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

FORM 10-Q

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

For the quarterly period ended September 30, 2004

OR

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

For the transition period from _________ to________

Commission File Number 000-20202

CREDIT ACCEPTANCE CORPORATION
(Exact name of registrant as specified in its charter)

MICHIGAN	38-1999511
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification)
25505 WEST TWELVE MILE ROAD, SUITE 3000	
SOUTHFIELD, MICHIGAN	48034-8339
(Address of principal executive offices)	(zip code)

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

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

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes [X] 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 outstanding of Common Stock, par value $.01, on October 31, 2004 was 36,807,982.

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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)	2004	2003	2004	2003
Revenue:				
Finance charges	$ 34,830	$ 25,770	$ 95,790	$ 76,457
Ancillary product income	3,047	4,369	8,373	14,336
Lease revenue	271	1,251	1,323	5,371
Other income	5,051	4,609	14,523	12,866
Total revenue	43,199	35,999	120,009	109,030
COSTS AND EXPENSES:				
Salaries and wages	9,807	7,879	27,566	25,083
General and administrative	5,181	4,679	15,601	15,361
Provision for credit losses	2,098	2,303	16,832	9,354
Sales and marketing	3,026	2,023	8,591	6,813
Interest	2,846	2,267	7,820	5,264
Stock-based compensation expense	747	1,027	2,178	2,830
United Kingdom asset impairment	-	-	-	10,493
Other expense	270	1,182	1,050	4,205
Total costs and expenses	23,975	21,360	79,638	79,403
Operating income	19,224	14,639	40,371	29,627
Foreign exchange gain (loss)	674	(1,066)	1,731	(1,037)
Income before provision for income taxes	19,898	13,573	42,102	28,590
Provision for income taxes	7,156	4,755	15,224	10,171
Net income	$ 12,742	$ 8,818	$ 26,878	$ 18,419
Net income per common share:				
Basic	$ 0.33	$ 0.21	$ 0.69	$ 0.44
Diluted	$ 0.31	$ 0.20	$ 0.65	$ 0.43
Weighted average shares outstanding:				
Basic	38,679,011	42,315,027	39,234,974	42,329,722
Diluted	40,943,604	43,959,924	41,506,320	43,247,518

See accompanying notes to consolidated financial statements.

CREDIT ACCEPTANCE CORPORATION
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

(Dollars in thousands, except per share data)	AS OF SEPTEMBER 30, 2004	AS OF DECEMBER 31, 2003
ASSETS:		
Cash and cash equivalents	$ 20,254	$ 36,044
Loans receivable	1,017,050	875,417
Allowance for credit losses	(37,559)	(17,615)
Loans receivable, net	979,491	857,802
Notes, lines of credit and floorplan receivables, net (including $1,635 and $1,583 from affiliates as of September 30, 2004 and December 31, 2003, respectively)	4,868	6,562
Investment in operating leases, net	1,379	4,447
Property and equipment, net	19,588	18,503
Income taxes receivable	1,188	5,795
Other assets	17,387	14,627
Total Assets	$ 1,044,155	$ 943,780
LIABILITIES AND SHAREHOLDERS' EQUITY:		
LIABILITIES:		
Accounts payable and accrued liabilities	$ 41,388	$ 33,117
Dealer holdbacks, net	501,161	423,861
Line of credit	58,700	-
Secured financing	140,000	100,000
Mortgage note and capital lease obligations	10,148	6,467
Deferred income taxes, net	9,765	24,529
Total Liabilities	761,162	587,974
SHAREHOLDERS' EQUITY:		
Preferred stock, $.01 par value, 1,000,000 shares authorized, none issued	-	-
Common stock, $.01 par value, 80,000,000 shares authorized, 36,807,382 and 42,128,087 shares issued and outstanding as of September 30, 2004 and December 31, 2003, respectively	368	421
Paid-in capital	26,644	125,078
Retained earnings	253,917	227,039
Accumulated other comprehensive income - cumulative translation adjustment	2,064	3,268
Total Shareholders' Equity	282,993	355,806
Total Liabilities and Shareholders' Equity	$ 1,044,155	$ 943,780

See accompanying notes to consolidated financial statements.

CREDIT ACCEPTANCE CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

(Dollars in thousands)	NINE MONTHS ENDED SEPTEMBER 30, 2004	2003
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	$ 26,878	$ 18,419
Adjustments to reconcile cash provided by operating activities:		
Provision for credit losses	16,832	9,354
Depreciation	4,392	6,528
Loss on retirement of property and equipment	156	-
Foreign currency (gain) loss on forward contracts	(1,734)	1,080
Provision (credit) for deferred income taxes	(14,764)	7,576
Stock-based compensation expense	2,178	2,830
United Kingdom asset impairment	-	10,493
Change in operating assets and liabilities:		
Accounts payable and accrued liabilities	9,747	4,437
Income taxes receivable/payable	4,607	(3,556)
Lease payment receivable	99	1,484
Unearned commissions, insurance premiums and reserves	198	(370)
Other assets	(2,760)	556
Net cash provided by operating activities	45,829	58,831
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments - held to maturity	-	(9,616)
Principal collected on Loans receivable	326,301	260,566
Advances to dealers	(348,060)	(279,039)
Payments of dealer holdbacks	(24,121)	(22,275)
Accelerated payments of dealer holdbacks	(14,673)	(7,702)
Operating lease liquidations	2,109	4,758
Decrease in notes, lines of credit and floorplan receivables	1,086	3,721
Purchases of property and equipment	(3,206)	(1,303)
Net cash used in investing activities	(60,564)	(50,890)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net borrowings (repayments) under lines of credit	58,700	(43,555)
Proceeds from secured financings	140,000	100,000
Repayments of secured financings	(100,000)	(58,153)
Principal payments under capital lease obligations	(847)	(680)
Proceeds from mortgage note refinancing	3,540	-
Repayment of mortgage note	(579)	(577)
Repurchase of common stock	(104,299)	(4,740)
Proceeds from stock options exercised	3,634	614
Net cash provided by (used in) financing activities	149	(7,091)
Effect of exchange rate changes on cash	(1,204)	1,134
Net (decrease) increase in cash and cash equivalents	(15,790)	1,984
Cash and cash equivalents, beginning of period	36,044	13,466
Cash and cash equivalents, end of period	$ 20,254	$ 15,450
SUPPLEMENTAL DISCLOSURE OF NON- CASH TRANSACTIONS:		
Property and equipment acquired through capital lease obligations	$ 2,150	$ 27

See accompanying notes to consolidated financial statements.

CREDIT ACCEPTANCE CORPORATION
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, 2003 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, 2003 for Credit Acceptance Corporation (the "Company"). Certain prior period amounts have been reclassified to conform to the current presentation.

The preparation of financial statements in conformity with generally accepted accounting principles 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. SIGNIFICANT ACCOUNTING POLICIES

Finance Charges. The Company recognizes finance charge income in accordance with the provisions of Statement of Financial Accounting Standards ("SFAS") No. 91, "Accounting for Nonrefundable Fees and Costs Associated with Originating or Acquiring Loans and Initial Direct Costs of Leases (an Amendment of FASB Statements No. 13, 60, and 65 and a Rescission of FASB Statement No. 17)" ("SFAS No. 91"). SFAS No. 91 requires the Company to recognize finance charges under the interest method such that income is recognized on a level yield basis during the life of the underlying asset. During the first quarter of 2004, the Company revised its methodology for applying SFAS No. 91 such that finance charge income and the amount of the provision for earned but unpaid income at the time a retail installment contract (referred to as a "Loan") is transferred to non-accrual status can be calculated for each individual Loan. Prior to the first quarter of 2004, the Company calculated finance charge income and the provision for earned but unpaid revenue using a pooling methodology. The pooling methodology required the Company to make various assumptions and estimates which impacted the timing of income recognition and the classification of finance charge revenue and the provision for earned but unpaid revenue. The Company believes that this revised methodology improves the precision of the Company's calculation of finance charge revenue and the provision for earned but unpaid revenue. This revised methodology resulted in a change in the timing of revenue recognition as the actual term of the Loans on a Loan by Loan basis was longer than the average Loan term as calculated under the pooling methodology, resulting in an approximately $3.5 million reduction in finance charges during the three months ended March 31, 2004, of which approximately $3.3 million relates to periods prior to December 31, 2003. In addition, the revised methodology resulted in a change in the amount of revenue recognized on a Loan prior to the Loan transferring to non-accrual status, resulting in an increase in finance charges and a corresponding increase in the provision for earned but unpaid revenue of approximately $3.5 million for the three months ended March 31, 2004.

Ancillary Product Income. The Company has relationships with third party vehicle service contract administrators ("TPAs") whereby the TPAs process claims on vehicle service contracts underwritten by third party insurers. The Company receives a commission for all such vehicle service contracts sold by its dealer-partners. The Company refers to dealers participating in the Company's financing program and sharing the Company's commitment to changing customers' lives as "dealer-partners". The Company recognizes the commission received from the TPAs in accordance with SEC Staff Accounting Bulletin No. 104, "Revenue Recognition" ("SAB 104"). Through December 31, 2003, the Company recognized ancillary product income for commissions received on the sale of third party vehicle service contracts upon the sale of the vehicle service contracts since (i) delivery of the vehicle service contract occurs at this time, (ii) the Company bears no further obligation under the vehicle service contract and (iii) the Company's commission is not subject to refund. During the first quarter of 2004, the Company entered into agreements with two new TPAs. The two new agreements differ from the prior agreement in three material respects: (i) the new agreements provide a commission to the Company on all vehicle service contracts sold by its dealer-partners, regardless of whether the vehicle service contract is financed by the Company, (ii) the new agreements pay a higher commission on vehicle service contracts financed by the Company, and (iii) the new agreements allow the Company to participate in underwriting profits depending on the level of future claims paid. Since the commission paid on financed vehicle service contracts is higher than the commission paid on non-financed vehicle service contracts, the Company concluded this

2. SIGNIFICANT ACCOUNTING POLICIES - (CONCLUDED)

difference in commission rates was evidence of a multiple element revenue arrangement as defined under the provisions of SAB 104 and EITF 00-21, "Revenue Arrangements with Multiple Elements". As a result, the Company considers the amount received from TPAs for financed vehicle service contracts to be comprised of two components, a component relating to the fair value of the commission (a "broker fee") and a larger component relating to providing the financing on the related Loan (a "financing premium").

The two new agreements also require that net premiums on the vehicle service contracts be placed in trust accounts by the TPA. Funds in the trust accounts are utilized by the TPA to pay claims on the vehicle service contracts. Underwriting profits, if any, on the vehicle service contracts are distributed to the Company after the term of the vehicle service contracts have expired. Under FASB Interpretation No. 46, "Consolidation of Variable Interest Entities" ("FIN 46"), the Company is considered the primary beneficiary of the trusts. As a result, the assets and liabilities of the trusts have been consolidated on the Company's balance sheet. As of September 30, 2004, the trusts had $4.2 million in cash available to pay claims and a related claims reserve of $4.2 million. The cash is included in cash and cash equivalents and the claims reserve is included in accounts payable and accrued liabilities in the consolidated balance sheets. A third party insures claims in excess of available funds in the trust accounts.

Beginning January 1, 2004, broker fees generated under the two new agreements will be recognized over the life of the related vehicle service contract. Broker fees generated under the old agreement, which does not meet the requirements for consolidation under FIN 46, will be recognized upon the sale of the vehicle service contract. Under all three agreements, the financing premium will be deferred and recognized over the life of the underlying Loan as an adjustment to the yield consistent with the Company's accounting for finance charges under the interest method.

