

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): September 1, 2021

CREDIT ACCEPTANCE CORPORATION

(Exact name of registrant as specified in its charter)

Michigan

(State or other jurisdiction of incorporation)

000-20202

(Commission File Number)

38-1999511

(IRS Employer Identification No.)

25505 West Twelve Mile Road

Southfield, Michigan

(Address of principal executive offices)

48034-8339

(Zip Code)

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

Not Applicable

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Common Stock, \$.01 par value	CACC	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

Emerging growth company

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

Item 1.01. Entry Into a Material Definitive Agreement.

On September 1, 2021, Credit Acceptance Corporation (the "Company", "Credit Acceptance", "we", "our", or "us") entered into a settlement agreement (the "Agreement") with the Attorney General's Office of the Commonwealth of Massachusetts (the "Attorney General"), reflecting the parties' agreement to settle and fully resolve the claims asserted against the Company by the Attorney General in its complaint filed in the Massachusetts Superior Court in Suffolk County on August 28, 2020. The Company previously disclosed, in its Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2021, that the parties had reached an agreement in principle to settle the lawsuit.

Under the Agreement, the Company made no admission of liability. The Company agreed to make a payment in the total amount of \$27.2 million to an independent trust (the "Fund") for purposes of making payments to provide relief for eligible Massachusetts consumers, paying costs of implementation of the Agreement and paying the Attorney General's costs of investigation, and to pay up to \$95,000 to cover costs and expenses incurred by an independent trustee for management of the Fund. As previously disclosed, in anticipation of the Agreement, the Company recognized a \$27.2 million contingent loss during the first quarter of 2021.

The foregoing description is qualified in its entirety by reference to the Agreement, a copy of which is filed as Exhibit 10.19 to this report and incorporated herein by reference.

Item 8.01. Other Events.

On September 1, 2021, we issued a press release regarding the Agreement. The press release is attached as Exhibit 99.1 to this Form 8-K and incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
10.19	Settlement Agreement and Assurance of Discontinuance.
99.1	Press Release dated September 1, 2021.
104	Cover Page Interactive Data File – the cover page XBRL tags are embedded within the Inline XBRL document.

SIGNATURES

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

CREDIT ACCEPTANCE CORPORATION

Date: September 1, 2021

By: /s/ Jay D. Martin
Jay D. Martin
Senior Vice President – Finance & Accounting

COMMONWEALTH OF MASSACHUSETTS

SUFFOLK, ss. SUPERIOR COURT

DEPARTMENT OF THE TRIAL COURT

In the Matter of Civil Action No.
CREDIT ACCEPTANCE CORP.

ASSURANCE OF DISCONTINUANCE
PURSUANT TO M.G.L. CHAPTER 93A, § 5

I. INTRODUCTION

1. The Commonwealth of Massachusetts (“Commonwealth”), through Attorney General Maura Healey (“AGO”), and Credit Acceptance Corporation (together with its subsidiaries, “CAC”) enter into this Assurance of Discontinuance (“AOD”) pursuant to M.G.L. c. 93A, § 5.

2. CAC is a Michigan corporation that offers financing programs that allow approved car dealerships (“Dealers”) to sell vehicles on credit to subprime and other consumers who purchase automobiles in Massachusetts by entering into retail installment contracts (“Massachusetts Loans”).

3. Pursuant to M.G.L. c. 93A, § 6, the AGO is conducting an ongoing investigation into financing and securitization practices in the subprime auto market. As part of this review, the AGO reviewed CAC's business practices in Massachusetts.

4. Based on the AGO’s review of CAC’s activities, the AGO brought an action in Superior Court against CAC, *Commonwealth of Massachusetts v. Credit Acceptance Corporation*, Civ. Action No. 20-1954-BLS2, setting forth its allegations regarding CAC’s business practices in the Commonwealth.

5. The Commonwealth's Superior Court action was resolved by settlement, which requires the filing of this AOD.

6. The AGO agrees to accept this AOD on the terms and conditions contained herein, pursuant to the Massachusetts Consumer Protection Act, M.G.L. c. 93A, § 5. The AGO and CAC both voluntarily enter into this AOD.

