

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

FORM 10-Q

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

For the quarterly period ended March 31, 2002

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 (State or other jurisdiction of incorporation or organization) 38-1999511 (IRS Employer Identification)

25505 WEST TWELVE MILE ROAD, SUITE 3000 (Address of principal executive offices) 48034-8339 (zip code)
SOUTHFIELD, MICHIGAN

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes / . No / .

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 May 1, 2002 was 42,515,649.

TABLE OF CONTENTS

PART I. - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS	
Consolidated Income Statements - Three months ended March 31, 2002 and March 31, 2001	1
Consolidated Balance Sheets - As of March 31, 2002 and December 31, 2001	2
Consolidated Statements of Cash Flows - Three months ended March 31, 2002 and March 31, 2001	3
Notes to Consolidated Financial Statements	4
ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	8
ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS	21
PART II. - OTHER INFORMATION	
ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K	22
SIGNATURE	23
INDEX OF EXHIBITS	24
EXHIBITS	25

PART I. - FINANCIAL INFORMATION

ITEM 1. - FINANCIAL STATEMENTS

CREDIT ACCEPTANCE CORPORATION
CONSOLIDATED INCOME STATEMENTS
(UNAUDITED)

(Dollars in thousands, except per share data)

	THREE MONTHS ENDED MARCH 31,	
	2002	2001
REVENUE:		
Finance charges	\$ 24,479	\$ 20,189
Lease revenue	5,159	5,067
Other income	9,134	9,483
	-----	-----
Total revenue	38,772	34,739
	-----	-----
COSTS AND EXPENSES:		
Operating expenses	15,922	15,017
Provision for credit losses	3,381	3,015
Depreciation of leased assets	2,941	2,929
Interest	2,305	3,805
	-----	-----
Total costs and expenses	24,549	24,766
	-----	-----
Operating income	14,223	9,973
Foreign exchange gain	17	7
	-----	-----
Income before provision for income taxes	14,240	9,980
Provision for income taxes	7,926	3,391
	-----	-----
Net income	\$ 6,314	\$ 6,589
	=====	=====
Net income per common share:		
Basic	\$ 0.15	\$ 0.16
	=====	=====
Diluted	\$ 0.15	\$ 0.15
	=====	=====
Weighted average shares outstanding:		
Basic	42,437,481	42,442,064
Diluted	43,497,889	42,851,520

CREDIT ACCEPTANCE CORPORATION
CONSOLIDATED BALANCE SHEETS

(Dollars in thousands)

	AS OF	
	MARCH 31, 2002	DECEMBER 31, 2001
ASSETS:	(UNAUDITED)	
Cash and cash equivalents	\$ 19,580	\$ 15,773
Investments-- held to maturity	176	173
Automobile loans receivable	787,432	762,031
Allowance for credit losses	(4,908)	(4,745)
Automobile loans receivable, net	782,524	757,286
Floor plan receivables	5,774	6,446
Notes receivable	10,987	11,167
Investment in operating leases, net	35,612	42,774
Property and equipment, net	19,649	19,646
Other assets	5,428	8,169
Total Assets	\$ 879,730	\$ 861,434
LIABILITIES AND SHAREHOLDERS' EQUITY:		
LIABILITIES:		
Lines of credit	\$ 67,403	\$ 73,215
Secured financing	108,364	122,396
Mortgage note	6,740	6,918
Accounts payable and accrued liabilities	37,412	39,307
Dealer holdbacks, net	341,800	315,393
Deferred income taxes, net	13,775	10,668
Income taxes payable	7,125	5,098
Total Liabilities	582,619	572,995
SHAREHOLDERS' EQUITY:		
Common stock	422	422
Paid-in capital	113,000	109,000
Retained earnings	191,470	185,156
Accumulated other comprehensive loss-cumulative translation adjustment	(7,781)	(6,139)
Total Shareholders' Equity	297,111	288,439
Total Liabilities and Shareholders' Equity	\$ 879,730	\$ 861,434

CREDIT ACCEPTANCE CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

(Dollars in thousands)

THREE MONTHS ENDED MARCH 31,

	2002	2001
	-----	-----
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 6,314	\$ 6,589
Adjustments to reconcile cash provided by operating activities:		
Provision for credit losses	3,381	3,015
Depreciation	830	1,038
Depreciation of leased assets	2,941	2,929
Provision (credit) for deferred income taxes	3,107	(496)
Tax benefit from exercise of stock options	977	-
Change in operating assets and liabilities:		
Accounts payable and accrued liabilities	(2,114)	5,716
Income taxes payable	2,027	3,641
Income taxes receivable	-	351
Lease payment receivable	394	(46)
Unearned insurance premiums, insurance reserves and fees	(330)	413
Deferred dealer enrollment fees, net	219	453
Other assets	2,741	(2,098)
	-----	-----
Net cash provided by operating activities	20,487	21,505
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES:		
Principal collected on automobile loans receivable	94,532	87,652
Advances to dealers	(87,179)	(103,109)
Payments of dealer holdbacks	(7,776)	(6,576)
Operating lease acquisitions	(853)	(10,468)
Deferred costs from lease acquisitions	(200)	(1,461)
Operating lease liquidations	3,422	3,127
Decreases in floor plan receivables	668	607
Decrease (increase) in notes receivable	180	(2,551)
Purchases of property and equipment	(833)	(920)
	-----	-----
Net cash provided by (used in) investing activities	1,961	(33,699)
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayments under lines of credit, net	(5,812)	(43,974)
Proceeds from secured financings	28,552	97,068
Repayments of secured financings	(42,584)	(21,538)
Repayment of senior notes and mortgage note	(178)	(165)
Repurchase of common stock	-	(1,777)
Proceeds from stock options exercised	3,023	62
	-----	-----
Net cash provided by (used in) financing activities	(16,999)	29,676
	-----	-----
Effect of exchange rate changes on cash	(1,642)	(3,429)
	-----	-----
Net increase in cash and cash equivalents	3,807	14,053
Cash and cash equivalents, beginning of period	15,773	21,316
	-----	-----
Cash and cash equivalents, end of period	\$ 19,580	\$ 35,369
	=====	=====

CREDIT ACCEPTANCE CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

1. BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("generally accepted accounting principles" or "GAAP") for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. The results of operations for interim periods are not necessarily indicative of actual results achieved for full fiscal years. The consolidated balance sheet at December 31, 2001 has been derived from the audited financial statements at that date but does not include all the information and footnotes required by generally accepted accounting principles for complete financial statements. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2001.

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. ACCOUNTING STANDARDS

In August 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" ("SFAS No. 144"). SFAS No. 144 supercedes SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and Long-Lived Assets to be Disposed of", and elements of APB 30, "Reporting the Results of Operations -- Reporting the Effects on Disposal of a Segment of a Business and Extraordinary, Unusual or Infrequently Occurring Events and Transactions". The main objective of this statement is to resolve implementation issues related to SFAS No. 121 by clarifying certain of its provisions. SFAS No. 144 removes goodwill from the scope of SFAS No. 121 and establishes a "primary-asset" approach to determine the cash flow estimation period for a group of assets and liabilities. Other provisions of the statement include more stringent requirements for classifying assets available for disposal and expanding the scope of activities that will require discontinued operations reporting. SFAS No. 144 is effective for fiscal years beginning after December 15, 2001. Effective in 2001, the Company adopted SFAS No. 144, which resulted in a \$725,000 pre-tax impairment charge to the operating expense line of the consolidated income statement. This charge was primarily for leasing software development costs impaired due to management's decision to discontinue originating leases in the first quarter of 2002.

3. AUTOMOBILE LOANS RECEIVABLE

Automobile loans receivable consisted of the following (in thousands):

	AS OF	
	MARCH 31, 2002	DECEMBER 31, 2001
	(UNAUDITED)	
Gross automobile loans receivable	\$ 937,632	\$ 906,808
Unearned finance charges	(144,286)	(138,533)
Unearned insurance premiums, insurance reserves and fees	(5,914)	(6,244)
Automobile loans receivable	\$ 787,432	\$ 762,031
	=====	=====
Non-accrual automobile loans	\$ 187,650	\$ 181,759
	=====	=====
Non-accrual automobile loans as a percent of total gross automobile loans	20.0%	20.0%
	=====	=====

3. AUTOMOBILE LOANS RECEIVABLE (CONCLUDED)

A summary of changes in gross automobile loans receivable is as follows (in thousands):

	THREE MONTHS ENDED MARCH 31,	
	2002	2001
	(UNAUDITED)	
Balance, beginning of period	\$ 906,808	\$ 674,402
Gross amount of automobile loans accepted	192,081	211,026
Legal and repossession fees	6,330	6,311
Cash collections on automobile loans accepted	(121,410)	(107,120)
Charge-offs	(41,835)	(32,809)
Currency translation	(4,342)	(10,280)
Balance, end of period	\$ 937,632	\$ 741,530

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

	THREE MONTHS ENDED MARCH 31,	
	2002	2001
	(UNAUDITED)	
Balance, beginning of period	\$ 4,745	\$ 4,640
Provision for loan losses	460	-
Charge-offs	(272)	(799)
Currency translation	(25)	(44)
Balance, end of period	\$ 4,908	\$ 3,797

4. INVESTMENT IN OPERATING LEASES

The composition of net investment in operating leases consisted of the following (in thousands):

	AS OF	
	MARCH 31, 2002	DECEMBER 31, 2001
	(UNAUDITED)	
Gross leased assets	\$ 44,011	\$ 50,054
Accumulated depreciation	(12,095)	(11,657)
Gross deferred costs	5,996	6,831
Accumulated amortization of deferred costs	(2,803)	(2,786)
Lease payments receivable	2,914	3,308
Investment in operating leases	38,023	45,750
Less: Allowance for lease vehicle losses	(2,411)	(2,976)
Investment in operating leases, net	\$ 35,612	\$ 42,774

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

4. INVESTMENT IN OPERATING LEASES (CONCLUDED)

A summary of changes in the investment in operating leases is as follows (in thousands):

	THREE MONTHS ENDED MARCH 31,	
	2002	2001
	----- (UNAUDITED) -----	
Balance, beginning of period	\$ 45,750	\$ 44,944
Gross operating leases originated	1,053	11,929
Depreciation and amortization of operating leases	(2,941)	(2,929)
Lease payments due	4,982	5,103
Collections on operating leases	(4,644)	(4,516)
Charge-offs	(732)	(541)
Operating lease liquidations	(5,430)	(4,200)
Currency translation	(15)	(70)
	-----	-----
Balance, end of period	\$ 38,023	\$ 49,720
	=====	=====

A summary of the allowance for lease vehicle losses (in thousands):

	THREE MONTHS ENDED MARCH 31,	
	2002	2001
	----- (UNAUDITED) -----	
Balance, beginning of period	\$ 2,976	\$ 2,023
Provision for lease vehicle losses	1,459	1,235
Charge-offs	(2,024)	(1,143)
	-----	-----
Balance, end of period	\$ 2,411	\$ 2,115
	=====	=====

5. DEALER HOLDBACKS AND RESERVE FOR ADVANCE LOSSES

Dealer holdbacks consisted of the following (in thousands):

