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, 1997

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.

Class	Outstanding at November 10,1997
Common Stock - $.01 par value	46,113,115

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CREDIT ACCEPTANCE CORPORATION
CONSOLIDATED BALANCE SHEETS

(Dollars in thousands)	As of 12/31/96	As of 9/30/97 (Unaudited)
ASSETS		
Cash and cash equivalents	$ 229	$ 238
Investments	6,320	9,200
Installment contracts receivable	1,042,146	1,222,542
Allowance for credit losses	(12,195)	(17,211)
Installment contracts receivable, net	1,029,951	1,205,331
Floor plan receivables	15,493	19,359
Notes receivable	2,663	1,589
Property and equipment, net	14,958	19,909
Deferred income taxes, net	-	10,522
Other assets, net	4,804	6,901
TOTAL ASSETS	$1,074,418	$1,273,049
LIABILITIES		
Senior notes	123,400	182,650
Lines of credit	161,482	192,765
Mortgage loan payable to bank	4,017	3,854
Accounts payable and accrued liabilities	29,121	28,974
Income taxes payable	2,569	2,788
Deferred dealer enrollment fees, net	2,264	862
Dealer holdbacks, net	496,434	618,443
Deferred income taxes, net	8,988	-
TOTAL LIABILITIES	828,275	1,030,336
SHAREHOLDERS' EQUITY		
Common stock	458	461
Paid-in capital	125,398	128,269
Retained earnings	116,486	112,866
Cumulative translation adjustment	3,801	1,117
TOTAL SHAREHOLDERS' EQUITY	246,143	242,713
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$1,074,418	$1,273,049

CREDIT ACCEPTANCE CORPORATION
CONSOLIDATED INCOME STATEMENTS
(Unaudited)

(Dollars in thousands, except per share data)	3 Months Ended 9/30/96	3 Months Ended 9/30/97	9 Months Ended 9/30/96	9 Months Ended 9/30/97
REVENUE				
Finance charges	$23,720	$28,956	$66,252	$92,249
Interest and other income	4,539	7,076	10,998	21,475
Dealer enrollment fees	1,378	1,750	3,603	5,672
Premiums earned	2,855	3,111	7,456	8,119
Total revenue	32,492	40,893	88,309	127,515
COSTS AND EXPENSES				
Salaries and wages	2,900	4,278	8,605	12,349
General and administrative	3,881	4,916	10,634	14,410
Provision for credit losses	3,422	64,071	8,869	78,793
Sales and marketing	1,268	2,100	3,115	6,057
Provision for claims	936	1,095	2,470	2,776
Interest	3,801	7,162	8,625	19,639
Total costs and expenses	16,208	83,622	42,318	134,024
OPERATING INCOME (LOSS)	16,284	(42,729)	45,991	(6,509)
Foreign exchange gain(loss)	2	(7)	3	(22)
INCOME (LOSS) BEFORE INCOME TAXES	16,286	(42,736)	45,994	(6,531)
Provision (credit) for income taxes	5,643	(15,028)	16,026	(2,911)
NET INCOME (LOSS)	$10,643	($27,708)	$29,968	($ 3,620)
Net income (loss) per common share	$0.23	$ (0.60)	$0.64	$ (0.08)
Weighted average shares outstanding	46,630,208	46,113,115	46,515,428	46,100,670