Under the new policy, the Company recognized $2.9 million and $7.2 million in income during the three and nine months ended September 30, 2004, respectively, and deferred $4.4 million and $12.0 million of financing premiums and broker fees for the three and nine months ended September 30, 2004, respectively. The Company estimates the deferred portion will be recognized as follows (in thousands):

	THREE MONTHS ENDED SEPTEMBER 30, 2004	NINE MONTHS ENDED SEPTEMBER 30, 2004
Fourth quarter of 2004	$ 622	$ 1,871
2005	2,064	6,058
2006	1,314	3,462
2007	369	633
	$ 4,369	$12,024

Loans Receivable and Allowance for Credit Losses. The Company maintains an allowance for credit losses that covers: (i) losses inherent in the Company's Loan portfolio, and (ii) earned but unpaid revenue on Loans in non-accrual status. Losses inherent in the Company's Loan portfolio result from Loans receivable determined to be uncollectible or that have expected future collections less than the full contractual amount, less any losses absorbed by dealer holdbacks. By definition, these losses equal the amount by which advances to dealer-partners plus accrued income (the "net investment") exceed the net present value of estimated future cash flows related to the Loans receivable less the present value of estimated dealer holdback payments.

To record estimated losses on its Loan portfolio, as required under SFAS No. 114, "Accounting by Creditors for Impairment of a Loan - an amendment of FASB Statements No. 5 and 15", as amended by SFAS No. 118, "Accounting by Creditors for Impairment of a Loan- Income Recognition and Disclosures", the Company compares the present value of estimated future collections for each dealer-partner's Loan portfolio to the Company's net investment in that portfolio. During the first quarter of 2004 the Company developed a model for estimating the amount and timing of future dealer holdback payments and began to include the present value of expected future dealer holdback payments in its loss estimate. Considering estimated future dealer holdback payments increases the Company's loss estimate as cash flows used to evaluate impairment are reduced. This change resulted in a $9.4 million increase in the allowance for credit losses and reduced after-tax earnings by approximately $6.1 million for the three months ended March 31, 2004. Deducting dealer holdback payments from the cash flows used to evaluate impairment will not increase the cash amount of losses or future charge-offs against the allowance.

3. LOANS RECEIVABLE

Loans receivable consisted of the following (in thousands):

	AS OF	
	SEPTEMBER 30, 2004	DECEMBER 31, 2003
Gross Loans receivable	$ 1,222,733	$ 1,035,681
Unearned finance charges	(202,928)	(157,707)
Unearned commissions, insurance premiums and reserves	(2,755)	(2,557)
Loans receivable	$ 1,017,050	$ 875,417
Non-accrual Loans	$ 216,131	$ 203,598
Non-accrual Loans as a percent of gross Loans receivable	17.7%	19.7%

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

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	2004	2003	2004	2003
Balance, beginning of period	$ 1,169,468	$ 1,011,410	$ 1,035,681	$ 912,963
Gross amount of Loans accepted	240,236	188,815	754,635	614,926
Net cash collections on Loans	(143,884)	(120,828)	(425,012)	(360,480)
Charge-offs *	(72,467)	(67,223)	(218,311)	(187,445)
Recoveries *	7,599	7,120	24,269	7,120
Other fees	21,895	15,068	52,010	39,951
Net change in repossessed collateral	(301)	(333)	(1,092)	1,363
Currency translation	187	129	553	5,760
Balance, end of period	$ 1,222,733	$ 1,034,158	$ 1,222,733	$ 1,034,158

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

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	2004	2003	2004	2003
Balance, beginning of period	$ 36,567	$ 24,461	$ 17,615	$ 20,991
Provision for credit losses	1,859	1,363	15,966	6,652
Charge-offs *	(3,570)	(14,201)	(4,897)	(16,188)
Recoveries *	2,709	3,233	8,840	3,233
Currency translation	(6)	27	35	195
Balance, end of period	$ 37,559	$ 14,883	$ 37,559	$ 14,883

* Charge-offs presented net of recoveries for the periods prior to July 1, 2003

4. OTHER ASSETS

Loans receivable are collateralized by the related vehicles. The Company has the right to repossess the vehicle in the event that the consumer defaults on the payment terms of the Loan. In accordance with SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets", repossessed collateral is valued at the lower of the carrying amount of the receivable or estimated fair value, less estimated costs of disposition, and is classified in other assets in the consolidated balance sheets. As of September 30, 2004 and December 31, 2003, repossessed assets totaled approximately $7.1 million and $6.0 million, respectively.

5. DEALER HOLDBACKS

Dealer holdbacks, net consisted of the following (in thousands):

	AS OF	
	SEPTEMBER 30, 2004	DECEMBER 31, 2003
Dealer holdbacks	$ 974,056	$ 828,720
Less: advances	(472,895)	(404,859)
Dealer holdbacks, net	$ 501,161	$ 423,861

6. RELATED PARTY TRANSACTIONS

In the normal course of its business, the Company regularly accepts assignments of Loans originated by affiliated dealer-partners owned by: (i) the Company's majority shareholder and Chairman; (ii) the Company's President; and (iii) a member of the Chairman's family. The Company accepts Loans from affiliated dealer-partners and nonaffiliated dealer-partners on the same terms. A summary of related party Loan activity is as follows (in thousands):

	Affiliated dealer-partner balance as of September 30, 2004	% of consolidated as of September 30, 2004	Affiliated dealer-partner balance as of December 31, 2003	% of consolidated as of December 31, 2003
Gross Loans receivable	$ 36,200	3.0%	$ 31,500	3.0%
Gross dealer holdbacks	$ 28,800	3.0%	$ 24,800	3.0%
Advance balance	$ 13,700	2.9%	$ 12,200	3.0%

	For the Three Months ended September 30, 2004		For the Three Months ended September 30, 2003	
	Affiliated dealer-partner activity	% of consolidated	Affiliated dealer-partner activity	% of consolidated
Loans accepted	$ 8,000	3.3%	$ 5,400	2.9%
Advances	$ 3,900	3.4%	$ 2,600	3.0%

	For the Nine Months ended September 30, 2004		For the Nine Months ended September 30, 2003	
	Affiliated dealer-partner activity	% of consolidated	Affiliated dealer-partner activity	% of consolidated
Loans accepted	$ 23,100	3.1%	$ 17,200	2.8%
Advances	$ 11,100	3.1%	$ 8,000	2.8%

6. RELATED PARTY TRANSACTIONS - (CONCLUDED)

Pursuant to an employment agreement with the Company's President dated April 19, 2001, the Company loaned the President's dealerships $850,000. The note, including all principal and interest, is due on April 19, 2011, bears interest at 5.22%, is unsecured, and is personally guaranteed by the Company's President. The balance of the note including accrued but unpaid interest was approximately $1,088,000 and $1,054,000 as of September 30, 2004 and December 31, 2003, respectively. In addition, pursuant to the employment agreement, the Company loaned the President approximately $478,000. The note, including all principal and interest, is due on April 19, 2011, bears interest at 5.22% beginning January 1, 2002, and is unsecured. The balance of the note including accrued interest was approximately $547,000 and $529,000 as of September 30, 2004 and December 31, 2003, respectively.

Total CAPS (the Company's Internet based Credit Approval Processing System) and dealer enrollment fees earned from affiliated dealer-partners were $13,000 and $36,000 for the three and nine months ended September 30, 2004, respectively, and $13,000 and $31,000 for the same periods in 2003.

The Company paid for air transportation services provided by a company owned by the Company's majority shareholder and Chairman totaling $89,000 and $171,000 for the three months and nine months ended September 30, 2004, respectively, and $39,000 and $114,000 for the same periods in 2003.

Prior to the third quarter of 2001, the Company offered a line of credit arrangement to certain dealerships who were not participating in the Company's core program. The Company ceased offering this program to new dealerships in the third quarter of 2001 and has been reducing the amount of capital invested in this program since that time. Beginning in 2002, entities owned by the Company's majority shareholder and Chairman began offering secured line of credit loans in a manner similar to the Company's prior program, at his dealerships and at two other dealerships, one of whom also does business with the Company. The Company's majority shareholder and Chairman does not intend to expand his line of credit lending activities to additional dealerships, except to dealerships which he owns or controls.

7. FORWARD CONTRACTS

In the third quarter of 2003, the Company entered into a series of forward contracts with a commercial bank to manage foreign currency exchange risk associated with the cash flows anticipated from the exit of the United Kingdom operation. As of September 30, 2004 and December 31, 2003, the Company had contracts outstanding to deliver 5.3 million British pounds sterling and 16.9 million British pounds sterling, respectively, to the commercial bank which will be exchanged into United States dollars at weighted average exchange rates of 1.58 and 1.57 United States dollars per British pound sterling, respectively, on a monthly basis through June 30, 2005. The Company believes that this transaction minimizes the currency exchange risk associated with an adverse change in the relationship between the United States dollar and the British pound sterling as it repatriates cash from the United Kingdom operation. As the Company has not designated these contracts as hedges as defined under SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities", as amended by SFAS No. 138 and SFAS No. 149, changes in the fair value of these forward contracts will increase or decrease net income. The fair value of the forward contracts were less than the notional amount of the contracts outstanding as of September 30, 2004 and December 31, 2003 by $1,082,000 and $2,817,000, respectively, due to the weakening of the United States dollar versus the British pound sterling since the date the contracts were entered into. The Company recognized a foreign currency gain of $675,000 ($439,000 after-tax) and $1,734,000 ($1,127,000 after-tax) for the three months and nine months ended September 30, 2004, respectively, related to the change in the fair value of the forward contracts primarily due to a decrease in the notional amount of the forward contracts from December 31, 2003 to September 30, 2004. The Company recognized a foreign currency loss of $1,080,000 ($702,000 after-tax) for the three months and nine months ended September 30, 2003 related to the change in the fair value of the forward contracts primarily due to the weakening of the United States dollar versus the British pound sterling during the third quarter of 2003.

8. INCOME TAXES

A reconciliation of the U.S. federal statutory rate to the Company's effective tax rate follows:

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	2004	2003	2004	2003
U.S. federal statutory rate	35.0%	35.0%	35.0%	35.0%
State income taxes	1.0	0.6	1.0	0.7
Foreign income taxes	(0.1)	(0.3)	(0.1)	1.6
U.S. tax impact of foreign earnings	-	(0.9)	0.1	(2.0)
Other	0.1	0.6	0.2	0.3
Effective tax rate	36.0%	35.0%	36.2%	35.6%

The differences between the U.S. federal statutory rate and the Company's consolidated effective tax rate are primarily related to: (i) state income taxes that are included in the provision for income taxes, (ii) the impact of earnings generated by the Company's foreign operations, which are taxed at a different rate, and (iii) the impact of the exchange rate on the repatriation of foreign earnings. Repatriations of foreign earnings are taxed by the U.S. based on foreign exchange rates prevailing at the time of repatriation while foreign tax credits are calculated based on the exchange rates that prevailed when the income was originally earned.

9. BUSINESS SEGMENT INFORMATION

The Company has four reportable business segments: United States, United Kingdom, Automobile Leasing, and Other. The United States segment primarily consists of the Company's United States automobile financing business. The United Kingdom segment primarily consists of the Company's United Kingdom automobile financing business. The Automobile Leasing segment consists of the Company's automobile leasing business. The Other segment consists of the Company's Canadian automobile financing business and secured lines of credit and floorplan financing products. The Company is currently liquidating its operations in all segments other than the United States.