	AS OF	
	MARCH 31, 2002	DECEMBER 31, 2001
	----- (UNAUDITED) -----	
Dealer holdbacks	\$ 746,697	\$ 721,365
Less: advances (net of reserve of \$10,009 and \$9,161 at March 31, 2002 and December 31, 2001, respectively)	(404,897)	(405,972)
	-----	-----
Dealer holdbacks, net	\$ 341,800	\$ 315,393
	=====	=====

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

5. DEALER HOLDBACKS AND RESERVE FOR ADVANCE LOSSES (CONCLUDED)

A summary of the change in the reserve for advance losses (classified with net dealer holdbacks in the accompanying balance sheets) is as follows (in thousands):

	THREE MONTHS ENDED MARCH 31,	
	2002	2001
	(UNAUDITED)	
Balance, beginning of period	\$ 9,161	\$ 6,788
Provision for advance losses	1,462	1,780
Charge-offs	(565)	(1,200)
Currency translation	(49)	(116)
	-----	-----
Balance, end of period	\$ 10,009	\$ 7,252
	=====	=====

6. NET INCOME PER SHARE

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

7. RELATED PARTY TRANSACTIONS

In the normal course of its business, the Company regularly accepts assignments of automobile loans originated by affiliated dealer-partners owned by the Company's: (i) majority shareholder and Chairman; and (ii) President. Automobile loans accepted from these affiliated dealer-partners were approximately \$6.2 million or 3.2% of total automobile originations for the quarter ended March 31, 2002 and \$5.7 million or 2.7% of total automobile originations for the same period in 2001. Automobile loans receivable from affiliated dealer-partners represented approximately 2.5% and 2.1% of the gross automobile loans receivable balance as of March 31, 2002 and 2001, respectively. The Company accepts automobile loans from affiliated dealer-partners and nonaffiliated dealer-partners on the same terms. Based upon management's analysis, the average return on capital on the business originated by affiliated dealer-partners is currently higher than the average return on capital for non-affiliated dealer-partners. Affiliated dealer-partners' advances were \$10.0 million or 2.1% of total advances and \$8.3 million or 2.0% of total advances as of March 31, 2002 and 2001, respectively.

The Company receives interest income and fees from: (i) a working capital loan to the Company's majority shareholder and Chairman with a balance of zero and \$25,000 as of March 31, 2002 and 2001, respectively; and (ii) a note receivable of \$1.5 million and \$936,000 as of March 31, 2002 and 2001, respectively, from the Company's President. Total income earned on the note receivable and working capital loan was \$19,000 for the quarter ended March 31, 2002 and \$12,000 for the same period in 2001.

8. INCOME TAXES

The Company's effective tax rate was 55.7% for the quarter ended March 31, 2002 compared to 34.0% for the same period in 2001. This increase is primarily due to the amount recorded in the quarter ended March 31, 2002, for additional income taxes that would be due upon the repatriation of the cumulative undistributed earnings of the Company's United Kingdom business unit. This was partially offset by a change in estimate for state income tax owed as a result of the re-characterization of income due to an Internal Revenue Service examination.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (CONCLUDED)

9. BUSINESS SEGMENT INFORMATION

The Company is organized into three primary business segments: the North America Operation ("North America"), the United Kingdom Operation ("United Kingdom") and the Automobile Leasing Operation ("Automobile Leasing"). Selected segment information is set forth below (in thousands):

	THREE MONTHS ENDED MARCH 31,	
	2002	2001
	(UNAUDITED)	
Revenue:		
North America	\$ 27,963	\$ 23,259
United Kingdom	5,319	6,107
Automobile Leasing	5,490	5,373
	-----	-----
Total revenue	\$ 38,772	\$ 34,739
	=====	=====
Earnings before provision for income taxes:		
North America	\$ 13,371	\$ 8,627
United Kingdom	1,714	2,485
Automobile Leasing	(845)	(1,132)
	-----	-----
Total earnings before provision for income taxes	\$ 14,240	\$ 9,980
	=====	=====

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

RESULTS OF OPERATIONS

THREE MONTHS ENDED MARCH 31, 2002 COMPARED TO THREE MONTHS ENDED MARCH 31, 2001

The Company has changed its approach this quarter for presenting Management's Discussion and Analysis. The Company's presentation of financial results and subsequent analysis is based on analyzing the income statement as a percentage of capital invested. Since early 2000 the Company has internally viewed its business results in this manner and believes it allows for a more transparent and simplified presentation. The Company's prospects for the future will depend on its ability to increase the return on capital, and the amount of capital invested per share, while maintaining an appropriate balance between equity and debt. The following presentation and analysis is intended to clearly report the Company's results in these terms. The results of operations are disclosed "As Reported" in the Company's Consolidated Income Statements and "As Adjusted" with certain adjustments as described in notes 1 and 2 to the tables. Management's discussion focuses on the adjusted results of operations.

Consolidated

(Annualized percentage of average capital and dollars in thousands, except per share data)	AS REPORTED		AS ADJUSTED	
	THREE MONTHS ENDED MARCH 31,		THREE MONTHS ENDED MARCH 31,	
	2002	2001	2002 (1)	2001 (2)
REVENUE:				
Finance charges	20.2%	18.8%	19.3%	18.0%
Lease revenue	4.2	4.7	4.1	4.5
Other income	7.5	8.8	7.2	8.5
Total revenue	31.9	32.3	30.6	31.0
COSTS AND EXPENSES:				
Operating expenses	13.1	14.0	12.6	13.4
Provision for credit losses	2.8	2.8	2.7	2.7
Depreciation of leased assets	2.4	2.7	2.3	2.6
Interest	1.9	3.5	1.8	3.4
Total costs and expenses	20.2	23.0	19.4	22.1
Operating income	11.7	9.3	11.2	8.9
Foreign exchange gain	-	-	-	-
Income before provision for income taxes	11.7	9.3	11.2	8.9
Provision for income taxes	6.5	3.2	4.0	3.2
Net income	5.2%	6.1%	7.2%	5.7%
Interest expense after-tax	1.2%	2.3%	1.2%	2.2%
Return on capital ("ROC") (3)	6.4	8.4	8.4	7.9
Weighted average cost of capital ("WACC") (4)	9.0	10.1	9.2	10.1
Spread	(2.6)%	(1.7)%	(0.8)%	(2.2)%
Average Capital (5)	\$ 484,960	\$ 428,944	\$ 505,913	\$ 447,287
Economic loss (6)	\$ (3,147)	(1,769)	(954)	(2,483)
Adjusted weighted average shares outstanding	43,497,889	42,851,520	47,336,090	47,123,792
Economic loss per share	\$ (0.07)	\$ (0.04)	\$ (0.02)	\$ (0.05)

(1) The 2002 As Adjusted amounts reflect: (i) adjustments to the As Reported results that reverse two non-recurring items and (ii) adjustments for stock options (as described below under "Stock Options"). The first non-recurring item relates to an amount booked to record additional taxes that will be owed upon repatriation of currently undistributed earnings in the United Kingdom. The reversal reduces the provision for income taxes by \$3,564,000 and decreases average capital by \$2,670,000. The second non-recurring item relates to a change in estimate for state income tax owed as a result of the re-characterization of income as a result of an Internal Revenue Service examination. The reversal increases the provision for income taxes by \$634,000 and operating expenses by \$329,000. The adjustments for stock options reduce operating expenses by \$307,000, increase the provision for income taxes by \$107,000, increase average capital by the average cost of repurchased stock of \$23,623,000 and increase the weighted average shares outstanding by 3,838,201.

(2) The 2001 As Adjusted amounts reflect: (i) an adjustment to the As Reported results increasing the provision for income taxes by \$188,000 to reflect the first quarter 2001 portion of the United Kingdom tax adjustment and decreases average capital by \$2,848,000; and (ii) adjustments for stock options (as described below under "Stock Options"), which increases average capital by the average cost of repurchased stock of \$21,191,000 and increase the weighted average shares outstanding by 4,272,272.

(3) Return on capital is equal to net income plus interest expense after tax divided by average capital.

- (4) Weighted average cost of capital is equal to the sum of: (i) the after-tax cost of debt multiplied by the ratio of average debt to average capital, plus (ii) the cost of equity multiplied by the ratio of average equity to average capital. The cost of equity is assumed to be equal to the 30-year Treasury bond rate plus 6% plus two times the Company's interest bearing debt to equity divided by 100. The As Adjusted column includes: (i) \$23,623,000 and \$21,191,000 added to reported shareholders' equity to reflect the average cost of stock options for the quarter ended March 31, 2002 and 2001, respectively, and (ii) a decrease of \$2,670,000 and \$2,848,000 to reported shareholder's equity to reflect the impact from United Kingdom tax adjustments for the quarter ended March 31, 2002 and 2001, respectively.
- (5) Average capital is equal to the average amount of debt and equity during the period.
- (6) Total economic loss equals the spread (ROC minus WACC) multiplied by average capital.

The Company's economic loss, as adjusted, improved to (\$954,000) for the quarter ending March 31, 2002 from (\$2,483,000) for the same period in 2001. The improvement was due primarily to a reduction in the weighted average cost of capital and an improvement in the return on capital for the quarter ended March 31, 2002 compared to the same period in 2001.

The Company's return on capital as defined above increased to 8.4% for the quarter ended March 31, 2002 from 7.9% for the same period in 2001. The improvement was primarily due to an increase in capital invested in North America, which generates the highest return on capital. In addition, the Company's return on capital increased due to an increase in the return on capital in North America, partially offset by a decrease in the return on capital in the United Kingdom. Refer to the North America and United Kingdom sections for additional information. The reduction in the weighted average cost of capital for the quarter ended March 31, 2002 compared to the same period in 2001 was primarily due to lower average interest rates on the Company's borrowings as a result of an overall reduction in market rates during the periods.

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

Interest expense. Interest expense, as a percent of average capital, decreased to 1.8% for the quarter ended March 31, 2002 from 3.4% for the same period in 2001. The decrease in interest expense, as a percent of capital, is primarily the result of: (i) the decrease in the weighted average interest rate to 4.7% for the quarter ended March 31, 2002 from 9.5% for the same period in 2001, which was the result of a decrease in the average interest rate on the Company's variable rate debt, including the lines of credit and secured financing and the elimination of senior note debt; and (ii) the reduced impact of borrowing fees and costs on average interest rates due to higher average outstanding borrowings.

North America

(Annualized percentage of average capital and dollars in thousands, except per share data)	AS REPORTED		AS ADJUSTED	
	THREE MONTHS ENDED MARCH 31,		THREE MONTHS ENDED MARCH 31,	
	2002	2001	2002 (1)	2001 (2)
REVENUE:				
Finance charges	22.1%	20.3%	20.8%	19.0%
Other income	8.9	10.9	8.4	10.1
Total revenue	31.0	31.2	29.2	29.1
COSTS AND EXPENSES:				
Operating expenses	14.1	16.1	13.3	15.0
Provision for credit losses	0.6	0.5	0.5	0.5
Interest	1.5	3.0	1.4	2.8
Total costs and expenses	16.2	19.6	15.2	18.3
Operating income	14.8	11.6	14.0	10.8
Foreign exchange gain	-	-	-	-
Income before provision for income taxes	14.8	11.6	14.0	10.8
Provision for income taxes	4.5	4.1	5.0	3.8
Net income	10.3%	7.5%	9.0%	7.0%
Interest expense after-tax	1.0%	2.0%	0.9%	1.9%
ROC	11.3	9.5	9.9	8.9
WACC	8.8	10.1	9.0	10.1
Spread	2.5%	(0.6)%	0.9%	(1.2)%
Average capital	\$ 360,093	\$ 298,513	\$ 383,007	\$ 319,704
Economic profit (loss)	\$ 2,299	\$ (427)	\$ 903	\$ (1,005)
Adjusted weighted average shares outstanding	43,497,889	42,851,520	47,336,090	47,123,792
Economic profit (loss) per share	\$ 0.05	\$ (0.01)	\$ 0.02	\$ (0.02)

(1) The 2002 As Adjusted amounts reflect: (i) an adjustment to the As Reported results that reverses a non-recurring item and (ii) adjustments for stock options (as described below under "Stock Options"). The non-recurring item relates to a change in estimate for state income tax owed as a result of the re-characterization of income as a result of an Internal Revenue Service examination. The reversal increases the provision for income taxes by \$634,000 and operating expenses by \$329,000. The adjustments for stock options reduce operating expenses by \$307,000, increase the provision for income taxes by \$107,000, increase average capital by the average cost of repurchased stock of \$22,914,000 and increase the weighted average shares outstanding by 3,838,201.