7. This AOD does not constitute an admission by CAC of any fact or noncompliance with any state or federal law, rule, or regulation.

II. RESTITUTION, REMEDIATION, AND UNDERTAKINGS

8. Within 5 days of the entry of this AOD, CAC shall pay \$27.2 million to an independent trust (the "Fund") for purposes of (i) making payments to provide relief for eligible customers, (ii) paying costs of implementation, and (iii) paying the AGO's costs of investigation. The Fund shall be overseen by an independent trustee (the "Trustee") to be mutually agreed upon by the AGO and CAC within ten (10) days of the date of this AOD. If the AGO and CAC are unable to agree on the identity of the Trustee, the AGO shall choose the Trustee in its sole discretion. The Trustee shall deposit the Fund into interest-bearing accounts such that, to the extent possible: all of the funds are fully guaranteed by the Federal Deposit Insurance Corporation ("FDIC") or the United States Department of the Treasury and the interest rate at the time of the aforementioned deposit are at least equal to the highest interest rate available from among the five largest banks in the City of Boston for a fully liquid federally insured deposit account holding such a sum of money. The Trustee will make investments and disbursements from the Fund only as directed by the AGO and may vary from the investment criteria of this paragraph only with the consent of the AGO. CAC shall retain the Trustee and pay the Trustee's fees and costs associated with its duties under this AOD separate and apart from all other

payments required under this AOD, but CAC's responsibility for payments shall not exceed \$95,000. No signature or approval from CAC shall be required for disbursements from the Fund, and CAC shall have no right of refund or reversion with respect to any money or property contributed to the Fund, or to any income earned on, or appreciation in value of, any money or property in the Fund.

9. The Trustee shall make such communications with consumers as directed by the AGO and shall process and hold such forms and information relating to consumer payments under this AOD as directed by the AGO. No later than forty-five (45) business days after the filing of this AOD, the AGO shall provide the Trustee with a list of borrowers that it has preliminarily determined may be eligible for relief based upon the information provided by CAC (the "Borrower Research List"). The Borrower Research List will include borrowers of certain Massachusetts Loans funded by CAC in Massachusetts that the AGO determines, in its sole discretion and based upon its review of materials and data related to such Massachusetts Loans, may have involved violations of Chapter 93A. The AGO shall have sole discretion concerning the composition of the Borrower Research List. Within thirty (30) days of receiving the Borrower Research List, the Trustee shall provide the AGO with the following information, to the extent the Trustee can obtain it without undue burden and in accordance with all requisite and advisable security protocols: the name, address, and social security number of the borrower, as well as any other information reasonably requested by the AGO. The AGO may ask the Trustee to send settlement questionnaires and postage prepaid return envelopes to the borrowers on the list and may make such corrections or amendments to the Borrower Research List as the AGO deems appropriate in its sole discretion. The finalized version of the Borrower Research List,

which may be completed in installments, shall be referred to in this AOD as the “Final Borrower List.”

10. The AGO may direct the Trustee to send a letter drafted by the AGO to each borrower on the Final Borrower List. The letter may include a dedicated telephone number for the Trustee as well as contact information or links to the AGO that the recipient may use to obtain information concerning the AOD. For each letter, the Trustee shall also provide a postage prepaid return envelope and, as applicable, a form drafted by the AGO for participation in certain consumer relief components of this AOD (“Opt-in Form”). The letter shall also contain such other forms as the AGO shall determine.

11. The Trustee shall send the letter and Opt-in Form within five (5) business days of the AGO’s direction and shall resend them, if undeliverable, by such means as the AGO shall direct. Opt-in Forms executed and returned to the Trustee shall be maintained in a secure fashion. In addition, the Trustee shall keep in the same manner any additional Opt-in Forms provided to the Trustee by the AGO.

12. The Trustee shall provide the AGO with information relating to the Massachusetts Loans and/or the relief program implementation reasonably available to the Trustee upon request. The Trustee shall cooperate fully with the AGO in the implementation of this AOD, and shall provide materials relevant to the implementation of this AOD promptly to the AGO upon request.