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

	THREE MONTHS ENDED September 30,		NINE MONTHS ENDED September 30,	
	2004	2003	2004	2003
Revenue:				
United States	$ 41,060	$ 30,835	$ 112,399	$ 90,858
United Kingdom	1,206	2,431	3,795	9,294
Automobile Leasing	743	1,886	3,054	6,592
Other	190	847	761	2,286
Total revenue	$ 43,199	$ 35,999	$ 120,009	$109,030
Income (loss) before provision (credit) for income taxes:				
United States	$ 19,661	$ 12,706	$ 40,814	$ 37,364
United Kingdom	222	1,097	806	(8,115)
Automobile Leasing	325	(126)	1,156	(892)
Other	(310)	(104)	(674)	233
Total income before provision for income taxes	$ 19,898	$ 13,573	$ 42,102	$ 28,590

10. NET INCOME PER SHARE

Basic net income per share has been computed by dividing net income by the weighted average number of common shares outstanding. Diluted net income per share has been computed by dividing net income by the total weighted average number of common shares and common stock equivalents outstanding. Common stock equivalents included in the computation represent shares issuable upon assumed exercise of stock options that would have a dilutive effect using the treasury stock method. The share effect is as follows:

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	2004	2003	2004	2003
Weighted average common shares outstanding	38,679,011	42,315,027	39,234,974	42,329,722
Common stock equivalents	2,264,593	1,644,897	2,271,346	917,796
Weighted average common shares and common stock equivalents	40,943,604	43,959,924	41,506,320	43,247,518

The diluted net income per share calculation excludes stock options to purchase approximately 110,000 shares and 82,737 shares for the three months and nine months ended September 30, 2004, respectively, and 266,531 shares and 992,490 shares for the same periods in 2003 as inclusion of these options would be anti-dilutive to the net income per share due to the relationship between the exercise prices and the average market price of common stock during these periods.

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

EXECUTIVE SUMMARY

Since 1972, Credit Acceptance has provided auto loans to consumers, regardless of their credit history. The Company's product is offered through a nationwide network of automobile dealers who benefit by selling vehicles to consumers who otherwise could not obtain financing. The Company delivers credit approvals instantly through the Internet. The Company's revenues are generated primarily through the servicing fees it receives for the collection and administration of Loans assigned by dealer-partners to the Company, and to a lesser extent, through the fees it receives through the sale of third-party ancillary products.

The Company's strategy is to increase the amount of economic profit per share by increasing its return on capital and profitably growing its business. (See "Economic Profit" for the Company's definition of economic profit.) The Company believes it has been successful in improving the profitability of Loan originations in recent years as a result of increasing the spread between the forecasted collection rate and the advance rate, and increasing revenue from ancillary products. For the nine months ended September 30, 2004, consolidated Loan originations grew 23% while Loan originations in the United States grew 29% compared to the same period in 2003 due to an increase in the number of active dealer-partners and an increase in the average Loan size. Since the Company believes it is the only financial services company offering "guaranteed credit approval" for automobile dealers on a national scale, and the Company presently serves only a small portion of its target market, the Company believes that it has a good opportunity to grow its business profitably in the future.

Critical success factors for the Company include access to capital and ability to accurately forecast Loan performance. The Company's strategy for accessing the capital required to grow its business is to: (i) maintain consistent financial performance, (ii) maintain modest financial leverage, and (iii) maintain multiple funding sources. The Company's funded debt to equity ratio is 0.7/1.0 at September 30, 2004. The Company currently funds its business through a bank line of credit facility, privately placed secured financings and commercial bank conduit-financed secured financings. The ability to accurately forecast Loan performance is critical to building a profitable company. At the time of Loan origination, the Company forecasts future expected cash flows from the Loan. Based on these forecasts, an advance is made to the related dealer-partner at a level that allows the Company to achieve an acceptable return on capital. If Loan performance equals or exceeds the Company's original expectation, it is likely the Company's target return on capital will be achieved.

FORECASTING LOAN PERFORMANCE IN THE UNITED STATES

The United States is the Company's only business segment that continues to originate new Loans. The following table presents forecasted collection rates, advance rates, the spread (the forecasted collection rate less the advance rate), and the percentage of the forecasted collections in the United States that have been realized as of September 30, 2004. The amounts presented are expressed as a percent of the original Loan amount by year of Loan origination.

	As of September 30, 2004			
Year	Forecasted Collection %	Advance %	Spread %	% of Forecast Realized
1992	81.7%	35.3%	46.4%	100.0%
1993	75.9%	37.3%	38.6%	100.0%
1994	62.0%	41.8%	20.2%	100.0%
1995	55.3%	45.3%	10.0%	99.5%
1996	55.4%	48.4%	7.0%	98.8%
1997	58.5%	48.3%	10.2%	98.2%
1998	67.6%	49.4%	18.2%	98.2%
1999	71.9%	52.3%	19.6%	97.9%
2000	72.1%	50.9%	21.2%	97.2%
2001	67.1%	48.0%	19.1%	92.1%
2002	69.1%	45.7%	23.4%	79.6%
2003	72.3%	47.0%	25.3%	49.5%

Accurately predicting future collection rates is critical to the Company's success. The risk of a forecasting error declines as Loans age. For example, the risk of a material forecasting error for business written in 1999 is very small since 97.9% of the total amount forecasted has already been realized. In contrast, the Company's forecast for recent Loan originations is less certain. If the Company produces disappointing operating results, it will likely be because the Company overestimated future Loan performance. Although the Company makes every effort to estimate collection rates as accurately as possible, there can be no assurance that the Company's estimates will be accurate or that Loan performance will be as predicted.

A wider spread between the forecasted collection rate and the advance rate reduces the Company's risk of credit losses. Because collections are applied to advances on an individual dealer-partner basis, a wide spread does not eliminate the risk of losses, but it does reduce the risk significantly. The Company made no material changes in credit policy or pricing in the third quarter of 2004, other than routine changes designed to maintain current profitability levels.

One method for evaluating the reasonableness of the Company's forecast is to examine the trends in forecasted collection rates over time. The following table compares the Company's forecast of collection rates in the United States for Loans originated by year as of September 30, 2004 with the forecast as of December 31, 2003.

Year	September 30, 2004 Forecasted Collection %	December 31, 2003 Forecasted Collection %	Variance
1992	81.7%	81.5%	0.2%
1993	75.9%	75.7%	0.2%
1994	62.0%	61.8%	0.2%
1995	55.3%	55.2%	0.1%
1996	55.4%	55.3%	0.1%
1997	58.5%	58.1%	0.4%
1998	67.6%	67.2%	0.4%
1999	71.9%	71.5%	0.4%
2000	72.1%	71.7%	0.4%
2001	67.1%	67.0%	0.1%
2002	69.1%	69.4%	-0.3%
2003	72.3%	72.8%	-0.5%

RESULTS OF OPERATIONS

Three and Nine Months ended September 30, 2004 Compared to Three and Nine Months Ended September 30, 2003

The following is a discussion of the results of operations and income statement data for the Company on a consolidated basis and for each of the Company's four business segments: United States, United Kingdom, Automobile Leasing and Other.

Consolidated

(Dollars in thousands)	THREE MONTHS ENDED SEPTEMBER 30, 2004	% OF REVENUE	THREE MONTHS ENDED SEPTEMBER 30, 2003	% OF REVENUE
REVENUE:				
Finance charges	$ 34,830	80.6%	$ 25,770	71.6%
Ancillary product income	3,047	7.1	4,369	12.1
Lease revenue	271	0.6	1,251	3.5
Other income	5,051	11.7	4,609	12.8
Total revenue	43,199	100.0	35,999	100.0
COSTS AND EXPENSES:				
Salaries and wages	9,807	22.7	7,879	21.8
General and administrative	5,181	12.0	4,679	13.0
Provision for credit losses	2,098	4.9	2,303	6.4
Sales and marketing	3,026	7.0	2,023	5.6
Interest	2,846	6.6	2,267	6.3
Stock-based compensation expense	747	1.7	1,027	2.9
Other expense	270	0.6	1,182	3.3
Total costs and expenses	23,975	55.5	21,360	59.3
Operating income	19,224	44.5	14,639	40.7
Foreign exchange gain (loss)	674	1.6	(1,066)	(3.0)
Income before provision for income taxes	19,898	46.1	13,573	37.7
Provision for income taxes	7,156	16.6	4,755	13.2
Net income	$ 12,742	29.5%	$ 8,818	24.5%

(Dollars in thousands)	NINE MONTHS ENDED SEPTEMBER 30, 2004	% OF REVENUE	NINE MONTHS ENDED SEPTEMBER 30, 2003	% OF REVENUE
REVENUE:				
Finance charges	$ 95,790	79.8%	$ 76,457	70.2%
Ancillary product income	8,373	7.0	14,336	13.1
Lease revenue	1,323	1.1	5,371	4.9
Other income	14,523	12.1	12,866	11.8
Total revenue	120,009	100.0	109,030	100.0
COSTS AND EXPENSES:				
Salaries and wages	27,566	23.0	25,083	23.0
General and administrative	15,601	13.0	15,361	14.1
Provision for credit losses	16,832	14.0	9,354	8.6
Sales and marketing	8,591	7.2	6,813	6.2
Interest	7,820	6.5	5,264	4.8
Stock-based compensation expense	2,178	1.8	2,830	2.6
United Kingdom asset impairment	-	-	10,493	9.6
Other expense	1,050	0.9	4,205	3.9
Total costs and expenses	79,638	66.4	79,403	72.8
Operating income	40,371	33.6	29,627	27.2
Foreign exchange gain (loss)	1,731	1.4	(1,037)	(1.0)
Income before provision for income taxes	42,102	35.0	28,590	26.2
Provision for income taxes	15,224	12.7	10,171	9.3
Net income	$ 26,878	22.3%	$ 18,419	16.9%

For the three months ended September 30, 2004, consolidated net income increased to $12.7 million or $0.31 per diluted share compared to $8.8 million or $0.20 per diluted share for the same period in 2003. The increase in consolidated net income was primarily due to: (i) an increase in finance charge income due to increases in the average annualized yield on the Loan portfolio and the average size of the Loan portfolio during 2004 and (ii) an increase in foreign exchange gain due to an increase in the fair value of forward contracts during 2004. Partially offsetting these items was a decrease in ancillary product income due to the Company's new policy, implemented prospectively in the first quarter of 2004, for recognizing income on third-party vehicle service contracts sold, as discussed in Note 2 to the consolidated financial statements.

For the nine months ended September 30, 2004, consolidated net income increased to $26.9 million or $0.65 per diluted share compared to $18.4 million or $0.43 per diluted share for the same period in 2003. The increase in consolidated net income was primarily due to: (i) an increase in finance charge income due to increases in the average size of the Loan portfolio and the average annualized yield on the Loan portfolio during 2004 and (ii) the United Kingdom impairment expenses recognized during the second quarter of 2003. Partially offsetting these items were: (i) a decrease in ancillary product income due to the Company's new policy, implemented prospectively in the first quarter of 2004, for recognizing income on third-party vehicle service contracts sold, as discussed in Note 2 to the consolidated financial statements, and (ii) an increase in the provision for credit losses primarily due to the Company's change in estimate during the first quarter of 2004 for recording losses on its Loan portfolio and the Company's revised methodology during the first quarter of 2004 for calculating finance charge income and the related provision for earned but unpaid servicing fees, as discussed in Note 2 to the consolidated financial statements.

The results of operations for the Company as a whole are attributable to changes described by segment in the discussion of the results of operations in the United States, United Kingdom, Automobile Leasing, and Other business segments. The following discussion of interest expense is provided on a consolidated basis, as the explanation is not meaningful by business segment.