(2) The 2001 As Adjusted amounts reflect adjustments for stock options (as described below under "Stock Options"). The adjustments for stock options increase average capital by the average cost of repurchased stock of \$21,191,000 and increase the weighted average shares outstanding by 4,272,272.

Finance charges. Finance charges, as a percent of average capital, increased to 20.8% for the quarter ended March 31, 2002 from 19.0% for the same period in 2001. The increase was primarily due to (i) a reduction in the amount advanced to dealer-partners as a percent of the gross contract amount; and (ii) a decline in the percent of non-accrual loans to 18.8% for the quarter ended March 31, 2002 from 19.0% for the same period in 2001.

Other income. Other income, as a percent of average capital, decreased to 8.4% for the quarter ended March 31, 2002 from 10.1% for the same period in 2001. This decrease is due to a decrease in: (i) revenue from secured lines

of credit offered to certain dealer-partners. The Company began to reduce its investment in this product in the third quarter of 2001; (ii) premiums earned on the Company's credit life insurance programs; and (iii) premiums earned on the Company's collateral protection program, which was discontinued in April 2001. These decreases were partially offset by an increase in revenue from fees paid by dealer-partners for the use of the Company's internet origination system.

Operating expenses. Operating expenses, as a percent of average capital, decreased to 13.3%, for the quarter ended March 31, 2002 from 15.0% for the same period in 2001. This decrease is primarily due to a reduction in the provision for losses on secured line of credit loans. In addition, the decrease was due to a re-characterization of the Company's revenue for state tax reporting purposes resulting in a decrease in state tax expenses which are classified as operating expenses and an increase in state tax expense classified under provision for income taxes. This decrease was partially offset by an increase in salaries and wages due to higher average wage rates.

Provision for credit losses. Provision for credit losses, as a percent of average capital, remained consistent at 0.5% for the quarters ended March 31, 2002 and 2001. The provision for credit losses consists of two components: (i) a provision for losses on advances to dealer-partners that are not expected to be recovered through collections on the related automobile loan receivable portfolio; and (ii) a provision for earned but unpaid revenue on automobile loans which were transferred to non-accrual status during the period. The provision for losses on advances decreased, as a percent of average capital, due to a reduction in the amount advanced to dealer-partners as a percent of the gross contract amount. This decrease was offset by an increase in the provision required for earned but unpaid revenue.

Provision for income taxes. The provision for income taxes, as a percent of average capital, increased to 5.0% for the quarter ended March 31, 2002 from 3.8% for the same period in 2001 as a result of: (i) an increase in pre-tax profitability for the quarter ended March 31, 2002 compared to the same period in 2001; and (ii) an increase in the effective tax rate to 35.9% for the quarter ended March 31, 2002 from 35.2% for the same period in 2001 as a result of a re-characterization of the Company's revenue for state tax reporting purposes.

Return on capital. The return on capital increased to 9.9% for the quarter ended March 31, 2002 from 8.9% for the same period in 2001. This increase is primarily due to an increase in finance charge revenue, as a percent of average capital, as described above.

Average capital. Average capital increased to \$383.0 million for the quarter ended March 31, 2002 from \$319.7 million for the same period in 2001, an increase of 19.8%. The increase is a result of increased loan origination volumes. While loan origination volumes were down 0.6% during the quarter ended March 31, 2002 compared to the same period of 2001, loan origination volumes increased significantly in 2001. The following is a summary of loan origination volumes over the past three years:

(Dollars in thousands)	1999	2000	2001	1ST QTR 2001	1ST QTR 2002
	-----	-----	-----	-----	-----
Originations	\$386,713	\$384,743	\$659,485	\$175,669	174,543
Number of loans originated	47,759	47,620	62,675	19,183	16,102
Dealer-partners:					
Number of active dealer-partners	1,236	1,202	1,170	886	681
Loans per active dealer-partner	38.6	39.6	53.6	21.7	23.6
Average loan size	8.1	8.1	10.5	9.2	10.8

The reduction in loan origination volume for the quarter ended March 31, 2002 is a result of an increased focus on improving the return on capital. The Company's financial goal is to maximize the amount of economic profit generated per share. The Company believes that in the short-term, this objective can best be achieved by first improving the return per dollar of capital invested. Once return on capital goals have been met, the Company will then focus on increasing the amount of capital invested through increasing the number of dealer-partners and the number of loans originated per dealer-partner. The Company's efforts to improve the return on capital have focused on increasing the spread between the advance rate (the amount advanced to dealer-partners as a percent of the total loan amount) and the forecasted collection rate (the amount the Company expects to collect on the loan).

(Annualized percentage of average capital and dollars in thousands, except per share data)	AS REPORTED		AS ADJUSTED	
	THREE MONTHS ENDED MARCH 31,		THREE MONTHS ENDED MARCH 31,	
	2002	2001	2002 (1)	2001 (2)
REVENUE:				
Finance charges	20.3%	21.4%	20.7%	22.1%
Other income	3.5	4.7	3.5	4.8
Total revenue	23.8	26.1	24.2	26.9
COSTS AND EXPENSES:				
Operating expenses	8.7	7.2	8.8	7.4
Provision for credit losses	6.0	5.9	6.1	6.1
Interest	1.4	2.4	1.5	2.5
Total costs and expenses	16.1	15.5	16.4	16.0
Operating income	7.7	10.6	7.8	10.9
Provision for income taxes	18.6	3.2	2.8	4.1
Net income (loss)	(10.9)%	7.4%	5.0%	6.8%
Interest expense after-tax	0.9%	1.5%	1.0%	1.6%
ROC	(10.0)	8.9	6.0	8.4
WACC	9.9	10.0	10.0	10.0
Spread	(19.9)%	(1.1)%	(4.0)%	(1.6)%
Average capital	\$ 89,632	\$ 93,735	\$ 87,671	\$ 90,887
Economic loss	\$ (4,469)	\$ (243)	\$ (872)	\$ (374)
Adjusted weighted average shares outstanding	43,497,889	42,851,520	47,336,090	47,123,792
Economic loss per share	\$ (0.10)	\$ (0.01)	\$ (0.02)	\$ (0.01)

- (1) The 2002 As Adjusted amounts reflect: (i) an adjustment to the As Reported results that reverse a non-recurring item and (ii) adjustments for stock options (as described below under "Stock Options"). The non-recurring item represents the amount booked to record additional taxes that will be owed upon repatriation of currently undistributed earnings in the United Kingdom. The reversal reduces the provision for income taxes by \$3,564,000 and decreases average capital by \$2,670,000. The adjustment for stock options increases average capital by the average cost of repurchased stock of \$709,000 and increases the weighted average shares outstanding by 3,838,201.
- (2) The 2001 As Adjusted amounts reflect: (i) an adjustment of \$188,000 to the As Reported results that reflects the first quarter impact of the United Kingdom tax adjustment and (ii) adjustments for stock options (as described below under "Stock Options"). The tax adjustment decreases average capital by \$2,848,000. The adjustment for stock options increases the weighted average shares outstanding by 4,272,272.

Finance charges. Finance charges, as a percent of average capital, decreased to 20.7% for the quarter ended March 31, 2002 from 22.1% for the same period in 2001. This decrease is primarily due to an increase in the percent of non-accrual loans to 24.9% for the quarter ended March 31, 2002 from 19.2% for the same period in 2001.

Other income. Other income, as a percent of average capital, decreased to 3.5% for the quarter ended March 31, 2002 from 4.8% for the same period in 2001. This decrease is due to a decrease in income under an ancillary products profit sharing agreement with an insurance provider.

Operating Expenses. Operating expenses, as a percent of average capital, increased to 8.8% for the quarter ended March 31, 2002 from 7.4% for the same period in 2001. The increase was primarily due to an increase in costs related to new employee benefits offered. This increase is partially offset by a decrease in sales and marketing expenses due to a decrease in the size of the operation's sales force.

Provision for credit losses. Provision for credit losses, as a percent of average capital, remained consistent at 6.1% for the quarters ended March 31, 2002 and 2001. The provision for credit losses consists of two components: (i) a provision for losses on advances to dealer-partners that are not expected to be recovered through collections on the related automobile loan receivable portfolio; and (ii) a provision for earned but unpaid revenue on automobile loans which were transferred to non-accrual status during the period.

Provision for income taxes. The provision for income taxes, as a percent of average capital, decreased to 2.8% for the quarter ended March 31, 2002 from 4.1% for the same period in 2001 as a result of: (i) a decrease in pre-tax profitability for the quarter ended March 31, 2002 compared to the same period in 2001; and (ii) a decrease in the effective tax rate to 35.7% for the quarter ended March 31, 2002 from 37.5% for the same period in 2001 due to a restructuring of legal entities within this business segment.

Return on capital. The return on capital decreased to 6.0% for the quarter ended March 31, 2002 from 8.4% for the same period in 2001. This decrease is primarily due to a reduction in finance charge revenue and an increase in operating expenses, as a percent of average capital, as described above.

Average capital. Average capital decreased to \$87.7 million for the quarter ended March 31, 2002 from \$90.9 million for the same period in 2001, a decrease of 3.5%. The decrease in average capital is a result of decreased loan origination volumes. The following is a summary of loan origination volumes over the past three years:

(Dollars in thousands)	1999	2000	2001	1ST QTR 2001	1ST QTR 2002
	-----	-----	-----	-----	-----
Originations	\$121,999	\$142,228	\$122,817	\$ 35,357	\$ 17,538
Number of loans originated	9,432	10,664	9,121	2,704	1,304
Dealer-partners:					
Number of active dealer-partners	196	205	215	148	106
Loans per active dealer-partner	48.1	52.0	42.4	18.3	12.3
Average loan size	\$ 12.9	\$ 13.3	\$ 13.5	\$ 13.1	\$ 13.4

The reduction in loan origination volume for the quarter ended March 31, 2002 is a result of the same strategy as described in the North America section.