13. Should the AGO determine that additional letters or letter attempts are required in connection with implementing this AOD, the Trustee shall send such letters at the AGO’s direction.

14. For each borrower for whom the Trustee receives an executed Opt-in Form or a direction to issue payment from the AGO, the Trustee shall take action as directed by the AGO. Payments from the Fund shall be made to identified recipients in the amounts specified on the Final Borrower List, which shall be determined based on the AGO's sole discretion. If a check is not cashed within a specified number of days determined by the AGO, the AGO may direct the Trustee to stop payment on the check. To help facilitate cashing settlement checks, the Trustee shall write the checks on a bank account with at least eight physical branch locations in Massachusetts, and which allows non-account holders to negotiate checks at such locations. The Trustee shall also establish a phone line that depository institutions may call to verify checks and will display this phone number on the checks.

15. At a date to be determined by the AGO but no earlier than three months from the date of filing of this AOD, if there are remaining monies in the Fund, the Trustee shall transfer a portion of such remaining monies as are designated by the AGO to the Commonwealth's General Fund. After six months of settlement implementation, the Trustee shall confer with the AGO regarding the status of settlement implementation and take such steps as the AGO directs to facilitate an expeditious conclusion of the settlement process, including transfer or transfers of a portion of the remnant of unencumbered or unutilized settlement funds (if any), pursuant to M.G.L. c. 12, § 4A, to the AGO for the purposes of consumer financial education, monitoring and implementation of this AOD, and related financial services mediation or investigative work. Any such funds or a portion of such funds not utilized or encumbered by nine months from the date of the filing of this AOD may in the AGO's discretion be transferred to the Commonwealth's General Fund.

16. Upon the AGO's request, made in accordance with the implementation agreements put in place for the administration of the settlement of this matter, CAC will request that the credit reporting bureaus delete the tradeline reported by CAC relating to (i) any Massachusetts Loan identified by the AGO as eligible for relief under this AOD, to the extent the account balance is or has been extinguished or waived pursuant to this AOD, and (ii) any Massachusetts Loan referenced as part of the relief population on CACMA00528000. Additionally, for (a) any Massachusetts Loan referenced on CACMA00528001 which is not also covered by subsections (b) or (c) below and for which the borrower follows procedures for debt relief applicable from any implementation agreement put in place for the administration of the settlement of this matter, (b) any Massachusetts Loan referenced as part of the relief population on CACMA00528000, and (c) any Massachusetts Loan that does not appear on CACMA00528000 but for which the borrower received a non-*Williams*¹ pre-sale or post-sale repossession notice, CAC will, upon being notified by the AGO of the borrower's debt relief election, waive the remaining account balance and cause any related lien to be released. CAC represents and warrants that it has the ability to cause these balances to be waived. The parties acknowledge that the Massachusetts Loans eligible for relief under this provision are the subject of a bona fide dispute and this provision shall be deemed as a compromise of disputed debt. If CAC and/or the Trustee receives any letters or forms in relation to this AOD from any borrower who received an offer under this AOD, CAC and/or the Trustee shall forward such forms to the AGO even if the letters or forms are received outside of the time frames contemplated by this AOD.

¹ A "non-*Williams*" notice is a pre-sale or post-sale repossession notice that does not refer to the "fair market value" when describing the deficiency, pursuant to M.G.L. c. 106, §§ 9-614 and 9-616, M.G.L. c. 255B § 20B and *Williams v. Am. Honda Fin. Corp.*, 479 Mass. 656 (2018).

