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, 2000

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 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 November 10, 2000 was 42,511,587.

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PART I. -- FINANCIAL INFORMATION

ITEM 1. -- FINANCIAL STATEMENTS

CREDIT ACCEPTANCE CORPORATION
CONSOLIDATED BALANCE SHEETS

(Dollars in thousands)	As of December 31, 1999	As of September 30, 2000
		(Unaudited)
ASSETS:		
Cash and cash equivalents	$ 11,122	$ 14,007
Investments	11,569	11,492
Installment contracts receivable	570,529	571,463
Allowance for credit losses	(4,742)	(4,374)
Installment contracts receivable, net	565,787	567,089
Retained interest in securitization	4,105	4,839
Floor plan receivables	15,492	10,995
Notes receivable	3,610	4,644
Property and equipment, net	18,243	18,053
Investment in operating leases, net	9,115	38,995
Income taxes receivable	12,686	--
Other assets	5,874	4,778
TOTAL ASSETS	$ 657,603	$ 674,892
LIABILITIES:		
Senior notes	$ 30,579	$ 23,080
Lines of credit	36,994	61,803
Mortgage loan payable to bank	8,215	7,751
Secured financing	83,197	74,202
Income taxes payable	--	511
Accounts payable and accrued liabilities	23,105	27,307
Deferred dealer enrollment fees, net	595	1,297
Dealer holdbacks, net	202,143	210,932
Deferred income taxes, net	9,800	9,821
TOTAL LIABILITIES	394,628	416,704
SHAREHOLDERS' EQUITY		
Common stock	461	428
Paid-in capital	128,917	112,581
Retained earnings	132,303	150,286
Accumulated other comprehensive income (loss) - cumulative translation adjustment	1,294	(5,107)
TOTAL SHAREHOLDERS' EQUITY	262,975	258,188
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 657,603	$ 674,892

CREDIT ACCEPTANCE CORPORATION
CONSOLIDATED INCOME STATEMENTS
(UNAUDITED)

(Dollars in thousands, except per share data)	Three Months Ended 9/30/99	Three Months Ended 9/30/00	Nine Months Ended 9/30/99	Nine Months Ended 9/30/00
REVENUE:				
Finance charges	$ 18,753	$ 20,206	$ 57,901	$ 60,505
Lease revenue	377	3,870	456	8,917
Premiums earned	3,034	1,951	7,810	6,986
Other income	5,759	5,147	21,625	15,441
Total revenue	27,923	31,174	87,792	91,849
COSTS AND EXPENSES:				
Operating expenses	12,445	12,471	41,411	38,196
Provision for credit losses	49,590	3,074	53,820	8,097
Provision for claims	884	604	2,609	2,096
Depreciation of leased vehicles	142	1,679	176	3,525
Valuation adjustment on retained interest in securitization	13,000	--	13,517	--
Interest	3,673	4,119	12,472	12,479
Total costs and expenses	79,734	21,947	124,005	64,393
Operating income (loss)	(51,811)	9,227	(36,213)	27,456
Gain on sale of subsidiary	--	--	14,720	--
Foreign exchange gain (loss)	62	(5)	8	(85)
Income (loss) before provision for income taxes	(51,749)	9,222	(21,485)	27,371
Provision (credit) for income taxes	(18,108)	3,118	(6,994)	9,388
Net income (loss)	$ (33,641)	$ 6,104	$ (14,491)	$ 17,983
Net income (loss) per common share:				
Basic	$ (0.73)	$ 0.14	$ (0.31)	$ 0.41
Diluted	$ (0.73)	$ 0.14	$ (0.31)	$ 0.40
Weighted average shares outstanding:				
Basic	46,214,489	43,013,682	46,272,303	44,319,948
Diluted	46,214,489	43,424,885	46,272,303	44,653,068

CREDIT ACCEPTANCE CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

(Dollars in thousands)	Nine Months Ended September 30, 1999	Nine Months Ended September 30, 2000
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income (Loss)...	$ (14,491)	$ 17,983
Adjustments to reconcile net income to net cash provided by operating activities --		
Gain on sale of subsidiary................................	(14,720)	--
Credit for deferred income taxes..........................	(1,304)	21
Depreciation and amortization.............................	3,159	2,891
Depreciation on operating lease vehicles..................	176	3,525
Amortization on deferred leasing costs....................	33	990
Loss on retirement of property and equipment..............	42	--
Valuation adjustment on retained interest in securitization	13,517	--
Amortization on retained interest in securitization........	(1,544)	(153)
Provision for credit losses...............................	53,820	8,097
Dealer stock option plan expense..........................	98	34
Change in operating assets and liabilities --		
Accounts payable and accrued liabilities................	4,814	4,202
Income taxes payable....................................	(776)	511
Income taxes receivable.................................	(14,308)	12,686
Lease payment receivable................................	85	(2,183)
Deferred dealer enrollment fees, net....................	102	702
Unearned insurance premiums, insurance reserves and fees.	200	(1,292)
Other assets..	889	1,095
Net cash provided by operating activities.............	29,792	49,109
CASH FLOWS FROM INVESTING ACTIVITIES:		
Principal collected on installment contracts receivable............	242,923	235,934
Advances to dealers and payments of dealer holdbacks................	(219,821)	(234,101)
Operating lease acquisitions.......................................	(3,663)	(31,560)
Operating lease liquidations.......................................	--	2,465
Proceeds from sale of subsidiary...................................	16,147	--
Net purchases (sales) of investments held to maturity..............	(948)	77
(Increase) decrease in floor plan receivables......................	(3,420)	4,497
Increase in notes receivable.......................................	(749)	(1,034)
Purchases of property and equipment................................	(3,799)	(2,701)
Proceeds from sale of property and equipment.......................	349	--
Increase in deferred costs from lease acquisitions.................	(377)	(4,848)
Net cash provided by (used in) investing activities....	26,642	(31,271)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net borrowings (repayments) under mortgage loan payable to bank.....	4,799	(464)
Net repayments (borrowings) under line of credit agreement..........	(75,664)	24,809
Repayments of senior notes...	(32,124)	(7,499)
Proceeds from secured financing....................................	91,568	63,850
Repayment of secured financing.....................................	(49,016)	(72,845)
Repurchase of common stock...	(1,429)	(16,440)
Proceeds from stock options exercised..............................	374	37
Net cash used in financing activities.................	(61,492)	(8,552)
Effect of exchange rate changes on cash................	(625)	(6,401)
NET (DECREASE) INCREASE IN CASH...	(5,683)	2,885
Cash and cash equivalents -- beginning of period....................	13,775	11,122
Cash and cash equivalents -- end of period..........................	$ 8,092	$ 14,007

CREDIT ACCEPTANCE CORPORATION
CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2000
(UNAUDITED)

(Dollars in thousands)

	Total Shareholders' Equity	Comprehensive Income	Common Stock	Paid In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)
Balance -- December 31, 1999	$ 262,975		$ 461	$ 128,917	$ 132,303	$ 1,294
Comprehensive income:						
Net income	17,983	$ 17,983			17,983	
Other comprehensive income:						
Foreign currency translation adjustment	(6,401)	(6,401)				(6,401)
Tax on other comprehensive loss		2,240				
Other comprehensive loss		(4,161)				
Total comprehensive income		$ 13,822				
Repurchase and retirement of common stock	(16,440)		(33)	(16,407)		
Stock options exercised	37			37		
Dealer stock option plan expense	34			34		
Balance -- September 30, 2000	$ 258,188		$ 428	$ 112,581	$ 150,286	$ (5,107)

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 United States of America (generally accepted accounting principles) 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, 1999 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. Certain amounts in the 1999 financial statements have been reclassified to conform to the 2000 presentation. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 1999.