Automobile Leasing

(Annualized percentage of average capital and dollars in thousands, except per share data)	AS REPORTED		AS ADJUSTED	
	THREE MONTHS ENDED MARCH 31,		THREE MONTHS ENDED MARCH 31,	
	2002	2001	2002	2001
REVENUE:				
Lease revenue	58.6%	55.2%	58.6%	55.2%
Other income	3.8	3.2	3.8	3.2
Total revenue	62.4	58.4	62.4	58.4
COSTS AND EXPENSES:				
Operating expenses	14.3	14.4	14.3	14.4
Provision for credit losses	17.2	13.5	17.2	13.5
Depreciation of leased assets	33.4	31.9	33.4	31.9
Interest	7.0	11.1	7.0	11.1
Total costs and expenses	71.9	70.9	71.9	70.9
Operating loss	(9.5)	(12.5)	(9.5)	(12.5)
Credit for income taxes	(3.3)	(4.3)	(3.3)	(4.3)
Net loss	(6.2)%	(8.2)%	(6.2)%	(8.2)%
Interest expense after-tax	4.5%	6.4%	4.5%	6.4%
ROC	(1.7)	(1.8)	(1.7)	(1.8)
WACC (1)	9.4	10.2	9.5	10.2
Spread	(11.1)%	(12.0)%	(11.2)%	(12.0)%
Average capital	\$ 35,235	\$ 36,696	\$ 35,235	\$ 36,696
Economic loss	\$ (977)	\$ (1,099)	\$ (985)	\$ (1,104)
Adjusted weighted average shares outstanding (2)	43,497,889	42,851,520	47,336,090	47,123,792
Economic loss per share	\$ (0.02)	\$ (0.03)	\$ (0.02)	\$ (0.02)

(1) The As Adjusted weighted average cost of capital reflects the consolidated adjustments to average capital as described in the Consolidated results of operations discussion.

(2) The As Adjusted amounts reflect adjustments for stock options (as described below under "Stock Options"), which increase the weighted average shares outstanding by 3,838,201 and 4,272,272 as of March 31, 2002 and 2001, respectively.

Lease revenue. Lease revenue, as a percent of average capital, increased to 58.6% for the quarter ended March 31, 2002 from 55.2% for the same period in 2001. The increase is primarily a result of an increase in the number of income producing leases as a percent of average capital.

Other income. Other income, as a percent of capital, increased to 3.8% for the quarter ended March 31, 2002 from 3.2% for the same period in 2001. This increase is the result of an increase in revenue recognized relating to leases terminated before their maturity date.

Operating expenses. Operating expenses, as a percent of average capital, decreased to 14.3% for the quarter ended March 31, 2002 from 14.4% for the same period in 2001. The decrease is primarily a result of a decrease in sales and marketing expenses due to the discontinuation of the leasing operation in January 2002. The decrease is partially offset by an increase in the provision for uncollectible receivables from dealer-partners for ancillary product charge backs on repossessed leased vehicles.

Provision for credit losses. Provision for credit losses, as a percent of average capital, increased to 17.2% for the quarter ended March 31, 2002 from 13.5% for the same period in 2001. The increase in the provision was primarily due to an increase in the lease repossession rates for the Canadian lease business which was started in late 2000.

Depreciation of leased assets. Depreciation of leased assets, including the amortization of indirect lease costs, is recorded on a straight-line basis to the residual value of leased vehicles over their scheduled lease terms. Depreciation expense, as a percent of average capital, increased to 33.4% for the quarter ended March 31, 2002 from 31.9% for the same period in 2001. The increase was proportional with the increase in lease revenue.

Credit for income taxes. The credit for income taxes, as a percent of average capital, increased to (3.3%) for the quarter ended March 31, 2002 from (4.3%) for the same period in 2001 as a result of a reduction in the pre-tax loss for the quarter ended March 31, 2002 compared to the same period in 2001.

Return on capital. The return on capital increased to (1.7%) for the quarter ended March 31, 2002 from (1.8%) for the same period in 2001. This increase is primarily due to an increase in lease revenue, as a percent of average capital, as described above.

Average capital. Average capital decreased to \$35.2 million for the quarter ended March 31, 2002 from \$36.7 million for the same period in 2001. This decrease is the result of the Company's decision to stop originating automobile leases in January 2002.

STOCK OPTIONS

In 1999, the Company began granting performance-based stock options to employees. Performance-based options are options that vest solely based on the achievement of performance targets, in the Company's case targets based on either earnings per share or economic profit. GAAP requires companies to expense performance-based options when it is likely that performance targets will be met and a measurement date can be established. The amount of the reported expense is the price of the Company's stock at the end of each reporting period less the exercise price of the options. The Company's non-performance options are not required to be expensed under GAAP.

Regardless of the accounting, options represent a significant cost to shareholders. The true cost is the business value transferred to the employee in stock, less the exercise proceeds, a number that is difficult to calculate since it depends on when options are exercised and the future performance of the business. GAAP provides several alternatives for accounting for this cost. In the Company's opinion, none of these alternatives provide a method that accurately captures the true cost of options in all circumstances.

Because the Company believes that accurately understanding and managing the cost of options is essential, over the last three years, the Company has developed the following practices regarding stock options:

- When options are issued, the Company's general practice is to repurchase the same number of shares. Future options will not be granted unless shares have first been repurchased in the open market, and will have a strike price no less than the average price of the repurchased shares. For shareholders, the only impact of options therefore is the capital used to repurchase shares is no longer available to invest in income producing assets. This cost, the opportunity cost of the capital used to repurchase shares until the capital is returned upon option exercise, already reduces the Company's reported earnings.
- Option grants are predominantly performance-based, with appropriately aggressive vesting targets. The Company believes that these options properly align the interests of management and shareholders by rewarding management only for exceptional business performance.
- Starting for the quarter ended March 31, 2002, the calculation of economic profit (loss) includes three adjustments to the Company's results reported under GAAP to reflect the cost of options. First, to avoid double counting, the GAAP expense recorded for performance options is added back. Second, all options

outstanding are included in the Company's fully diluted share base. Finally, economic profit (loss) includes a charge for the capital used to repurchase shares covering options grants. The Company's method of measuring options in the calculation of economic profit (loss) is conservative in two respects. First, the tax benefits of options have not been included in the Company's calculation. Because option expense is deducted for tax purposes upon exercise, more capital will be returned to the Company upon exercise than is invested in repurchased shares. Second, options may be cancelled due to turnover or the failure to meet performance targets. Cancellations will be factored in as they occur. One additional risk is assumed. Should options be issued and shares repurchased above intrinsic value, and the options subsequently expire unexercised, a loss equal to the amount paid above intrinsic value would be incurred.

Since January 1, 1999 through May 1, 2002, 1,306,000 options have been issued, net of cancellations, compared with 4,652,000 shares repurchased in the amount of \$26,445,000. Because of options granted prior to 1999, there are currently more options outstanding than repurchased shares. These uncovered options will be covered through future repurchases and the cost included in subsequent periods.

The Company views options as a significant but necessary cost. In the Company's opinion, this cost is now accurately measured and charged to economic profit per share, the number on which the Company's management incentive compensation system is based. The Company believes the ability to measure the cost of options, combined with an incentive compensation system that includes this cost, enhances the probability that the Company's option program will produce favorable results for shareholders.

CRITICAL ACCOUNTING POLICIES

The Company's consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires the Company to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. On an on-going basis, the Company evaluates its estimates, including those related to the reserve for advance losses, the allowance for credit losses, and the allowance for lease vehicle losses. Item 7 of the Company's Annual Report on Form 10-K discusses several critical accounting policies, which the Company believes involve a higher degree of judgment and complexity. There have been no material changes to that information during the first quarter of 2002.

LIQUIDITY AND CAPITAL RESOURCES

The Company's primary sources of capital are cash flows from operating activities, principal collected on automobile loans receivable, borrowings under the Company's credit agreements and secured financings. The Company's principal need for capital has been to fund cash advances made to dealer-partners in connection with the acceptance of automobile loans, to pay dealer holdbacks to dealer-partners who have repaid their advance balances and to fund the origination of used vehicle leases.

When borrowing to fund the operations of its foreign subsidiaries, the Company's policy is to borrow funds denominated in the currency of the country in which the subsidiary operates, thus mitigating the Company's exposure to foreign exchange fluctuations.

The Company's cash flow requirements are dependent on future levels of automobile loan originations. In the first quarter 2002, the Company experienced a decrease in originations over the same period in 2001. This decrease is the result of the Company's increased focus on improving the return on capital. Once return on capital goals have been met, the Company will focus on increasing the amount of capital invested through increasing the number of dealer-partners and the number of loans originated per dealer-partner.

The Company currently finances its operations through: (i) a bank line of credit facility; (ii) secured financings; and (iii) a mortgage note.

Line of Credit Facility - At March 31, 2002, the Company had a \$135.0 million credit agreement with a commercial bank syndicate. The facility has a commitment period through June 10, 2002, with a one-year term out option at the request of the Company provided that no event of default exists. The agreement provides that, at the

Company's discretion, interest is payable at either the eurodollar rate plus 140 basis points, or at the prime rate (4.75% as of March 31, 2002). The eurodollar borrowings may be fixed for periods of up to six months. Borrowings under the credit agreement are subject to a borrowing base limitation equal to 65% of advances to dealer-partners and leased vehicles (as reflected in the consolidated financial statements and related notes), less a hedging reserve (not exceeding \$1,000,000), the amount of letters of credit issued under the line of credit, and the amount of other debt secured by the collateral which secures the line of credit. Currently, the borrowing base limitation does not inhibit the Company's borrowing ability under the line of credit. The credit agreement has certain restrictive covenants, including a minimum required ratio of the Company's assets to debt, its liabilities to tangible net worth, and its earnings before interest, taxes and non-cash expenses to fixed charges. Additionally, the agreement requires that the Company maintain a specified minimum level of net worth. Borrowings under the credit agreement are secured by a lien on most of the Company's assets. The Company must pay an annual agent's fee and a quarterly commitment fee of 0.60% on the amount of the commitment. In addition, when outstanding borrowings under the commitment exceed 50% of the amount of the commitment, the Company must pay a quarterly fee equal to 0.25% on the amount outstanding under the commitment. As of March 31, 2002, there was approximately \$67.7 million outstanding under this facility. Since this credit facility expires on June 10, 2002, the Company will be required to renew the facility or refinance any amounts outstanding under this facility on or before such date. The Company believes that the \$135.0 million credit facility will be renewed with similar terms and a similar commitment amount. The Company also maintains small lines of credit agreements in both the United Kingdom and Canada to fund daily cash requirements within these operations.