Interest. Consolidated interest expense increased to $2.8 and $7.8 million for the three and nine months ended September 30, 2004 from $2.3 million and $5.3 million for the same periods in 2003. The increase in consolidated interest expense was due to an increase in average outstanding debt as a result of stock repurchases and an increase in Loan originations, partially offset by a decrease in the weighted average interest rate to 6.3% and 6.7% for the three and nine months ended September 30, 2004 from 8.3 % and 6.8 % for the same periods in 2003. The decrease in the weighted average interest rate is primarily the result of the decreased impact of fixed fees on the Company's secured financings and line of credit facility due to higher average outstanding borrowings.

United States

(Dollars in thousands)	THREE MONTHS ENDED SEPTEMBER 30, 2004	% OF REVENUE	THREE MONTHS ENDED SEPTEMBER 30, 2003	% OF REVENUE
REVENUE:				
Finance charges	$ 33,918	82.7%	$ 23,135	75.1%
Ancillary product income	2,607	6.3	4,363	14.1
Other income	4,535	11.0	3,337	10.8
Total revenue	41,060	100.0	30,835	100.0
COSTS AND EXPENSES:				
Salaries and wages	8,851	21.7	6,741	21.8
General and administrative	4,874	11.9	3,940	12.8
Provision for credit losses	1,784	4.3	1,189	3.9
Sales and marketing	3,026	7.4	2,021	6.6
Interest	2,722	6.6	1,865	6.0
Stock-based compensation expense	713	1.7	962	3.1
Other expense	102	0.2	329	1.1
Total costs and expenses	22,072	53.8	17,047	55.3
Operating income	18,988	46.2	13,788	44.7
Foreign exchange gain (loss)	673	1.6	(1,082)	(3.5)
Income before provision for income taxes	19,661	47.8	12,706	41.2
Provision for income taxes	7,087	17.3	4,564	14.8
Net income	$ 12,574	30.5%	$ 8,142	26.4%

(Dollars in thousands)	NINE MONTHS ENDED SEPTEMBER 30, 2004	% OF REVENUE	NINE MONTHS ENDED SEPTEMBER 30, 2003	% OF REVENUE
REVENUE:				
Finance charges	$ 91,899	81.7%	$ 67,089	73.9%
Ancillary product income	7,933	7.1	13,401	14.7
Other income	12,567	11.2	10,368	11.4
Total revenue	112,399	100.0	90,858	100.0
COSTS AND EXPENSES:				
Salaries and wages	24,972	22.2	21,230	23.4
General and administrative	14,079	12.5	12,808	14.1
Provision for credit losses	16,126	14.3	5,521	6.1
Sales and marketing	8,591	7.6	5,808	6.4
Interest	7,314	6.5	3,769	4.1
Stock-based compensation expense	2,057	1.8	2,611	2.9
Other expense	191	0.2	636	0.7
Total costs and expenses	73,330	65.1	52,383	57.7
Operating income	39,069	34.9	38,475	42.3
Foreign exchange gain (loss)	1,745	1.6	(1,111)	(1.2)
Income before provision for income taxes	40,814	36.5	37,364	41.1
Provision for income taxes	14,797	13.2	13,039	14.4
Net income	$ 26,017	23.3%	$ 24,325	26.7%

Finance Charges. Finance charges increased to $33.9 million and $91.9 million for the three and nine months ended September 30, 2004 from $23.1 million and $67.1 million for the same periods in 2003 primarily due to increases in: (i) the average size of the Loan portfolio resulting from an increase in Loan originations in 2003 and 2004 and (ii) the average annualized yield on the Loan portfolio to 14.7% and 13.6% for the three and nine months ended September 30, 2004 from 12.4% and 12.8% for the same periods in 2003. The increase in Loan originations in the United States in 2004 was due to an increase in the number of active dealer-partners due to an increase in dealer-partner enrollments and an increase in the average Loan size, partially offset by a decrease in the number of Loans originated per active dealer-partner. The increase in the average yield was primarily due to (i) the Company's new policy, implemented prospectively in the first quarter of 2004, for recognizing income on third-party vehicle service contracts sold that resulted in the recognition of the related financing premiums as finance charge income, as discussed in Note 2 to the consolidated financial statements and (ii)

the Company's revised methodology for calculating finance charge income, as discussed in Note 2 to the consolidated financial statements. The increases in finance charge income resulting from the Company's revised methodology for calculating finance charge income and the Company's new policy for recognizing income on third-party vehicle service contracts sold had no impact on net income as these increases were offset by approximately equal changes in the provision for credit losses and ancillary product income. Selected Loan origination data follows:

(Dollars in thousands)	THREE MONTHS ENDED SEPTEMBER 30, 2004	THREE MONTHS ENDED SEPTEMBER 30, 2003	NINE MONTHS ENDED SEPTEMBER 30, 2004	NINE MONTHS ENDED SEPTEMBER 30, 2003
Loan originations	$ 240,236	$ 188,053	$ 754,635	$ 586,412
Number of Loans originated	18,375	15,545	59,484	48,487
Number of active dealer-partners (1)	957	724	1,074	824
Loans per active dealer-partner	19.2	21.5	55.4	58.8
Average Loan size	$ 13.1	$ 12.1	$ 12.7	$ 12.1

(1) Active dealer-partners are dealer-partners who submitted at least one Loan during the period.

The number of active dealer-partners is a function of new dealer-partner enrollments and attrition. New dealer-partner enrollments are a function of the number of sales personnel ("Market Area Managers" or "MAM's") and their productivity. The Company expects to add approximately one MAM per month over the next eighteen months. The following table summarizes the changes in active dealer-partners and MAM productivity for the three and nine months ended September 30, 2004 and 2003:

	THREE MONTHS ENDED SEPTEMBER 30, 2004 (1)	THREE MONTHS ENDED SEPTEMBER 30, 2003 (1)	NINE MONTHS ENDED SEPTEMBER 30, 2004 (1)	NINE MONTHS ENDED SEPTEMBER 30, 2003 (1)
Balance, beginning of period	899	677	916	789
New dealer-partner enrollments (2)	105	88	321	244
Attrition (3)	(47)	(41)	(163)	(209)
Balance, end of period	957	724	1,074	824
Average number of MAM's	52	36	47	34
New dealer-partner enrollments per MAM	2.0	2.4	6.8	7.2

(1) Active dealer-partners are dealer-partners who submitted at least one Loan during the period.
(2) Excludes new dealer-partners that have enrolled in the Company's program, but have not submitted at least one Loan during the period.
(3) Dealer-partner attrition is measured according to the following formula: dealer-partners active during the prior period who become inactive in the current period less dealer-partners who were inactive during the prior period who become active in the current period.

Ancillary Product Income. Ancillary product income decreased to $2.6 million and $7.9 million for the three and nine months ended September 30, 2004 from $4.4 million and $13.4 million for the same periods in 2003 primarily due to the Company's new policy, implemented prospectively in the first quarter of 2004, for recognizing income on third-party vehicle service contracts sold, as discussed in Note 2 to the consolidated financial statements, that resulted in: (i) the deferral of approximately $4.4 million and $12.0 million in financing premiums for the three and nine months ended September 30, 2004 and (ii) the recognition of $1.7 million and $3.4 million of deferred financing premiums as finance charge income for the three and nine months ended September 30, 2004. These decreases were partially offset by an increase in revenue per vehicle service contract and an increase in the number of third party vehicle service contract products sold resulting from an increase in Loan originations during 2004 compared to 2003. The decrease in ancillary product income resulting from the recognition of deferred financing premiums had no impact on net income as this decrease was offset by an approximately equal increase in finance charge income.

Salaries and Wages. Salaries and wages, as a percentage of revenue, decreased to 22.2% for the nine months ended September 30, 2004 from 23.4% for the same period in 2003 primarily due to: (i) a decrease in servicing salaries, as a percentage of revenue, of 1.1% for the nine months ended September 30, 2004 compared to the same period in 2003 and (ii) a decrease in corporate support salaries, as a percentage of revenue, of 0.9% for the nine months ended September 30, 2004 compared to the same period in 2003, which is consistent with the Company's business plan of growing corporate infrastructure at a rate slower than the growth rate of the Loan portfolio. Partially offsetting these items were: (i) an increase in employee benefits, as a percentage of revenue, of 0.3% for the nine months ended September 30, 2004 compared to the same period in 2003 due to an increase in medical costs during 2004 and (ii) an increase in employee bonus expense, as a percentage of revenue, of 0.3% for the nine months ended September 30, 2004 compared to the same period in 2003 due to improved financial and operational performance during 2004. Salaries and wages, as a percentage of revenue, for the three months ended September 30, 2004 varied by less than 1% of revenue from the same period in 2003.

General and Administrative. General and administrative expenses, as a percentage of revenue, decreased to 12.5% for the nine months ended September 30, 2004 from 14.1% for the same period in 2003 primarily due to: (i) a decrease in occupancy and equipment expenses, as a percentage of revenue, of 0.6% for the nine months ended September 30, 2004 compared to the same period in 2003 due to a reduction in depreciation expense, as a percentage of revenue, during 2004 and (ii) a decrease in legal expenses, as a percentage of revenue, of 0.4% for the nine months ended September 30, 2004 compared to the same period in 2003 due to a reduction in litigation during 2004. General and administrative expenses, as a percentage of revenue, for the three months ended September 30, 2004 varied by less than 1% of revenue from the same period in 2003.

Sales and Marketing. Sales and marketing expenses, as a percentage of revenue, increased to 7.6% for the nine months ended September 30, 2004 from 6.4% for the same period in 2003 primarily due to: (i) an increase in dealer-partner support products and services, as a percentage of revenue, of 0.4% for the nine months ended September 30, 2004 compared to the same period in 2003 due to the introduction of new dealer-partner inventory acquisition support products and customer lead generation services during 2004 and (ii) an increase in sales commissions, as a percentage of revenue, of 0.3% for the nine months ended September 30, 2004 compared to the same period in 2003 primarily due to an increase in the percentage of newer MAM's, which are more expensive on a per contract basis than seasoned MAM's, to total MAM's during 2004. The increase in expenses related to dealer-partner support products and services are offset by an approximately equal increase in other income resulting from the fees charged to dealer-partners for these products and services. Sales and marketing expenses, as a percentage of revenue, for the three months ended September 30, 2004 varied by less than 1% of revenue for the same period in 2003.

Provision for Credit Losses. The provision for credit losses increased to $1.8 million and $16.1 million for the three and nine months ended September 30, 2004 from $1.2 million and $5.5 million for the same periods in 2003. The provision for credit losses consists of four components: (i) a provision for earned but unpaid revenue on Loans which were transferred to non-accrual status during the period, (ii) a provision to reflect losses inherent in the Company's Loan portfolio, (iii) a provision for losses on notes receivable, and (iv) a provision for earned but unpaid revenue related to dealer-partner access fees for the Company's Credit Approval Processing System ("CAPS").

The increase in the provision for credit losses for the three months ended September 30, 2004 compared to the same period in 2003 was primarily due to: (i) an increase of $2.4 million in the provision for earned but unpaid revenue on Loans primarily due to the Company's change in estimate for calculating finance charge income and the related provision for earned but unpaid servicing fees, as discussed in Note 2 to the consolidated financial statements, (ii) an increase of $300,000 in the provision for earned but unpaid CAPS fees due to a revised estimate of the collectibility of these fees, and (iii) an increase of $200,000 in the provision for losses on notes receivable due to a negative provision of $200,000 recognized in the third quarter of 2003. Partially offsetting these items was a $2.3 million decrease in the provision for losses inherent in the Loan portfolio due to recoveries on previously charged-off Loans exceeding credit losses during 2004. The increase in the provision for credit losses resulting from the Company's revised methodology for calculating the provision for earned but unpaid servicing fees had no impact on net income as this increase was offset by an approximately equal increase in finance charges resulting from the Company's revised methodology for calculating finance charge income.