17. CAC shall initiate collection calls to its customers in Massachusetts in a manner that is compliant with 940 C.M.R. § 7.00 *et seq.*, and *Armata v Target Corp.*, 480 Mass. 14 (2018). This shall include initiating an unrequested communication with each such customer no more frequently than two times within each seven-day period. CAC shall ensure that it has incorporated appropriate software and that it provides training to staff regarding compliant call practices. A call that is answered by an answering machine shall constitute a collection call for purposes of compliance.²

18. CAC shall send pre-sale and post-sale repossession notices to its customers with Massachusetts Loans that comply with *Williams v Am. Honda Fin. Corp.*, 479 Mass. 656 (2018), which includes the requirement that notices indicate that the fair market value of the vehicle will be or has been, as applicable, used to determine the amount owed by the customer.³

19. CAC shall cause the following documents to be provided to consumers in connection with the purchase of a Vehicle Service Contract (“VSC”) for Massachusetts Loans originated after December 6, 2021. (a) *Disclosure*: Prior to signing a Massachusetts Loan that includes the purchase of a VSC, a borrower shall be provided with a clear and conspicuous, single-page, standalone document that discloses (i) the purchase of a VSC is not required to obtain financing, and (ii) the total amount by which the purchase of a VSC will increase the

² Credit Acceptance will comply with governing law. If a subsequent, controlling decision or amendment alters the ruling in *Armata* or 940 CMR § 7.04 (1) (f), that alteration shall supersede and replace any requirement in paragraph 17 of the AOD to the extent of any alteration such that CAC shall comply with the governing law as it then exists, and all unaltered portions of paragraph 17 shall still apply.

³ Credit Acceptance will comply with governing law. If a subsequent, controlling decision or amendment alters the ruling in *Williams* or G.L. c. 106, §§ 9-614 or 9-616 or c. 255B, § 20B, that alteration shall supersede and replace any requirement in paragraph 18 of the AOD to the extent of any alteration such that CAC shall comply with the governing law as it then exists, and all unaltered portions of paragraph 18 shall still apply.

borrower's loan. The disclosure must be signed and dated by each borrower who purchases a VSC, and by a representative of the dealer, with copies to be provided to the purchaser and to CAC. (b) *Offer to cancel*. As promptly as practicable, but in any event no later than seven (7) days after CAC accepts assignment of a Massachusetts Loan that includes the purchase of a VSC, CAC will provide the customer, by regular mail to the customer's home address and by email where the customer has opted in to electronic mailings, with a clear and conspicuous, one-sided, single-page, standalone document that offers to cancel the VSC and refund the VSC payment, and, if the customer has opted in to text message alerts, provide the customer with notification via text message that the document has been sent. If the customer elects to cancel the VSC within the first 30 days from the contract date, CAC will reduce the account balance to reflect the VSC cancellation and will recalculate the monthly payments based on the original term and interest rate and the reduced account balance. Within 7 days of the customer's election to cancel, CAC will send the customer a one-sided, single page written confirmation that the VSC has been canceled at the customer's request and state the new account balance and the new monthly payment. (c) *Disclosure and offer to cancel forms*. The disclosure and offer to cancel shall be in the forms attached to this AOD as Exhibits 1 and 2, respectively.

III. COOPERATION AND RECORD KEEPING

20. CAC shall cooperate with the AGO in the implementation of this AOD and shall follow all implementation steps and protocols agreed to in writing with the AGO in order to facilitate the effective administration of this settlement. This shall include prompt effectuation of any payments referenced herein, completion of any requests for tradeline credit reporting deletions, and/or application of debt reductions relating to accounts as adopted as part of the implementation of this settlement. Agreements on implementation terms or procedures may be

amended by a writing agreed to by the parties. CAC shall promptly comply with all reasonable requests by the AGO for documents or information related to the subject matter of this AOD. CAC shall create and maintain, for a period of at least three (3) years from the filing date of this AOD all records necessary to demonstrate CAC's compliance with its obligations under this AOD and will provide such records to the AGO upon request.

IV. MISCELLANEOUS PROVISIONS

21. This AOD can be modified or supplemented only by a written document signed by both parties.

22. Should the Internal Revenue Service or the United States Treasury issue guidance, on or before the five year anniversary of this AOD, indicating that the type of debt relief provided pursuant to Paragraphs 16(b) or (c) is not considered taxable income, the AGO may provide CAC with a list of borrowers who would have received debt relief under Paragraph 16(b) or (c) had they elected to do so, and CAC shall waive their debts within 30 days of receiving such list.