Secured Financing - The Company's wholly-owned subsidiary, CAC Funding Corp. ("Funding"), has completed seven secured financing transactions with an institutional investor through March 31, 2002, two of which remain outstanding. The remaining secured financings include the July 23, 2001 and November 5, 2001 transactions, in which Funding received \$61.0 million and \$62.0 million in financing, respectively. In connection with these transactions, the Company contributed dealer-partner advances having a carrying amount of approximately \$83.0 million and \$96.0 million for the July 2001 and November 2001 secured financings, respectively, to Funding, which, in turn, pledged them as collateral to an institutional investor to secure loans that funded the purchase price of the dealer-partner advances. The proceeds of the secured financings were used by the Company to reduce outstanding borrowings under the Company's credit facility. The secured financings create loans for which Funding is liable and are non-recourse to the Company, even though Funding and the Company are consolidated for financial reporting purposes. Such loans bear interest at a floating rate equal to the commercial paper rate plus 50 basis points with a maximum of 7.5% and 6.5% for the July 23, 2001 and November 5, 2001 secured financings, respectively. As Funding is organized as a separate legal entity from the Company, assets of Funding (including the contributed dealer-partner advances) will not be available to satisfy the general obligations of the Company. Substantially all the assets of Funding have been encumbered to secure Funding's obligations to its creditors. In the six months following the July 2001 and the four months following the November 2001 financings, the Company and Funding received additional proceeds by having the Company contribute additional dealer-partner advances to Funding which could then be used by Funding as collateral to support additional borrowings. To the extent permitted by its creditors, Funding would be able to use the proceeds of borrowings to pay the purchase price of dealer-partner advances or to make advances or distributions to the Company. Such financings are secured by Funding's dealer-partner advances, Funding's rights to collections on the related automobile loans receivable and certain related assets up to the sum of Funding's dealer-partner advances and the Company's servicing fee. The Company receives a monthly servicing fee paid by the institutional investor equal to 6% and 8% of the collections on Funding's automobile loans receivable for the July 2001 and November 2001 secured financings, respectively. Except for the servicing fee and payments due to dealer-partners, the Company does not receive, or have any rights in, any portion of collections on the automobile loans receivable until Funding's underlying indebtedness is paid in full either through collections on the related automobile loans or through a prepayment of the indebtedness.

As of March 31, 2002, the Company was informed that the institutional investor, which provided the Company's secured financings, would no longer provide the Company with future secured financings. Management does not believe that this decision will adversely impact future operations.

A summary of the secured financing transactions is as follows
(dollars in thousands):

Issue Number	Close Date	Original Balance	Secured Financing Balance at March 31, 2002	Secured Dealer Advance Balance at March 31, 2002	Balance as Percent of Original Balance
1998-A	July 1998	\$ 50,000	Paid in full	Paid in full	0.0%
1999-A	July 1999	50,000	Paid in full	Paid in full	0.0
1999-B	December 1999	50,000	Paid in full	Paid in full	0.0
2000-A	August 2000	65,000	Paid in full	Paid in full	0.0
2001-A	March 2001	97,100	Paid in full	Paid in full	0.0
2001-B	July 2001	60,845	\$46,569*	\$79,987	76.5
2001-C	November 2001	61,795	61,795**	86,533	100.0
		----- \$434,740	----- \$108,364	----- \$166,520	
		=====	=====	=====	

* Bears an interest rate of 2.3% and is anticipated to fully amortize within 10 months as of March 31, 2002

** Bears an interest rate of 2.4% and is anticipated to fully amortize within 12 months as of March 31, 2002

Mortgage Loan - The Company has a mortgage loan from a commercial bank that is secured by a first mortgage lien on the Company's headquarters building and an assignment of all leases, rents, revenues and profits under all present and future leases of the building. The loan matures on May 1, 2004 and requires monthly payments of \$99,582, bearing interest at a fixed rate of 7.07%. The Company believes that the mortgage loan repayments can be made from cash resources available to the Company at the time such repayments are due.

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

CONTRACTUAL OBLIGATIONS	PERIOD OF REPAYMENT			TOTAL
	< 1 YEAR	1-3 YEARS	> 3 YEARS	
Secured financings	\$108,364	\$ --	\$ --	\$108,364
Line of Credit	67,403	--	--	67,403
Mortgage Note	735	6,005	--	6,740
Non-cancelable operating lease obligations	607	949	497	2,053
	-----	-----	-----	-----
Total contractual cash obligations	\$177,109	\$ 6,954	\$ 497	\$184,560
	=====	=====	=====	=====

Repurchase and Retirement of Common Stock - In 1999, the Company began acquiring shares of its common stock in connection with a stock repurchase program announced in August 1999. That program authorized the Company to purchase up to 1,000,000 common shares on the open market or pursuant to negotiated transactions at price levels the Company deems attractive. 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 March 31, 2002, the Company has repurchased approximately 4.5 million shares of the 5.0 million shares authorized to be repurchased under this program at a cost of \$23,623,000. The five million shares, which can be repurchased through the open market or in privately negotiated transactions, represent approximately 10.8% of the shares outstanding at the beginning of the program.

Based upon anticipated cash flows, management believes that cash flows from operations, various financing alternatives available to the Company, and amounts available under its credit agreement will provide sufficient financing for debt maturities and for future operations. The Company's ability to borrow funds may be impacted by many economic and financial market conditions. If the various financing alternatives were to become limited or unavailable to the Company, the Company's operations could be materially and adversely affected.

FORWARD-LOOKING STATEMENTS

The 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. These forward-looking statements represent the Company's outlook only as of the date of this report. While the Company believes that its forward-looking statements are reasonable, actual results could differ materially since the statements are based on the Company's current expectations, which are subject to risks and uncertainties. These 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, unavailability 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 automobile loans, the Company's potential inability to accurately forecast and estimate future collections and historical collection rates, the Company's potential inability to accurately estimate the residual values of the lease vehicles, an increase in the amount or severity of litigation against the Company, the loss of key management personnel, and the Company's ability to continue to obtain third party financing on favorable terms.

Other factors not currently anticipated by management may also materially and adversely affect the Company's results of operations. The Company does not undertake, and expressly disclaim any obligation, to update or alter its forward-looking statements whether as a result of new information, future events or otherwise, except as required by applicable law.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Refer to the Company's Annual Report on Form 10-K for the year ended December 31, 2001 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 2001 Annual Report on Form 10-K.

PART II. - OTHER INFORMATION

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 March 31, 2002 and none were filed during that period.

SIGNATURE

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

CREDIT ACCEPTANCE CORPORATION
(Registrant)

By: /s/ Douglas W. Busk

Douglas W. Busk
Chief Financial Officer and Treasurer
May 15, 2002

(Principal Financial, Accounting Officer
and Duly Authorized Officer)

INDEX OF EXHIBITS

EXHIBIT NO.	DESCRIPTION
4(f)(31)	Amendment No. 3 dated January 31, 2002 to Amended and Restated Security Agreement dated July 20, 2001 among Kitty Hawk Funding Corporation, CAC Funding Corp., the Company and Bank of America, N.A.
4(f)(32)	Amendment No. 14 dated January 14, 2002 to Contribution Agreement dated July 7, 1998 between the Company and CAC Funding Corp.
4(f)(33)	Amendment No. 15 dated January 14, 2002 to Contribution Agreement dated July 7, 1998 between the Company and CAC Funding Corp.
4(f)(34)	Amendment No. 16 dated February 12, 2002 to Contribution Agreement dated July 7, 1998 between the Company and CAC Funding Corp.
4(f)(35)	Amendment No. 17 dated February 12, 2002 to Contribution Agreement dated July 7, 1998 between the Company and CAC Funding Corp.
4(f)(36)	Amendment No. 18 dated March 12, 2002 to Contribution Agreement dated July 7, 1998 between the Company and CAC Funding Corp.
4(f)(37)	Back-Up Servicing Agreement dated January 31, 2002 among the Company, CAC Funding Corp., OSI Portfolio Services, Inc., Kitty Hawk Funding Corporation and Bank of America, N.A.
4(f)(38)	Amendment No. 1 dated March 8, 2002 to Amended and Restated Credit Agreement dated June 11, 2001 among the Company, Comerica Bank, LaSalle Bank National, Harris Trust and Savings Bank, Fifth Third Bank, M&I Marshall & Ilsley Bank, Bank of America, N.A., and National City Bank

AMENDMENT NO. 3 TO
AMENDED AND RESTATED SECURITY AGREEMENT

AMENDMENT NO. 3 TO AMENDED AND RESTATED SECURITY AGREEMENT (this "Amendment"), dated as of January 31, 2002, 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 debtor (together with its successors and assigns, the "Debtor"), CREDIT ACCEPTANCE CORPORATION, a Michigan corporation, individually and as initial servicer (together with its successors and assigns, the "Servicer"), and BANK OF AMERICA, N.A., a national banking association ("Bank of America"), individually and as collateral agent (together with its successors and assigns in such capacity, the "Collateral Agent"), amending that certain Amended and Restated Security Agreement (as amended to the date hereof, the "Security Agreement"), dated as of July 20, 2001, among the Company, the Debtor, the Servicer and Bank of America, individually and as Collateral Agent.

WHEREAS, the parties hereto and OSI Portfolio Services, Inc. ("OSIPS"), a Delaware corporation have entered into a Back-up Servicing Agreement dated as of the date hereof;

WHEREAS, on the terms and conditions set forth herein, the parties to the Security Agreement wish to amend the Security 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 Security Agreement.

SECTION 2. Amendments.

(a) Section 1.1 of the Security Agreement is hereby amended by deleting the definition of "Successor Servicer" and replacing it with the following:

"Successor Servicer" shall mean the Back-up Servicer in its capacity as Servicer or such other entity appointed to succeed the Back-up Servicer as Servicer pursuant to Section 4.1."

(b) Section 4.1(a) of the Security Agreement is hereby amended as follows (solely for convenience, changed text is italicized):

"(a) Pursuant to the Servicing Agreement, the Debtor has contracted with CAC to act as servicer to manage, collect and administer each of the Loans and Contracts. Until such time as CAC is terminated as servicer under the Servicing Agreement, references to the Servicer herein shall refer to CAC as servicer under the terms of the Servicing Agreement. In the event of a Servicer Event of Default, the Collateral Agent shall have the right to cause the Debtor to terminate CAC as servicer thereunder. Upon termination of CAC as servicer of the Loans and Contracts pursuant to Section 2.1 of the Servicing Agreement, the Back-up Servicer pursuant to the Back-up Servicing Agreement shall act as the Successor Servicer and shall service the Loans and Contracts in accordance with the terms of the Back-up Servicing Agreement, and the Collateral Agent shall have the right at such time to exercise all of its rights under Section 4.3 hereof. In the event that the Back-up Servicer is terminated in accordance with the terms of the Back-up Servicing Agreement, the Collateral Agent shall have the right to appoint a new Successor Servicer and enter into a servicing agreement with such Successor Servicer. CAC shall not have the right to appoint a Successor Servicer. Upon termination of CAC as Servicer, all references herein to the Servicer shall be deemed to refer to the Successor Servicer. Notwithstanding the above, Bank of America, N.A. may appoint any established financial institution having a net worth of not less than \$50,000,000 and whose regular business includes the servicing of automobile installment sales contracts as the Successor Servicer hereunder."

(c) Section 5.1(a)(ii) of the Security Agreement is hereby amended as follows (solely for convenience, changed text is italicized):

"(ii) first, to the Back-up Servicer, an amount equal to the Monthly Back-up Servicing Fee (as defined in the Back-up Servicing Agreement), second, to the Servicer, an amount equal to the Monthly Servicing Fee in respect of such group of Loans for the related Collection Period;"

SECTION 3. Representations and Warranties. The Debtor hereby makes to the Collateral Agent, the Company and the Bank Investors, on and as of the date hereof, all of the representations and warranties set forth in 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 when it has been signed by the parties hereto.

SECTION 5. Costs and Expenses. The Debtor shall pay all of the Company's, the Bank Investors' and the Collateral 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 6. Governing Law. THIS AMENDMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

SECTION 7. 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 8. 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 9. Ratification. Except as expressly affected by the provisions hereof, the Security 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 Security Agreement to "this Agreement", "hereunder", "herein" or words of like import shall mean and be a reference to the Security Agreement as amended by this Amendment.