CREDIT ACCEPTANCE CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(Dollars in thousands)	9 Months Ended 9/30/96	9 Months Ended 9/30/97
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income (loss)	$ 29,968	($ 3,620)
Adjustments to reconcile net income to net cash provided by operating activities -		
Provision (credit) for deferred income taxes	304	(19,510)
Depreciation and amortization	1,003	1,543
Loss on retirement of property and equipment	-	512
Provision for credit losses	8,869	78,793
Change in operating assets and liabilities -		
Accounts payable and accrued liabilities	9,280	(147)
Income taxes payable	(214)	219
Unearned insurance premiums, insurance reserves, and fees	2,418	1,604
Deferred dealer enrollment fees, net	886	(1,402)
Other assets	2,421	(2,097)
Net cash provided by operating activities	54,935	55,895
CASH FLOWS FROM INVESTING ACTIVITIES		
Principal collected on installment contracts receivable	207,530	283,253
Purchase of marketable securities	(3,526)	(2,880)
Increase in floor plan receivables	(2,076)	(3,866)
Decrease in notes receivable	340	1,074
Purchase of property and equipment	(3,844)	(7,006)
Net cash provided by investing activities	198,424	270,575
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of mortgage loan payable to bank	(152)	(163)
Advances to dealers and payments of dealer holdback	(388,615)	(417,021)
Net borrowings under line of credit agreement	63,563	31,283
Proceeds from senior note issuance	-	71,750
Repayment of senior notes	-	(12,500)
Proceeds from stock options exercised	1,283	2,874
Payment of stock issuance costs	(34)	-
Net cash used in financing activities	(253,955)	(323,777)
Effect of exchange rate changes on cash	621	(2,684)
NET INCREASE IN CASH	25	9
Cash and cash equivalents - beginning of period	1	229
Cash and cash equivalents - end of period	$ 26	$ 238

CREDIT ACCEPTANCE CORPORATION
CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1997
(Unaudited)

(Dollars in thousands)	Common Stock	Paid-In Capital	Cumulative Translation Adjustment	Retained Earnings
Balance as of December 31, 1996	$ 458	$125,398	$ 3,801	$116,486
Net loss	-	-	-	(3,620)
Foreign currency translation adjustment	-	-	(2,684)	-
Stock options exercised	3	2,871	-	-
Balance as of September 30, 1997	$ 461	$128,269	$ 1,117	$112,866

CREDIT ACCEPTANCE CORPORATION
Notes to Consolidated Financial Statements
(Unaudited)

1. GENERAL

The unaudited consolidated operating results have been prepared on the same basis as the audited financial statements and, in the opinion of management, include all adjustments, consisting of normal recurring items, necessary for a fair presentation of the periods. The results of operations for interim periods are not necessarily indicative of actual results achieved for full fiscal years.

As contemplated by the Securities and Exchange Commission under rule 10-01 of Regulation S-X, the accompanying consolidated financial statements and related notes have been condensed and do not contain certain information included in the Company's annual consolidated financial statements and notes thereto. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes included in the Company's Annual Report on Form 10K for the year ended December 31, 1996.

2. NET INCOME PER SHARE

The net income per share amounts are based on the average number of common shares and common stock equivalents outstanding. As the Company incurred a net loss for the three and nine month periods ended September 30, 1997, common stock equivalents would be antidilutive to earnings per share and have not been included in the weighted average shares calculation. All per share amounts have been adjusted to reflect all stock splits declared by the Company.

3. INCOME TAXES

No valuation allowance for deferred tax assets have been recorded at September 30, 1997 as the Company believes that it is more likely than not that the deferred tax assets will be realized in the future.

4. CONTINGENCIES

The Company has obtained waivers from its lenders, including the holders of its senior notes and the banks under its credit agreement, of compliance with the fixed charge coverage ratio covenant in agreements relating to the Company's indebtedness. Such waivers are effective through December 15, 1997. The Company is in the process of negotiating longer term amendments to the agreements with its lenders which are expected to be executed prior to the expiration of the waivers. Although the Company believes the agreements will be modified to the Company's satisfaction, there can be no assurance to that effect. The failure to modify the fixed charge coverage ratio in such agreements prior to December 15 will, in the absence of further waivers, result in a default under such agreement and will require the Company to replace or refinance the indebtedness thereunder on terms less favorable than those currently available.

5. NEW ACCOUNTING STANDARDS

Effective January 1, 1997 the Company adopted Statement of Financial Accounting Standard No. 125, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities." The new accounting standard provides accounting and reporting guidance for transfers and servicing of financial assets and extinguishments of liabilities occurring after December 31, 1996 and is applied prospectively. The adoption of this accounting standard has not affected the Company's financial position or results of operations.