The increase in the provision for credit losses for the nine months ended September 30, 2004 compared to the same period in 2003 was primarily due to: (i) a $6.0 million increase in the provision for earned but unpaid revenue on Loans primarily due to the Company's change in estimate for calculating finance charge income and the related provision for earned but unpaid servicing fees, as discussed in Note 2 to the consolidated financial statements and (ii) a $4.4 million increase in the provision for losses inherent in the Loan portfolio. The increase in the provision for losses inherent in the Loan portfolio was the result of a $9.4 million increase in the provision during the first quarter of 2004 resulting from the Company's revised methodology for recording losses on its Loan portfolio which now considers estimated future dealer holdback payments in its analysis of Loan impairment, as discussed in Note 2 to the consolidated financial statements, partially offset by decreases in the provision during the second and third quarters of 2004 due to recoveries on previously charged-off Loans exceeding credit losses during the periods.

Stock-based Compensation Expense. Stock-based compensation expense decreased to $700,000 and $2.1 million for the three and nine months ended September 30, 2004 from $1.0 million and $2.6 million for the same periods in 2003. The decrease in expense was primarily the result of: (i) additional expense recognized during the second quarter of 2003 as a result of a reduction in the period over which certain performance-based stock options were expected to vest and (ii) a decline in the number of stock options outstanding from the prior year periods.

Foreign Exchange Gain (Loss). The foreign exchange gain increased to $700,000 and $1.7 million for the three and nine months ended September 30, 2004 from losses of $1.1 million for the same periods in 2003. The foreign exchange gains and losses for the three and nine months ended September 30, 2004 and 2003 were primarily the result of changes in the fair value of forward contracts entered into during the third quarter of 2003, as discussed in Note 7 to the consolidated financial statements.

Provision for Income Taxes. The effective tax rate increased to 36.0% and 36.3% for the three and nine months ended September 30, 2004 from 35.9% and 34.9% for the same periods in 2003. The increase in the effective tax rate for the three and nine months ended September 30, 2004 was primarily due to the effects of foreign exchange rates on the taxes associated with the repatriation of foreign earnings.

United Kingdom

(Dollars in thousands)	THREE MONTHS ENDED SEPTEMBER 30, 2004	% OF REVENUE	THREE MONTHS ENDED SEPTEMBER 30, 2003	% OF REVENUE
REVENUE:				
Finance charges	$ 767	63.6%	$ 2,288	94.2%
Ancillary product income	440	36.5	6	0.2
Other income	(1)	(0.1)	137	5.6
Total revenue	1,206	100.0	2,431	100.0
COSTS AND EXPENSES:				
Salaries and wages	826	68.5	841	34.6
General and administrative	216	17.9	502	20.6
Provision for credit losses	(92)	(7.6)	(74)	(3.0)
Stock-based compensation expense	34	2.8	65	2.7
Total costs and expenses	984	81.6	1,334	54.9
Income before provision for income taxes	222	18.4	1,097	45.1
Provision for income taxes	66	5.5	236	9.7
Net income	$ 156	12.9%	$ 861	35.4%

(Dollars in thousands)	NINE MONTHS ENDED SEPTEMBER 30, 2004	% OF REVENUE	NINE MONTHS ENDED SEPTEMBER 30, 2003	% OF REVENUE
REVENUE:				
Finance charges	$ 3,356	88.4%	$ 8,202	88.2%
Ancillary product income	440	11.6	935	10.1
Other income	(1)	-	157	1.7
Total revenue	3,795	100.0	9,294	100.0
COSTS AND EXPENSES:				
Salaries and wages	2,059	54.3	2,888	31.0
General and administrative	1,153	30.4	1,694	18.2
Provision for credit losses	(344)	(9.1)	1,171	12.6
Sales and marketing	-	-	944	10.2
Stock-based compensation expense	121	3.2	219	2.4
United Kingdom asset impairment	-	-	10,493	112.9
Total costs and expenses	2,989	78.8	17,409	187.3
Income (loss) before provision (credit) for income taxes	806	21.2	(8,115)	(87.3)
Provision (credit) for income taxes	238	6.3	(2,688)	(28.9)
Net income (loss)	$ 568	14.9%	$ (5,427)	(58.4)%

Effective June 30, 2003, the Company decided to stop originating Loans in the United Kingdom. As a result, the average size of the Loan portfolio in the United Kingdom has declined significantly. The declines in the revenues and expenses were primarily a result of this decision, except as discussed below.

Ancillary Product Income. During the third quarter of 2004, the Company received $440,000 in profit sharing income from a third party ancillary product provider related to the performance of ancillary products originated prior to June 30, 2003 that matured during 2003.

United Kingdom Asset Impairment. As a result of the decision to stop originating Loans in the United Kingdom, the Company recorded an expense in the second quarter of 2003 consisting of: (i) $9.8 million to reduce the carrying value of the operation's net asset value of the Loan portfolio to the present value (using a discount rate of 13%) of the forecasted cash flows relating to the Loan portfolio less estimated future servicing expenses and (ii) a write-off of $700,000 of fixed assets that would no longer be used in the operation. In determining the impairment of the Loan portfolio, the Company analyzed the expected cash flows from this operation assuming lower collection rates than were assumed before the decision to liquidate. These lower collection rates reflect uncertainties (such as potentially higher employee turnover or reduced morale) in the servicing environment that may arise as a result of the decision to liquidate. The Company does not expect to record additional impairment expense unless the actual results are less than the forecast used by management in the impairment analysis, resulting in a decrease in the present value of forecasted cash flows relative to the United Kingdom's net asset value.

Automobile Leasing

(Dollars in thousands)	THREE MONTHS ENDED SEPTEMBER 30, 2004	% OF REVENUE	THREE MONTHS ENDED SEPTEMBER 30, 2003	% OF REVENUE
REVENUE:				
Lease revenue	$ 271	36.5%	$ 1,251	66.3%
Other income	472	63.5	635	33.7
Total revenue	743	100.0	1,886	100.0
COSTS AND EXPENSES:				
Salaries and wages	107	14.4	250	13.2
General and administrative	46	6.2	162	8.6
Provision for credit losses	-	-	497	26.4
Interest	98	13.2	266	14.1
Other expense	168	22.6	853	45.2
Total costs and expenses	419	56.4	2,028	107.5
Operating income (loss)	324	43.6	(142)	(7.5)
Foreign exchange gain	1	0.1	16	0.8
Income (loss) before provision (credit) for income taxes	325	43.7	(126)	(6.7)
Provision (credit) for income taxes	119	16.0	(57)	(3.0)
Net income (loss)	$ 206	27.7%	$ (69)	(3.7)%

(Dollars in thousands)	NINE MONTHS ENDED SEPTEMBER 30, 2004	% OF REVENUE	NINE MONTHS ENDED SEPTEMBER 30, 2003	% OF REVENUE
REVENUE:				
Lease revenue	$ 1,323	43.3%	$ 5,371	81.5%
Other income	1,731	56.7	1,221	18.5
Total revenue	3,054	100.0	6,592	100.0
COSTS AND EXPENSES:				
Salaries and wages	439	14.4	770	11.8
General and administrative	183	6.0	599	9.1
Provision for credit losses	-	-	1,690	25.6
Interest	403	13.2	931	14.1
Other expense	859	28.1	3,568	54.1
Total costs and expenses	1,884	61.7	7,558	114.7
Operating income (loss)	1,170	38.3	(966)	(14.7)
Foreign exchange gain (loss)	(14)	(0.5)	74	1.1
Income (loss) before provision (credit) for income taxes	1,156	37.8	(892)	(13.6)
Provision (credit) for income taxes	414	13.6	(353)	(5.4)
Net income (loss)	$ 742	24.2%	$ (539)	(8.2)%

In January 2002, the Company decided to stop originating automobile leases. As a result, the average size of the lease portfolio has declined significantly. The declines in the revenues and expenses were primarily a result of this decision, except as discussed below.

Other Income. Other income, as a percentage of revenue, increased to 63.5% and 56.7% for the three and nine months ended September 30, 2004 from 33.7% and 18.5% for the same periods in 2003 primarily due to an increase in gains on lease terminations, as a percentage of revenue, during 2004 resulting from an increase in the proportion of lease terminations to total leases outstanding during 2004.

Other

(Dollars in thousands)	THREE MONTHS ENDED SEPTEMBER 30, 2004	% OF REVENUE	THREE MONTHS ENDED SEPTEMBER 30, 2003	% OF REVENUE
REVENUE:				
Finance charges	$ 145	76.3%	$ 347	41.0%
Other income	45	23.7	500	59.0
Total revenue	190	100.0	847	100.0
COSTS AND EXPENSES:				
Salaries and wages	23	12.1	47	5.5
General and administrative	45	23.7	75	8.9
Provision for credit losses	406	213.7	691	81.6
Sales and marketing	-	-	2	0.2
Interest	26	13.7	136	16.1
Total costs and expenses	500	263.2	951	112.3
Income (loss) before provision (credit) for income taxes	(310)	(163.2)	(104)	(12.3)
Provision (credit) for income taxes	(116)	(61.1)	12	1.4
Net income (loss)	$ (194)	(102.1)%	$ (116)	(13.7)%

(Dollars in thousands)	NINE MONTHS ENDED SEPTEMBER 30, 2004	% OF REVENUE	NINE MONTHS ENDED SEPTEMBER 30, 2003	% OF REVENUE
REVENUE:				
Finance charges	$ 535	70.3%	$ 1,166	51.0%
Other income	226	29.7	1,120	49.0
Total revenue	761	100.0	2,286	100.0
COSTS AND EXPENSES:				
Salaries and wages	96	12.6	195	8.5
General and administrative	186	24.4	260	11.4
Provision for credit losses	1,050	138.1	972	42.5
Sales and marketing	-	-	62	2.7
Interest	103	13.5	564	24.7
Total costs and expenses	1,435	188.6	2,053	89.8
Income (loss) before provision (credit) for income taxes	(674)	(88.6)	233	10.2
Provision (credit) for income taxes	(225)	(29.6)	173	7.6
Net income (loss)	$ (449)	(59.0)%	$ 60	2.6%

The Other segment consists of the Company's Canadian automobile Loan business, floorplan, and secured line of credit financing businesses. Effective June 30, 2003, the Company decided to stop originating Loans in Canada. As a result, the average size of the Loan portfolio in Canada has declined significantly. The Company has also decided to significantly reduce its floorplan and secured line of credit portfolios since 2001. The declines in the revenues and expenses were primarily a result of these decisions.

AVERAGE CAPITAL ANALYSIS

The following presentation of financial results and subsequent analysis is based on analyzing the consolidated income statement as a percent of capital invested. This information provides an additional perspective on the financial performance of the Company in addition to the presentation of the Company's results as a percent of revenue. The Company believes this information provides a useful measurement of how effectively the Company is utilizing its capital on a consolidated basis.

