003	73.9%	74.0%	74.1%	72.0%	-0.1%	-0.2%	1.9%
2004	73.5%	73.5%	73.5%	73.0%	0.0%	0.0%	0.5%
2005	74.1%	74.1%	73.8%	74.0%	0.0%	0.3%	0.1%
2006	70.3%	70.2%	70.9%	71.4%	0.1%	-0.6%	-1.1%
2007	68.2%	68.2%	71.1%	70.7%	0.0%	-2.9%	-2.5%
2008	68.2%	69.0%	—	69.7%	-0.8%	—	-1.5%

(1) These forecasted collection percentages differ from those previously reported in our Annual Report on Form 10-K for the year ended December 31, 2007 and our 2007 earnings release as they have been revised for a new methodology for forecasting future collections on Loans that we implemented during the first quarter of 2008.

We forecast future Loan cash flows by comparing Loans in our current portfolio to historical Loans with the same attributes. The attributes include both variables captured at Loan origination like credit bureau data, application data, Loan data and vehicle data as well as variables captured subsequent to Loan origination such as collection and delinquency data. Our forecast as of March 31, 2008 assumed that Loans within our current portfolio would produce similar collection rates as produced by historical Loans with the same attributes. During the second quarter of 2008, we modified our forecasting methodology, which now assumes that Loans originated in 2006, 2007 and 2008 will perform 100 to 300 basis points worse than historical Loans with the same attributes.

During the third quarter, actual Loan performance for 2007 and prior originations was consistent with our revised forecast. As a result, forecasted collection rates on 2007 and prior Loans remained consistent with our forecasts for these same Loans three months ago. Actual Loan performance was slightly worse than expected for 2008 originations. As a result, the table above shows a decline in the forecasted collection rate for 2008 Loans from 69.0% to 68.2%. The forecasted collection rate for 2008 Loans as of September 30, 2008 includes both Loans that were in our portfolio as of June 30, 2008 and Loans received during the most recent quarter. The following table summarizes the change in our forecast for each of these segments:

	Forecasted Collection Percentage as of		
2008 Loan Assignment Period	September 30, 2008	June 30, 2008	Variance
January 1, 2008 through June 30, 2008	68.3%	69.0%	-0.7%
July 1, 2008 through September 30, 2008	68.0%	—	—

As a result of the current economic uncertainty, we are cautious about our forecasts of future collection percentages. However, we believe our current estimates are reasonable for the following reasons:

- Our forecasts start with the assumption that Loans in our current portfolio will perform like historical Loans with similar attributes.
- We reduced our forecasts during the second quarter on Loans originated in 2006 through 2008 by 100 to 300 basis points based on recent trends and a concern about the worsening economic environment.
- Actual Loan performance during the third quarter was consistent with our forecast as of June 30, 2008 for Loans originated in 2007 and prior periods.
- Actual Loan performance during the third quarter was slightly below our forecast as of June 30, 2008 for Loans originated during the first six months of 2008, and our forecasted collection rate for these Loans was reduced accordingly.
- We have reduced the forecasted collection rate used at Loan inception to price new Loan originations. As of September 1, 2008, the forecasted collection rate used at Loan inception is approximately 300 basis points lower than identical Loans originated a year ago.
- Our current forecasting methodology, when applied against historical data, produces a consistent result as the Loans age.

If the economic environment continues to deteriorate, our Loan collection rates may continue to decline. Knowing this, we set prices at Loan inception to increase the likelihood of achieving an acceptable return on capital, even if collection results are worse than we currently forecast. A 100 basis point change in the collection rate impacts the after-tax return on capital by approximately 30 basis points for Dealer Loans, and approximately 65 basis points for Purchased Loans.

Since the cash flows available to repay Loans are generated, in most cases, from the underlying Consumer Loans, the performance of the Consumer Loans is critical to our financial results. The following table presents forecasted Consumer Loan collection rates, advance rates (includes amounts paid to acquire Purchased Loans), the spread (the forecasted collection rate less the advance rate), and the percentage of the forecasted collections that had been realized as of September 30, 2008. Payments of dealer holdback and Portfolio Profit Express are not included in the advance percentage paid to the dealer-partner. All amounts are presented as a percentage of the initial balance of the Consumer Loan (principal + interest). The table includes both Dealer Loans and Purchased Loans.

Loan Assignment Year	As of September 30, 2008			
	Forecasted Collection %	Advance %	Spread %	% of Forecast Realized
1999	72.1%	48.7%	23.4%	99.6%
2000	72.5%	47.9%	24.6%	99.2%
2001	67.4%	46.0%	21.4%	98.7%
2002	70.4%	42.2%	28.2%	98.3%
2003	73.9%	43.4%	30.5%	97.8%
2004	73.5%	44.0%	29.5%	96.7%
2005	74.1%	46.9%	27.2%	94.0%
2006	70.3%	46.6%	23.7%	78.5%
2007	68.2%	46.5%	21.7%	48.1%
2008	68.2%	44.9%	23.3%	15.1%

The following table presents forecasted Consumer Loan collection rates, advance rates (includes amounts paid to acquire Purchased Loans), and the spread (the forecasted collection rate less the advance rate) as of September 30, 2008 for Purchased Loans and Dealer Loans separately:

	Loan Assignment Year	Forecasted Collection %	Advance %	Spread %
Purchased loans	2007	68.0%	48.9%	19.1%
	2008	67.5%	47.2%	20.3%
Dealer loans	2007	68.2%	45.9%	22.3%
	2008	68.6%	43.7%	24.9%

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 increase in the spread between the forecasted collection rate and the advance rate occurred as a result of pricing changes implemented during the first nine months of 2008.

The following table summarizes Consumer Loan dollar growth in each of the last seven quarters compared with the same period in the previous year:

	Year over Year Growth in Consumer Loan Dollar Volume
Three Months Ended	% Change
March 31, 2007	41.1%
June 30, 2007	43.9%
September 30, 2007	2.2%
December 31, 2007	23.3%
March 31, 2008	28.5%
June 30, 2008	40.6%
September 30, 2008	27.5%

Unit volume and dollar volume grew at roughly the same rate during the third quarter of 2008 due to various pricing changes implemented at the end of the second quarter and in the third quarter of 2008 that have reduced the average loan size.

The following table summarizes key information regarding Purchased Loans:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
New Purchased Loan unit volume as a percentage of total unit volume	30.8%	25.5%	31.6%	14.0%
Net Purchased Loan receivable balance as a percentage of the total net receivable balance as of the end of the period	30.0%	12.1%	30.0%	12.1%

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Results of Operations

Three and Nine Months Ended September 30, 2008 Compared to Three and Nine Months Ended September 30, 2007

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

(Dollars in thousands, except per share data)	Three Months Ended September 30, 2008	% of Revenue	Three Months Ended September 30, 2007	% of Revenue
Revenue:				
Finance charges	$ 75,617	94.4%	$ 56,743	92.9%
Other income	4,490	5.6	4,315	7.1
Total revenue	80,107	100.0	61,058	100.0
Costs and expenses:				
Salaries and wages	16,766	20.9	13,620	22.3
General and administrative	6,975	8.7	7,266	11.9
Sales and marketing	4,088	5.1	3,835	6.3
Provision for credit losses	8,383	10.5	5,931	9.7
Interest	10,954	13.7	9,030	14.8
Other expense	2	—	16	—
Total costs and expenses	47,168	58.9	39,698	65.0
Operating income	32,939	41.1	21,360	35.0
Foreign currency (loss) gain	(2)	—	26	—
Income from continuing operations before provision for income taxes	32,937	41.1	21,386	35.0
Provision for income taxes	12,606	15.7	7,917	13.0
Income from continuing operations	20,331	25.4	13,469	22.0
Discontinued operations				
Gain (loss) from discontinued United Kingdom operations	504	0.6	(9)	—
Provision (credit) for income taxes	178	0.2	(1,282)	(2.1)
Gain from discontinued operations	326	0.4	1,273	2.1
Net income	$ 20,657	25.8%	$ 14,742	24.1%
Net income per common share:				
Basic	$ 0.68		$ 0.49	
Diluted	$ 0.67		$ 0.47	
Income from continuing operations per common share:				
Basic	$ 0.67		$ 0.45	
Diluted	$ 0.66		$ 0.43	
Gain from discontinued operations per common share:				
Basic	$ 0.01		$ 0.04	
Diluted	$ 0.01		$ 0.04	
Weighted average shares outstanding:				
Basic	30,310,053		30,015,048	
Diluted	31,024,455		31,139,612	