Statement of Financial Accounting Standard No. 128 (SFAS 128), "Earnings per Share," which supersedes APB Opinion No. 15, "Earnings per Share," was issued in February 1997. SFAS 128 requires dual presentation of basic and diluted earnings per share (EPS) for complex capital structures on the face of the income statement. Basic EPS is computed by dividing income by the weighted-average number of common shares outstanding for the period. Diluted EPS reflects the potential dilution from the exercise or conversion of securities into common stock, such as stock options. SFAS 128 is required to be adopted for year-end 1997; earlier application is not permitted. The Company does not expect EPS measured under SFAS 128 to be materially different than EPS measured under APB No. 15.

Statement of Financial Accounting Standard No. 129, "Disclosure of Information About Capital Structure," was issued in February 1997. The Company does not expect it to result in any material change in its financial statements.

Statement of Financial Accounting Standard No. 130, "Reporting Comprehensive Income," was issued in July 1997. SFAS 130 establishes standards for reporting and displaying comprehensive income. Management does not expect the adoption of this statement to have a significant impact on the financial position and results of the operations of the Company. This statement is effective for financial statements for fiscal years beginning after December 15, 1997.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

RESULTS OF OPERATIONS

Three and Nine Months Ended September 30, 1997 Compared to Three and Nine Months Ended September 30, 1996

Total Revenue. Total revenue increased from $32.5 million and $88.3 million for the three and nine months ended September 30, 1996 to $40.9 million and $127.5 million for the same periods in 1997, representing increases of 25.9% and 44.4%, respectively. These increases are primarily the result of increases in finance charge revenue for the three and nine month periods. The level of finance charge revenue is a function of the installment contract receivable balance and the yield realized on these installment contracts. The gross installment contracts receivable balance increased from $1.12 billion as of September 30, 1996 to $1.46 billion as of September 30, 1997. The increase in gross installment contracts receivable is primarily the result of contract originations for the period exceeding the sum of collections on installment contracts and charge offs of installment contracts for the period. Future increases in the installment contracts receivable balance will, in large part, be dependent on future origination volumes. Based on an internal review of dealer profitability, the Company discontinued relationships with dealers representing approximately 15% of the Company's loan volume in the third quarter. Because the review was conducted late in the third quarter, the Company anticipates that fourth quarter origination volume will be negatively impacted as compared to the third quarter. The Company expects to continue to monitor its relationships with dealers and make appropriate adjustments to these relationships as required.

The average yield on the Company's installment contract portfolio was approximately 11.1% and 10.9% for the nine months ended September 30, 1996 and 1997, respectively. The decrease in the average yield resulted from an increase in the percent of installment contracts which were in non-accrual status primarily due to the Company changing its non-accrual policy from 120 days on a contractual basis to 90 days on a recency basis (see "Credit Policy and Experience"). The increase in the level of contractual past due contracts, while significant, is mitigated by the fact that when an installment contract is 90 days past due on a recency basis, the Company (i) transfers the contract to a non-accrual status; and (ii) makes a provision to credit losses equal to the earned but unpaid revenue previously recognized on such installment contract. In addition, the decline in the average yield was also the result of an increase in the average outstanding term of the Company's installment contract portfolio.

Also contributing to the increase in total revenue was interest and other income which increased as a percent of total revenue from 14.0% and 12.5% for the three and nine months ended September 30, 1996 to 17.3% and 16.8% for the same periods in 1997. These increases are primarily due to increases in fees earned from third party service contract and credit life products offered by dealers, and an increase in interest earned on floor plan financing which results from increased floor plan balances in 1997. Earned dealer enrollment fees increased, as a percent of total revenue, from 4.2% and 4.1% for the three and nine months ended September 30, 1996 to 4.3% and 4.4% for the same periods in 1997. These increases are due to the continued increase in the number of dealers participating in the Company's financing program. Premiums earned decreased, as a percent of total revenue, from 8.8% and 8.4% for the three and nine months ended September 30, 1996 to 7.6% and 6.4% for the same periods in 1997. These decreases are primarily the result of decreases, as a percent of total revenue, in premiums written under the Company's service contract and credit life insurance programs.