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

CAC FUNDING CORP., as Debtor

By: /S/ Brett A. Roberts

Name: Brett A. Roberts
Title: President

CREDIT ACCEPTANCE
CORPORATION, individually and as
Servicer

By: /S/ Douglas W. Busk

Name: Douglas W. Busk
Title: Treasurer

KITTY HAWK FUNDING CORPORATION,
as Company

By: /S/ Jill A. Gordon

Name: Jill A. Gordon
Title: Vice President

BANK OF AMERICA, N.A., individually,
as Collateral Agent

By: /S/ Christopher G. Young

Name: Christopher G. Young
Title: Vice President

AMENDMENT NO. 14 TO CONTRIBUTION AGREEMENT

This AMENDMENT NO. 14 TO CONTRIBUTION AGREEMENT ("Amendment No. 14"), dated as of January 14, 2001, 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 certain dates starting with June 30, 1999 and ending with December 11, 2001, CAC and Funding entered into Amendments No. 1 through No. 13 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. The Loans contributed to Funding under this Amendment No. 14 are allocated to particular pools which were contributed under Amendment No. 5 to Contribution Agreement between CAC and Funding dated July 20, 2001.

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 each 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 January 14, 2002.

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

"Cut-Off Date" means January 1, 2002.

"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 9-330 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. 14 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. 14 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. 14 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. 14 or as may be determined in connection therewith by applicable law. CAC and Funding shall, to the extent consistent with this Amendment No. 14, take such actions as may be necessary to ensure that, if this Amendment No. 14 were deemed to create a security interest in the Loans and other Additional Contributed Property, such security interest would be deemed to be a first priority 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. 14, shall be delivered to Funding as confidential and proprietary, and is hereby incorporated into and made a part of this Amendment No. 14.

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. 14 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. 14 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. 14), 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. 14 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. 14 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 the 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. 14 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. 14, Funding shall acquire all of CAC's ownership and other interest in each Loan (and in 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 \$471,881,794.42 and the Aggregate Outstanding Eligible Loan Balance with respect to the Loans being conveyed hereunder was not less than \$5,223,276.53.

(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. 14 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. 14 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. 14. 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. 14 shall become effective on January __, 2002.

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. 14 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. 14.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, Funding and CAC each have caused this Amendment No. 14 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/ Brett A. Roberts

Name: Brett A. Roberts
Title: President

CREDIT ACCEPTANCE CORPORATION,
individually and as Servicer

By: /S/ Douglas W. Busk

Name: Douglas W. Busk
Title: Treasurer

Acknowledged and agreed as
of the date first above written:

KITTY HAWK FUNDING CORPORATION

By: /S/ Andy Yan

Name: Andy Yan
Title: Vice President

BANK OF AMERICA, N.A., as Agent

By: /S/ Christopher G. Young

Name: Christopher G. Young
Title: Vice President

AMENDMENT NO. 15 TO CONTRIBUTION AGREEMENT

This AMENDMENT NO. 15 TO CONTRIBUTION AGREEMENT ("Amendment No. 15"), dated as of January 14, 2001, 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 certain dates starting with June 30, 1999 and ending with January 14, 2002, CAC and Funding entered into Amendments No. 1 through No. 14 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. The Loans contributed to Funding under this Amendment No. 15 are allocated to particular pools which were contributed under Amendment No. 9 to Contribution Agreement between CAC and Funding dated November 2, 2001.

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 each 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 January 14, 2002.

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

"Cut-Off Date" means January 1, 2002.

"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 9-330 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. 15 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. 15 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. 15 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. 15 or as may be determined in connection therewith by applicable law. CAC and Funding shall, to the extent consistent with this Amendment No. 15, take such actions as may be necessary to ensure that, if this Amendment No. 15 were deemed to create a security interest in the Loans and other Additional Contributed Property, such security interest would be deemed to be a first priority 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. 15, shall be delivered to Funding as confidential and proprietary, and is hereby incorporated into and made a part of this Amendment No. 15.

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. 15 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. 15 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. 15), 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. 15 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. 15 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 the 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. 15 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. 15, Funding shall acquire all of CAC's ownership and other interest in each Loan (and in 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 \$458,627,198.89 and the Aggregate Outstanding Eligible Loan Balance with respect to the Loans being conveyed hereunder was not less than \$3,571,725.29.

(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. 15 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. 15 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. 15. 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. 15 shall become effective on January __, 2002.

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. 15 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. 15.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, Funding and CAC each have caused this Amendment No. 15 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/ Brett A. Roberts

Name: Brett A. Roberts
Title: President

CREDIT ACCEPTANCE CORPORATION,
individually and as Servicer

By: /S/ Douglas W. Busk

Name: Douglas W. Busk
Title: Treasurer

Acknowledged and agreed as of the date first above written:

KITTY HAWK FUNDING CORPORATION

By: /S/ Andy Yan

Name: Andy Yan
Title: Vice President

BANK OF AMERICA, N.A., as Agent

By: /S/ Christopher G. Young

Name: Christopher G. Young
Title: Vice President

AMENDMENT NO. 16 TO CONTRIBUTION AGREEMENT

This AMENDMENT NO. 16 TO CONTRIBUTION AGREEMENT ("Amendment No. 16"), dated as of February 12, 2002, 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 certain dates starting with June 30, 1999 and ending with January 14, 2002, CAC and Funding entered into Amendments No. 1 through No. 15 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. The Loans contributed to Funding under this Amendment No. 16 are allocated to particular pools which were contributed under Amendment No. 9 to Contribution Agreement between CAC and Funding dated November 2, 2001.

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 each 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 February 12, 2002.

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

"Cut-Off Date" means February 1, 2002.

"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 9-330 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. 16 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. 16 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. 16 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. 16 or as may be determined in connection therewith by applicable law. CAC and Funding shall, to the extent consistent with this Amendment No. 16, take such actions as may be necessary to ensure that, if this Amendment No. 16 were deemed to create a security interest in the Loans and other Additional Contributed Property, such security interest would be deemed to be a first priority 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. 16, shall be delivered to Funding as confidential and proprietary, and is hereby incorporated into and made a part of this Amendment No. 16.

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. 16 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. 16 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. 16), 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. 16 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. 16 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 the 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. 16 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. 16, Funding shall acquire all of CAC's ownership and other interest in each Loan (and in 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 \$453,147,191.37 and the Aggregate Outstanding Eligible Loan Balance with respect to the Loans being conveyed hereunder was not less than \$3,479,796.61.

(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. 16 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. Sections 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. 16 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. 16. 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. 16 shall become effective on February 12, 2002.

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. 16 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. 16.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, Funding and CAC each have caused this Amendment No. 16 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/ Brett A. Roberts

Name: Brett A. Roberts
Title: President

CREDIT ACCEPTANCE CORPORATION,
individually and as Servicer

By: /S/ Brett A. Roberts

Name: Brett A. Roberts
Title: Chief Executive Officer

Acknowledged and agreed as
of the date first above written:

KITTY HAWK FUNDING CORPORATION

By: /S/ Andy Yan

Name: Andy Yan
Title: Vice President

BANK OF AMERICA, N.A., as Agent

By: /S/ Christopher G. Young

Name: Christopher G. Young
Title: Vice President

AMENDMENT NO. 17 TO CONTRIBUTION AGREEMENT

This AMENDMENT NO. 17 TO CONTRIBUTION AGREEMENT ("Amendment No. 17"), dated as of February 12, 2002, 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 certain dates starting with June 30, 1999 and ending with February 12, 2002, CAC and Funding entered into Amendments No. 1 through No. 16 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. The additional Loans and related property contributed to Funding under this Amendment No. 17 are allocated to the November 2001 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 each 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 February 12, 2002.

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

"Cut-Off Date" means February 1, 2002.

"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 9-330 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. 17 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. 17 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. 17 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. 17 or as may be determined in connection therewith by applicable law. CAC and Funding shall, to the extent consistent with this Amendment No. 17, take such actions as may be necessary to ensure that, if this Amendment No. 17 were deemed to create a security interest in the Loans and other Additional Contributed Property, such security interest would be deemed to be a first priority 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. 17, shall be delivered to Funding as confidential and proprietary, and is hereby incorporated into and made a part of this Amendment No. 17.

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. 17 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. 17 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. 17), 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. 17 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. 17 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 the 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. 17 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. 17, Funding shall acquire all of CAC's ownership and other interest in each Loan (and in 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 \$468,079,249.70 and the Aggregate Outstanding Eligible Loan Balance with respect to the Loans being conveyed hereunder was not less than \$14,932,058.28.

(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. 17 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. Sections 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. 17 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. 17. 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. 17 shall become effective on February 12, 2002.

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. 17 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. 17.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, Funding and CAC each have caused this Amendment No. 17 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/ Brett A. Roberts

Name: Brett A. Roberts
Title: President

CREDIT ACCEPTANCE CORPORATION,
individually and as Servicer

By: /S/ Brett A. Roberts

Name: Brett A. Roberts
Title: Chief Executive Officer

Acknowledged and agreed as
of the date first above written:

KITTY HAWK FUNDING CORPORATION

By: /S/ Andy Yan

Name: Andy Yan
Title: Vice President

BANK OF AMERICA, N.A., as Agent

By: /S/ Christopher G. Young

Name: Christopher G. Young
Title: Vice President

AMENDMENT NO. 18 TO CONTRIBUTION AGREEMENT

This AMENDMENT NO. 18 TO CONTRIBUTION AGREEMENT ("Amendment No. 18"), dated as of March 12, 2002, 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 certain dates starting with June 30, 1999 and ending with February 12, 2002, CAC and Funding entered into Amendments No. 1 through No. 17 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. The additional Loans and related property identified on Schedule 1a attached hereto and contributed to Funding under this Amendment No. 18 are allocated to particular pools which were contributed under Amendment No. 9 to Contribution Agreement between CAC and Funding dated November 2, 2001. The additional Loans and related property identified on Schedule 1b attached hereto and contributed to Funding under this Amendment No. 18 are allocated to the November 2001 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 each 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 Schedules 1a and 1b 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 March 12, 2002.

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

"Cut-Off Date" means March 1, 2002.

"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 Schedules 1a and 1b 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 9-330 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. 18 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. 18 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. 18 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. 18 or as may be determined in connection therewith by applicable law. CAC and Funding shall, to the extent consistent with this Amendment No. 18, take such actions as may be necessary to ensure that, if this Amendment No. 18 were deemed to create a security interest in the Loans and other Additional Contributed Property, such security interest would be deemed to be a first priority 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 files or lists shall be marked as Schedule 1a or 1b to this Amendment No. 18, shall be delivered to Funding as confidential and proprietary, and is hereby incorporated into and made a part of this Amendment No. 18.

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. 18 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. 18 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. 18), 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. 18 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. 18 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 the 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. 18 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. 18, Funding shall acquire all of CAC's ownership and other interest in each Loan (and in 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 \$475,174,410.71, the Aggregate Outstanding Eligible Loan Balance with respect to the Loans listed on Schedule 1a being conveyed hereunder was not less than \$7,903,134.35, and the Aggregate Outstanding Eligible Loan Balance with respect to the Loans listed on Schedule 1b being conveyed hereunder was not less than \$12,882,609.05.

(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. 18 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 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. Schedules 1a and 1b to this Amendment No. 18 is and will be accurate and complete listings 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 Schedules 1a and 1b, 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. 18. 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. 18 shall become effective on March 12, 2002.