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(Dollars in thousands, except per share data)	Nine Months Ended September 30, 2008	% of Revenue	Nine Months Ended September 30, 2007	% of Revenue
Revenue:				
Finance charges	$ 210,119	93.0%	$ 162,240	91.8%
Other income	15,771	7.0	14,455	8.2
Total revenue	225,890	100.0	176,695	100.0
Costs and expenses:				
Salaries and wages	51,205	22.7	38,573	21.8
General and administrative	20,726	9.2	20,542	11.6
Sales and marketing	13,272	5.9	12,451	7.0
Provision for credit losses	31,792	14.1	13,602	7.7
Interest	31,702	14.0	26,781	15.2
Other expense	59	—	74	—
Total costs and expenses	148,756	65.9	112,023	63.3
Operating income	77,134	34.1	64,672	36.7
Foreign currency (loss) gain	(15)	—	64	—
Income from continuing operations before provision for income taxes	77,119	34.1	64,736	36.6
Provision for income taxes	28,828	12.8	23,387	13.2
Income from continuing operations	48,291	21.3	41,349	23.5
Discontinued operations				
Gain (loss) from discontinued United Kingdom operations	548	0.2	(280)	(0.2)
Provision (credit) for income taxes	218	0.1	(1,363)	(0.7)
Gain from discontinued operations	330	0.1	1,083	0.5
Net income	$ 48,621	21.4%	$ 42,432	24.0%
Net income per common share:				
Basic	$ 1.61		$ 1.41	
Diluted	$ 1.57		$ 1.36	
Income from continuing operations per common share:				
Basic	$ 1.60		$ 1.38	
Diluted	$ 1.56		$ 1.32	
Gain from discontinued operations per common share:				
Basic	$ 0.01		$ 0.04	
Diluted	$ 0.01		$ 0.03	
Weighted average shares outstanding:				
Basic	30,223,586		30,069,639	
Diluted	30,994,466		31,228,893	

Continuing Operations

Three and Nine Months Ended September 30, 2008 Compared to Three and Nine Months Ended September 30, 2007

The following table highlights changes for the three and nine months ended September 30, 2008, as compared to the same periods in 2007:

	Three Months Ended September 30, 2008	Nine Months Ended September 30, 2008
Income from continuing operations	50.9%	16.8%
Finance charges	33.3%	29.5%
Average outstanding balance of Loan portfolio	37.7%	35.0%
Average yield on Loan portfolio	-1.1%	-1.5%
Operating expenses	12.6%	19.1%
Provision for credit losses	41.3%	133.7%

Income from continuing operations increased for the three and nine months ended September 30, 2008 primarily due to the Company being able to achieve operating expense efficiencies while growing the Loan portfolio. The increase in the average outstanding balance of our Loan portfolio has resulted in an increase in finance charges, partially offset by a decrease in the average yield on our Loan portfolio. The average outstanding balance of our Loan portfolio increased due to increases in both the number of active dealer-partners on our program and volume per active dealer-partner. The average yield on our Loan portfolio decreased primarily due to the continued impact of pricing changes made during 2006 and early 2007 in response to a difficult competitive environment, which also caused finance charges to grow slower than the average outstanding balance of our Loan portfolio.

For the three months ended September 30, 2008, income from continuing operations grew faster than finance charges, which was caused by slower growth in operating expenses due to efficiencies gained. For the nine months ended September 30, 2008, income from continuing operations grew slower than finance charges due to additional provision for credit losses recorded during the second quarter of 2008 resulting from lower than expected collection results and a reduction in forecasted future collection rates. The additional provision for credit losses was offset by slower growth in operating expenses.

The following table summarizes the changes in active dealer-partners and corresponding Consumer Loan unit volume:

	Three Months Ended September 30,		
	2008	2007	% Change
Consumer Loan unit volume	27,636	21,784	26.9
Active dealer-partners (1)	2,270	1,953	16.2
Average volume per active dealer-partner	12.2	11.2	8.9
Consumer Loan unit volume from dealer-partners active both periods	18,393	17,293	6.4
Dealer-partners active both periods	1,244	1,244	—
Average volume per dealer-partner active both periods	14.8	13.9	6.4
Consumer Loan unit volume from new dealer-partners	1,792	1,190	50.6
New active dealer-partners (2)	300	258	16.3
Average volume per new active dealer-partner	6.0	4.6	30.4
Attrition (3)	20.6%	19.5%	

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

(2) New active dealer-partners are dealer-partners who enrolled in our program and have received funding for their first Loan from us during the periods presented.

(3) Attrition is measured according to the following formula: decrease in Consumer Loan unit volume from dealer-partners who have received funding for at least one Loan during the comparable period of the prior year but did not receive funding for any Loans during the current period divided by prior year comparable period Consumer Loan unit volume.

Other Income. The following table highlights the changes, as a percentage of revenue, of other income for the three and nine months ended September 30, 2008, as compared to the same periods in 2007:

	Three Months Ended	Nine Months Ended
Percentage of Revenue, September 30, 2007	7.1%	8.2%
Interest income on secured financings	-0.4%	-0.5%
Income from dealer support programs	-0.2%	-0.5%
Profit-sharing payments	0.0%	0.8%
Other	-0.9%	-1.0%
Percentage of Revenue, September 30, 2008	5.6%	7.0%

The decrease in other income was primarily a result of:

- Decreased interest income on secured financings due to a decrease in interest rates earned on cash investments relating to secured financing transactions.
- Decreased income from dealer support programs due to the discontinuance of certain dealer-partner support programs.

The decreases above, for the nine months ended September 30, 2008, were offset by the following:

- An increase in annual profit-sharing payments received during the first quarter of 2008 from third party vehicle service contract and guaranteed asset protection providers. Since we have only received these payments since 2007, the amounts of these payments are currently not estimable due to a lack of historical information. As a result, the revenue related to these payments is recognized in the period the payments are received. For the nine months ended September 30, 2008 we received a total of $2.9 million in profit sharing-payments compared to $1.2 million in payments received in the same period of 2007.

Salaries and Wages. For the three months ended September 30, 2008, salaries and wages expense, as a percentage of revenue, decreased from 22.3% to 20.9%, as compared to the same period in 2007. Salaries and wages expense can be categorized into originations, servicing and support functions. Salaries and wages expense related to originations and servicing grew slower than revenue, while support expenses grew faster than revenue, due to the following:

- Origination expenses decreased primarily due to operating efficiencies gained in our dealer-partner service center.
- Servicing expenses decreased primarily due to higher average Loan balances.
- Support expenses increased primarily due to spending in Information Technology.

For the nine months ended September 30, 2008, salaries and wages expense, as a percentage of revenue, increased from 21.8% to 22.7%, as compared to the same period in 2007. Salaries and wages expense related to servicing remained consistent, as a percentage of revenue, while originations and support grew faster than revenue, due to the following:

- Origination expenses increased primarily due to a smaller percentage of Loan origination costs being deferred. For Dealer Loans, certain underwriting costs are considered Loan origination costs and are deferred and expensed over the life of the loan as an adjustment to finance charge revenue while, for Purchased Loans, all underwriting costs are expensed immediately. Since Purchased Loans represent a greater proportion of Consumer Loans assigned to us, the deferral was lower for the nine months ended September 30, 2008, as compared to the same period in 2007. This increase was offset by operating efficiencies gained in our dealer-partner service center.
- Support expenses increased primarily due to spending in Information Technology, Analytics and Finance.

General and Administrative. The following table summarizes the change in general and administrative expenses, as a percentage of revenue, for the three and nine months ended September 30, 2008, as compared to the same periods in 2007:

	Three Months Ended	Nine Months Ended
Percentage of Revenue, September 30, 2007	11.9%	11.6%
Data processing and consulting fees	-1.9%	-1.2%
Michigan business tax	-0.2%	-0.4%
Legal expense	-0.1%	-0.4%
Other	-1.0%	-0.4%
Percentage of Revenue, September 30, 2008	8.7%	9.2%

The decrease, as a percentage of revenue, in general and administrative expense was primarily a result of:

- Higher expense in 2007 related to data processing and consulting fees for investments in new systems, processes, and facilities to support growth initiatives.
- The Michigan business tax is recorded in provision for income taxes starting in 2008 due to a change in the nature of the tax.
- Higher legal expense in 2007 related to a legal settlement.

Sales and Marketing. The following table shows the increases in sales and marketing expense and the unit volume of Loan originations for the three and nine months ended September 30, 2008, as compared to the same periods in 2007:

	Three Months Ended September 30, 2008	Nine Months Ended September 30, 2008
Sales and marketing expense	6.6%	6.6%
Unit volume of Loan originations	26.9%	22.0%

The increase in sales and marketing expense is due to the increase in the unit volume of Loan originations offset by the discontinuance of certain dealer-partner support programs and lower utilization of various other dealer-partner programs.

Provision for Credit Losses. The increase in the provision for credit losses for the three months ended September 30, 2008, as compared to the same period in 2007, was consistent with the increase in the average outstanding balance of the Loan portfolio. The increase in the provision for credit losses for the nine months ended September 30, 2008, as compared to the same period in 2007, was primarily due to a reduction in estimated future collection rates resulting from a modification of our forecasting methodology on Consumer Loans during the second quarter of 2008. The modified methodology increased the provision for credit losses as lower forecasted collection rates increased the amount of Loan impairments. For additional information, see discussion of Critical Accounting Estimates.