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. NET INCOME PER SHARE

Basic net income per share amounts are based on the weighted average number of common shares outstanding. For the three and nine month periods ended September 30, 2000, diluted net income per share amounts are based on the weighted average number of common shares and potentially dilutive securities outstanding. Potentially dilutive securities included in the computation represent shares issuable upon assumed exercise of stock options which would have a dilutive effect. As the Company incurred a net loss for the three and nine month periods ended September 30, 1999, common stock equivalents would be anti-dilutive to earnings per share and have not been included in the diluted weighted average shares outstanding.

3. BUSINESS SEGMENT INFORMATION

The Company operates in three reportable business segments: CAC North America, CAC United Kingdom and CAC Automotive Leasing. Selected segment information is set forth below (in thousands):

	Three Months Ended		Nine Months Ended	
	9/30/99	9/30/00	9/30/99	9/30/00
Total revenue:				
CAC North America	$ 22,509	$ 21,947	$ 69,469	$ 68,312
CAC United Kingdom	4,305	5,668	12,586	15,468
CAC Automotive Leasing	169	3,559	233	8,069
Other	940	--	5,504	--
	$ 27,923	$ 31,174	$ 87,792	$ 91,849
Earnings (loss) before interest and taxes:				
CAC North America	$ (47,509)	$ 10,742	$ (12,835)	$ 32,559
CAC United Kingdom	(78)	2,499	3,978	6,209
CAC Automotive Leasing	(117)	100	(208)	1,082
Other	(372)	--	52	--
	$ (48,076)	$ 13,341	$ (9,013)	$ 39,850
Reconciliation of total earnings (loss) before interest and taxes to consolidated income before provision (credit) for income taxes:				
Total income (loss) before interest and taxes	$ (48,076)	$ 13,341	$ (9,013)	$ 39,850
Interest expense	(3,673)	(4,119)	(12,472)	(12,479)
Consolidated income (loss) before provision (credit) for income taxes	$ (51,749)	$ 9,222	$ (21,485)	$ 27,371

Included in the 1999 loss before interest and taxes for CAC North America is the $14.7 million gain on sale of the Company's credit reporting subsidiary.

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

THREE AND NINE MONTHS ENDED SEPTEMBER 30, 1999 COMPARED TO THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2000

TOTAL REVENUE. Total revenue consists of: i) finance charges on installment contracts; ii) lease revenue on investments in operating leases; iii) premiums earned on service contracts, credit life and collateral protection insurance programs; and iv) other income, which consists primarily of fees earned on third party service contract products, floor plan financing interest income and dealer enrollment fees. During the nine months ended September 30, 1999, it also consisted of revenue from the Company's credit reporting and auction services subsidiaries which were sold on May 7, 1999 and December 15, 1999, respectively. As a result of the following factors, total revenue increased from $27.9 million and $87.8 million for the three and nine months ended September 30, 1999 to $31.2 million and $91.8 for the same periods in 2000, representing increases of 11.6% and 4.6%, respectively.

Finance charges increased from $18.8 million and $57.9 million for the three and nine months ended September 30, 1999 to $20.2 million and $60.5 million for the same periods in 2000, representing increases of 7.7% and 4.5%, respectively. These increases are primarily the result of the increases in the average annualized yield on the Company's installment contract portfolio. The average annualized yield on the Company's installment contract portfolio, calculated using finance charge revenue divided by average installment contracts receivable, was approximately 12.7% and 14.1% for the nine months ended September 30, 1999 and 2000, respectively. The increase in the average yield is primarily due to a decrease in the percentage of installment contracts which were in non-accrual status. The percentage of installment contracts which were in non-accrual status was 23.6% and 20.8 % as of September 30, 1999 and 2000, respectively. The decrease in the non-accrual loans is primarily due to improvements in credit quality of the Company's portfolio of installment contracts.

The volume of contract originations for the Company's North American operations decreased from $97.5 million for the three months ended September 30, 1999 to $85.2 million for the same period in 2000 and increased from $317.5 million for the nine months ended September 30, 1999 to $317.6 million for the same period in 2000. The volume of contract originations for the Company's United Kingdom operations increased from $40.9 million and $83.8 million for the three and nine months ended September 30, 1999 to $43.1 million and $110.7 million for the same periods in 2000.

Lease revenue represents income from the Company's automotive leasing business unit which began operations in 1999. Income from operating lease assets is recognized on a straight-line basis over the scheduled lease term. Lease revenue increased from $377,000 and $456,000 for the three and nine months ended September 30, 1999 to $3.9 million and $8.9 million for the same periods in 2000. These increases are the result of an increase in the dollar amount of the Company's lease portfolio due to increases in lease originations for the periods. Lease originations were $2.2 million and $3.7 million for the three and nine months ended September 30, 1999 compared to $8.9 million and $31.6 million for the same periods in 2000. The Company does not expect lease originations to continue to grow at rates as high as experienced in prior periods.

Premiums earned decreased, from $3.0 million and $7.8 million for the three and nine months ended September 30, 1999 to $2.0 million and $7.0 for the same periods in 2000, representing decreases of 35.7% and 10.6%, respectively. Premiums on the Company's service contract program are earned on a straight-line basis over the life of the service contracts. Premiums reinsured under the Company's credit life program are earned over the life of the contracts using the pro rata and sum-of-digits methods. The decreases in premiums earned are primarily due to a decrease in the penetration rate on the Company's service contract and credit life insurance programs in the CAC North America segment, a trend which the Company anticipates will reverse in future periods. To a lesser extent, the decrease in penetration rates is the result of an increase in the percentage of installment contract originations from the CAC United Kingdom segment. This segment's service contract and credit life programs are commission based and the revenue is included in other income.

Other income decreased from $5.8 million and $21.6 million for the three and nine months ended September 30, 1999 to $5.1 million and $15.4 million for the same periods in 2000, representing decreases of 10.6% and 28.6%, respectively.

The decreases are primarily due to: i) the absence of revenues from the Company's auction services subsidiary, which was sold on December 15, 1999; ii) the decrease in servicing fees and interest earned on the retained interest in the Company's July 1998 securitization of advance receivables; and iii) for the nine month period, the decrease in other income is also due to the absence of revenues from the Company's credit reporting subsidiary, which was sold on May 7, 1999.

OPERATING EXPENSES. Operating expenses, as a percent of total revenue, decreased from 44.6% and 47.2% for the three and nine months ended September 30, 1999 to 40.0% and 41.6% for the same periods in 2000. Operating expenses consist of salaries and wages, general and administrative, and sales and marketing expenses.

The decreases, as a percent of revenue, are primarily due to decreases in general and administrative expenses and salaries and wages. General and administrative expenses and salaries and wages decreased primarily due to the sale of the Company's auction service subsidiary in 1999; this subsidiary required proportionately higher operating expenses than the Company's other businesses. The decreases are partially offset by operating expenses from the Company's automotive leasing business unit, which began operations in 1999.

For the nine month period, the decrease is also due to the sale of the Company's credit reporting service subsidiary in 1999; this subsidiary required proportionately higher operating expenses than the Company's other businesses. To a lesser extent, the nine month period decrease in general and administrative expenses is due to a decrease in legal fees resulting from a reduction in further adverse developments in litigation against the Company (see Part II Item 1. Legal Proceedings).

The decreases in general and administrative and salaries and wages expenses are also partially offset by an increase in sales and marketing expenses. These expenses increased primarily due to increases in the Company's total sales force and an increase in sales related travel expenses. For the nine month period, this increase in sales and marketing expenses is partially offset by the sale of the Company's credit reporting subsidiary in 1999.