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. 18 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. 18.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, Funding and CAC each have caused this Amendment No. 18 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: Chief Financial Officer

CREDIT ACCEPTANCE CORPORATION,
individually and as Servicer

By: /S/ Douglas W. Busk

Name: Douglas W. Busk
Title: Chief Financial Officer

Acknowledged and agreed as
of the date first above written:

KITTY HAWK FUNDING CORPORATION

By: /S/ Andy Yan

Name: Andy Yan
Title: Vice President

BANK OF AMERICA, N.A., as Agent

By: /S/ Christopher G. Young

Name: Christopher G. Young
Title: Vice President

BACK-UP SERVICING AGREEMENT

BACK-UP SERVICING AGREEMENT (the "Agreement"), dated as of January 31, 2002, among CAC FUNDING CORP., a Nevada corporation, (together with its successors and assigns, the "Debtor"), CREDIT ACCEPTANCE CORPORATION, a Michigan corporation ("CAC"), individually and as servicer (in such capacity, together with its successors and assigns, the "Servicer"), OSI PORTFOLIO SERVICES, INC. ("OSIPS"), a Delaware corporation (the "Back-up Servicer"), KITTY HAWK FUNDING CORPORATION, a Delaware corporation, as a secured party (together with its successors and assigns, the "Company") and BANK OF AMERICA, N.A., a national banking association ("Bank of America"), individually and as collateral agent (together with its successors and assigns in such capacity, the "Collateral Agent").

W I T N E S S E T H :

WHEREAS, the Debtor, the Servicer, the Back-up Servicer, the Company and the Collateral Agent have entered into an Amended and Restated Security Agreement (the "Security Agreement") dated as of July 20, 2001, as amended, restated, supplemented or otherwise modified from time to time;

WHEREAS, the Debtor and the Servicer have entered into a Servicing Agreement (the "Servicing Agreement") dated as of July 7, 1998, as amended, restated, supplemented or otherwise modified from time to time;

WHEREAS, the parties to the Security Agreement desire to obtain the services of the Back-up Servicer to perform certain servicing functions and assume certain obligations with respect to the Security Agreement, all as set forth herein, and the Back-up Servicer has agreed to perform such functions and assume such obligations;

WHEREAS, for its services hereunder and with respect to the Security Agreement and the other Transaction Documents, the Back-up Servicer will receive a fee payable as described herein;

NOW THEREFORE, the parties hereto agree as follows:

ARTICLE 1
DEFINITIONS

SECTION 1.1. Definitions. All capitalized terms not otherwise defined herein shall have the meanings specified in, or incorporated by reference into, the Security Agreement. The following terms shall have the meanings specified below, and shall include in the singular number the plural and in the plural number the singular:

"Aggregate Outstanding Eligible Loan Balance" shall mean, with respect to any date of

determination, the aggregate Outstanding Balance under all Eligible Loans at the end of such day.

"Assumption Date" has the meaning specified in Section 2.3.

"Back-up Servicer Event of Default" shall mean (a) the failure of the Back-up Servicer to make any payment, transfer or deposit as required hereunder, under the Security Agreement, under the Note Purchase Agreement or any other Transaction Document, without curing said failure within one (1) business day of receiving notice thereof, (b) the failure of the Back-up Servicer to observe or perform in any material respect any other representation, warranty, covenant or agreements of the Back-up Servicer (including with respect to the Credit Guidelines) in this Agreement, as reasonably determined by the Collateral Agent, and failing to cure said failure within fifteen (15) days of receiving notice thereof, (c) the occurrence of any Material Adverse Change, or (d) an event of the type described in Section 6.1(ii) of the Security Agreement shall occur with respect to the Back-up Servicer.

"CAC" shall mean Credit Acceptance Corporation, a Michigan corporation, and its successors and assigns.

"Collateral Agent" shall mean Bank of America, N.A., or any successor thereto, as Collateral Agent under the Security Agreement and hereunder.

"Collection Guidelines" shall mean policies and procedures of the Servicer, relating to the collection of amounts due on Contracts, as in effect on the Cut-Off Date and as amended from time to time in accordance with the Servicing Agreement and with the other Transaction Documents.

"Collections" shall mean all payments (including Recoveries, credit-related insurance proceeds, Interest Rate Cap proceeds and proceeds of Related Security) received by the Servicer, the Back-up Servicer, CAC or the Debtor on or after the Cut-Off Date in respect of the Loans in the form of cash, checks, wire transfers or other form of payment in accordance with the Loans and the Dealer Agreements.

"Company" shall mean Kitty Hawk Funding Corporation, a Delaware corporation, and its successors and assigns.

"Continued Errors" has the meaning specified in Section 2.2.

"Contract" shall mean each retail installment sales contract, in substantially one of the forms attached to the Security Agreement as Exhibit A, relating to the sale of a new or used automobile or light-duty truck originated by a Dealer and in which the Seller shall have been granted a security interest or certain other ownership rights under the related Dealer Agreement to secure the related dealer's obligation to repay one or more Loans.

"Contribution Agreement" shall mean the Contribution Agreement dated as of July 7, 1998, between CAC and the Debtor, as the same may be amended, restated, supplemented or otherwise modified from time to time.

"Credit Guidelines" shall mean policies and procedures of CAC relating to the extension of credit to automobile and light-duty truck dealers in respect of retail installment contracts for the sale of automobiles and/or light-duty trucks, including, without limitation, the policies and procedures for determining the creditworthiness of such dealers and relating to this extension of credit to such dealers and the maintenance of installment sale contracts, as in effect on the Cut-Off Date and as amended from time to time in accordance herewith and with the other Transaction Documents.

"Data Mapping" has the meaning specified in Section 2.6(b).

"Dealer Agreement" shall mean each agreement between the Seller and any Dealer, in substantially the form attached to the Security Agreement as Exhibit C.

"Debtor" shall mean CAC Funding Corp. and its successors and assigns.

"Errors" has the meaning specified in Section 2.2.

"Liability" has the meaning specified in Section 2.2.

"Loan" shall mean all amounts advanced by CAC under a Dealer Agreement and payable from Collections, including servicing charges, insurance charges and service policies and all related finance charges, late charges, and all other fees and charges charged to customers; provided, however, that the term "Loan" shall include only those Loans identified on Schedule 1 to the Contribution Agreement, as amended from time to time in accordance therewith and with the other Transaction Documents.

"Material Adverse Change" Any circumstance or event which in the reasonable judgment of the Collateral Agent (a) may be reasonably expected to cause a material adverse change to the validity or enforceability of this Agreement or the Security Agreement, or (b) may be reasonably expected to materially impair the ability of the Back-up Servicer to fulfill its obligations under this Agreement or the Security Agreement.

"Monthly Back-up Servicing Fee" shall mean, with respect to any Remittance Date that relates to a Collection Period that preceded the Assumption Date, an amount equal to \$3,500 (of which \$2,500 is for boarding/warehousing and \$1,000 is for the Monthly Servicer Certificate reconciliation), it being understood that to the extent the Assumption Date occurs on a day other than the first day of a Collection Period, such amount shall be pro rated for such period.

"Monthly Servicing Fee" shall mean, with respect to any Remittance Date that relates to a Collection Period that follows the Assumption Date, the amounts set forth on Exhibit [] with respect to the individual servicing items set forth on such exhibit.

"Note Purchase Agreement" shall mean the Note Purchase Agreement dated as of July 7, 1998 among the Debtor, the Company and Bank of America, N.A., a national banking association (formerly known as Nationsbank, N.A.), as Agent and as a Bank Investor, as such agreement may be amended, modified and supplemented from time to time.

"Person" shall mean any legal person, including any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, Governmental Authority or other entity of similar nature.

"Secured Parties" shall mean the Company, the Bank Investors and their respective successors and assigns.

"Security Agreement" shall mean the Amended and Restated Security Agreement dated as of July 20, 2001 among CAC, the Servicer, the Debtor, the Collateral Agent and the Company, as such agreement may be amended, modified and supplemented from time to time.

"Servicer" shall mean initially CAC and thereafter any Person appointed as Successor Servicer pursuant to the Security Agreement.

"Servicer's Data File" has the meaning specified in Section 2.1.

"Service-Related Activities" means the services and service-related activities and the servicer-related responsibilities provided for under the Security Agreement and the other Transaction Documents.

"Test Data File" has the meaning specified in Section 2.6(b).

ARTICLE 2
ADMINISTRATION AND COLLECTION

SECTION 2.1. Reconciliation of Monthly Servicer's Report.

(a) On the third Business Day of each calendar month, the Servicer shall send to the Back-Up Servicer a cd-rom, detailing the Collections during the prior Collection Period [and all other information relating to the Loans and the Contracts as may be necessary for the complete and correct completion of the Monthly Servicer's Certificate](the "Servicer's Data File"). Such cd-rom shall be in the form and have the specifications as may be agreed to between the Servicer and the Back-Up Servicer from time to time. The Back-Up Servicer shall, within

one (1) day of the receipt thereof, load the Servicer's Data File and confirm that such is in readable form. If the Back-up Servicer determines that the Servicer's Data File is not in readable form, the Back-up Servicer shall immediately upon discovery thereof notify the Servicer and the Collateral Agent by telephone of such, and upon such notification, the Servicer shall prepare and send a replacement Servicer's Data File to the Back-up Servicer satisfying the Back-up Servicer's specifications, for receipt by the Back-up Servicer on the next day.

(b) No later than two (2) Business Days prior to each Determination Date, provided that the Servicer shall have furnished to the Back-Up Servicer the Monthly Servicer's Certificate related to the prior Collection Period, the Back-Up Servicer shall review the information contained in the Monthly Servicer's Certificate against the information on the Servicer's Data File, on an aggregate basis. No later than one (1) Business Day after the Back-Up Servicer's receipt of the Monthly Servicer's Certificate related to a Collection Period, the Back-Up Servicer shall notify the Servicer, the Collateral Agent and the Agent of any inconsistencies between the Monthly Servicer's Certificate and the information contained in the Servicer's Data File, but in the absence of a reconciliation, the Monthly Servicer's Certificate shall control for the purpose of calculations and distributions with respect to the related Remittance Date. If the Back-Up Servicer and the Servicer are unable to reconcile discrepancies with respect to a Monthly Servicer's Certificate prior to the related Remittance Date, the Servicer shall cause a firm of independent accountants, at the Servicer's expense, to audit the Monthly Servicer's Certificate and reconcile the discrepancies. The effect, if any, of such reconciliation shall be reflected in the Monthly Servicer's Certificate for such next Remittance Date. The Back-Up Servicer shall only review the information provided by the Servicer in the Monthly Servicer's Certificate and in the Servicer's Data File and its obligation to report any inconsistencies shall be limited to those determinable from such information.

(c) The Back-Up Servicer and the Servicer shall attempt to reconcile any such inconsistencies and/or to furnish any omitted information and the Servicer shall amend the Monthly Servicer's Certificate to reflect the results of the reconciliation or to include any omitted information. The Back-Up Servicer shall in no event be liable to the Servicer or any other party with respect to any failure of the Back-Up Servicer to discover or detect any errors, inconsistencies, or omissions by the Servicer with respect to the Monthly Servicer's Certificate and Servicer's Data File.