Interest. The following table shows the average outstanding debt balance and the pre-tax average cost of debt for the three and nine months ended September 30, 2008, as compared to the same periods in 2007:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(Dollars in thousands)	2008	2007	2008	2007
Interest expense	$ 10,954	$ 9,030	$ 31,702	$ 26,781
Average outstanding debt balance	$706,637	$477,930	$659,193	$454,595
Pre-tax average cost of debt	6.4%	7.6%	6.4%	7.9%

The increase in interest expense was primarily the result of an increase in the average outstanding debt balance from borrowings used to fund new Loans offset by a reduction in our pre-tax average cost of debt due to overall reductions in underlying market rates.

Provision for Income Taxes. The effective tax rate increased to 38.3% for the three months ended September 30, 2008, from 37.0% for the same period in 2007. The increase for the quarter was primarily due to a decrease in the provision for uncertain state tax positions recorded in the third quarter of 2007. For the nine months ended September 30, 2008, the effective tax rate increased to 37.4%, from 36.1% in the same period of 2007. The increase was primarily due to a decrease in our reserve for uncertain tax positions recorded in 2007.

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Liquidity and Capital Resources

We need capital to fund new Loans and pay dealer holdback. Our primary sources of capital are cash flows from operating activities, collections of Consumer Loans and borrowings through four primary sources of financing: (i) a revolving secured line of credit with a commercial bank syndicate; (ii) revolving secured warehouse facilities with institutional investors; (iii) SEC Rule 144A asset-backed secured borrowings ("Term ABS 144A") with qualified institutional investors; and (iv) a residual credit facility with an institutional investor. There are various restrictive debt covenants for each source of financing and we are in compliance with those covenants as of September 30, 2008. For information regarding these financings and the covenants included in the related documents, see Note 5 to the consolidated financial statements, which are incorporated herein by reference.

Since the beginning of 2008 we have:

- Expanded our bank line of credit to $153.5 million and renewed to June 2010
- Renewed our $325.0 million warehouse facility to August 2009
- Completed a $150.0 million asset-backed secured financing with an institutional investor
- Completed a $50.0 million two-year revolving credit facility with another institutional investor
- Renewed our $50.0 million residual credit facility to August 2009

Based on our available capital, we are targeting a 10% reduction in year-over-year Consumer Loan unit volume for the fourth quarter of 2008. Our target growth rate in 2009 will depend on our success in securing additional financing and renewing our existing debt facilities. If no additional capital is obtained, during the first six months of 2009, we expect to continue to target unit volumes that are approximately 10% lower than the prior year comparable period.

In August of 2009, our $325.0 million warehouse facility and our $50.0 million residual credit facility (collectively referred to as the "maturing facilities") mature. If we are unsuccessful in renewing the maturing facilities, and alternative financing cannot be obtained, additional reductions in Loan origination volumes will be required. Given current conditions in the credit markets, there can be no assurance that the maturing facilities will be renewed or that alternative financing will be obtained. In the event that the maturing facilities are not renewed, no further advances would be made under the maturing facilities. Assuming the Company continues to be in compliance with all debt covenants, the amount outstanding would be repaid over time as the collections on the Loans securing the maturing facilities are received.

The following table summarizes targeted Loan origination volumes under two scenarios: (1) the maturing facilities are renewed (or replaced) but no other additional capital is obtained during 2009; and (2) no additional capital is obtained during 2009 and the maturing facilities are not renewed.

	Estimated Loan Origination Volume for the Years Ended December 31,		
		2009	
(Dollars in thousands)	2008	Assuming Maturing Facilities are Renewed (or Replaced)	Assuming Maturing Facilities are Not Renewed (or Replaced)
Loan dollar volume	$ 800,000	$ 600,000	$ 550,000
Average Loans receivable balance, net	$1,000,000	$1,100,000	$1,050,000

Cash and cash equivalents increased to $0.9 million at September 30, 2008 from $0.7 million at December 31, 2007. Our total balance sheet indebtedness increased to $691.9 million at September 30, 2008 from $532.1 million at December 31, 2007. This increase was primarily a result of borrowings used to fund new Loans in 2008.

Restricted cash and cash equivalents increased to $83.0 million at September 30, 2008 from $74.1 million at December 31, 2007. The following table summarizes restricted cash and cash equivalents:

(in thousands)	As of September 30, 2008	As of December 31, 2007
Cash collections related to secured financings	$ 55,082	$ 42,518
Cash held in trusts for future vehicle service contract claims (1)	27,911	18,266
Cash held in escrow related to settlement of class action lawsuit	—	13,318
Total restricted cash and cash equivalents	$ 82,993	$ 74,102

(1) The claims reserve associated with the trusts are included in accounts payable and accrued liabilities in the consolidated balance sheets.

Restricted Securities Available for Sale

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

Restricted securities available for sale consisted of the following:

	As of September 30, 2008			
(in thousands)	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
US Government and agency securities	$ 1,137	$ 46	$ —	$ 1,183
Corporate bonds	2,825	8	(83)	2,750
Total restricted securities available for sale	$ 3,962	$ 54	$ (83)	$ 3,933

	As of December 31, 2007			
(in thousands)	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
US Government and agency securities	$ 1,584	$ 40	$ —	$ 1,624
Corporate bonds	1,686	10	(30)	1,666
Total restricted securities available for sale	$ 3,270	$ 50	$ (30)	$ 3,290

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.

	As of September 30, 2008		As of December 31, 2007	
(in thousands)	Cost	Estimated Fair Value	Cost	Estimated Fair Value
Contractual Maturity				
Within one year	$ 755	$ 750	$ 1,096	$ 1,100
Over one year to five years	3,207	3,183	2,174	2,190
Total restricted securities available for sale	$ 3,962	$ 3,933	$ 3,270	$ 3,290

Contractual Obligations

A summary of the total future contractual obligations requiring repayments as of September 30, 2008 is as follows (in thousands):

	Payments Due by Period				
	Total	Less than 1 year	1-3 Years	3-5 Years	Other
Long-term debt, including current maturities and capital leases (1)	$ 691,937	$ 421,827	$ 270,110	$ —	$ —
Operating lease obligations	1,960	913	611	436	—
Purchase obligations (2)	537	341	196	—	—
Other long-term obligations (3)	11,223	—	—	—	11,223
Total contractual obligations (4)	$ 705,657	$ 423,081	$ 270,917	$ 436	$ 11,223

(1) Long-term debt obligations included in the above table consist solely of principal repayments. We are also obligated to make interest payments at the applicable interest rates, as discussed in Note 5 to the consolidated financial statements. Based on the actual amounts outstanding under our revolving line of credit and warehouse facilities at September 30, 2008, the forecasted amounts outstanding on all other debt and the actual interest rates in effect as of September 30, 2008, interest is expected to be approximately $7.9 million during 2008; $13.3 million during 2009; and $6.6 million during 2010 and thereafter.

(2) Purchase obligations consist solely of contractual obligations related to the information system and facilities needs of the Company.

(3) Other long-term obligations included in the above table consist solely of reserves for uncertain tax positions recognized under FASB issued Interpretation No. 48, "Accounting for Uncertainty in Income Tax — An Interpretation of FASB Statement No. 109" ("FIN 48").

(4) We have contractual obligations to pay dealer holdback to our dealer-partners; however, as payments of dealer holdback are contingent upon the receipt of customer payments and the repayment of advances, these obligations are excluded from the table above.

Based upon anticipated cash flows, management believes that cash flows from operations and its various financing alternatives will provide sufficient financing for debt maturities and for future operations, subject, as discussed above, to the need to reduce Loan originations if we are unable to renew or refinance our maturing facilities. Our ability to borrow funds may be impacted by many 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 us 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, 2007 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, 2007, except as described below:

The recognition of finance charge revenue and the allowance for credit losses involve significant estimates based on our forecast of future collections. During the first quarter of 2008, we implemented a new methodology for forecasting future collections on Consumer Loans. The new methodology increased the dollar amount of overall forecasted collections by 0.3%. While the new methodology produces overall collection rates that are very similar to those produced by the prior methodology, the new methodology utilizes a more sophisticated approach which allows us to expand the number of variables on which the forecast is based. As a result, we believe the new forecast improves the precision of our estimates in two respects: (i) the new forecast is believed to be more accurate when applied to a smaller group of Consumer Loans which allows us to forecast more accurately at the dealer pool level and more precisely measure the performance of specific segments of our portfolio and (ii) the new forecast is believed to be more sensitive to changes in Consumer Loan performance and will allow us to react more quickly to changes in Consumer Loan performance. Implementation of the new methodology resulted in a reversal of $3.4 million in provision for credit losses as higher forecasted collections reduced the amount of Loan impairment. In conjunction with our implementation of the new forecasting methodology, we reevaluated our forecast of future collections on old, fully-reserved Dealer Loans. As a result, we wrote off $22.7 million of Dealer Loans and the related allowance for credit losses as we were no longer forecasting any future collections on these Dealer Loans. This write-off had no impact on net income for the first quarter of 2008 as all of these Dealer Loans were fully-reserved.