(Dollars in thousands)	THREE MONTHS ENDED SEPTEMBER 30, 2004	% OF AVERAGE CAPITAL (1)	THREE MONTHS ENDED SEPTEMBER 30, 2003	% OF AVERAGE CAPITAL (1)
REVENUE:				
Finance charges	$ 34,830	28.1%	$ 25,770	23.0%
Ancillary product income	3,047	2.5	4,369	3.9
Lease revenue	271	0.2	1,251	1.1
Other income	5,051	4.1	4,609	4.1
Total revenue	43,199	34.9	35,999	32.1
COSTS AND EXPENSES:				
Salaries and wages	9,807	8.0	7,879	6.9
General and administrative	5,181	4.2	4,679	4.2
Provision for credit losses	2,098	1.7	2,303	2.1
Sales and marketing	3,026	2.4	2,023	1.8
Interest	2,846	2.3	2,267	2.0
Stock-based compensation expense	747	0.6	1,027	0.9
Other expense	270	0.2	1,182	1.1
Total costs and expenses	23,975	19.4	21,360	19.0
Operating income	19,224	15.5	14,639	13.1
Foreign exchange gain (loss)	674	0.5	(1,066)	(1.0)
Income before provision for income taxes	19,898	16.0	13,573	12.1
Provision for income taxes	7,156	5.8	4,755	4.2
Net income	$ 12,742	10.2%	$ 8,818	7.9%
Average capital (1)	$ 494,694		$ 448,140	

(Dollars in thousands)	NINE MONTHS ENDED SEPTEMBER 30, 2004	% OF AVERAGE CAPITAL (1)	NINE MONTHS ENDED SEPTEMBER 30, 2003	% OF AVERAGE CAPITAL (1)
REVENUE:				
Finance charges	$ 95,790	26.8%	$ 76,457	23.3%
Ancillary product income	8,373	2.3	14,336	4.4
Lease revenue	1,323	0.4	5,371	1.6
Other income	14,523	4.1	12,866	3.9
Total revenue	120,009	33.6	109,030	33.2
COSTS AND EXPENSES:				
Salaries and wages	27,566	7.7	25,083	7.6
General and administrative	15,601	4.4	15,361	4.7
Provision for credit losses	16,832	4.7	9,354	2.8
Sales and marketing	8,591	2.4	6,813	2.1
United Kingdom asset impairment	-	-	10,493	3.2
Interest	7,820	2.2	5,264	1.6
Stock-based compensation expense	2,178	0.6	2,830	0.9
Other expense	1,050	0.3	4,205	1.3
Total costs and expenses	79,638	22.3	79,403	24.2
Operating income	40,371	11.3	29,627	9.0
Foreign exchange gain (loss)	1,731	0.5	(1,037)	(0.3)
Income before provision for income taxes	42,102	11.8	28,590	8.7
Provision for income taxes	15,224	4.3	10,171	3.1
Net income	$ 26,878	7.5%	$ 18,419	5.6%
Average capital (1)	$ 475,617		$ 437,939	

(1) Average capital is equal to the average amount of debt and equity during the period, each calculated in accordance with generally accepted accounting principles. The calculation of average capital follows:

(Dollars in thousands)	THREE MONTHS ENDED SEPTEMBER 30, 2004	2003	NINE MONTHS ENDED SEPTEMBER 30, 2004	2003
Average debt	$ 180,208	$ 109,205	$ 156,861	$ 102,919
Average shareholders' equity	314,486	338,935	318,756	335,020
Average capital	$ 494,694	$ 448,140	$ 475,617	$ 437,939

RETURN ON CAPITAL ANALYSIS

Return on capital is equal to net operating profit after-tax (net income plus interest expense after-tax) divided by average capital as follows:

(Dollars in thousands)	THREE MONTHS ENDED SEPTEMBER 30, 2004	2003	NINE MONTHS ENDED SEPTEMBER 30, 2004	2003
Net income	$ 12,742	$ 8,818	$ 26,878	$ 18,419
Interest expense after-tax	1,850	1,474	5,083	3,422
Net operating profit after-tax	14,592	10,292	31,961	21,841
Average capital	$ 494,694	$ 448,140	$ 475,617	$ 437,939
Return on capital	11.8%	9.2%	9.0%	6.6%

The increase in the Company's return on capital for the three months ended September 30, 2004 compared to the same period in 2003 was primarily the result of: (i) an increase in the return on capital in the United States to 12.0% in 2004 from 9.5% in 2003 and (ii) an increase in the percentage of average total capital invested in the United States, the Company's business segment with the highest return on capital, to 96.4% in 2004 from 87.5% in 2003. The increase in the return on capital in the United States is primarily due to an increase in the average annualized yield on the Loan portfolio and an increase in foreign exchange gain as a percentage of average capital, partially offset by a decrease in ancillary product income as a percentage of capital, as discussed further in connection with the United States results of operations.

The increase in the Company's return on capital for the nine months ended September 30, 2004 compared to the same period in 2003 was primarily the result of: (i) an increase in the return on capital in the United Kingdom to 4.1% in 2004 from (13.6%) in 2003 primarily due to the asset impairment expense recognized during 2003, as discussed further in connection with the United Kingdom results of operations and (ii) an increase in the percentage of average total capital invested in the United States, the Company's business segment with the highest return on capital, to 94.5% in 2004 from 83.1% in 2003. Partially offsetting these items that positively impacted the Company's 2004 return on capital was a decrease in the return on capital in the United States to 9.1% in 2004 from 9.8% in 2003 primarily due to an increase in the provision for credit losses as a percentage of average capital and a decrease in ancillary product income as a percentage of average capital, partially offset by an increase in the average annualized yield on the Loan portfolio, as discussed in connection with the United States results of operations.

ECONOMIC PROFIT

The Company defines economic profit as net operating profit after-tax less an imputed cost of equity. Economic profit measures how efficiently the Company utilizes its total capital, both debt and equity. To consider the cost of both debt and equity, the Company's calculation of economic profit deducts from net income as determined under GAAP a cost of equity equal to 10% of average equity, which approximates the S&P 500's rate of return since 1965. Management uses economic profit to assess the Company's performance as well as to make capital allocation decisions. Management believes this information is important to shareholders because it allows shareholders to compare the returns earned by the Company investing capital in its core business with the return they could expect if the Company returned capital to shareholders and they invested in other securities.

The following table presents the calculation of the Company's economic profit (loss) for the periods indicated (dollars in thousands, except per share data):

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	2004	2003	2004	2003
ECONOMIC PROFIT				
Net income (1)	$ 12,742	$ 8,818	$ 26,878	$ 18,419
Imputed cost of equity at 10% (2)	(7,862)	(8,473)	(23,907)	(25,127)
Total economic profit (loss)	$ 4,880	$ 345	$ 2,971	$ (6,708)
Diluted weighted average shares outstanding	40,943,604	43,959,924	41,506,320	43,247,518
Economic profit (loss) per diluted share (3)	$ 0.12	$ 0.01	$ 0.07	$ (0.16)

(1) Consolidated net income from the Consolidated Statement of Income. See "Item 1. Consolidated Financial Statements."

(2) Cost of equity is equal to 10% (on an annual basis) of average shareholders' equity, which was $314,486,000 and $318,756,000 for the three months and nine months ended September 30, 2004, respectively, and $338,935,000 and $335,020,000 for the same periods in 2003.

(3) Economic profit (loss) per share equals the economic profit (loss) divided by the diluted weighted average number of shares outstanding.

CRITICAL ACCOUNTING POLICIES

The Company's consolidated financial statements are prepared in accordance with GAAP. The preparation of these financial statements requires the Company 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 on-going basis, the Company evaluates its estimates, including those related to the recognition of finance charge revenue and the allowance for credit losses. Item 7 of the Company's Annual Report on Form 10-K discusses several critical accounting policies, which the Company believes involve a high degree of judgment and complexity. See Note 2 to the consolidated financial statements included in this Quarterly Report on Form 10-Q, which is incorporated herein by reference, for material changes to the estimates and judgments associated with the finance charge revenue, allowance for credit losses, and ancillary product income accounting policies during the three months ended March 31, 2004. There have been no other material changes to the estimates and assumptions associated with these accounting policies during the three and nine months ended September 30, 2004.

LOSS EXPERIENCE

The following sets forth the components of the provision for credit losses, charge-offs related to the Company's Loan portfolio, and the allowance for credit losses as a percentage of gross Loans receivable:

(Dollars in thousands)	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	2004	2003	2004	2003
Provision for credit losses:				
Loans receivable (1)	$ 1,859	$ 1,363	$ 15,966	$ 6,652
Leased vehicles	-	497	-	1,690
Other	239	443	866	1,012
Total provision for credit losses	$ 2,098	$ 2,303	$ 16,832	$ 9,354
Net charge-offs related to the Company's Loan portfolio absorbed through:				
Dealer holdbacks	$ 51,206	$ 39,308	$ 158,388	$ 133,896
Unearned finance charges	12,801	9,827	39,597	33,474
Allowance for credit losses (2)	861	10,968	(3,943)	12,955
Total net charge-offs	$ 64,868	$ 60,103	$ 194,042	$ 180,325

(1) The increase in provision for credit losses for the nine months ended September 30, 2004 was primarily due to: (i) the Company's change in estimate for recording losses on its Loan portfolio which now considers estimated future dealer holdback payments in its analysis of Loan impairment, and (ii) credit losses associated with the Company's revised methodology for calculating finance charge income and the related provision for earned but unpaid servicing fees, both as discussed in Note 2 to the consolidated financial statements.

(2) The net recoveries for the nine months ended September 30, 2004 was primarily the result of changes to the Company's write-off policy, which were implemented in the third quarter of 2003.

The allowance for credit losses as a percentage of gross Loans receivable was 3.1% and 1.7% at September 30, 2004 and December 31, 2003, respectively. The increase is due to the Company's change in estimate for calculating losses on its Loan portfolio and the Company's revised methodology for calculating finance charge income and the related provision for earned but unpaid servicing fees, as discussed in Note 2 to the consolidated financial statements.

LIQUIDITY AND CAPITAL RESOURCES

The Company's primary sources of capital are cash flows from operating activities, collections on Loans receivable and borrowings under the Company's line of credit and secured financings. The Company's principal need for capital is to fund cash advances made to dealer-partners in connection with the acceptance of Loans and for the payment of dealer holdbacks to dealer-partners.

The Company's cash and cash equivalents decreased to $20.3 million as of September 30, 2004 from $36.0 million at December 31, 2003 and the Company's total balance sheet indebtedness increased to $208.8 million at September 30, 2004 from $106.5 million at December 31, 2003. These changes were primarily a result of $104.3 million in stock repurchases during the first and third quarters of 2004 and an increase in advances to dealers resulting from an increase in Loan originations during the period.

Stock Repurchases. In the fourth quarter of 2003, the Board of Directors authorized the repurchase of up to 2.6 million common shares through a modified Dutch auction tender offer. Upon expiration of the tender offer in January 2004, the Company repurchased 2.2 million shares at a cost of $37.4 million. Similarly, in the third quarter of 2004, the Board of Directors authorized the repurchase of up to 3.0 million common shares through a second modified Dutch auction tender offer. Upon expiration of the tender offer in September 2004, the Company repurchased 2.7 million shares at a cost of $53.6 million.

The following table summarizes the Company's stock repurchases for the three months ended September 30, 2004:

PERIOD	TOTAL NUMBER OF SHARES PURCHASED	AVERAGE PRICE PAID PER SHARE	TOTAL NUMBER OF SHARES PURCHASED AS PART OF PUBLICLY ANNOUNCED PLANS OR PROGRAMS	MAXIMUM NUMBER OF SHARES THAT MAY YET BE PURCHASED UNDER THE PLANS OR PROGRAMS (a)(b)
July 2004	-	$ -	-	756,231
August 2004	-	-	-	3,756,231
September 2004	2,673,073	20.00	2,673,073	756,231
	2,673,073	$ 20.00	2,673,073	

(a) On August 5, 1999 the Company announced a stock repurchase program of up to 1,000,000 shares of the Company's common stock. The program authorized the Company to purchase common shares in the open market or in privately negotiated transactions at price levels the Company deems attractive. Since August 1999, the board of directors has authorized several increases to the stock repurchase program, the most recent occurring on March 10, 2004, which increased the total number of shares authorized to be repurchased to 7,000,000 shares.