23. This AOD is not intended to indicate that CAC, or any of its present or former employees, officers, directors, agents, subsidiaries and subdivisions, shareholders, successors, assigns, or any purchasers of all or substantially all of its business assets, shall be subject to any disqualifications contained in the federal securities laws, the rules and regulations thereunder, the rules and regulations of self-regulatory organizations or various states' securities laws, including any disqualifications from relying upon registration exemptions or safe harbor provisions, or other federal or state law. In addition, this AOD is not intended to form the basis for any such disqualifications.

24. This AOD does not constitute an approval by the AGO of CAC's business practices, and CAC shall make no representation or claim to the contrary. The AOD will be binding upon CAC and any of CAC's agents, subsidiaries and subdivisions, successors, assigns, and/or purchasers of all or substantially all of CAC's business assets.

25. The AGO may extend any deadline and may alter any procedure in this AOD, in each case, relating to the identification or eligibility of, communication with, or issuance of payments to settlement fund recipients in the AGO's sole discretion.

26. The AOD and its provisions will be effective on the date that it is filed in the Superior Court for Suffolk County.

27. Nothing in this AOD is intended to waive the rights of third parties.

28. CAC represents and warrants that it has the full legal power, capacity, and authority to bind the parties for whom it is acting, including its subsidiaries.

29. The AGO agrees that all confidential information disclosed to it pursuant to CID in the course of the investigation and in connection with this AOD shall be kept confidential by the AGO to the degree provided by M.G.L. c. 93A, § 6.

30. By signing below, CAC agrees to comply with all of the terms of this AOD. The parties shall work together in good faith to try to resolve any disputes or disagreements with respect to the terms of this AOD. Any violation of this AOD may be pursued in a civil action or proceeding under M.G.L. c. 93A hereafter commenced by the AGO.

31. Notices relating to this AOD shall be sent as follows:

To CAC:

Erin J. Kerber
Chief Legal Officer
Credit Acceptance Corporation
25505 West Twelve Mile Road
Southfield, Michigan 48034

James R. Carroll
Skadden, Arps, Slate, Meagher & Flom LLP
500 Boylston Street
Boston, MA 02108

Patrick G. Rideout
Skadden, Arps, Slate, Meagher & Flom LLP
One Manhattan West
New York, NY 10001

Anand S. Raman
Skadden, Arps, Slate, Meagher & Flom LLP
1440 New York Avenue, N.W.
Washington, D.C. 20005

To the AGO:

Glenn Kaplan, Assistant Attorney General
Massachusetts Attorney General's Office
1 Ashburton Pl. 18th Floor
Boston, MA 02108

Signed this 31st day of August, 2021.

FOR CREDIT ACCEPTANCE CORPORATION

By: /s/ Erin J. Kerber

Erin J. Kerber
Chief Legal Officer
Credit Acceptance Corporation
25505 West Twelve Mile Road
Southfield, Michigan 48034

signed 9/1/2021

**FOR ATTORNEY GENERAL,
MAURA HEALEY**

By: /s/ Glenn Kaplan

Glenn Kaplan
BBO #567308
Assistant Attorney General
Massachusetts Attorney General's Office
Insurance and Financial Services Division
1 Ashburton Place, 18th Floor
Boston, Massachusetts 02108
(617) 727-2200

Exhibit 1

IMPORTANT COMMONWEALTH OF MASSACHUSETTS VEHICLE SERVICE CONTRACT (VSC) DISCLOSURE

1. You do not have to purchase a VSC to obtain financing for your vehicle. The purchase of a VSC is entirely optional.
2. Your decision to purchase a VSC increases the total amount that you will have to pay after you have made all payments as scheduled by [**\$Bold**].
3. A VSC pays only for repairs specified in the written contract, which also contains a list of exclusions that the VSC does not cover. A portion of the amount paid for the VSC will be used to pay fees and/or expenses associated with the VSC.

If you have any questions about this disclosure or about the VSC purchase, you may call Credit Acceptance at 800-634-1506.