Our forecast of future collections as of March 31, 2008 assumed that Loans within our current portfolio would produce similar collection rates as produced by historical Loans with the same attributes and we expected net cash flows of $1.3 billion from our Loan portfolio. During the second quarter of 2008, we modified our forecasting methodology which now assumes that Loans originated in 2006, 2007 and 2008 will perform 100 to 300 basis points lower than historical Loans with the same attributes. As a result we reduced our estimate of future cash flows on these same Loans by $22.2 million, or 1.7%. Of the total reduction, $20.8 million was recorded as provision for credit losses during the second quarter of 2008. This new expectation is consistent with recent experience and included both the lower realized collection rates experienced during the second quarter of 2008 as well as lower expected recoveries on repossession sales as a result of a decline in used vehicle values that occurred during the second quarter of 2008. We did not modify our forecast related to 2005 and prior Loans as these Loans continue to perform as expected.

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. 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," "believes," "expects," "anticipates," "assumes," "forecasts," "estimates," "intends," "plans", "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, 2007, other risk factors discussed herein or listed from time to time in our reports filed with the Securities and Exchange Commission 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 continue to access or renew funding sources and obtain capital on favorable terms needed to maintain and grow the business.
- The conditions of the U.S. and international capital markets may adversely affect lenders the Company has relationships with, causing us to incur additional cost and reducing our sources of liquidity, which may adversely affect our financial position, liquidity and results of operations.
- Due to increased 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 flow to service our outstanding debt and fund operations.
- Requirements under credit facilities to meet financial and portfolio performance covenants.
- Interest rate fluctuations may adversely affect our borrowing costs, profitability and liquidity.
- The substantial regulation to which we are subject could result in potential liability.
- Adverse changes in economic conditions, or in the automobile or finance industries or the non-prime consumer market, could adversely affect our financial position, liquidity and results of operations 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.
- We are dependent on our senior management and the loss of any of these individuals or an inability to hire additional personnel could adversely affect our ability to operate profitably.
- Our inability to properly safeguard confidential consumer information.
- Our operations could suffer from telecommunications or technology downtime or increased costs.
- Natural disasters, acts of war, terrorist attacks and threats or the escalation of military activity in response to such attacks or otherwise may negatively affect our business, financial condition and results of operations.

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

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Refer to our Annual Report on Form 10-K for the year ended December 31, 2007 for a complete discussion of our market risk. There have been no material changes to the market risk information included in our 2007 Annual Report on Form 10-K.

ITEM 4. CONTROLS AND PROCEDURES.

Evaluation of disclosure controls and procedures.

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

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

PART II. — OTHER INFORMATION

ITEM 6. EXHIBITS

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

SIGNATURE

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

CREDIT ACCEPTANCE CORPORATION
(Registrant)

By: /s/ Kenneth S. Booth
Kenneth S. Booth
Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)
October 31, 2008

INDEX OF EXHIBITS

Exhibit No.		Description
4(f)(113)	1	Amendment No. 4 as of August 27, 2008, to the Second Amended and Restated Loan and Security Agreement, dated as of August 31, 2007 among the Company, CAC Warehouse Funding Corporation II, Wachovia Bank, National Association, Variable Funding Capital Company, LLC, Wachovia Capital Markets, LLC and Systems & Services Technologies, Inc.
4(f)(114)	1	Second Amendment dated as of August 27, 2008, to the Certificate Funding Agreement dated September 20, 2006, among the Company, Credit Acceptance Residual Funding LLC, Wachovia Bank, National Association, Variable Funding Capital Company LLC, and Wachovia Capital Markets, LLC.
4(f)(115)	2	Amendment No. 3 dated as of July 10, 2008, to the Second Amended and Restated Loan and Security Agreement, dated as of August 31, 2007, among the Company, CAC Warehouse Funding Corporation II, Wachovia Bank, National Association, JPMorgan Chase Bank, N.A., Variable Funding Capital Company, LLC, Park Avenue Receivables Company LLC, Wachovia Capital Markets, LLC and Systems & Services Technologies, Inc.
4(f)(116)	2	Third Amendment, dated as of July 31, 2008, to Intercreditor Agreement dated as of June 10, 2002, among Comerica Bank, as collateral agent, and various lenders and note holders.
4(f)(117)	2	Fifth Amendment, dated as of July 31, 2008, to the Fourth Amended and Restated Credit Agreement, dated February 7, 2006, between Credit Acceptance Corporation, the Banks which are parties thereto from time to time, and Comerica Bank as Administrative Agent for the Banks.
31(a)	2	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31(b)	2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32(a)	2	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(b)	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.

1. Previously filed as an exhibit to the Company's Current Report on Form 8-K, dated August 29, 2008, and incorporated herein by reference.
2. Filed herewith.

Exhibit 4(f)(115)

EXECUTION COPY

AMENDMENT NO. 3 TO SECOND AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT

AMENDMENT NO. 3 TO SECOND AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT, dated as of July 10, 2008 (this "Amendment"), is entered into in connection with that certain SECOND AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT, dated as of August 31, 2007 (as amended, supplemented, restated or replaced from time to time, the "Loan Agreement"), by and among CAC WAREHOUSE FUNDING CORPORATION II, a Nevada corporation, (the "Borrower"), CREDIT ACCEPTANCE CORPORATION, a Michigan corporation, ("Credit Acceptance") as the originator, the servicer or the custodian, WACHOVIA BANK, NATIONAL ASSOCIATION, as an investor for the VFCC Purchaser Group (an "Investor"), JPMORGAN CHASE BANK, N.A., as an investor for the PARCO Purchaser Group (an "Investor") and the other Investors from time to time party thereto, VARIABLE FUNDING CAPITAL COMPANY, LLC, a Delaware limited liability company ("VFCC"), a CP conduit or a lender, PARK AVENUE RECEIVABLES COMPANY LLC, a Delaware limited liability company, as a CP conduit" or a lender and the other CP conduits from time to time party thereto, WACHOVIA CAPITAL MARKETS, LLC, a Delaware limited liability company ("WCM"), as deal agent (the "Deal Agent"), WACHOVIA BANK, NATIONAL ASSOCIATION, a national banking association with its headquarters in Charlotte, North Carolina ("Wachovia"), as the liquidity agent for the VFCC Purchaser Group (a "Liquidity Agent"); JPMORGAN CHASE BANK, N.A., a national banking association with its headquarters in New York, New York, as the liquidity agent for the PARCO Purchaser Group (a "Liquidity Agent") and the other Liquidity Agents from time to time party thereto, SYSTEMS & SERVICES TECHNOLOGIES, INC., a Delaware corporation as the backup servicer (the "Backup Servicer") and WACHOVIA CAPITAL MARKETS, LLC, a Delaware corporation, as collateral agent (the "Collateral Agent").

Capitalized terms used and not defined in this Amendment shall have the meanings given to such terms in the Loan Agreement.

PRELIMINARY STATEMENTS

WHEREAS, each of the signatories hereto is party to the Loan Agreement;

WHEREAS, each of the signatories hereto agrees that the facility under the Loan Agreement is now, and immediately following the date hereof shall be, in the Revolving Period with regard to each Purchaser Group; and

WHEREAS, the parties hereto desire to amend the Loan Agreement in certain respects as provided herein;

NOW, THEREFORE, in consideration of the mutual covenants contained herein and in the Loan Agreement, and other good and valuable consideration, the receipt and adequacy of which is hereby expressly acknowledged, and intending to be legally bound hereby, the signatories hereto agree as follows:

Section 1. Amendment.

(a) Section 1.1 of the Loan Agreement is hereby amended by replacing reference to "6.0%" in clause (i) of the definition of "Amortization Event" with "5.0%".

Section 2. Conditions to Effectiveness. 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. Severability of Provisions. Any provision of this Amendment which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction.

Section 4. Captions. The captions in this Amendment are for convenience of reference only and shall not define or limit any of the terms or provisions hereof.

Section 5. Agreement to Remain in Full Force and Effect. Except as amended hereby, the Loan Agreement shall remain in full force and effect and is hereby ratified, adopted and confirmed in all respects. All references in the Loan Agreement to "herein," or words of like import, and all references to the Loan Agreement in any agreement or document shall hereafter be deemed to refer to the Loan Agreement as amended hereby.

Section 6. GOVERNING LAW. THIS AMENDMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

Section 7. Execution in Counterparts. This Amendment may be executed in any number of counterparts and by different parties hereto on separate counterparts, each of which counterparts, when so executed and delivered, shall be deemed to be an original and all of which counterparts, taken together, shall constitute but one and the same Amendment.