Salaries and Wages. Salaries and wages, as a percent of total revenue, increased from 8.9% and 9.7% for the three and nine months ended September 30, 1996 to 10.5% and 9.7% for the same periods in 1997. The increases are primarily due to increases in employee headcount, particularly collection personnel added to service the Company's larger installment contract portfolio. To a lesser extent, the increases are due to increases in the Company's average wage rates.

General and Administrative. General and administrative expenses, as a percent of total revenue, increased from 11.9% for the three months ended September 30, 1996 to 12.0% and for the three months ended September 30, 1997 and decreased from 12.0% for the nine months ended September 30, 1996 to 11.3% for the nine months ended September 30, 1997. The decrease for the nine month period reflects the Company's ability to benefit from economies of scale, increasing revenue with less than proportionate increases in general and administrative costs. Partially offsetting this decrease was the $500,000 write-off during the nine months ended September 30, 1997 of computer software no longer used in the Company's operations.

Provision for Credit Losses. The amount provided for credit losses, as a percent of total revenue, increased from 10.5% and 10.0% for the three and nine months ended September 30, 1996 to 156.7% and 61.8% for the same periods in 1997. These increases are primarily the result of a non-cash charge recorded to reflect an enhancement in the Company's methodology for estimating its reserve for advances made possible by a new loan servicing system implemented at the Company's U.S. and Canadian operations during the three months ended September 30, 1997. Utilizing the new information made available upon the successful implementation of this new system, the Company undertook an extensive review of its exposure related to dealer advances using a static pool analysis on a per dealer basis. In order to reflect the impact of this analysis on the Company's advance reserve, a provision for credit losses in the amount of $60.0 million was recorded. In electing to take a charge of this magnitude, the Company believes that it has reflected the full impact of implementing the new loan servicing system and the information now available. Consistent with Statement of Financial Accounting Standards No. 114 "Accounting by Creditors for Impairment of a Loan", one component of this charge, approximately $30.0 million, results from the present valuing of future cash flows used to determine the advance reserve 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.

Sales and Marketing. Sales and marketing expenses, as a percent of total revenue, increased from 3.9% and 3.5% during the three and nine months ended September 30, 1996 to 5.1% and 4.8% during the same periods in 1997. These increases are primarily the result of increased sales commissions as a result of the increased enrollment of new dealers into the Company's program, as well as an increase in other costs directly associated with the enrollment of new dealers.

Provision for Claims. The amount provided for insurance and service contract claims, as a percent of total revenue, decreased from 2.9% and 2.8% during the three and nine months ended September 30, 1996 to 2.7% and 2.2% during the same periods in 1997. These decreases correspond with decreases, as a percent of total revenue, in premiums earned from 8.8% and 8.4% for the three and nine months ended September 30, 1996 to 7.6% and 6.4% for the same periods in 1997.

Interest Expense. Interest expense, as a percent of total revenue, increased from 11.7% and 9.8% for the three and nine months ended September 30, 1996 to 17.5% and 15.4% for the same periods in 1997. These increases are a result of an increase in the amount of average outstanding borrowings. To a lesser extent, interest expense increased due to a higher average interest rate as a result of the sale of $71.75 million in senior notes in March 1997. Effective October 22, 1997, the Company's credit rating with Moody's Investor Service was downgraded from Ba2 to Baa3 and the Company's credit rating with Standard and Poor's was downgraded from BBB- to BB. As a result of the downgrades, the Company's Eurocurrency based borrowing margins under the $250 million credit agreement were increased from 82.5 basis points to 120 basis points in accordance with the terms of the credit agreement. The downgrades will have a negative impact on the Company's borrowing costs in future periods. The Company expects to continue to borrow in future periods, as needed, to assist in funding the Company's operations.

Operating Income (Loss). As a result of the aforementioned factors, operating income (loss) decreased from $16.3 million and $46.0 million for the three and nine months ended September 30, 1996 to ($42.7) million and ($6.5) million for the same periods in 1997, representing decreases of 362.4% and 114.2% respectively.

Foreign Exchange Loss. The Company incurred a foreign exchange gain of $2,000 and $3,000 for the three and nine months ended September 30, 1996 and a foreign exchange loss of $7,000 and $22,000 for the same periods in 1997. The gains and losses result from the effect of exchange rate fluctuations between the U.S. dollar and foreign currency on unhedged intercompany balances between the Company and subsidiaries which operate outside the United States.