I am signing this document because I understand that I am not required to purchase a Vehicle Service Contract. By signing this document, I am expressing my intent to purchase a Vehicle Service Contract. I also understand that I will be given a copy of this document for my records.

[Customer's Signature] Date

I am signing this document as a representative of the Dealer to state that the Dealer has not required the purchase of a Vehicle Service Contract.

[Dealer's Representative Signature] Date

If you have any questions or concerns about this transaction, you may also address them to: Commonwealth of Massachusetts, Insurance and Financial Services Division, 1 Ashburton Place, 18th Floor, Boston, Massachusetts 02108, 888-830-6277.

Exhibit 2

IMPORTANT OFFER TO CANCEL VEHICLE SERVICE CONTRACT (VSC) AND RECEIVE FULL REFUND

1. You purchased a VSC for your vehicle. Your VSC was optional and you were not required to purchase the VSC to obtain financing for your vehicle.
2. You may cancel your VSC for a **full refund** by calling the number below before [INSERT DATE]:⁴

Cancellation Phone Number: **800-634-1506**

3. If you cancel your VSC by [INSERT DATE],⁵ Credit Acceptance will reduce the total amount that you will have to pay after you have made all payments as scheduled by [**\$Bold**]. Your new monthly payment will be [**\$Bold**].

If you have any questions about this cancellation offer or about your VSC purchase, you may call Credit Acceptance at 800-634-1506.

If you have any questions or concerns about this transaction, you may also address them to: Commonwealth of Massachusetts, Insurance and Financial Services Division, 1 Ashburton Place, 18th Floor, Boston, Massachusetts 02108, 888-830-6277.

⁴ [30 days after the contract date.]

⁵ [Same as the date in paragraph 2.]

Credit Acceptance
 25505 West Twelve Mile Road
 Southfield, MI 48034-8339
 (248) 353-2700
creditacceptance.com

NEWS RELEASE

FOR IMMEDIATE RELEASE

Date: September 1, 2021

Investor Relations: Douglas W. Busk
Chief Treasury Officer
 (248) 353-2700 Ext. 4432
IR@creditacceptance.com

Nasdaq Symbol: CACC

**CREDIT ACCEPTANCE PLEASED TO ANNOUNCE
 RESOLUTION OF LITIGATION WITH MASSACHUSETTS ATTORNEY GENERAL**

Southfield, Michigan – September 1, 2021 – Credit Acceptance Corporation (Nasdaq: CACC) (referred to as the “Company”, “Credit Acceptance”, “we”, “our”, or “us”) announced today the finalization of a settlement resolving litigation with the Massachusetts Attorney General, the material terms of which were previously disclosed in April 2021.

This matter was vigorously contested. However, Credit Acceptance believes it to be in the best interest of the Company to conclude this litigation, and is pleased to announce its resolution. The Company looks forward to continuing to serve customers in the Commonwealth of Massachusetts through its financing programs.

The terms of the settlement are contained in a Settlement Agreement and Assurance of Discontinuance filed in Suffolk Superior Court in the matter of *Commonwealth of Massachusetts v. Credit Acceptance Corporation*, Civ. Action No. 2084CV01954-BLS2, and in a Form 8-K filed by the Company. Under the agreement, Credit Acceptance made no admission of liability.

Description of Credit Acceptance Corporation

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

Without our financing programs, consumers are often unable to purchase vehicles or they purchase unreliable ones. Further, as we report to the three national credit reporting agencies, an important ancillary benefit of our programs is that we provide consumers with an opportunity to improve their lives by improving their credit score and move on to more traditional sources of financing. Credit Acceptance is publicly traded on the Nasdaq Stock Market under the symbol CACC. For more information, visit creditacceptance.com.