PROVISION FOR CREDIT LOSSES. The provision for credit losses consists of three components: i) a provision for losses on Advances to dealers that are not expected to be recovered through collections on the related installment contract receivable portfolio; ii) a provision for earned but unpaid revenue on installment contracts which were transferred to non-accrual status during the period; and iii) a provision for expected losses on the investment in operating leases. The provision for credit losses decreased from $49.6 million and $53.8 million for the three and nine months ended September 30, 1999 to $ 3.1 million and $ 8.1 million for the same periods in 2000, representing decreases of 93.8% and 85.0%, respectively. The decreases are primarily due to higher provisions needed in the third quarter of 1999 for losses on Advances to dealers with respect to loan pools originated in 1995, 1996 and 1997. As such, the Company recorded a pre-tax charge of $47.3 million during the third quarter of 1999. The charge was necessary due to collections in affected loan pools falling below estimates indicating further impairment of advance balances associated with these pools. To a much lesser extent, the decreases are due to lower provisions needed for earned but unpaid revenue primarily resulting from the decrease in the percent of non-accrual installment contracts receivable.

The decreases are partially offset by an increase in the provision for losses associated with the Company's investments in operating leases resulting primarily from the significant increase in operating lease originations. To a lesser extent, an increase in the provision was required to reflect increased lease repossession rates and lower than originally estimated residual values. While actual data on the realization of the Company's residual values will not be available until June 2002, the Company continuously analyzes its residual value levels based on the results of the early liquidation of residual values relating to repossessed vehicles and current residual guidebook values.

The advance provision is based on management's analysis of loan performance utilizing the Company's loan servicing system, which allows management to estimate future collections for each dealer pool using historical loss experience and a dealer-by-dealer static pool analysis. The amount provided, as a percent of new contract originations, was 35.5% and 13.2% for the three and nine months ended September 30, 1999 and 1.1% and 1.3% for the same periods in 2000. For the Company's North American operations, the amount provided, as a percent of new contract originations, declined from 47.7% and 15.6% for the three and nine months ended September 30, 1999 to 0.1% and 0.5% for the same periods in 2000.

For the Company's United Kingdom operations, the amount provided, as a percent of new contract originations, declined from 6.5% and 4.2% for the three and nine months ended September 30, 1999 to 3.2% and 3.4% for the same periods in 2000. These decreases are due to continued improvements in the quality of business originated, based on management's analysis.

PROVISION FOR CLAIMS. The amount provided for insurance and service contract claims, as a percent of total revenue, decreased from 3.2% and 3.0% during the three and nine months ended September 30, 1999 to 1.9% and 2.3% during the same periods in 2000. These decreases correspond with decreases, as a percent of total revenue, in premiums earned from 10.9% and 6.3% for the three and nine months ended September 30, 1999 to 8.9% and 7.6% for the same periods in 2000. The claims reserves are based on estimates of claims reported but unpaid plus estimates of incurred but unreported claims. Based on such estimates, the amount provided on a per contract basis for service contract claims was reduced during the nine months ended September 30, 2000.

DEPRECIATION OF LEASED VEHICLES. Depreciation of leased vehicles is recorded on a straight-line basis to the residual value of the vehicle over the scheduled lease term. The depreciation expense recorded on leased vehicles increased from $142,000 and $176,000 for the three and nine months ended September 30, 1999 to $1.7 million and $3.5 million for the same periods in 2000. These increases are the result of increases in lease originations during the respective periods.

VALUATION ADJUSTMENT ON RETAINED INTEREST IN SECURITIZATION. The Company recorded a $13.0 million and $13.5 million valuation adjustment during the three and nine months ended September 30, 1999, respectively, on the retained interest in securitization related to the Company's July 1998 securitization. The retained interest in securitization represents an accounting estimate based on several variables including the amount and timing of collections on the underlying installment contracts receivable, the amount and timing of projected dealer holdback payments and interest costs. The Company regularly reviews the actual performance of these variables against the collections on the installment contracts underlying the securitized Advances and the resulting $13.0 million write down in the third quarter of 1999. The Company continues to assess the performance of the 1998 securitization and makes adjustments when necessary.

INTEREST EXPENSE. Interest expense, as a percent of total revenue, remained the same at 13.2% for the three months ended September 30, 1999 and 2000 and decreased from 14.2% for the nine months ended September 30, 1999 to 13.6% for the same period in 2000. The decrease in interest expense is primarily the result of a decrease in the amount of average outstanding borrowings, which resulted from the positive cash flow generated from: i) collections on installment contracts receivable exceeding cash Advances to dealers and payments of dealer holdbacks; ii) proceeds from the sale of the Company's credit reporting services subsidiary; and iii) a reduction in federal tax payments as a result of the taxable loss in 1999. The decreases were partially offset by higher average interest rates. The weighted average interest rate increased from 8.79% and 8.93% for the three and nine months ended September 30, 1999 to 9.66% and 10.20% for the same periods in 2000. The increases in the average interest rates are the result of: i) the impact of fixed borrowing costs, such as facility fees, up front fees and other costs on average interest rates when average outstanding borrowings are decreasing; ii) an increase on December 1, 1999 and January 15, 2000 of 50 and 75 basis points, respectively, in the interest rate on outstanding borrowings under the Company's senior notes resulting from amendments to the note purchase agreements due to the $47.3 million pre-tax charge in the third quarter of 1999; and iii) an increase in the average interest rate on the Company's line of credit due to higher average Eurocurrency rates during the periods.

OPERATING INCOME (LOSS). As a result of the aforementioned factors, operating income (loss) increased from ($51.8) million and ($36.2) million for the three and nine months ended September 30, 1999 to $9.2 million and $27.4 million for the same periods in 2000, representing increases of 117.8% and 175.8%, respectively.

GAIN ON SALE OF SUBSIDIARY. The Company recorded a pre-tax gain of $14.7 million during the nine months ended September 30, 1999 from the sale of the Company's credit reporting services subsidiary. The net proceeds from the sale were used to reduce outstanding indebtedness under the Company's credit facility.

FOREIGN EXCHANGE GAIN (LOSS). The Company incurred foreign exchange gains of $62,000 and $8,000 for the three and nine months ended September 30, 1999 and foreign exchange losses of ($5,000) and ($85,000) for the same periods in 2000. The gains and losses result from the effect of exchange rate fluctuations between the U.S. dollar and foreign currencies on unhedged intercompany balances between the Company and its foreign subsidiaries.

PROVISION (CREDIT) FOR INCOME TAXES. The provision (credit) for income taxes increased from ($18.1) million and ($7.0) million during the three and nine months ended September 30, 1999 to $3.1 million and $9.4 million during the same periods in 2000. The increases are due to a higher level of pre-tax income in 2000, primarily resulting from the $47.3 million pre-tax charge in the third quarter of 1999. For the nine months ended September 30, the effective tax rate (credit) was (32.6%) in 1999 and 34.3 % in 2000. A reconciliation of U.S. Federal statutory rate (credit) to the Company's effective tax rate (credit) were as follows:

	Nine Months Ended	
	09/30/99	9/30/00
U.S. federal statutory rate (credit)	(35.0%)	35.0%
State income taxes	(2.9)	(0.1)
Foreign income taxes	0.6	(0.6)
Other	(0.1)	--
Provision (credit) for income taxes	(32.6%)	34.3%

INSTALLMENT CONTRACTS RECEIVABLE

The following table summarizes the composition of installment contracts receivable at the dates indicated (dollars in thousands):

	As of	
	December 31, 1999	September 30, 2000
Gross installment contracts receivable	$ 679,247	$ 680,972
Unearned finance charges	(99,174)	(101,257)
Unearned insurance premiums, insurance reserves, and fees	(9,544)	(8,252)
Installment contracts receivable	$ 570,529	$ 571,463

A summary of changes in gross installment contracts receivable is as follows (dollars in thousands):