Provision (Credit) for Income Taxes. The provision (credit) for income taxes decreased from $5.6 million and $16.0 million during the three and nine months ended September 30, 1996 to ($15.0) million and ($2.9) million during the same periods in 1997. The decrease is due to pretax losses in 1997.

INSTALLMENT CONTRACTS RECEIVABLE

The following table summarizes the composition of installment contracts receivable at the dates indicated:

(Dollars in thousands)	AS OF 12/31/96	AS OF 09/30/97 (Unaudited)
Gross installment contracts receivable	$1,251,139	$1,464,022
Unearned finance charges	(201,760)	(232,643)
Unearned insurance premiums, insurance reserves, and fees	(7,233)	(8,837)
Installment contracts receivable	$1,042,146	$1,222,542
Non-accrual installment contracts as a percent of total gross installment contracts	34.1%	42.2%

A summary of changes in gross installment contracts receivable is as follows:

(Dollars in thousands)	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	1996	1997	1996	1997
	(Unaudited)		(Unaudited)	
Balance, beginning of period	$ 981,145	$1,420,620	$ 790,607	$1,251,139
Gross amount of installment contracts accepted	272,836	241,890	697,050	775,531
Cash collections on installment contracts receivable	(98,794)	(128,130)	(278,586)	(386,936)
Charge offs	(36,857)	(63,641)	(90,741)	(165,235)
Currency translation	(a)	(6,717)	(a)	(10,477)
Balance, end of period	$1,118,330	$1,464,022	$1,118,330	$1,464,022

(a) Immaterial

DEALER HOLDBACKS

The following table summarizes the composition of dealer holdbacks at the dates indicated:

(Dollars in thousands)	AS OF 12/31/96	AS OF 09/30/97 (Unaudited)
Dealer holdbacks	$998,593	$1,169,894
Less: Advances (net of reserves of $8,754 and $77,308 at December 31, 1996 and September 30, 1997, respectively)	(502,159)	(551,451)
Dealer holdbacks, net	$496,434	$ 618,443

CREDIT POLICY AND EXPERIENCE

The Company maintains an allowance for credit losses which, in the opinion of management, adequately reserves against expected future losses. The risk of loss to the Company related to the installment contracts receivable balance relates to earned but unpaid servicing fees or finance charges recognized on contractually delinquent accounts. 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. On all accounts which no material payment has been received for one year the gross installment receivable contract balance is charged off against dealer holdbacks, unearned finance charges, and the allowance for credit losses.

During the three months ended September 30, 1997, the Company changed its non-accrual policy from 120 days on a contractual basis to 90 days on a recency basis. The Company, believes this change will allow for earlier identification of underperforming dealer pools.

The Company also maintains a reserve on advances to dealers. This reserve consists of two components. The first component of the reserve reflects advance balances that are not expected to be recovered through the collections on the related installment contracts receivable portfolio. The second component of the reserve results from the present valuing of estimated future cash flows 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. During the third quarter, the Company implemented a new loan servicing system for its U.S. and Canadian operations which allows the Company to better estimate future collections for each dealer pool using historical loss experience and a dealer by dealer static pool analysis. The Company plans to implement a similar such system for its operations in the United Kingdom and Ireland. As discussed previously, the Company took a non-cash charge during the three months ended September 30, 1997 to reflect the impact of this enhancement in the Company's methodology for estimating the reserve. Future reserve requirements will depend in part on the magnitude of the variance between management's prediction 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 advance balance for an individual dealer exceeds the related installment contracts receivable balance.

The following table sets forth information relating to charge offs, the allowance for credit losses, the reserve on advances, and dealer holdbacks.