(b) On August 11, 2004, the Company announced a modified Dutch auction tender offer to purchase up to 3,000,000 shares of its common stock at a purchase price of not less than $14.00 per share and not greater than $20.00 per share. Upon the expiration of the tender offer on September 9, 2004, the Company repurchased all of the 2,673,073 tendered shares of its common stock at a price of $20.00 per share.

Line of Credit Facility. At September 30, 2004, the Company had a $135.0 million credit agreement with a commercial bank syndicate. The facility has a commitment period through June 9, 2006. The agreement provides that, at the Company's option, interest is payable at either the eurodollar rate plus 130 basis points (3.13% at September 30, 2004), or at the prime rate (4.75% at September 30, 2004). The eurodollar borrowings may be fixed for periods of up to six months. Borrowings under the credit agreement are subject to a borrowing base limitation equal to 65% of advances to dealer-partners (as reflected in the consolidated financial statements and related notes) plus 65% of Loans purchased by the Company (not to exceed $13.0 million), 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. Currently, the borrowing base limitation does not inhibit the Company's borrowing ability under the line of credit. The credit agreement has certain restrictive covenants, including a minimum required ratio of the Company's assets to debt, its liabilities to tangible net worth, and its earnings before interest, taxes and non-cash expenses to fixed charges. Additionally, the agreement requires that the Company maintain a specified minimum level of net worth. Borrowings under the credit agreement are secured by a lien on most of the Company's assets. The Company must pay annual and quarterly fees on the amount of the commitment. As of September 30, 2004, there was $58.7 million outstanding under this facility. There were no amounts outstanding under this facility as of December 31, 2003. The weighted average interest rate on line of credit borrowings outstanding as of September 30, 2004 was 3.1%.

Secured Financing. In the second quarter of 2003, the Company's wholly-owned subsidiary, Credit Acceptance Funding LLC 2003-1 ("Funding 2003-1"), completed a secured financing transaction, in which Funding 2003-1 received $100.0 million in financing. In connection with this transaction, the Company conveyed, for cash and the sole membership interest in Funding 2003-1, dealer-partner advances having a carrying amount of approximately $134.0 million to Funding 2003-1, which, in turn, conveyed the advances to a trust, which issued $100.0 million in notes to qualified institutional investors. Radian Asset Assurance issued a financial insurance policy in connection with the transaction. The policy guaranteed the timely payment of interest and ultimate repayment of principal on the final scheduled distribution date. The notes were rated "AA" by Standard & Poor's Rating Services and bore interest at a fixed rate of 2.77%. The proceeds of the conveyance to Funding 2003-1 were used by the Company to reduce outstanding borrowings under the Company's line of credit. At December 31, 2003, there was $100.0 million outstanding under this secured financing transaction. In the third quarter of 2004, the Company exercised its option to reacquire the dealer-partner advances from the trust and directed the trust to redeem the notes in full. The remaining assets of the trust, including remaining collections, were paid over to Funding 2003-1 as the sole beneficiary of the trust and then distributed to the Company as the sole member of Funding 2003-1. This secured financing transaction was terminated during the third quarter of 2004, after a total term of 15 months.

In the third quarter of 2003, the Company's wholly-owned subsidiary, CAC Warehouse Funding Corp. II ("Warehouse Funding" or "2003-2"), completed a revolving secured financing transaction with an institutional investor. In the third quarter of 2004, Warehouse Funding increased the facility limit and renewed the commitment. Under the renewed facility, Warehouse Funding may receive up to $200.0 million in financing when the Company conveys dealer-partner advances to Warehouse Funding for equity in Warehouse Funding. Warehouse Funding will in turn pledge the dealer-partner advances as collateral to the institutional investor to secure loans that will fund the cash portion of the purchase price of the dealer-partner advances. At June 30, 2004, there was $100.0 million outstanding under this facility. As required under the agreement, all amounts outstanding under the facility were refinanced and the facility paid to zero in August 2004. Subsequent to the renewal of the facility during the third quarter of 2004, $59.2 million in dealer-partner advances were contributed, resulting in $40 million in financing proceeds. This revolving facility allows conveyances of dealer-partner advances by the Company and related borrowing by Warehouse Funding in which Warehouse Funding will receive 70% of the net book value of the contributed dealer-partner advances up to the $200.0 million facility limit. Provided that the commitment is renewed, there is a requirement that any amounts outstanding under the facility be refinanced, and the facility paid to zero, by August 20, 2005. If this does not occur, the transaction 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. Upon completion of the refinancing and pay down, the full facility will again be available to Warehouse Funding. Although Warehouse Funding will be liable for any secured financing under the facility, the loans will be non-recourse to the Company, even though Warehouse Funding and the Company are consolidated for financial reporting purposes. Such loans will bear interest at a floating rate equal to the commercial paper rate plus 65 basis points, which has been limited to a maximum rate of 6.25% through interest rate cap agreements executed in the third quarter of 2004. As Warehouse Funding is organized as a separate special purpose legal entity from the Company, assets of Warehouse Funding (including the conveyed dealer-partner advances) will not be available to satisfy the general obligations of the Company. All the assets of Warehouse Funding have been encumbered to secure Warehouse Funding's obligations to its creditors. The Company will receive a monthly servicing fee paid out of collections equal to 6% of the collections received with respect to the conveyed dealer-partner advances and related Loans. Except for the servicing fee and payments due to dealer-partners, the Company will not receive, or have any rights in, any portion of such collections until Warehouse Funding's underlying indebtedness is paid in full either through collections or through a prepayment of the indebtedness. There were no amounts outstanding under this facility as of December 31, 2003. As of September 30, 2004, there was $40.0 million outstanding under this facility.

In the third quarter of 2004, the Company's wholly-owned subsidiary, Credit Acceptance Funding LLC 2004-1 ("Funding 2004-1"), completed a secured financing transaction, in which Funding 2004-1 received $100.0 million in financing. In connection with this transaction, the Company conveyed, for cash and the sole membership interest in Funding 2004-1, dealer-partner advances having a carrying amount of approximately $134.0 million to Funding 2004-1, which, in turn, conveyed the advances to a trust, which issued $100.0 million in notes to qualified institutional investors. Radian Asset Assurance issued the primary financial insurance policy in connection with the transaction, and XL Capital Assurance issued a backup financial insurance policy. The policies guarantee the timely payment of interest and ultimate repayment of principal on the final scheduled distribution date. The notes are rated "Aaa" by Moody's Investor Services and "AAA" by Standard & Poor's Rating Services. The proceeds of the conveyance to Funding 2004-1 were used by the Company to reduce outstanding borrowings under the Company's secured warehouse credit facility. Until February 15, 2005, the Company will be required to convey additional dealer-partner advances to Funding 2004-1 which will then be conveyed by Funding 2004-1 to the trust, to be used by the trust in order to maintain a minimum collateral amount in support of the outstanding debt. After February 15, 2005, the debt outstanding under this facility will begin to amortize. The total expected term of the facility is 15 months. The secured financing creates loans for which the trust is liable and which are secured by all the assets of the trust and of Funding 2004-1. Such loans are non-recourse to the Company, even though the trust, Funding 2004-1 and the Company are consolidated for financial reporting purposes. The notes bear interest at a fixed rate of 2.53%. The expected annualized cost of the secured financing, including underwriters fees, the insurance premiums and other costs is approximately 6.6%. As Funding 2004-1 is organized as a separate legal entity from the Company, assets of Funding 2004-1 (including the conveyed dealer-partner advances) will not be available to satisfy the general obligations of the Company. All the assets of Funding 2004-1 have been encumbered to secure Funding 2004-1's obligations to its creditors. The Company receives a monthly servicing fee paid out of collections equal to 6% of the collections received with respect to the conveyed dealer-partner advances and related Loans. Except for the servicing fee and payments due to dealer-partners, the Company does not receive, or have any rights in, any portion of such collections until the trust's underlying indebtedness is paid in full, either through collections or through a prepayment of the indebtedness.

Thereafter, remaining collections would be paid over to Funding 2004-1 as the sole beneficiary of the trust where they would be available to be distributed to the Company as the sole member of Funding 2004-1. Alternatively, the Company may repurchase, or may choose to cause Funding 2004-1 to repurchase the remaining dealer-partner advances from the trust and direct the trust to redeem the indebtedness in whole, whereby the assets of the trust (including the right to remaining collections) would be paid over to Funding 2004-1, and distributed to the Company, resulting in the Company becoming the owner of such remaining collections. As of September 30, 2004 there was $100.0 million outstanding under this secured financing transaction.

The Company has completed a total of eleven secured financing transactions, nine of which have been repaid in full. Information about the currently outstanding secured financing transactions is as follows (dollars in thousands):

Issue Number	Close Date	Limit	Secured Financing Balance at September 30, 2004	Secured Dealer Advance Balance at September 30, 2004	Balance as Percent of Original Balance
2004-1	August 2004	$ 100,000	$ 100,000	$ 134,081	100%
2003-2	September 2003*	$ 200,000	40,000	59,243	n/a

*In August 2004, the 2003-2 Loan and Security Agreement was amended to increase the facility limit to $200 million and extend the commitment period to August 9, 2005.

Mortgage Loan. The Company has a mortgage loan from a commercial bank that is secured by a first mortgage lien on the Company's headquarters building and an assignment of all leases, rents, revenues and profits under all present and future leases of the building. There was $8.4 million and $5.4 million outstanding on this loan as of September 30, 2004 and December 31, 2003, respectively. The loan bears interest at a fixed rate of 5.35%, and requires monthly payments of $92,156 and a balloon payment at June 9, 2009 for the balance of the loan.

Capital Lease Obligations. As of September 30, 2004, the Company has various capital lease obligations outstanding for computer equipment, with monthly payments totaling $65,000. These capital lease obligations bear interest at rates ranging from 4.45% to 9.31% and have maturity dates between October 2004 and March 2008.

Debt Covenants. As of September 30, 2004, the Company is 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 the Company's assets to debt, its liabilities to tangible net worth, and its earnings before interest, taxes and non-cash expenses to fixed charges. The Company must also maintain a specified minimum level of net worth.

In addition to the balance sheet indebtedness as of September 30, 2004, the Company also has contractual obligations resulting in future minimum payments under operating leases. A summary of the total future contractual obligations requiring repayments is as follows (in thousands):

	PERIOD OF REPAYMENT				
CONTRACTUAL OBLIGATIONS	<1 YEAR	1-3 YEARS	3-5 YEARS	> 5 YEARS	TOTAL
Long-term debt obligations	$ 140,667	$ 60,933	$ 5,479	$ -	$ 207,079
Capital lease obligations	100	1,572	98	-	1,770
Operating lease obligations	512	1,424	254	-	2,190
Purchase obligations	-	-	-	-	-
Other long-term obligations(1)(2)	-	-	-	-	-
Total contractual obligations	$ 141,279	$ 63,929	$ 5,831	$ -	$ 211,039

(1) The Company has dealer holdback liabilities on its balance sheet; however, as payments of dealer holdbacks are contingent upon the receipt of customer payments on Loans receivable and the repayment of dealer advances, these obligations are excluded from the above table.

(2) The Company has entered into a series of forward contracts to deliver British pound sterling in exchange for United States dollars. As the forward contracts are derivatives that are recorded on the balance sheet at their fair value and as this fair value does not represent the amounts that will ultimately be received or paid under these contracts, these obligations are excluded from the above table.