	Three Months Ended		Nine Months Ended	
	9/30/99	9/30/00	9/30/99	9/30/00
	(Unaudited)		(Unaudited)	
Balance -- beginning of period	$ 694,071	$ 686,551	$ 794,831	$ 679,247
Gross amount of installment contracts accepted	138,365	128,313	401,338	428,260
Cash collections on installment contracts receivable	(99,063)	(97,248)	(315,047)	(302,206)
Charge offs	(55,874)	(32,570)	(195,155)	(109,072)
Currency translation	5,525	(4,074)	(2,943)	(15,257)
Balance -- end of period	$ 683,024	$ 680,972	$ 683,024	$ 680,972

INVESTMENT IN OPERATING LEASES

The following table summarizes the composition of investment in operating leases, net (dollars in thousands):

	As of	
	December 31, 1999	September 30, 2000
		(Unaudited)
Gross leased vehicles	$ 8,442	$ 36,952
Accumulated depreciation	(453)	(3,613)
Gross deferred costs	1,061	5,489
Accumulated amortization of deferred costs	(108)	(1,002)
Lease payments receivable	264	2,446
Investment in operating leases	9,206	40,272
Less: Allowance for lease vehicle losses	(91)	(1,277)
Investment in operating leases, net	$ 9,115	$ 38,995

A summary of changes in gross leased vehicles is as follows (dollars in thousands):

	Three Months Ended		Nine Months Ended	
	9/30/99	9/30/00	9/30/99	9/30/00
	(Unaudited)		(Unaudited)	
Balance -- beginning of period	$ 1,430	$ 30,178	$ --	$ 8,443
Gross operating leases originated	2,244	8,853	3,674	31,560
Operating lease liquidations	--	(2,079)	--	(3,051)
Balance -- end of period	$ 3,674	$ 36,952	$ 3,674	$ 36,952

DEALER HOLDBACKS

The following table summarizes the composition of dealer holdbacks at the dates indicated (dollars in thousands):

	As of	
	December 31, 1999	September 30, 2000
		(Unaudited)
Dealer holdbacks	$ 540,799	$ 541,663
Less: Advances (net of reserves of $4,329 and $6,605 at December 31, 1999 and September 30, 2000 respectively)	(338,656)	(330,731)
Dealer holdbacks, net	$ 202,143	$ 210,932

CREDIT POLICY AND EXPERIENCE

When an installment contract is assigned to the Company by a participating dealer, the Company generally pays a cash advance to the dealer. The Company maintains a reserve against Advances to dealers that are not expected to be recovered through collections on the related installment contract portfolio. For purposes of establishing the reserve, future collections are reduced to present-value in order to achieve a level yield over the remaining term of the advance equal to the expected yield at the origination of the impaired advance. The Company's loan servicing system allows the Company to estimate future collections for each dealer pool using historical loss experience and a dealer by dealer static pool analysis. Future reserve requirements will depend in part on the magnitude of the variance between management's estimate of future collections and the actual collections that are realized. The Company charges off dealer Advances against the reserve at such time and to the extent that the Company's static pool analysis determines that the advance is completely or partially impaired.

The Company maintains an allowance for credit losses which, in the opinion of management, adequately reserves against losses in the portfolio of receivables. The risk of loss to the Company related to the installment contracts receivable balances relates primarily to the earned but unpaid revenue on installment contracts which were

transferred to non-accrual status during the period. Servicing fees, which are booked as finance charges, are recognized under the interest method of accounting until the underlying obligation is 90 days past due on a recency basis. At such time, the Company suspends the accrual of revenue and makes a provision for credit losses equal to the earned but unpaid revenue. In all cases, contracts on which no material payment has been received for nine months are charged off against dealer holdbacks, unearned finance charges and the allowance for credit losses.

The Company also maintains an allowance for lease vehicle losses which consists of a reserve for residual losses on leased vehicles and a reserve for earned but unpaid revenue on operating leases. The residual values represent estimates of the values of the assets at the end of the lease contracts and are initially recorded based on estimates. Realization of the residual values is dependent on the Company's future ability to market the vehicles under then prevailing market conditions. The unpaid revenue is fully reserved at 90 days past due on a recency basis. Management reviews these reserves periodically to determine that the allowance for lease vehicle losses is appropriate.

Ultimate losses may vary from current estimates and the amount of provision, which is a current period expense, may be either greater or less than actual charge offs.

The following tables set forth information relating to charge offs, the allowance for credit losses, the reserve on Advances, and the allowance for lease vehicle losses (dollars in thousands):

	Three Months Ended		Nine Months Ended	
	9/30/99	9/30/00	9/30/99	9/30/00
	(Unaudited)		(Unaudited)	
CHARGE OFFS				
Charged against dealer holdbacks..................	$ 44,779	$ 25,983	$ 156,312	$ 87,150
Charged against unearned finance charges..........	10,309	5,959	35,781	20,374
Charged against allowance for credit losses.......	786	373	3,062	1,293
Total contracts charged off.......................	$ 55,874	$ 32,315	$ 195,155	$ 108,817
Net charge offs against the reserve on Advances...	$ 61,481	$ 2,463	$ 68,989	$ 3,041

	Three Months Ended		Nine Months Ended	
	9/30/99	9/30/00	9/30/99	9/30/00
	(Unaudited)		(Unaudited)	
ALLOWANCE FOR CREDIT LOSSES				
Balance -- beginning of period..................	$ 5,114	$ 4,184	$ 7,075	$ 4,742
Provision for loan losses.......................	398	581	780	996
Charge offs.....................................	(786)	(373)	(3,062)	(1,293)
Currency translation............................	39	(18)	(28)	(71)
Balance -- end of period........................	$ 4,765	$ 4,374	$ 4,765	$ 4,374

	Three Months Ended		Nine Months Ended	
	9/30/99	9/30/00	9/30/99	9/30/00
	(Unaudited)		(Unaudited)	
RESERVE ON ADVANCES				
Balance -- beginning of period..................	$ 16,090	$ 7,695	$ 19,954	$ 4,329
Provision for advance losses....................	49,167	1,452	53,005	5,370
Advance reserve fees............................	-	-	8	-
Charge offs.....................................	(61,481)	(2,463)	(68,989)	(3,041)
Currency translation............................	56	(79)	(146)	(53)
Balance -- end of period........................	$ 3,832	$ 6,605	$ 3,832	$ 6,605

	Three Months Ended		Nine Months Ended	
	09/30/99	09/30/00	09/30/99	09/30/00
		(Unaudited)		(Unaudited)
ALLOWANCE FOR LEASE VEHICLE LOSSES				
Balance -- beginning of period..................	$ 10	$ 619	$ -	$ 91
Provision for lease vehicle losses..............	25	1,041	35	1,731
Charge offs.....................................	-	(383)	-	(545)
Balance, end of period..........................	$ 35	$ 1,277	$ 35	$ 1,277

	As of	
CREDIT RATIOS	December 31, 1999	September 30, 2000
		(Unaudited)
Allowance for credit losses as a percent of gross installment contracts receivable...	0.7%	0.6%
Reserve on Advances as a percent of Advances............................	1.3%	2.0%
Allowance for lease vehicle losses as a percent of investment in operating leases..	1.0%	3.2%
Gross dealer holdbacks as a percent of gross installment contracts receivable...	79.6%	79.5%

LIQUIDITY AND CAPITAL RESOURCES

The Company's principal need for capital is to fund cash Advances made to dealers in connection with the acceptance of installment contracts, for the payment of dealer holdbacks to dealers who have repaid their advance balances and to fund the origination of used vehicle leases. These cash outflows to dealers increased from $219.8 million during the nine months ended September 30, 1999 to $234.1 million during the same period in 2000. These amounts have historically been funded from cash collections on installment contracts, cash provided by operating activities and borrowings under the Company's credit agreements. The Company maintains a significant dealer holdback on installment contracts accepted which assists the Company in funding its long-term cash flow requirements. During the first nine months of 2000, the Company's total balance sheet indebtedness increased from $159.0 million as of December 31, 1999 to $166.8 million as of September 30, 2000.