Section 8. Representations and Warranties. The Borrower hereby certifies that (i) the representations and warranties made by it in Section 4.1 of the Loan Agreement are true and correct as of the date hereof, as though made on and as of the date hereof and (ii) as of the date hereof, there is no Termination Event or Servicer Termination Event or event which, with the passage of time of the giving of notice, could result in a Termination Event or a Servicer Termination Event.

Section 9. Waiver of Notice. Each of the parties hereto hereby waives any notice in connection with the execution and delivery of this Amendment.

[Signature page follows]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed as of the date and year first above written.

CAC WAREHOUSE FUNDING CORPORATION II, as Borrower

By: /s/ Douglas W. Busk
Name: Douglas W. Busk
Title: Treasurer

CREDIT ACCEPTANCE CORPORATION

By: /s/ Douglas W. Busk
Name: Douglas W. Busk
Title: Treasurer

WACHOVIA CAPITAL MARKETS, LLC, as Deal Agent and Collateral Agent

By: /s/ Chad J. Kobos
Name: Chad J. Kobos
Title: Director

WACHOVIA BANK, NATIONAL ASSOCIATION, as Liquidity Agent and Investor

By: /s/ Kevin McConnell
Name: Kevin McConnell
Title: Managing Director

VARIABLE FUNDING CAPITAL COMPANY LLC, as a CP Conduit and a Lender

By: Wachovia Capital Markets, LLC, as attorney-in-fact

By: /s/ Haojin Wu
Name: Haojin Wu
Title: Vice President

Exhibit 4(f)(116)

Execution Copy

THIRD AMENDMENT TO INTERCREDITOR AGREEMENT

This **Third Amendment to Intercreditor Agreement** dated as of July 31, 2008 (“Third Amendment”) is entered into by and among (a) Comerica Bank (“Comerica”), acting in its capacity as agent (in such capacity, the “Agent”) for and on behalf of the various financial institutions which are, or may from time to time hereafter become, parties to the Credit Agreement and (b) Comerica, in its capacity as collateral agent hereunder (in such capacity, together with its successors and assigns, the “Collateral Agent”), and is acknowledged by Credit Acceptance Corporation, a Michigan corporation (“Company”) as issuer of the Benefited Obligations and by the Guarantors.

RECITALS

A. Agent, Collateral Agent, each of the undersigned Lenders (or their predecessors), and certain Noteholders entered into that certain Intercreditor Agreement dated as of December 15, 1998 which was acknowledged by the Company as of such date and which was amended by the parties by First Amendment (“First Amendment”) dated as of March 30, 2001 and that Second Amendment (“Second Amendment” dated as of June 10, 2002) (as so amended, the “Intercreditor Agreement”).

B. At the request of the Company, and in connection with certain amendments to be made to the Credit Agreement concurrently with this Third Amendment, the undersigned parties have agreed to amend the terms and conditions of the Intercreditor Agreement, but only as set forth herein.

NOW, THEREFORE, the parties have entered into this Third Amendment to make further amendments to the Intercreditor Agreement, as follows:

1. Section 11(b) is hereby amended and restated, in its entirety, as follows:

> “(b) This Agreement may be amended, modified or waived only by an instrument or instruments in writing signed by or on behalf of the Required Future Debt Holders, the Required Lenders and the Required Noteholders, the Collateral Agent and the Company; provided that, after the occurrence and during the continuance of any Default or Event of Default or after the commencement of an Enforcement, this Agreement may be amended or modified without the written consent of Company so long as such amendment or modification does not modify the obligations of the Company or any Obligor under any Financing Agreement.”

2. Except to the extent otherwise defined herein, all capitalized terms used in this Amendment shall have their respective meanings as set forth in the Intercreditor Agreement.

3. Agent, Collateral Agent, the Lenders, and Company hereby acknowledge that, subject to the terms hereof, the Intercreditor Agreement is and shall remain in full force and effect according to its terms.

4. This Amendment may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

* * *

[SIGNATURES FOLLOW ON SUCCEEDING PAGES]

IN WITNESS WHEREOF, the undersigned parties have caused this Amendment to be duly executed and delivered as of the date first above written.

COMERICA BANK,
as Agent and as Collateral Agent, and for and on behalf of the Lenders (as specifically authorized by the Lenders)

By: /s/ Timothy Bishop

Its: Vice President

Signature Page to Third Amendment to Intercreditor Agreement
(849187)

Acknowledged by:

CREDIT ACCEPTANCE CORPORATION

By: /s/ Douglas W. Busk

Its: Treasurer

Date: June 31, 2002

AUTO FUNDING AMERICA OF NEVADA INC.
CREDIT ACCEPTANCE CORPORATION LIFE INSURANCE COMPANY
BUYERS VEHICLE PROTECTION PLAN, INC.
CAC LEASING, INC.
VEHICLE REMARKETING SERVICES, INC.
CREDIT ACCEPTANCE CORPORATION OF NEVADA, INC.
CREDIT ACCEPTANCE CORPORATION OF SOUTH DAKOTA, INC.
CAC REINSURANCE, LTD.

By: /s/ Douglas W. Busk
Name: Douglas W. Busk
Title: Treasurer
Address for Notices:
c/o Credit Acceptance Corporation
25505 W. 12 Mile Road, Suite 3000
Southfield, Michigan 48034
Fax No.: 248-353-9776
Telephone No.: 248-353-2700
Attention: Doug Busk

Exhibit 4(f)(117)

Execution Version

FIFTH AMENDMENT
TO
FOURTH AMENDED AND RESTATED CREDIT AGREEMENT

This **Fifth Amendment to Fourth Amended and Restated Credit Agreement** ("Fifth Amendment") is made as of July 31, 2008 by and among Credit Acceptance Corporation, a Michigan corporation ("Company"), Comerica Bank and the other banks signatory hereto (individually, a "Bank" and collectively, the "Banks") and Comerica Bank, as administrative agent for the Banks (in such capacity, "Agent").

RECITALS

A. Company, Agent and the Banks entered into that certain Fourth Amended and Restated Credit Acceptance Corporation Credit Agreement dated as of February 7, 2006 (as amended by First Amendment dated September 20, 2006, Second Amendment dated January 19, 2007, Third Amendment dated June 14, 2007, Fourth Amendment dated as of January 25, 2008, and as may be further amended or otherwise modified from time to time, the "Credit Agreement") under which the Banks renewed and extended (or committed to extend) credit to the Company, as set forth therein.

B. The Company has requested that Agent and the Banks agree to certain amendments to the Credit Agreement and Agent and the Banks are willing to do so, but only on the terms and conditions set forth in this Fifth Amendment.

NOW, THEREFORE, Company, Agent and the Banks agree:

1. Section 1 of the Credit Agreement is hereby amended by adding or amending and restating (in their entirety), as the case may be, the following specified definitions, as follows:

"*Domestic Reinsurance Subsidiary*" shall mean VSC Re Company, a District of Columbia corporation.

"*Future Debt*" shall mean Debt evidenced by Long Term Notes; provided that the aggregate principal amount of all such Debt outstanding at any time from and after the date hereof shall not exceed Three Hundred Million Dollars ($300,000,000); and provided further that, at the time any such Debt is incurred, the Funding Conditions have been satisfied. For the purposes of this definition, "Long Term Notes" shall mean unsecured or secured non-revolving promissory notes to be issued by the Company, which Debt shall have a term extending at least beyond the Revolving Credit Maturity Date then in effect, have an amortization schedule not greater than level amortization to maturity (but with no principal payments required for a period of at least 12 months) and have no requirement for mandatory early repayment except (x) upon default, (y) following a change in control or (z) following the sale of any material portion of the assets of the Company or any of its Subsidiaries, to the extent of the proceeds of such sale.