(Dollars in thousands)	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	1996	1997	1996	1997
	(Unaudited)		(Unaudited)	
Provision for credit losses-installment contracts	$ 2,090	$ 4,091	$ 4,904	$ 8,706
Provision for credit losses-advances	1,332	59,980	3,965	70,087
Charged against dealer holdbacks	29,493	50,978	72,585	132,201
Charged against unearned finance charges	6,573	11,302	16,151	29,435
Charged against allowance for credit losses	791	1,361	2,005	3,599
Total contracts charged off	$36,857	$63,641	$90,741	$165,235
Net charge offs against the reserve on advances	$ 184	$ 3,513	$ 251	$ 4,834

A summary of changes in the allowance for credit losses and the reserve on advances is as follows:

	Three Months Ended September 30		Nine Months Ended September 30	
	1996	1997	1996	1997
ALLOWANCE FOR CREDIT LOSSES				
Balance, beginning of period..	$ 9,357	$ 14,556	$ 7,757	$ 12,195
Provision for loan losses.....	2,092	4,091	4,906	8,706
Charge offs...................	(791)	(1,361)	(2,005)	(3,599)
Currency translation..........	(a)	(75)	(a)	(91)
Balance, end of period........	$ 10,658	$ 17,211	$ 10,658	$ 17,211

(a) Immaterial

	Three Months Ended September 30		Nine Months Ended September 30	
	1996	1997	1996	1997
RESERVE ON ADVANCES				
Balance, beginning of period..	$ 5,780	$ 19,816	$ 3,214	$ 8,754
Provision for advance losses..	1,332	59,980	3,965	70,087
Advance reserve fees..........	-	1,231	-	3,505
Charge offs...................	(184)	(3,513)	(251)	(4,834)
Currency translation..........	(a)	(206)	(a)	(204)
Balance, end of period........	$ 6,928	$ 77,308	$ 6,928	$ 77,308

(a) Immaterial

(Dollars in thousands)	AS OF SEPTEMBER 30, 1996	AS OF SEPTEMBER 30, 1997
	(Unaudited)	
Allowance for credit losses as a percent of gross installment contracts receivable	1.0%	1.2%
Reserve on advances as a percent of advances	1.2%	12.3%
Dealer holdbacks as a percent of gross installment contracts receivable	79.4%	79.9%

The Company's relatively low level of amounts charged against the allowance for credit losses is due to, among other factors:

(i) the requirement that each installment contract accepted must meet established, formula-based criteria prior to the Company making an advance on such contract;
(ii) experienced personnel, using computer-assisted accounts receivable management and collection systems;
(iii) the security interest the Company receives in the vehicle at the time it accepts an installment contract; and
(iv) the high level of dealer holdbacks, relative to the amount of installment contracts.

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 and for the payment of dealer holdbacks to dealers who have repaid their advance balances. These cash outflows to dealers increased from $388.6 million during the nine months ended September 30, 1996 to $417.0 million during the same period in 1997. These amounts have been funded from cash collections on installment contracts, income from operations, and advances under the Company's credit agreement. During the first nine months of 1997, the Company borrowed approximately $90.5 million to assist in funding the Company's operations. The borrowings were provided by the Company's line of credit agreements and through the sale of senior notes. These borrowings are primarily a result of cash advances to dealers and payments of dealer holdbacks exceeding principal collection on installment contracts receivable. To the extent the Company's new system enables the Company to be more selective in its dealer relationships, contract originations could be negatively impacted resulting in a proportionate decrease in the Company's need for capital in future periods.

The Company has a $250 million credit agreement with a commercial bank syndicate. The agreement consists of a $150 million line of credit facility with a commitment period through May 15, 1998 and a $100 million revolving credit facility with a commitment period through May 15, 2000. Both facilities are subject to annual extension for additional one year periods at the request of the Company with the consent of each of the banks in the facility. The borrowings are unsecured with interest payable at the Eurocurrency rate plus a minimum of 61.25 basis points and a maximum of 120 basis points (currently 120 basis points) dependent on the Company's debt ratings, or at the prime rate. The Eurocurrency borrowings may be fixed for periods up to one year. The credit agreement has certain restrictive covenants, including limits on the ratio of the Company's debt-to-equity, limits on the ratio of 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. As of September 30, 1997, there was approximately $191.9 million outstanding under these facilities.