The Company has a $115 million credit agreement with a commercial bank syndicate. The facility has a commitment period through June 12, 2001 and is subject to annual extensions for additional one year periods at the request of the Company with the consent of each of the banks in the facility. The agreement provides that, at the Company's discretion, the interest rate is payable at either the Eurocurrency rate plus 140 basis points, or at the prime rate. The Eurocurrency borrowings may be fixed for periods up to six months. The credit agreement has certain restrictive covenants, including limits on the ratio of the Company's debt to equity, debt to Advances, debt to installment contracts receivable, Advances to installment contracts receivable, fixed charges to net income, limits on the Company's investment in its foreign subsidiaries and requirements that the Company maintain a specified minimum level of net worth. Borrowings under the credit agreement are secured through a lien on most of the Company's assets on an equal and ratable basis with the Company's senior notes. As of September 30, 2000, there was approximately $59.8 million outstanding under this facility.

On August 5, 1999, the Company's Board of Directors authorized a common stock repurchase program of up to 1,000,000 shares of the Company's common stock. On each of February 7, 2000, June 7, 2000, July 13, 2000 and November 10, 2000, the Company's Board of Directors authorized increases in the Company's stock repurchase program of an additional 1,000,000 shares. As of September 30, 2000, the Company has repurchased approximately 3.5 million shares of the 5 million shares authorized to be repurchased under this program at a cost of $18.0 million.

On August 8, 2000, the Company completed a secured financing of advance receivables. Pursuant to this transaction, the Company contributed dealer Advances having a carrying amount of approximately $82.4 million and received approximately $63.9 million in financing, which is net of both the underwriter's fees and the required escrow account, from an institutional investor. The money received was used to reduce outstanding borrowings under the line of credit. The financing, which is nonrecourse to the Company, bears interest at a floating rate equal to the commercial paper rate plus 57.5 basis points with a maximum rate of 8.5% and is anticipated to fully amortize within twenty months. The financing is secured by the contributed dealer Advances, the rights to collections on the related installment contracts receivable and certain related assets up to the sum of the contributed dealer Advances and the Company's servicing fee. The Company will receive a monthly servicing fee equal to 6% of the collections of the contributed installment contracts receivable. Except for the servicing fee and payments due to dealers, the Company will not receive any portion of collections on the installment contracts receivable until the underlying indebtedness has been repaid in full.

The Company has $9.7 million of principal maturing on its senior notes in the fourth quarter of 2000 which the Company expects to repay from cash generated from operations and amounts available under its $115 million credit agreement.

The Company's short and long-term cash flow requirements are materially dependent on future levels of originations. For the nine months ended September 30, 2000, the Company experienced an increase in originations over the same period in 1999. The Company expects this trend to continue in future periods and, to the extent this trend does continue, the Company will experience an increase in its need for capital.

The Company is currently under examination by the Internal Revenue Service for its tax years ended December 31, 1993, 1994 and 1995. The IRS has identified and taken under advisement the tax treatment of certain items. Although the Company is unable to quantify its potential liability from the audit, the resolution of these items in a manner unfavorable to the Company may have a material adverse effect on the Company's financial position, liquidity and results of operations.

In connection with the audit, the IRS has issued a Technical Advice Memorandum which would directly impact the timing of tax recognition of income accrual with respect to certain items. The views expressed in the Memorandum are contrary to the Company's tax accounting method for such items. The total amount of exposure from this tax issue cannot be reasonably estimated due to the lack of available information required for such estimation and due to the uncertainties of computation, the methodology for which must be agreed upon by the IRS. In the worst case, the application of the ruling to the Company's financing activities could result in the recognition of taxable income with respect to certain items exceeding the current net income reported for book purposes. The Company has the right to appeal the ruling once issued, or may challenge the positions of the IRS in court.

Based upon anticipated cash flows, management believes that amounts available under its credit agreement, cash flow from operations and various financing alternatives available will provide sufficient financing for current debt maturities and for future operations. If the various financing alternatives were to become limited or unavailable to the Company, the Company's operations could be materially adversely affected.

FORWARD-LOOKING STATEMENTS

The foregoing discussion and analysis contains a number of forward looking statements within the meaning of the Securities Act of 1933 and the Securities Exchange Act of 1934, both as amended, with respect to expectations for future periods which are subject to various risks and uncertainties. The risks and uncertainties are detailed from time to time in reports filed by the Company with the Securities and Exchange Commission, including forms 8-K, 10-Q, and 10-K, and include, among others, competition from traditional financing sources and from non-traditional lenders, availability of funding at competitive rates of interest, 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 ability to maintain or increase the volume of installment contracts or leases accepted, the Company's inability to accurately forecast and estimate future collections and historical collection rates, the Company's inability to accurately estimate the residual values of the lease vehicles and the Company's ability to complete various financing alternatives.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Refer to the Company's Annual Report on Form 10-K for the year ended December 31, 1999 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 1999 Annual Report on Form 10-K.

PART II. -- OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

As previously disclosed in the Company's 1999 Annual Report on Form 10-K and Quarterly Reports on Form 10-Q for the quarters ended March 31, 2000 and June 30, 2000 during the first quarter of 1998, several putative class action complaints were filed by shareholders against the Company and certain officers and directors of the Company in the United States District Court for the Eastern District of Michigan seeking money damages for alleged violations of the federal securities laws. On August 14, 1998, a Consolidated Class Action Complaint, consolidating the claims asserted in those cases, was filed. The Complaint generally alleged that the Company's financial statements issued during the period August 14, 1995 through October 22, 1997 did not accurately reflect the Company's true financial condition and results of operations because such reported results failed to be in accordance with generally accepted accounting principles and such results contained material accounting irregularities in that they failed to reflect adequate reserves for credit losses. The Complaint further alleged that the Company issued public statements during the alleged class period which fraudulently created the impression that the Company's accounting practices were proper. On April 23, 1999, the Court granted the Company's and the defendant officers' and directors' motion to dismiss the Complaint and entered a final judgment dismissing the action with prejudice. On May 6, 1999, plaintiffs filed a motion for reconsideration of the order dismissing the Complaint or, in the alternative, for leave to file an amended complaint. On July 13, 1999, the Court granted the plaintiffs' motion for reconsideration and granted the plaintiffs leave to file an amended complaint. Plaintiffs filed their First Amended Consolidated Class Action Complaint on August 2, 1999. On September 30, 1999, the Company and the defendant officers and directors filed a motion to dismiss that complaint. On or about November 10, 1999, plaintiffs sought and were granted leave to file a Second Amended Consolidated Class Action Complaint. A hearing on the defendants' motion to dismiss the Second Amended Consolidated Class Action Complaint was held on March 1, 2000 and on March 24, 2000 the Court granted the Company's and the defendant officers' and directors' motion to dismiss the Second Amended Consolidated Class Action Complaint and entered a final judgment dismissing the action with prejudice. On April 7, 2000, plaintiffs filed a notice of appeal from the District Court's judgment. On October 26, 2000, the parties reached an agreement in principle to settle the action. The proposed settlement is subject to entry into a formal Stipulation of Settlement, submission of the Stipulation to the District Court following remand of the action from the Court of Appeals for purposes of settlement only, and approval of the proposed settlement by the District Court following notice to class members and a hearing. This proposed settlement is not expected to have a material impact on the Company's financial results.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

See Index of Exhibits following the signature page.