Cautionary Statement Regarding Forward-Looking Information

We claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995 for all of our forward-looking statements. Statements in this release that are not historical facts, such as those using terms like “may,” “will,” “should,” “believe,” “expect,” “anticipate,” “assume,” “forecast,” “estimate,” “intend,” “plan,” “target” and those regarding our future results, plans and objectives, are “forward-looking statements” within the meaning of the federal securities laws. These forward-looking statements represent our outlook only as of the date of this release. Actual results could differ materially from these forward-looking statements since the statements are based on our current expectations, which are subject to risks and uncertainties. Factors that might cause such a difference include, but are not limited to, the factors set forth in Item 1A of our Form 10-K for the year ended December 31, 2020, filed with the Securities and Exchange Commission on February 12, 2021, and other risk factors discussed herein or listed from time to time in our reports filed with the Securities and Exchange Commission and the following:

Industry, Operational and Macroeconomic Risks

- The outbreak of COVID-19 has adversely impacted our business, and the continuance of this pandemic, or any future outbreak of any contagious diseases or other public health emergency, could materially and adversely affect our business, financial condition, liquidity and results of operations.
- Our inability to accurately forecast and estimate the amount and timing of future collections could have a material adverse effect on results of operations.

- Due to competition from traditional financing sources and non-traditional lenders, we may not be able to compete successfully.
- Reliance on third parties to administer our ancillary product offerings could adversely affect our business and financial results.
- We are dependent on our senior management and the loss of any of these individuals or an inability to hire additional team members could adversely affect our ability to operate profitably.
- Our reputation is a key asset to our business, and our business may be affected by how we are perceived in the marketplace.
- The concentration of our dealers in several states could adversely affect us.
- Reliance on our outsourced business functions could adversely affect our business.
- Our ability to hire and retain foreign information technology personnel could be hindered by immigration restrictions.
- We may be unable to execute our business strategy due to current economic conditions.
- Adverse changes in economic conditions, the automobile or finance industries, or the non-prime consumer market could adversely affect our financial position, liquidity and results of operations, the ability of key vendors that we depend on to supply us with services, and our ability to enter into future financing transactions.
- Natural disasters, acts of war, terrorist attacks and threats or the escalation of military activity in response to these attacks or otherwise may negatively affect our business, financial condition and results of operations.
- A small number of our shareholders have the ability to significantly influence matters requiring shareholder approval and such shareholders have interests which may conflict with the interests of our other security holders.

Capital and Liquidity Risks

- We may be unable to continue to access or renew funding sources and obtain capital needed to maintain and grow our business.
- The terms of our debt limit how we conduct our business.
- A violation of the terms of our asset-backed secured financing facilities or revolving secured warehouse facilities could have a material adverse impact on our operations.
- Our substantial debt could negatively impact our business, prevent us from satisfying our debt obligations and adversely affect our financial condition.
- We may not be able to generate sufficient cash flows to service our outstanding debt and fund operations and may be forced to take other actions to satisfy our obligations under such debt.
- Interest rate fluctuations may adversely affect our borrowing costs, profitability and liquidity.
- The phaseout of the London Interbank Offered Rate (“LIBOR”), or the replacement of LIBOR with a different reference rate, could result in a material adverse effect on our business.
- Reduction in our credit rating could increase the cost of our funding from, and restrict our access to, the capital markets and adversely affect our liquidity, financial condition and results of operations.
- We may incur substantially more debt and other liabilities. This could exacerbate further the risks associated with our current debt levels.
- The conditions of the U.S. and international capital markets may adversely affect lenders with which we have relationships, causing us to incur additional costs and reducing our sources of liquidity, which may adversely affect our financial position, liquidity and results of operations.

Information Technology and Cybersecurity Risks

- Our dependence on technology could have a material adverse effect on our business.
- Our use of electronic contracts could impact our ability to perfect our ownership or security interest in Consumer Loans.
- Failure to properly safeguard confidential consumer and team member information could subject us to liability, decrease our profitability and damage our reputation.

Legal and Regulatory Risks

- Litigation we are involved in from time to time may adversely affect our financial condition, results of operations and cash flows.
- Changes in tax laws and the resolution of uncertain income tax matters could have a material adverse effect on our results of operations and cash flows from operations.
- The regulations to which we are or may become subject could result in a material adverse effect on our business.

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