As discussed previously, on October 22, 1997, the Company's credit rating with Moody's Investor Service was downgraded from Baa3 to Ba2 and the Company's credit rating with Standard & Poor's was downgraded from BBB- to BB. As a result of the downgrades, the Company's Eurocurrency based borrowing margins under the $250 million credit agreement were increased from 82.5 basis points to 120 basis points in accordance with the terms of the credit agreement. These downgrades will have a negative impact on the Company's borrowing rates and other borrowing costs in future periods. In addition, the downgrades may have a negative impact on the Company's ability to obtain additional capital in future periods.

The Company has obtained waivers from its lenders, including the holders of its senior notes and the banks under its credit agreement, of compliance with the fixed charge coverage ratio covenant in agreements relating to the Company's indebtedness. Such waivers are effective through December 15, 1997. The Company is in the process of negotiating longer term amendments to the agreements with its lenders which are expected to be executed prior to the expiration of the waivers. Although the Company believes the agreements will be modified to the Company's satisfaction, there can be no assurance to that effect. The failure to modify the fixed charge coverage ratio in such agreements prior to December 15, 1997 will, in the absence of further waivers, result in a default under such agreements and will require the Company to replace or refinance the indebtedness thereunder on terms less favorable than those currently available.

The Company also has a 2.0 million British pound sterling line of credit agreement with a commercial bank in the United Kingdom, which is used to fund the day to day cash flow requirements of the Company's subsidiary which operates in the United Kingdom. The borrowings are secured by a letter of credit issued by the Company's principal commercial bank with interest payable at the United Kingdom bank's base rate (7.25% at September 30, 1997) plus 65 basis points or at the LIBOR rate plus 56.25 basis points. The rates may be fixed for periods up to six months. As of September 30, 1997, there was approximately 567,000 British pounds ($915,000 U.S. dollars) outstanding under this facility.

The Company maintains a significant dealer holdback on installment contracts accepted which assists the Company in funding its long-term cash flow requirements. In future periods, the Company's short and long-term cash flow requirements will continue to be funded primarily through earnings from operations, cash flow from the collection of installment contracts, and the Company's credit facilities. The Company will continue to utilize various sources of financing available from time to time to fund the operations of the Company. Should such financing become limited, the Company's ability to maintain or increase loan originations will be funded through earnings from operations and cash flow from the collection of installment contracts.

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 uncertainties, including competition from traditional financing sources and from non-traditional lenders, 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 and the Company's ability to increase or maintain the volume of installment contracts accepted and historical collection rates.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Not applicable.

PART II.

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, 1997 and none were filed during that period. A Form 8-K was filed on October 23, 1997 disclosing certain information under Item 5. No financial statements were filed therewith.

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)

Date: November 13, 1997

/S/Brett A. Roberts

Brett A. Roberts
Executive Vice President and Chief Financial Officer

Signing on behalf of the registrant and as principal financial officer.

Date: November 13, 1997

/S/John P. Cavanaugh

John P. Cavanaugh
Vice President, Corporate Controller and Assistant Secretary

Principal accounting officer.

INDEX OF EXHIBITS

Exhibit Number	Description
11	Statement of Computation of Net Income Per Common Share
27	Financial Data Schedule

CREDIT ACCEPTANCE CORPORATION Exhibit 11

STATEMENT OF COMPUTATION OF NET
INCOME PER COMMON SHARE
(Unaudited)

(Dollars in thousands, except per share data)	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	1996	1997	1996	1997
Actual				
Net income (loss)	$10,643	($27,708)	$29,968	($3,620)
Weighted average common shares outstanding	45,629,053	46,113,115	45,570,328	46,100,670
Common stock equivalents	1,001,155	--	945,100	--
Weighted average common shares and common stock equivalents	46,630,208	46,113,115	46,515,428	46,100,670
Net earnings (loss) per share	$.23	($.60)	$.64	($.08)

YEAR
DEC-31-1997
JAN-01-1997
SEP-30-1997
238
9,200
1,222,542
17,211
0
0
25,186
5,277
1,273,049
0
186,504
0
0
461
242,254
1,273,049
0
127,515
0
32,816
2,776
78,793
19,369
(6,509)
(2,911)
(3,620)
0
0
0
(3,620)
(.08)
(.08)