(b) Reports on Form 8-K

The Company was not required to file a current report on Form 8-K during the quarter ended September 30, 2000 and none were filed during that period.

SIGNATURES

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

CREDIT ACCEPTANCE CORPORATION
(Registrant)

/S/DOUGLAS W. BUSK

DOUGLAS W. BUSK
Treasurer and Chief Financial Officer
November 14, 2000

(Principal Financial Officer and Duly Authorized Officer)

/S/LINDA M. CARDINALE

LINDA M. CARDINALE
Vice President -- Accounting
November 14, 2000

(Principal Accounting Officer)

INDEX OF EXHIBITS

EXHIBIT	DESCRIPTION
4 (f) (11)	Amendment No. 3 dated August 8, 2000 to Note Purchase Agreement dated July 7, 1998 among Kitty Hawk Funding Corporation, CAC Funding Corp. and NationsBank, N.A.
4 (f) (12)	Amendment No. 3 dated August 8, 2000 to Contribution Agreement dated July 7, 1998 between the Company and CAC Funding Corp.
27	Financial Data Schedule

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EXHIBIT 4(f)(11)

AMENDMENT NO. 3 TO
NOTE PURCHASE AGREEMENT

AMENDMENT NO. 3 TO NOTE PURCHASE AGREEMENT (this "Amendment"), dated as of August 8, 2000, among KITTY HAWK FUNDING CORPORATION, a Delaware corporation, as a secured party (together with its successors and assigns, the "Company"), CAC FUNDING CORP., a Nevada corporation, as issuer (together with its successors and assigns, the "Issuer") and BANK OF AMERICA, N.A., a national banking association ("Bank of America"), individually and as agent for the Company and the Bank Investors (together with its successors and assigns in such capacity, the "Agent"), amending that certain Note Purchase Agreement (as amended to the date hereof, the "Note Purchase Agreement"), dated as of July 7, 1998, among the Company, the Issuer and Bank of America (known under the Note Purchase Agreement as "NationsBank, N.A."), individually and as the Agent.

WHEREAS, on the terms and conditions set forth herein, the parties thereto wish to amend the Note Purchase Agreement as provided herein.

NOW, THEREFORE, the parties hereby agree as follows:

SECTION 1. Defined Terms. As used in this Amendment capitalized terms have the same meanings assigned thereto in the Note Purchase Agreement.

SECTION 2. Amendment of Certain Terms.

(1) Section 1.1 of the Note Purchase Agreement is hereby amended by deleting the reference to "December 13, 2000" in the definition of "Commitment Termination Date" and replacing such reference with "August 7, 2001".

(2) Section 1.1 of the Note Purchase Agreement is hereby amended by deleting the definition of "Facility Limit" and replacing it with the following:

> "`Facility Limit' shall mean, as of August 8, 2000, $101,833,000, and at any time thereafter, 103% of the Net Investment; provided, that at no time shall the Facility Limit exceed $101,833,000."

(3) Section 1.1 of the Note Purchase Agreement is hereby amended by deleting the reference to "December 13, 2000" in clause (viii) of the definition of "Termination Date" and replacing such reference with "August 7, 2001".

(4) Section 2.1(e)(i)(4) of the Note Purchase Agreement is hereby amended by deleting the reference to "December 31, 2006" and replacing such reference with "August 1, 2007".

SECTION 3. Representations and Warranties. The Issuer hereby makes to the Agent, the Company and the Bank Investors, on and as of the date hereof, all of the representations and warranties set forth in Section 4.1 of the Note Purchase Agreement and Sections 3.1 and 3.2 of the Security Agreement, except that to the extent that any of such representations and warranties expressly relate to an earlier date, such representations and warranties shall be true and correct as of such earlier date.

SECTION 4. Effectiveness. This Amendment shall become effective on August 8, 2000.

SECTION 5. Condition Precedent to Subsequent Funding. Prior to the Subsequent Funding on or next succeeding the date hereof, the Debtor shall obtain and, unless otherwise consented to by the Agent, have at all times in effect, an interest rate cap agreement (the "Interest Rate Cap") with a financial institution (the "Cap Counterparty"), which shall at all times during the term of the Interest Rate Cap be acceptable to the Agent and shall have at all times a rating of at least "A3" from Moody's and "A-" from Standard & Poor's and which has irrevocably and unconditionally agreed that, prior to the date which is one year and one day after the payment in full of all Commercial Paper issued by the Company, it will not acquiesce, petition or otherwise invoke or cause the Debtor to invoke the process of any Governmental Authority for the purpose of commencing or sustaining a case against the Debtor under any Federal or state bankruptcy, insolvency or similar law or appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official of the Debtor or any substantial part of its property or ordering the winding-up or liquidation of the affairs of the Debtor. The Interest Rate Cap shall be in form and substance acceptable to the Agent and shall provide (i) that all amounts payable thereunder shall be paid by the Cap Counterparty directly to the Collection Account, (ii) that the Debtor's rights thereunder have been irrevocably assigned to, and a security interest therein has been granted to, the Collateral Agent for the benefit of the Secured Parties, (iii) for a strike rate of not more than 8.50% per annum, and (iv) that it covers a notional amount corresponding to an amortization schedule provided by the Collateral Agent and attached hereto as Exhibit A. Nothing in this Section shall be interpreted as limiting in any way the other conditions to Funding in the Note Purchase Agreement or the Security Agreement.

SECTION 6. Costs and Expenses. The Issuer shall pay all of the Company's, the Bank Investors' and the Agent's cost and expenses (including out of pocket expenses and reasonable attorneys fees and disbursements) incurred by them in connection with the preparation, execution and delivery of this Amendment.

SECTION 7. Governing Law. THIS AMENDMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

SECTION 8. Severability; Counterparts. This Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute one and the same instrument. Any provisions of this Amendment which are 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, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

SECTION 9. 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 10. Ratification. Except as expressly affected by the provisions hereof, the Note Purchase Agreement as amended shall remain in full force and effect in accordance with its terms and ratified and confirmed by the parties hereto. On and after the date hereof, each reference in the Note Purchase Agreement to "this Agreement", "hereunder", "herein" or words of like import shall mean and be a reference to the Agreement as amended by this Amendment.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Amendment No. 3 to the Note Purchase Agreement as of the date first written above.

CAC FUNDING CORP., as Issuer

By: /S/DOUGLAS W. BUSK

Name: Douglas W. Busk

KITTY HAWK FUNDING CORPORATION,
as Company

By: /S/ANDY YAN

Name: Andy Yan
Title: Vice President

BANK OF AMERICA, N.A., Individually and
as Collateral Agent

By: /S/MICHELLE M. HEATH

Name: Michelle M. Heath
Title: Managing Director

EXHIBIT 4 (f)(12)

AMENDMENT NO. 3 TO CONTRIBUTION AGREEMENT

This AMENDMENT NO. 3 TO CONTRIBUTION AGREEMENT ("Amendment No. 3"), dated as of August 8, 2000, is made between CREDIT ACCEPTANCE CORPORATION, a Michigan corporation ("CAC") and CAC FUNDING CORP., a Nevada corporation ("Funding").

On July 7, 1998, CAC and Funding entered into a Contribution Agreement pursuant to which CAC did assign, transfer and convey to Funding a pool of Loans constituting the Contributed Property, and Funding did use such loans as collateral to obtain financing from unrelated parties. On June 30, 1999, and December 15, 1999, CAC and Funding entered into Amendments No. 1 and No. 2, respectively, to the Contribution Agreement to provide for the transfer by CAC to Funding of additional Loans and related property. Funding now desires to acquire additional Loans and related property from CAC identified herein, including CAC's rights in the Dealer Agreements and Contracts securing payment of such Loans and the Collections derived therefrom during the full term of this Agreement, and CAC desires to transfer, convey and assign such additional Loans and related property to Funding upon the terms and conditions hereinafter set forth. CAC has agreed to service the Loans and related property to be transferred, conveyed and assigned to Funding.