"Permitted Securitization(s)" shall mean each transfer or encumbrance (each a "disposition") of (I) specific Dealer Loan Pools (and any interest in and lien on the Installment Contracts, motor vehicles, and other rights and financial assets relating thereto) or specific Purchased Contracts (and any interest in and lien on motor vehicles and other rights and financial assets relating thereto), or (II) the trust certificate issued to evidence the residual interest in Dealer Loan Pools or Purchased Contracts and other financial assets transferred or encumbered pursuant to a prior Permitted Securitization, in each case by the Company or one or more of its Subsidiaries to one or more Special Purpose Subsidiaries or, in the case of a Securitization Transaction described in Clause (II) of this definition (a "Bridge Securitization"), from one Special Purpose Subsidiary to another Special Purpose Subsidiary, conducted in accordance with the following requirements:

(a) Each disposition in clause (I) shall identify with reasonable certainty the specific Dealer Loan Pools or Purchased Contracts, as applicable, covered by such disposition; and (x) such Dealer Loan Pools or Purchased Contracts shall have performance and other characteristics so that the quality of such Dealer Loan Pools or Purchased Contracts, as the case may be, is comparable to, but not materially better than, the overall quality of the Company's Dealer Loan Pools or Purchased Contracts, as applicable, as determined in good faith by the Company in its reasonable discretion or (y) with respect to any such assets assigned to an uncapped Dealer Loan Pool subsequent to such Dealer Loan Pool becoming a Securitized Pool in conformity with the standards set forth in clause (x) of this subparagraph (a), the assets covered by such dispositions were assigned to such Dealer Loan Pool in the order such assets were originated and without the exercise of any discretion by the Company;

(b) Both before and after giving effect to such disposition (and taking into account any reduction in the Indebtedness with the proceeds of such disposition as required hereunder), the Company shall be in compliance with the Borrowing Base Limitation, and, in the case of any disposition to an uncapped Securitized Pool, none of the assets covered by such disposition were included, prior to such disposition, in the most recent Borrowing Base Certificate delivered to Agent under Section 7.3(d) or in an updated Borrowing Base Certificate delivered to Agent under Section 7.3(m) or otherwise at the discretion of the Company;

(c) Each such Securitization Transaction shall be structured on the basis of the issuance of Debt or other similar securities by one or more Special Purpose Subsidiaries which Debt or other securities shall be without recourse to Company and its other Subsidiaries, except to the extent of normal and customary representations and warranties given as of the date of each such disposition, and not as continuing representations and warranties, and otherwise on normal and customary terms and conditions for comparable asset based securitization transactions, which may include Cleanup Call provisions (it being understood that, for purposes of this subparagraph (c), the terms and conditions governing Securitization Transactions made by the Company prior to the date of this Agreement or, if later, the date of the most recent amendment to this Agreement entered into by the Company, Agent and the requisite Banks, shall be deemed to have been made on normal and customary terms and conditions for comparable Securitization Transactions);

(d) Concurrently with each such disposition (except for dispositions to an uncapped Securitized Pool whether or not pursuant to a revolving, expansion or relending feature included in a Prior Securitization (for purposes of this definition, a "Revolving Feature"), in each case to the extent that no disposition proceeds are available as a result of such dispositions for application hereunder), the net proceeds of such disposition (net of customary third party transaction fees and expenses and, if applicable, after applying the proceeds of such disposition to repay any Debt to which the related financial assets are subject and which is secured by a Lien on such financial assets, or otherwise as permitted by the Intercreditor Agreement):

shall be applied to reduce the principal balance outstanding under the Revolving Credit (to the extent then outstanding, and including the aggregate amount of drawings made under any Letter of Credit for which the Agent has not received full payment) by the amount of such net proceeds, subject to the right to reborrow in accordance with this Agreement;

provided, however, that to the extent that, on the date any reduction of the principal balance outstanding under the Revolving Credit shall be required under this clause (d), the Indebtedness under the Revolving Credit is being carried, in whole or in part, at the Eurodollar-based Rate and no Default or Event of Default has occurred and is continuing, the Company may, after prepaying that portion of the Indebtedness then carried at the Prime-based Rate, deposit the amount of such required principal reductions in a cash collateral account to be held by the Agent, for and on behalf of the Banks (which shall be an interest-bearing account), on such terms and conditions as are reasonably acceptable to Agent and the Majority Banks and, subject to the terms and conditions of such cash collateral account, sums on deposit therein shall be applied (until exhausted) to reduce the principal balance of the Revolving Credit on the last day of each Interest Period attributable to the applicable Eurodollar-based Advances of the Revolving Credit; and provided further that Agent and the Banks acknowledge that any proceeds of any such Debt incurred pursuant to a Permitted Securitization remaining after the application of such proceeds as required by this clause (d) may be held or invested in Permitted Investments or otherwise invested or applied in any manner not prohibited by this Agreement; and

(e) Both immediately before and after such disposition, no Default or Event of Default (whether or not related to such disposition) has occurred and is continuing.

In connection with each Permitted Securitization to be conducted hereunder, as applicable, the Company shall provide the following:

(i) in the case of the proposed execution of the initial Securitization Documents for a new Securitization Transaction, to the Agent and the Banks (x) not less than five (5) Business Days prior to the date of consummation thereof (or such lesser period as approved by Agent), proposed drafts of the material Securitization Documents covering the applicable Securitization Transaction, including without limitation the proposed form of the release of financial assets, and any related exhibits or schedules, to be contributed thereto ("Form of Release") and (y) within twenty (20) Business Days following the consummation thereof, executed copies of such Securitization Documents, including, if applicable, a summary of any material changes from the draft documents delivered to Agent and the Banks prior thereto;

(ii) for each disposition of financial assets (subject to clause (iii), below) after the Company's delivery of Securitization Documents to the Agent in accordance with the immediately preceding clause (i) (including the first disposition under a new Securitization Transaction), to the Agent, not less than three (3) Business Days (the "Notice Period") prior to the proposed transfer of such financial assets pursuant to the applicable Securitization Transaction (or such lesser period as approved by Agent), written notice that the Company intends to make a disposition of financial assets (identifying the applicable Securitization Transaction, and the approximate amount of financial assets to be transferred), accompanied by a certification:

(x) that the applicable Securitization Transaction (and related dispositions) will constitute a Permitted Securitization hereunder,

(y) that the applicable Securitization Documents remain in effect substantially in the form previously furnished to Agent (or identifying any material changes, and attaching any material amendment, supplement or other modification previously entered into in respect of such Prior Securitization), and

(z) that, after giving effect to such disposition, it will be in compliance with the Borrowing Base Limitation and either (A) none of the assets covered by such disposition were included in the most recent quarterly Borrowing Base Certificate delivered to Agent under Section 7.3(d) hereof prior to such disposition or (B) a new Borrowing Base Certificate (and any supporting information reasonably required by Agent) dated as of the proposed date of the applicable disposition and, based on projected information, giving effect to such disposition and confirming compliance with the Borrowing Base Limitation, is attached to such certificate;

whereupon, unless Agent has notified Company that the requirements for a Permitted Securitization have not been satisfied with respect to such Securitization Transaction prior to the expiration of the Notice Period, the financial assets covered by such disposition which had been originated prior to the date of such release may be transferred by the Company pursuant to the applicable Permitted Securitization and the Company shall be authorized to execute and deliver and/or file, as the case may be, appropriate releases of such financial assets using the Form of Release previously furnished to Agent, and shall promptly deliver a copy of such release (and all exhibits and schedules thereto) to Agent;

(iii) Notwithstanding the provisions of the immediately preceding clause (ii) of this post-amble, in the case of a disposition of assets to an uncapped Securitized Pool previously transferred pursuant to a Prior Securitization, no prior notice from Company to Agent shall be required under such clause and, subject to the requirements set forth in clauses (a) through (e) of this definition, all such financial assets (whether originated before or after the date of the transfer of the uncapped Securitized Pool), shall be released and the Lien of the Security Agreement shall be deemed not to have attached to any such assets when the Company or any of its Subsidiaries subsequently acquires rights in, to or under such assets and such assets are transferred to an uncapped Securitized Pool. Furthermore, in the case of the transfer of financial assets from a Prior Securitization to a new Securitization Transaction or by one Special Purpose Subsidiary to another pursuant to a Bridge Securitization, in each case in compliance with this Agreement, the Lien of the Security Agreement shall be deemed not to attach to any financial assets so transferred, even if such transfers are made through the Company or any of its other Subsidiaries for reassignment as part of a single transaction. If, however, in any case other than those described in this clause (iii), the Company or any of its Subsidiaries (other than a Special Purpose Subsidiary) reacquires rights in such financial assets, the Lien of the Security Agreement shall be deemed automatically to reattach to such assets without any further action on the part of Agent or the Banks; and

(iv) promptly following the reasonable request of Agent, any additional information (including without limitation collection information and/or a “static pool analysis”) reasonably requested by Agent in connection with such Securitization Transaction.

Furthermore, in connection with each applicable Securitization Transaction, the Agent agrees, promptly following the reasonable request of Company, to execute a written confirmation, in form reasonably acceptable to the Agent, confirming the Company’s compliance with the requirements set forth herein and the release from the Lien of the Security Agreement of those financial assets released, or deemed released, hereunder.

“Revolving Credit Optional Increase” shall mean Seventy One Million Five Hundred Thousand Dollars ($71,500,000).

“Significant Subsidiary(ies)” shall mean, as of any date of determination, any Subsidiary (i) which is designated by the Company (in writing to Agent) as a Significant Subsidiary or (ii) which has total assets (but excluding in the calculation of total assets, for any Subsidiary, any assets which constitute Intercompany Loans, Advances and Investments by such Subsidiary to Company outstanding from time to time and any assets which are acquired or arise pursuant to a Permitted Securitization, including any equity interest in a

Special Purpose Subsidiary) in excess of one percent (1%) of Company's Consolidated Tangible Net Worth (or five percent (5%) in the case of CAC Reinsurance, Ltd.), determined as of the end of each fiscal quarter based upon the financial statements required to be delivered under Section 7.3(b) or 7.3(c) hereof, as the case may be (and giving effect to any changes in net worth shown in such financial statements on the required date of delivery thereof); provided however that, whether or not it satisfies the aforesaid net worth test, none of any Special Purpose Subsidiary, the Scottish Partnership, the US LLC (so long as it is considered a Foreign Subsidiary hereunder) or the Luxembourg Subsidiary shall be a Significant Subsidiary and the Domestic Reinsurance Subsidiary shall be considered a Significant Subsidiary solely for purposes of Section 7.20(a)(ii) hereof and not for any other purpose.