Liquidation of Non-Core Businesses. As of September 30, 2004, the Company expects to receive approximately $12.8 million from the liquidation of its United Kingdom, Canadian, and Automobile Leasing businesses. The expected liquidation proceeds have been determined based on the Company's forecast of cash inflows and outflows during the estimated remaining years of operation for each business. Detail of expected future net liquidation proceeds follows:

(Dollars in thousands)	AS OF SEPTEMBER 30, 2004
United Kingdom	$ 10,500
Canada	1,700
Automobile Leasing	600
	$ 12,800

The Company intends to utilize proceeds from businesses being liquidated to: (i) fund dealer-partner advances on Loans originated in the United States and (ii) fund share repurchases. During the third quarter of 2004, the Company received $6.0 million in liquidation proceeds.

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. The Company's 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 the Company, the Company's operations could be materially and adversely affected.

FORWARD-LOOKING STATEMENTS

The Company makes forward-looking statements in this report and may make such statements in future filings with the Securities and Exchange Commission. It may also make forward-looking statements in its press releases or other public or shareholder communications. The Company's forward-looking statements are subject to risks and uncertainties and include information about its expectations and possible or assumed future results of operations. When the Company uses any of the words "believes," "expects," "anticipates," "assumptions," "forecasts," "estimates" or similar expressions, it is making forward-looking statements.

The Company claims the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995 for all of its forward-looking statements. These forward-looking statements represent the Company's outlook only as of the date of this report. While the Company believes that its 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 following:

- the Company's potential inability to accurately forecast and estimate the amount and timing of future collections,
- increased competition from traditional financing sources and from non-traditional lenders,
- the unavailability of funding at competitive rates of interest,
- the Company's potential inability to continue to obtain third party financing on favorable terms,
- the Company's potential inability to generate sufficient cash flow to service its debt and fund its future operations,
- adverse changes in applicable laws and regulations,
- adverse changes in economic conditions,
- adverse changes in the automobile or finance industries or in the non-prime consumer finance market,
- the Company's potential inability to maintain or increase the volume of Loans,
- an increase in the amount or severity of litigation against the Company,
- the loss of key management personnel or inability to hire qualified personnel, and
- the effect of terrorist attacks and potential attacks.

Other factors not currently anticipated by management may also materially and adversely affect the Company's results of operations. The Company does not undertake, and expressly disclaims any obligation, to update or alter its 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 RISKS.

Refer to the Company's Annual Report on Form 10-K for the year ended December 31, 2003 for a complete discussion of the Company's market risk. There have been no material changes to the market risk information included in the Company's 2003 Annual Report on Form 10-K.

ITEM 4. CONTROLS AND PROCEDURES.

As of the end of the period covered by this report, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including its Chief Executive Officer and Chief Accounting Officer (acting as its principal financial officer), of the effectiveness of the design and operation of the Company's disclosure controls and procedures pursuant to Rule 13a-15 of the Securities Exchange Act of 1934. Based upon that evaluation, the Company's Chief Executive Officer and Chief Accounting Officer (acting as its principal financial officer) concluded that the Company's disclosure controls and procedures are effective to cause the material information required to be disclosed by the Company in the reports that it files or submits under the Securities Exchange Act of 1934 to be recorded, processed, summarized and reported within the time periods specified in the Commission's rules and forms. There were no changes in the Company's internal controls over financial reporting during the quarter ended September 30, 2004 that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

PART II. - OTHER INFORMATION

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

The information required in Part II, Item 2 is incorporated by reference from the information in Part I, Item 2 under the caption "Liquidity and Capital Resources - Stock Repurchases" in this Form 10-Q.

ITEM 6. EXHIBITS

See Index of Exhibits following the signature page.

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 Accounting Officer
November 1, 2004

(Acting as Principal Financial Officer, Principal Accounting Officer and Duly Authorized Officer)

INDEX OF EXHIBITS

EXHIBIT NO.	NOTE	DESCRIPTION
4(f)57	1	Indenture dated August 25, 2004 between Credit Acceptance Auto Dealer Loan Trust 2004-1 and JPMorgan Chase Bank
4(f)58	1	Sales and Servicing Agreement dated August 25, 2004 among the Company, Credit Acceptance Auto Dealer Loan Trust 2004-1, Credit Acceptance Funding LLC 2004-1, JPMorgan Chase Bank, and Systems & Services Technologies, Inc.
4(f)59	1	Backup Servicing Agreement dated August 25, 2004 among the Company, Credit Acceptance Funding 2004-1, Credit Acceptance Auto Dealer Loan Trust 2004-1, Systems & Services Technologies, Inc., Radian Asset Assurance Inc., XL Capital Assurance Inc., and JPMorgan Chase Bank
4(f)60	1	Amended and Restated Trust Agreement dated August 25, 2004 between Credit Acceptance Funding LLC 2004-1 and Wachovia Bank of Delaware, National Association
4(f)61	1	Contribution Agreement dated August 25, 2004 between the Company and Credit Acceptance Funding LLC 2004-1
4(f)62	1	Intercreditor Agreement dated August 25, 2004 among the Company, CAC Warehouse Funding Corporation II, Credit Acceptance Funding LLC 2003-1, Credit Acceptance Auto Dealer Loan Trust 2003-1, Credit Acceptance Funding LLC 2004-1, Credit Acceptance Auto Dealer Loan Trust 2004-1, Wachovia Capital Markets, LLC, as agent, JPMorgan Chase Bank, as agent, and Comerica Bank, as agent
4(f)63	2	Amendment No. 1, dated August 10, 2004, to Loan and Security Agreement dated September 30, 2003 among the Company, CAC Warehouse Funding Corporation II, Wachovia Bank, National Association, Variable Funding Capital Corporation, Wachovia Capital Markets, LLC, and Systems & Services Technologies, Inc.
31(a)	2	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act.
31(b)	2	Certification of Chief Accounting Officer (acting as principal financial officer) pursuant to Rule 13a-14(a) of the Securities Exchange Act.
32(a)	2	Certification of Chief Executive Officer, pursuant to 18 U.S.C. Section 1350 and Rule 13a-14(b) of the Securities Exchange Act.
32(b)	2	Certification of Chief Accounting Officer (acting as principal financial officer), pursuant to 18 U.S.C. Section 1350 and Rule 13a-14(b) of the Securities Exchange Act.

1 Previously filed as an exhibit to the Company's Form 8-K dated August 25, 2004, and incorporated herein by reference.

2 Filed herewith.

AMENDMENT NO. 1 TO LOAN AND SECURITY AGREEMENT

AMENDMENT NO. 1 TO LOAN AND SECURITY AGREEMENT (this "Amendment"), dated as of August 10, 2004, among CAC WAREHOUSE FUNDING CORPORATION II, as borrower (the "Borrower"), CREDIT ACCEPTANCE CORPORATION, as Originator (the "Originator"), WACHOVIA CAPITAL MARKETS, LLC, as deal agent (the "Deal Agent") and collateral agent (the "Collateral Agent"), WACHOVIA BANK, NATIONAL ASSOCIATION, as liquidity agent for the VFCC Purchaser Group (the "Liquidity Agent") and as the sole Investor (the "Investor") and VARIABLE FUNDING CAPITAL CORPORATION, as a lender (and together with the Liquidity Agent, the "Lenders").

Capitalized terms used and not defined in this Amendment shall have the meanings given such terms in the Loan and Security Agreement, dated as of September 30, 2003 (the "Loan Agreement"), among the Borrower, the Originator, the Investors, the Lenders, the Deal Agent, the Backup Servicer and the Collateral Agent.

PRELIMINARY STATEMENTS

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

WHEREAS, each of the signatories hereto wishes to amend the Loan Agreement as hereinafter provided;

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 deleting the definition of "Commitment Termination Date" in its entirety and replacing it with the following:

> "With respect to each Purchaser Group, August 9, 2005, or with respect to any Purchaser Group such later date to which the Commitment Termination Date may be extended in the sole discretion of such Purchaser Group in accordance with the terms of Section 2.1(b).".

(b) Section 1.1 of the Loan Agreement is hereby amended by deleting the definition of "Facility Limit" in its entirety and replacing it with the following:

> "$200,000,000; as such amount may vary from time to time upon the written agreement of the Borrower, Credit Acceptance, the Deal Agent and the Liquidity Agents; provided, however, that on any date on or after the end of the Revolving Period with respect to all Purchaser Groups, the Facility Limit shall mean the

aggregate outstanding Capital on such date, and; provided, further, if the Termination Date occurs with respect to fewer than all Purchaser Groups, the Facility Limit shall be equal to the sum of the Purchaser Group Facility Limits for each Purchaser Group for which the Termination Date has not occurred plus the outstanding Capital on the Termination Date for each Purchaser Group for which the Termination Date has occurred.".

(c) Section 1.1 of the Loan Agreement is hereby amended by deleting clause (a) of the definition of "Purchaser Group Facility Limit" in its entirety and replacing it with the following:

"With respect to each Purchaser Group, the amount so identified on the Joinder related to such Purchaser Group, and with respect to the VFCC Purchaser Group, $200,000,000.".

(d) Section 2.16(a)(ii) of the Loan Agreement is hereby amended by deleting Section 2.16(a)(ii) in its entirety and replacing it with the following:

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

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 (i) an amount equal to $375,000 in immediately available funds payable by the Borrower and (ii) 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:_______________________________
Name:
Title:

CREDIT ACCEPTANCE CORPORATION, as Originator

By:_______________________________
Name:
Title:

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

By:_______________________________
Name:
Title:

WACHOVIA BANK, NATIONAL ASSOCIATION, as Liquidity Agent and the Sole Investor

By:_______________________________
Name:
Title:

VARIABLE FUNDING CAPITAL CORPORATION, as a Lender

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

By:_______________________________
Name:
Title:

EXHIBIT 31(A)

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO RULE 13A-14(A) OF THE SECURITIES EXCHANGE ACT

I, Brett A. Roberts, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Credit Acceptance Corporation (the "registrant");

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)) 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) 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

(c) 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 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.

November 1, 2004

By: /s/ Brett A. Roberts

Brett A. Roberts
Chief Executive Officer

EXHIBIT 31(B)

CERTIFICATION OF CHIEF ACCOUNTING OFFICER (ACTING AS PRINCIPAL FINANCIAL OFFICER) PURSUANT TO RULE 13A-14(A) OF THE SECURITIES EXCHANGE ACT

I, Kenneth S. Booth, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Credit Acceptance Corporation (the "registrant");

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)) 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) 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

(c) 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 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.

November 1, 2004

By: /s/ Kenneth S. Booth

Kenneth S. Booth
Chief Accounting Officer

EXHIBIT 32(A)

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350 AND
RULE 13A-14(B) OF THE SECURITIES EXCHANGE ACT

In connection with the Quarterly Report of Credit Acceptance Corporation (the "Company") on Form 10-Q for the period ending September 30, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Brett A. Roberts, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) 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.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

By: /s/ Brett A. Roberts

Brett A. Roberts
Chief Executive Officer
November 1, 2004

EXHIBIT 32(B)

CERTIFICATION OF CHIEF ACCOUNTING OFFICER (ACTING AS PRINCIPAL FINANCIAL OFFICER)
PURSUANT TO 18 U.S.C. SECTION 1350 AND
RULE 13A-14(B) OF THE SECURITIES EXCHANGE ACT

In connection with the Quarterly Report of Credit Acceptance Corporation (the "Company") on Form 10-Q for the period ending September 30, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Kenneth Booth, Chief Accounting Officer of the Company (acting as its principal financial officer), certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) 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.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

By: /s/ Kenneth S. Booth

Kenneth S. Booth
Chief Accounting Officer
November 1, 2004