In consideration of the premises and the mutual agreements set forth herein, it is hereby agreed by and between CAC and Funding as follows:

SECTION 1. Definitions. All capitalized terms used herein shall have the meanings specified in the Contribution Agreement, as amended, or if not so specified, the meaning specified in, or incorporated by reference into, the Security Agreement or the Note Purchase Agreement, as the same may be amended through the date hereof, and shall include in the singular number the plural and in the plural number the singular. All accounting terms not specifically defined herein or therein shall be construed in accordance with GAAP. All terms used in Article 9 of the Relevant UCC, and not specifically defined herein, are used herein as defined in such Article 9. In addition, the following capitalized terms shall have the meanings shown in this Section:

"Additional Contributed Property" means (i) all Loans, including, without limitation, all monies due or to become due, and all monies received, with respect thereto on or after the Cut-Off Date and all Related Security therefor (including all of CAC's right, title and interest in and to the vehicle retail installment sales contracts identified on Schedule 1 attached hereto), (ii) all Collections and (v) and all proceeds (including "proceeds" as defined in the UCC) of any of the foregoing.

"Closing Date" means August 8, 2000.

"Contribution Agreement" means the Contribution Agreement between CAC and Funding dated July 7, 1998, as amended.

"Cut-Off Date" means August 1, 2000.

"Loans" shall mean all amounts owing to CAC on account of advances made by CAC pursuant to Dealer Agreements entered into between CAC and a new or used automobile and/or light-duty truck dealer, including servicing charges, insurance charges and service policies and all related finance charges, late charges, and all other fees and charges charged to any such dealer, which Loans are related to those vehicle retail installment sales contracts identified on Schedule 1 attached hereto and are payable from Collections.

SECTION 2. Contribution and Sale of Additional Contributed Property. (a) Upon the terms and subject to the conditions set forth herein (i) CAC hereby assigns, transfers and conveys to Funding, and Funding hereby accepts from CAC, on the terms and subject to the conditions specifically set forth herein, all of CAC's right, title and interest, in, to and under the Additional Contributed Property conveyed on the Closing Date. Such sale, assignment, transfer and conveyance does not constitute an assumption by Funding of any obligations of CAC or any other Person to Obligors or to any other Person in connection with the Loans or under any Related Security, Dealer Agreement or other agreement and instrument relating to the Loans.

(b) In connection with any such foregoing conveyance, CAC agrees to record and file on or prior to the Closing Date, at its own expense, a financing statement or statements with respect to the Additional Contributed Property conveyed by CAC hereunder meeting the requirements of applicable state law in such manner and in such jurisdictions as are necessary to perfect and protect the interests of Funding created hereby under the Relevant UCC (subject, in the case of Related Security constituting returned inventory, to the applicable provisions of Section 9-306 of the Relevant UCC) against all creditors of and purchasers from CAC, and to deliver either the originals of such financing statements or a file-stamped copy of such financing statements or other evidence of such filings to Funding on the Closing Date.

(c) CAC agrees that from time to time, at its expense, it will promptly execute and deliver all instruments and documents and take all actions as may be necessary or as Funding may reasonably request in order to perfect or protect the interest of Funding in the Loans and other Additional Contributed Property purchased hereunder or to enable Funding to exercise or enforce any of its rights hereunder. CAC shall, upon request of Funding, obtain such additional search reports as Funding shall request. To the fullest extent permitted by applicable law, Funding shall be permitted to sign and file continuation statements and amendments thereto and assignments thereof without CAC's signature. Carbon, photographic or other reproduction of this Agreement or any financing statement shall be sufficient as a financing statement.

(d) It is the express intent of CAC and Funding that the conveyance of the Loans and other Additional Contributed Property by CAC to Funding pursuant to this Amendment No. 3 be construed as a complete transfer of such Loans and other Additional Contributed Property by CAC to Funding. Further, it is not the intention of CAC and Funding that such conveyance be deemed a grant of a security interest in the Loans and other Additional Contributed Property by CAC to Funding to secure a debt or other obligation of CAC. However, in the event that, notwithstanding the express intent of the parties, the Loans and other Additional Contributed Property are construed to constitute property of CAC, then (i) this Amendment No. 3 also shall be deemed to be, and hereby is, a security agreement within the meaning of the Relevant UCC; and (ii) the conveyance by CAC provided for in this Amendment No. 3 shall be deemed to be, and CAC hereby grants to Funding, a security interest in, to and under all of CAC's right, title and interest in, to and under the Additional Contributed Property, to secure the rights of Funding set forth in this Amendment No. 3 or as may be determined in connection therewith by applicable law. CAC and Funding shall, to the extent consistent with this Amendment No. 3, take such actions as may be necessary to ensure that, if this Amendment No. 3 were deemed to create a security interest in the Loans and other Additional Contributed Property, such security interest would be deemed to be a perfected security interest in favor of Funding under applicable law and will be maintained as such throughout the term of this Agreement.

(e) In connection with such conveyance, CAC agrees to deliver to Funding on the Closing Date, one or more computer files or microfiche lists containing true and complete lists of all Dealer Agreements and Loans conveyed to Funding on the Closing Date, and all Contracts securing all such Loans, identified by account number, dealer number, and pool number and Outstanding Balance as of the Cut-Off Date. Such file or list shall be marked as Schedule 1 to this Amendment No. 3, shall be delivered to Funding as confidential and proprietary, and is hereby incorporated into and made a part of this Amendment No. 3.

SECTION 3. Consideration. The consideration for the Loans and other Additional Contributed Property conveyed on the Closing Date to Funding by CAC under this Amendment No. 3 shall be reflected as by a credit on the books and records of Funding of an amount of additional contributed capital in the form of shareholders' equity with respect to the Shares previously issued to CAC, which amount shall be equal to the aggregate principal amount of the Loans as of the Cut-Off Date that are contributed by CAC to Funding on the Closing Date.

SECTION 4. Representations and Warranties. CAC represents and warrants to Funding as of the Closing Date that:

(a) Corporate Existence and Power. CAC is a corporation duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation and has all corporate power and all material governmental licenses, authorizations, consents and approvals required to carry on its business in each jurisdiction in which its business is now conducted. CAC is duly qualified to do business in, and is in good standing in, every other jurisdiction in which the nature of its business requires it to be so qualified, except where the failure to be so qualified or in good standing would not have a material adverse effect.

(b) Corporate and Governmental Authorization; Contravention. The execution, delivery and performance by CAC of this Amendment No. 3 are within its corporate powers, have been duly authorized by all necessary corporate action, require no action by or in respect of, or filing with, any Official Body or official thereof (except for the filing by Seller of UCC financing statements as required by this Amendment No. 3), and do not contravene, or constitute a default under, any provision of applicable law, rule or regulation or of the

Articles of Incorporation or Bylaws or of any agreement, judgment, injunction, order, writ, decree or other instrument binding upon CAC, or result in the creation or imposition of any Adverse Claim on the assets of CAC or any of its subsidiaries (except those created by this Agreement).

(c) Binding Effect. This Amendment No. 3 constitutes the legal, valid and binding obligation of CAC, enforceable against it in accordance with its terms, subject to applicable bankruptcy, insolvency, moratorium or other similar laws affecting the rights of creditors generally.