2. Section 8.2 of the Credit Agreement is hereby amended by amending and restating Section 8.2 in its entirety as follows:

"8.2 Business Purposes. Engage in, or make any investment in any business engaged in, the provision of property and casualty insurance (other than the activities conducted by the Domestic Reinsurance Subsidiary relating to the Company's motor vehicle service program ("Service Program Activities") which shall be conducted in the manner described on the attached Schedule 8.2), unless the Company or such Subsidiary shall maintain reinsurance of its underwriting risk with a third party(ies) rated "A-" or better by S&P or "A3" or better by Moody's for all of the Company's or such Subsidiary's exposure in excess of one hundred percent (100%) of the premiums written by the Company or such Subsidiary; or engage in any business if, after giving effect thereto, the general nature of the businesses of the Company and its Subsidiaries, taken as a whole, would no longer be the provision of financing programs for the purchase of used motor vehicles, motor vehicle service protection programs, credit life, accident and health insurance programs, guaranteed asset protection program and other programs related to the foregoing (it being understood that, in the course of the provision of such programs, the Company may be obligated to remit monies to Dealers under Dealer Agreements (including, without limitation, with respect to Installment Contracts, claims or refunds under insurance policies, or claims or refunds under service contracts, and to make deposits in trust or otherwise as required under reinsurance agreements or pursuant to state regulatory requirements); provided, however, that the Company and its Subsidiaries shall manage and operate such businesses in substantially the same manner that they are managed and operated as of the date hereof, except with respect to Service Program Activities which shall be conducted in accordance with Schedule 8.2.

3. Section 8.6 of the Credit Agreement is hereby amended by deleting the word "and" at the end of clause (c) thereof and amending and restating Section 8.6(d) and adding new Section 8.6(e) as follows:

"(d) Liens on the property of Company or any of its Subsidiaries, other than Dealer Loans, Dealer Loan Pools, Installment Contracts, leases or other financial assets, not otherwise permitted under subparagraphs (a) through (c) of this Section 8.6 if the obligations secured by such Liens are disclosed on Schedule 8.6 hereto or, for all Liens not disclosed on such Schedule, do not exceed, in an aggregate amount from time to time outstanding, Two Million Five Hundred Thousand Dollars ($2,500,000); provided, however, that for purposes of determining the aggregate amount of obligations outstanding from time to time under this clause (d) where the outstanding amount of such obligations is not readily determinable or where such amount is subject to substantial variation, such obligations will be tested on the basis of the aggregate amount of cash or letters of credit deposited from time to time to secure such obligations (but only to the extent such obligations are secured solely by cash collateral or letters of credit); and

"(e) Liens on any or all of its properties or assets granted by the Domestic Reinsurance Subsidiary in the ordinary course of business in favor of a primary insurer."

4. Section 8.8 of the Credit Agreement is hereby amended by amending and restating Section 8.8(d) as follows:

   "(d)(i) Intercompany Loans, Advances and Investments made pursuant to the New Restructuring or the restructuring of the ownership of the Company's Subsidiaries (but without the transfer of any cash or other property other than to the extent necessary, upon formation, to meet minimum capitalization requirements, if any, under applicable law), (ii) Intercompany Loans, Advances and Investments by the Company or any Domestic Subsidiary (excluding any Special Purpose Subsidiary and any other Subsidiary excluded from the definition of Significant Subsidiary by the proviso at the end of such definition) to or in any other such Domestic Subsidiary, or any Person that concurrently with such Investment becomes such a Domestic Subsidiary, made while no Default or Event of Default has occurred and is continuing, (iii) Intercompany Loans permitted under Section 8.5(g), (iv) Intercompany Loans, Advances and Investments by the Company to or in the Domestic Reinsurance Subsidiary through the date of termination or expiration of this Agreement in an aggregate amount not to exceed Two Million Five Hundred Thousand Dollars ($2,500,000), plus any amounts necessary to fund ordinary course upfront costs for actuary fees, attorney fees and miscellaneous expenses in each case related to the Domestic Reinsurance Subsidiary and to provide for ordinary course annual operating costs for actuary fees, attorney fees, and miscellaneous expenses in each case related to the Domestic Reinsurance Subsidiary, provided that at the time of each such Investment no Default or Event of Default has occurred and is continuing, and (v) Intercompany Loans, Advances and Investments existing immediately prior to the Effective Date to or in any Foreign Subsidiaries;"

5. Schedule 1.1 to the Credit Agreement is hereby amended and restated by deleting such Schedule and inserting the replacement Schedule 1.1 attached hereto as Attachment 1 in its place.

6. Schedule 6.5 to the Credit Agreement is hereby amended and restated by deleting such Schedule and inserting the replacement Schedule 6.5 attached hereto as Attachment 2 in its place.

7. New Schedules 8.2 and 8.6 to the Credit Agreement are hereby added in the forms attached hereto as Attachment 3 and 4, respectively.

8. This Fifth Amendment shall become effective, according to the terms and as of the date hereof, upon satisfaction by the Company of the following conditions:

(a) Agent shall have received counterpart originals of (i) this Fifth Amendment, duly executed and delivered by the Company and the requisite Banks and (ii) a Reaffirmation of Loan Documents duly executed and delivered by the Guarantors.

(b) Agent shall have received for distribution to the Banks, a work fee of $10,000 for each Bank which has approved this Fifth Amendment prior to the Fifth Amendment Effective Date.

(c) Agent shall have received from a responsible senior officer of the Company a certification (i) that all necessary actions have been taken by the Company to authorize execution and delivery of this Fifth Amendment, supported by such resolutions or other evidence of corporate authority or action as reasonably required by Agent and the Majority Banks and that no consents or other authorizations of any third parties are required in connection therewith; and (ii) that, after giving effect to this Fifth Amendment, no Default or Event of Default has occurred and is continuing on the proposed effective date of the Fifth Amendment.

Agent shall give notice to Company and the Banks of the occurrence of the Fifth Amendment Effective Date.

9. The Company ratifies and confirms, as of the date hereof and after giving effect to the amendments contained herein, each of the representations and warranties set forth in Sections 6.1 through 6.18, inclusive, of the Credit Agreement and acknowledges that such representations and warranties are and shall remain continuing representations and warranties during the entire life of the Credit Agreement.

10. The Banks authorize the Agent, on or after the Fifth Amendment Effective Date, to enter into, for and on behalf of the Banks, a Third Amendment to the Intercreditor Agreement, substantially in the form of Attachment 5 hereto.

11. Except as specifically set forth above, this Fifth Amendment shall not be deemed to amend or alter in any respect the terms and conditions of the Credit Agreement, any of the Notes issued thereunder or any of the other Loan Documents, or to constitute a waiver by the Banks or Agent of any right or remedy under or a consent to any transaction not meeting the terms and conditions of the Credit Agreement, any of the Notes issued thereunder or any of the other Loan Documents.

12. Unless otherwise defined to the contrary herein, all capitalized terms used in this Fifth Amendment shall have the meaning set forth in the Credit Agreement.

13. This Fifth Amendment may be executed in counterpart in accordance with Section 13.10 of the Credit Agreement.

14. This Fifth Amendment shall be construed in accordance with and governed by the laws of the State of Michigan.

[Signatures Follow on Succeeding Pages]

Attachment 1

Schedule 1.1[1]

PRICING MATRIX

	The Applicable Margin For		Applicable Fee Percentage For	
Notwithstanding the Company's Rating Level:	**Advances carried at the Prime-based Rate shall be**	**Advances carried at the Eurodollar-based Rate shall be**	**Revolving Credit Facility Fee**	**Letter of Credit Fee**
	minus 1.05%	1.25%	.50%	1.375% (inclusive of facing fee)

1 All terms as defined in the Agreement.

Attachment 2

Schedule 6.5
Subsidiaries and Compliance Information
[Company to add new subsidiary information for Domestic Reinsurance Subsidiary]

Correct Legal Name	Address	Type of Organization	Jurisdiction of Organization	Tax Identification Number and other identification numbers
Arlington Investment Company	25505 W. Twelve Mile Rd Southfield, MI 48034	Corporation	State of Michigan	38-3411637
Auto Funding America Inc.	25505 W. Twelve Mile Rd Southfield, MI 48034	Corporation	State of Michigan	38-3523899
Auto Funding America of Nevada Inc.	25505 W. Twelve Mile Rd Southfield, MI 48034	Corporation	State of Nevada State of Michigan	38-3589855
Auto Lease Services LLC	25505 W. Twelve Mile Rd Southfield, MI 48034	Limited Liability Company	State of Delaware	38-3544147
AutoNet Finance Company.com, Inc.	25505 W. Twelve Mile Rd Southfield, MI 48034	Corporation	State of Michigan	38-3485932
Buyers Vehicle Protection Plan, Inc.*	25505 W. Twelve Mile Rd Southfield, MI 48034	Corporation	State of Michigan	38-2957446
CAC (TCI), Ltd.	25505 W. Twelve Mile Rd Southfield, MI 48034	Corporation	Turks & Caicos	98-0379770
CAC Funding Corp.	25505 W. Twelve Mile Rd Southfield, MI 48034	Corporation	State of Nevada	38-3417412
CAC International Holdings, LLC	25505 W. Twelve Mile Rd Southfield, MI 48034	Limited Liability Company	Michigan	N/A
CAC Leasing, Inc.	25505 W. Twelve Mile Rd Southfield, MI 48034	Corporation	State of Michigan	38-3307332

Correct Legal Name	Address	Type of Organization	Jurisdiction of Organization	Tax Identification Number and other identification numbers
CAC Luxembourg S.a.r.l	25505 W. Twelve Mile Rd Southfield, MI 48034	Limited Liability Company	Luxembourg	N/A
CAC of Canada Company	25505 W. Twelve Mile Rd Southfield, MI 48034	Corporation	Canada	N/A
Credit Acceptance of Nevada, Inc.*	25505 W. Twelve Mile Rd Southfield, MI 48034	Corporation	State of Nevada	38-3126705
CAC Reinsurance, Ltd.	25505 W. Twelve Mile Rd Southfield, MI 48034	Corporation	Turks and Caicos Islands	38-3337060
CAC Scotland	25505 W. Twelve Mile Rd Southfield, MI 48034	Scottish Partnership	Scotland	N/A
CAC UK Funding Limited	25505 W. Twelve Mile Rd Southfield, MI 48034	Private Limited Company	England and Whales	N/A
CAC Warehouse Funding Corp.	25505 W. Twelve Mile Rd Southfield, MI 48034	Corporation	Nevada	05-0566880
CAC Warehouse Funding Corporation II	25505 W. Twelve Mile Rd Southfield, MI 48034	Corporation	Nevada	90-0247399
Credit Acceptance Corporation Ireland Limited	25505 W. Twelve Mile Rd Southfield, MI 48034	Corporation	Ireland	N/A
Credit Acceptance Corporation of South Dakota, Inc.	25505 W. Twelve Mile Rd Southfield, MI 48034	Corporation	State of South Dakota	38-3126704
Credit Acceptance Corporation UK Limited	25505 W. Twelve Mile Rd Southfield, MI 48034	Private Limited Company	England and Wales	N/A
Credit Acceptance Motors, Inc.	25505 W. Twelve Mile Rd Southfield, MI 48034	Corporation	Michigan	36-4577938
Credit Acceptance Wholesale Buyers Club, Inc.	25505 W. Twelve Mile Rd Southfield, MI 48034	Corporation	State of Michigan	30-0036555
Vehicle Remarketing Services, Inc.*	25505 W. Twelve Mile Rd Southfield, MI 48034	Corporation	State of Michigan	38-3354454

Correct Legal Name	Address	Type of Organization	Jurisdiction of Organization	Tax Identification Number and other identification numbers
VSC Re Company[1]	1333 H Street, NW DC 20005	Corporation	District of Columbia	[not yet assigned]
Credit Acceptance Funding LLC 2006-1	25505 W. Twelve Mile Rd Southfield, MI 48034	Limited Liability Company	Delaware	02-0773858
Credit Acceptance Funding LLC 2006-2	25505 W. Twelve Mile Rd Southfield, MI 48034	Limited Liability Company	Delaware	11-3794787
Credit Acceptance Auto Dealer Loan Trust 2006-2	25505 W. Twelve Mile Rd Southfield, MI 48034	Trust Company	Delaware	11-3794787
Credit Acceptance Residual Funding LLC	25505 W. Twelve Mile Rd Southfield, MI 48034	Limited Liability Company	Delaware	06-1796940
Credit Acceptance Funding LLC 2007-1	25505 W. Twelve Mile Rd Southfield, MI 48034	Limited Liability Company	Delaware	74-3209807
Credit Acceptance Auto Dealer Loan Trust 2007-1	25505 W. Twelve Mile Rd Southfield, MI 48034	Trust Company	Delaware	74-3209807
Credit Acceptance Funding LLC 2007-2	25505 W. Twelve Mile Rd Southfield, MI 48034	Limited Liability Company	Delaware	61-1542988
Credit Acceptance Auto Dealer Loan Trust 2007-2	25505 W. Twelve Mile Rd Southfield, MI 48034	Trust Company	Delaware	30-6149740

* Significant Domestic Subsidiary

1 This entity had not yet been formed.

Attachment 3

Schedule 8.2

Description of Operations of Domestic Reinsurance Subsidiary

The Domestic Reinsurance Subsidiary will enter into one or more quota share (which may be up to 100%) reinsurance agreements with the direct writers or ceding insurers for CA's vehicle service contract programs. Under a quota share arrangement, the Domestic Reinsurance Subsidiary assumes a percentage of the service contract liability and receives that percentage of the net premium. The net premium paid to the Domestic Reinsurance Subsidiary becomes part of the Domestic Reinsurance Subsidiary's asset base and the assets are titled in the Domestic Reinsurance Subsidiary's name. However, insurance regulations prevent the Domestic Reinsurance Subsidiary from simply holding the Reserves on its balance sheet. Rather, the Domestic Reinsurance Subsidiary must have collateral with the ceding insurer equal to the ceded reserves. To do this, the Domestic Reinsurance Subsidiary would either create a reinsurance trust account, as the grantor, whereby it would deposit the ceded reserves for the benefit of the ceding insurer or alternatively, the Domestic Reinsurance Subsidiary could deliver an Letter of Credit (LOC) to the ceding insurer in the amount of the ceded reserves and keep its assets in its own hands. Credit Acceptance anticipates it will use the trust structure.

Attachment 4

Schedule 8.6

Description of balance differential swap agreement dated as of April 18, 2008 entered into with Wachovia Bank in connection with the most recent Permitted Securitization funded by Wachovia Bank:

On April 18, 2008, Credit Acceptance Corporation entered into a Balance Differential Swap agreement with Wachovia Bank, National Association. The trade obligates both parties to make monthly cash payments to the other, which payments are netted out to a single payment each month. The amount and direction of the monthly payment depends on both the level of the benchmark interest rate and the amount of debt outstanding on the Class A Asset Backed Note issued by Credit Acceptance Auto Loan Trust 2008-1. Credit Acceptance Corporation is required to make cash collateral deposits for the benefit of Wachovia as credit support for its obligations under this Balance Differential Swap.

Attachment 5

Attach form of Third Amendment to Intercreditor Agreement dated as of July 31, 2008

WITNESS the due execution hereof as of the day and year first above written.

COMERICA BANK,
as Agent

By: /s/ Timothy Bishop

Its: Vice President

Signature Page For
CAC Fifth Amendment
(848191)

CREDIT ACCEPTANCE CORPORATION

By: /s/ Douglas W. Busk

Its: Treasurer

Signature Page For
CAC Fifth Amendment
(848191)

BANKS:

COMERICA BANK

By: /s/ Timothy Bishop

Its: Vice President

BANK OF AMERICA, N.A.

By: /s/ Daniel R. Petrik

Its: Senior Vice President

Signature Page For
CAC Fifth Amendment
(848191)

BMO CAPITAL MARKETS FINANCING, INC.

By: /s/ Michael S. Cameli

Its: Director

Signature Page For
CAC Fifth Amendment
(848191)

FIFTH THIRD BANK
(Eastern Michigan)

By: /s/ John Antonczak

Its: Vice President

Signature Page For
CAC Fifth Amendment
(848191)

NATIONAL CITY BANK

By: /s/ Michael Kell

Its: Vice President

Signature Page For
CAC Fifth Amendment
(848191)

RBS CITIZENS, N.A.

By: /s/ Michael Dolson

Its: Senior Vice President

Signature Page For
CAC Fifth Amendment
(848191)

Credit Acceptance Corporation

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

I, Brett A. Roberts, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: October 31, 2008

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

EXHIBIT 31 (b)

Credit Acceptance Corporation

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

I, Kenneth S. Booth, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: October 31, 2008

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

EXHIBIT 32 (a)

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 September 30, 2008 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Brett A. Roberts, as Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

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

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

Date: October 31, 2008

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

EXHIBIT 32 (b)

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 September 30, 2008 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: October 31, 2008

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