(d) Perfection. CAC is the owner of all of the Loans and the other Additional Contributed Property, free and clear of all Adverse Claims. On or prior to the Closing Date, all financing statements and other documents required to be recorded or filed in order to perfect and protect the ownership interest of Funding in and to the Loans and the other Additional Contributed Property against all creditors of and purchasers from CAC will have been duly filed in each filing office necessary for such purpose and all filing fees and taxes, if any, payable in connection with such filings shall have been paid in full.

(e) Accuracy of Information. All information heretofore furnished by CAC to Funding, the Agent, Kitty Hawk and any Bank Investor for purposes of or in connection with this Amendment No. 3 and the Contribution Agreement or any transaction contemplated hereby or thereby is, and all such information hereafter furnished by CAC to Funding, the Agent, Kitty Hawk and any Bank Investor will be, true and accurate in every material respect, on the date such information is stated or certified.

(f) Tax Status. CAC has filed all material tax returns (federal, state and local) required to be filed and has paid or made adequate provision for payment of all taxes, assessments and other governmental charges.

(g) Action, Suits. There are no actions, suits or proceedings pending, or to the knowledge of CAC, threatened against or affecting CAC or any Affiliate of CAC or its properties, in or before any court, arbitrator or other body, which may, individually or in the aggregate, have a material adverse effect on CAC or the Additional Contributed Property.

(h) Place of Business. The principal place of business and chief executive office of CAC is in Southfield, Michigan, and the office where CAC keeps all of its Records is at the address listed in Section 9.3 of the Contribution Agreement, or such other locations notified to Funding in accordance with the Contribution Agreement in jurisdictions where all actions required by the terms of this Amendment No. 3 and the Contribution Agreement have been taken and completed.

(i) Good Title. Upon the contribution of the Loans and related property to Funding pursuant to this Amendment No. 3, Funding shall acquire all of CAC's ownership and other interest in each Loan (and the Related Security, Collections and proceeds with respect thereto) and in the Related Security, Collections and proceeds with respect thereto, in each case free and clear of any Adverse Claim.

(j) Tradenames, Etc. As of the date hereof CAC has not, within the last five (5) years, operated under any tradenames other than its corporate name, nor has it changed its name, merged with or into or consolidated with any other corporation or been the subject of any proceeding under Title 11, United States Code (Bankruptcy).

(k) Nature of Loans, Contracts. Each Loan represented by CAC to be an Eligible Loan, or included in the calculation of the Aggregate Outstanding Eligible Loan Balance, at the time of such representation, or at the time of such calculation, as applicable, in fact satisfies the definition of "Eligible Loan" set forth in the Security Agreement. Each Contract classified as an "Eligible Contract" (or included in any aggregation of balances of "Eligible Contracts") by CAC satisfies at the time of such classification the definition of "Eligible Contract" set forth in the Security Agreement.

(l) Amount of Loans. As of the Cut-Off Date, as reported in the loan servicing system of CAC, the Aggregate Outstanding Eligible Loan Balance was not less than $109,240,855.00.

(m) Collection Guidelines. Since July 7, 1998, there have been no material changes in the Collection Guidelines other than as permitted hereunder and under the Security Agreement. Since such date, no material adverse change has occurred in the overall rate of collection of the Loans.

(n) Collections and Servicing. Since July 7, 1998, there has been no material adverse change in the ability of the Servicer to service and collect the Loans.

(o) Not an Investment Company. CAC is not, and is not controlled by, an "investment company" within the meaning of the Investment Company Act of 1940, as amended, or each is exempt from all provisions of such Act.

(p) ERISA. Each of CAC and its ERISA Affiliates is in compliance in all material respects with ERISA and no lien exists in favor of the Pension Benefit Guaranty Corporation on any of the Loans.

(q) Bulk Sales. No transaction contemplated by this Amendment No. 3 requires compliance with any bulk sales act or similar law.

(r) Preference; Voidability. The transfer of the Loans, Collections, Related Security and other Additional Contributed Property by the Servicer to Funding, has not been made for or on account of an antecedent debt owed by Funding to CAC, or by CAC to

Funding, and neither of such transfers is or may be voidable under any Section of the Bankruptcy Reform Act of 1978 (11 U.S.C. ss. ss. 101 et seq.), as amended. After giving effect to the transfer of the Additional Contributed Property hereunder, CAC will not be insolvent.

(s) Consents, Licenses, Approvals. With respect to each Dealer Agreement and each Loan and Contract and all other Additional Contributed Property, all consents, licenses, approvals or authorizations of or registrations or declarations with any Governmental Authority required to be obtained, effected or given by CAC, in connection with the conveyance of such Loan, Contract or other Additional Contributed Property to Funding have been duly obtained, effected or given and are in full force and effect.

(t) Schedule 1. Schedule 1 to this Amendment No. 3 is and will be an accurate and complete listing of all Dealer Agreements and Loans in all material respects and all Contracts securing such Loans on the date each such Dealer Agreement, Contract and Loan was added to Schedule 1, and the information contained therein with respect to the identity of such Dealer Agreements and Loans and all Contracts securing such Loans and the Outstanding Balances thereunder and under the related Contracts is and will be true and correct in all material respects as of each such date.

(u) Adverse Selection. No selection procedure believed by CAC to be adverse to the interests of Funding has been or will be used in selecting the Dealer Agreements or the Loans (it being expressly understood that the Loans consist of closed pools of Loans under the related Dealer Agreements).

(v) Use of Proceeds. No proceeds of any contribution hereunder will be used for a purpose that violates, or would be inconsistent with, Regulations T, U or X promulgated by the Board of Governors of the Federal Reserve System.

The representations and warranties set forth in this Section 4 shall survive the conveyance of the Additional Contributed Property to Funding, and termination of the rights and obligations of Funding and CAC under this Amendment No. 3. Upon discovery by Funding or CAC of a breach of any of the foregoing representations and warranties, the party discovering such breach shall give prompt written notice to the other within three Business Days of such discovery.

SECTION 5. Reaffirmation of Covenants, etc. CAC and Funding each reaffirm to the other the covenants, undertakings, agreements and obligations set forth in Articles V and VI of the Contribution Agreement as is the same were set forth herein in full and made applicable to the Additional Contributed Property.

SECTION 6. Effectiveness. This Amendment No. 3 shall become effective on August 8, 2000.

SECTION 7. Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF MICHIGAN.

SECTION 8. Counterparts. This Amendment No. 3 may be executed in two or more counterparts including telecopy transmission thereof (and by different parties on separate counterparts), each of which shall be an original, but all of which together shall constitute one and the same instrument.

SECTION 9. Headings. The headings herein are for purposes of reference only and shall not otherwise affect the meaning or interpretation of any provision hereof.

SECTION 10. Ratification. Except as expressly affected by the provisions hereof, the Contribution Agreement, as amended hereby, shall remain in full force and effect in accordance with its terms and is hereby ratified and confirmed by the parties hereto. On and after the date hereof, each reference in the Contribution Agreement to "this Agreement", "hereunder", "herein" or words of like import shall mean and be a reference to the Contribution Agreement as amended by this Amendment No. 3.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, Funding and CAC each have caused this Amendment No. 3 to the Contribution Agreement to be duly executed by their respective officers as of the day and year first above written.

CAC FUNDING CORP.

By: /S/DOUGLAS W. BUSK

Name: Douglas W. Busk
Title: Treasurer and Chief Financial Officer

CREDIT ACCEPTANCE CORPORATION,
individually and as Servicer

By: /S/DOUGLAS W. BUSK

Name: Douglas W. Busk
Title: Treasurer and Chief Financial Officer

Acknowledged and agreed as
of the date first above written:

KITTY HAWK FUNDING CORPORATION

By: /S/RICHARD L. TAIANO

Name: Richard L. Taiano
Title: Vice President

BANK OF AMERICA, N.A., as Agent

By: /S/BRIAN D. KRUM

Name: Brian D. Krum
Title: Vice President

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