(d) The Servicer shall provide monthly, or as otherwise requested, to the Back-Up Servicer, or its agent, information on the Loans and related Contracts sufficient to enable the Back-Up Servicer to assume the responsibilities as Successor Servicer and collect on the Loans and related Contracts.

SECTION 2.2. Review and Verification.

(a) Notwithstanding Section 2.1 above, on or before one (1) Business Day prior to each Determination Date, the Servicer and the Collateral Agent shall provide sufficient data to

the Back-Up Servicer to allow the Back-Up Servicer to review the Monthly Servicer's Certificate related thereto and determine the following:

(i) that such Monthly Servicer's Certificate is complete on its face;

(ii) that the amounts credited to and withdrawn from the Collection Account and the balance of such account, as set forth in the records of the Collateral Agent are the same as the amount set forth in the Monthly Servicer's Certificate; and

(iii) that the amounts credited to and withdrawn from the Reserve Account and the balance of such account, as set forth in the records of the Collateral Agent are the same as the amount set forth in the Monthly Servicer's Certificate.

(b) The Back-Up Servicer shall, on or before the Distribution Date with respect to any Collection Period, verify the Monthly Servicer's Certificate in its entirety, which shall include but not be limited to the following:

(i) the Aggregate Outstanding Eligible Loan Balance as of the last day of the relevant Collection Period;

(ii) the Dealer Collections, Income Collections and Principle Collections, for the relevant Collection Period;

(iii) the Weighted Average Advance Rate as of last day of the relevant Collection Period.

(c) In the event of any discrepancy between the information set forth in subparagraphs (a) and (b), as calculated by the Servicer, from that determined or calculated by the Back-Up Servicer, the Back-Up Servicer shall promptly notify the Servicer and, if within five (5) days of such notice being provided to the Servicer, the Back-Up Servicer and the Servicer are unable to resolve such discrepancy, the Back-Up Servicer shall promptly notify the Agent and the Collateral Agent of such discrepancy.

(i) Other than as specifically set forth elsewhere in this Agreement, the Back-Up Servicer shall have no obligation to supervise, verify, monitor or administer the performance of the Servicer and shall have no duty, responsibility, obligation, or liability (collectively "Liability") for any action taken or omitted by the Servicer.

(ii) The Back-Up Servicer shall consult with the Servicer as may be necessary from time to time to perform or carry out the Back-Up Servicer's obligations hereunder, including the obligation, if requested in writing by the Collateral Agent, to succeed within thirty (30) days to the duties and obligations of the Servicer pursuant to Section 2.3.

(iii) Except as provided in this Agreement, the Back-up Servicer may accept and reasonably rely on all accounting, records and work of the Servicer without audit, and the Back-up Servicer shall have no Liability for the acts or omissions of the Servicer. If any error, inaccuracy or omission (collectively, "Errors") exists in any information received from the Servicer, and such Errors should cause or materially contribute to the Back-up Servicer making or continuing any Errors (collectively, "Continued Errors"), the Back-up Servicer shall have no Liability for such Continued Errors; provided, however, that this provision shall not protect the Back-up Servicer against any Liability which would otherwise be imposed by reason of willful misconduct, bad faith or gross negligence in discovering or correcting any Error or in the performance of its or their duties hereunder or under this Agreement. In the event the Back-up Servicer becomes aware of Errors or Continued Errors, the Back-up Servicer shall, with the prior consent of the Collateral Agent, use its best efforts to reconstruct and reconcile such data as is commercially reasonable to correct such Errors and Continued Errors and prevent future Continued Errors. The Back-up Servicer shall be entitled to recover its costs thereby expended from the Servicer.

(iv) The Back-Up Servicer shall be indemnified by the Servicer and the Debtor from and against all claims, damages, losses or expenses reasonably incurred by the Back-Up Servicer (including reasonable attorney's fees) arising out of claims asserted against the Back-Up Servicer by third parties on any matter arising out of this Agreement to the extent the act or omission giving rise to the claim accrues before the date on which the Back-Up Servicer assumes the duties of Servicer hereunder, except for any claims, damages, losses or expenses arising from the Back-Up Servicer's own gross negligence, bad faith or willful misconduct.

SECTION 2.3. Assumption of Servicer's Obligations.

The Back-up Servicer agrees that within 30 days of receipt of a written notice from the Collateral Agent (such 30th day, the "Assumption Date") of the termination of the rights and obligations of CAC as Servicer pursuant to the Security Agreement, and without further notice, the Back-up Servicer shall assume the Servicer-Related Activities of CAC under the Security Agreement and further agrees that it shall assume all such Service-Related Activities in accordance with the requirements, terms and conditions set forth in the Security Agreement and the other Transaction Documents. In the event of a conflict between any provision of the Security Agreement or any other Transaction Document and this Agreement, this Agreement shall be controlling. On and after the Assumption Date, all references in the Security Agreement and the other Transaction Documents to the Servicing Agreement shall refer to this Agreement.

SECTION 2.4. Servicing and Retention of Servicer.

(a) Subject to early termination due to the occurrence of a Back-up Servicer Event of Default, or pursuant to Article V, or as otherwise provided below in this Section 2.4, on and after the Assumption Date, the Back-up Servicer shall be responsible for the servicing, administering,

managing and collection of the Loans in accordance herewith and the Security Agreement, and shall be and perform the obligations of the "Servicer" under the Security Agreement and the other Transaction Documents.

(b) In the event of a Back-up Servicer Event of Default, the Collateral Agent shall have the right to terminate the Back-up Servicer as servicer and back-up servicer hereunder. Upon the termination or resignation of the Back-up Servicer hereunder, the Collateral Agent shall have the right to appoint a successor back-up servicer (the "Successor Back-up Servicer") and enter into a back-up servicing agreement with such Successor Back-up Servicer at such time and exercise all of its rights under Section 4.3 of the Security Agreement, provided, however, that if such termination or resignation of the Back-up Servicer occurs prior to the Assumption Date, the appointment of the Successor Back-up Servicer shall be mutually acceptable to CAC and the Collateral Agent. Such back-up servicing agreement shall specify the duties and obligations of such Successor Back-up Servicer, and all references herein and in the Security Agreement to the Back-up Servicer shall be deemed to refer to such Successor Back-up Servicer.

(c) The Back-up Servicer shall not resign from the obligations and duties imposed on it by this Agreement or the Security Agreement, as Servicer or as Back-up Servicer, as applicable, except upon a determination that by reason of a change in legal requirements, the performance of its duties hereunder or under the Security Agreement would cause it to be in violation of such legal requirements in a manner which would have a material adverse effect on the Back-up Servicer, and the Collateral Agent does not elect to waive the obligations of the Back-up Servicer to perform the duties which render it legally unable to act or to delegate those duties to another Person. Any such determination permitting the resignation of the Back-up Servicer pursuant to this Section 2.4(c) shall be evidenced by an opinion of counsel to such effect delivered and acceptable to the Collateral Agent. No resignation of the Back-up Servicer shall become effective until an entity reasonably acceptable to the Collateral Agent shall have assumed the responsibilities and obligations of the Back-up Servicer.

(d) Any Person (i) into which the Back-up Servicer may be merged or consolidated, (ii) resulting from any merger or consolidation to which the Back-up Servicer shall be a party, (iii) which acquires by conveyance, transfer or lease substantially all of the assets of the Back-up Servicer, or (iv) succeeding to the business of the Back-up Servicer, in any of the foregoing cases shall execute an agreement of assumption to perform every obligation of the Back-up Servicer under this Agreement, the Security Agreement and the other Transaction Documents and, whether or not such assumption agreement is executed, shall be the successor to the Back-up Servicer under this Agreement, the Security Agreement and the other Transaction Documents without the execution or filing of any paper or any further act on the part of any of the parties to this Agreement, the Security Agreement or the other Transaction Documents, anything herein or therein to the contrary notwithstanding; provided, however, that nothing contained herein or therein shall be deemed to release the Back-up Servicer from any obligation hereunder, under the Security Agreement or other Transaction Document.

(e) Following the Assumption Date, on or before ninety (90) days after the end of each calendar year, beginning with the calendar year ending December 31, 2002, the Back-up Servicer shall cause a firm of independent public accountants (who may also render other services to the Back-up Servicer or the Debtor) to furnish a report to the Collateral Agent and the Secured Parties to the effect that they have (i) compared the information contained in the Monthly Servicer's Certificates delivered during such fiscal year, based on a sample size provided by the Collateral Agent, with the information contained in the Loans, the Contracts and the Back-up Servicer's records and computer systems for such period, and that, on the basis of such agreed upon procedures, such firm is of the opinion that the information contained in the Monthly Servicer's Certificates reconciles with the information contained in the Loans and the Contracts and the Back-up Servicer's records and computer system and that the servicing of the Loans and the Contracts has been conducted in compliance with this Agreement, (ii) verified the Aggregate Outstanding Eligible Loan Balance as of the end of each Collection Period during such fiscal year, and (iii) verified that a sample of Loans and Contracts treated by the Back-up Servicer as Eligible Loans and as Eligible Contracts, as applicable, in fact satisfied the requirements of the definition thereof contained herein and (iv) conducted a "negative confirmation" of a sample of the Loans and Contracts and verified that the Back-up Servicer's records and computer system used in servicing the Loans and Contracts contained correct information with regard to due dates and outstanding balances, except, in each case for (a) such exceptions as such firm shall believe to be immaterial (which exceptions need not be enumerated) and (b) such other exceptions as shall be set forth in such statement.

SECTION 2.5. Servicing Duties of the Back-up Servicer. On and after the Assumption Date:

(a) The Back-up Servicer shall take or cause to be taken all such action as may be necessary or advisable to collect all amounts due under the Loans and Contracts from time to time, all in accordance with applicable laws, rules and regulations, with reasonable care and diligence, and in accordance with the Credit Guidelines and the Collection Guidelines. There shall be no recourse to the Back-up Servicer with regard to the Loans and Contracts. So long as no Termination Event shall have occurred, the Back-up Servicer may, unless otherwise required by law, in accordance with the Credit Guidelines, extend the maturity of Loans and Contracts, as the Back-up Servicer may determine to be appropriate to maximize Collections thereof. The Back-up Servicer shall hold in trust for the Secured Parties all records which evidence or relate to all or any part of the Collateral. In the event that a Successor Back-up Servicer is appointed, the outgoing Back-up Servicer shall deliver to the Successor Back-up Servicer and the Successor Back-up Servicer shall hold in trust for the Debtor and the Secured Parties all records which evidence or relate to all or any part of the Collateral.

(b) The Back-up Servicer shall as soon as practicable upon demand, deliver to the Debtor all records in its possession which evidence or relate to indebtedness of an Obligor which is not a Loan or Contract.

(c) The Back-up Servicer shall deposit all Collections into the Collection Account no later than two (2) Business Days after the Date of Processing.

(d) In addition to the obligations of the Back-up Servicer under this Agreement, the Back-up Servicer shall perform all of the obligations of the Servicer as servicer under the Security Agreement and any other Transaction Document. Without limiting the foregoing and anything provided for herein, the Back-up Servicer shall perform the following in substantially the same manner and level at which CAC performs such on the date hereof: (a) electronic data and "800" lines; (b) customer service inquiries/responsibilities; (c) collections on delinquent and charged-off accounts; (d) insurance monitoring and the making of claims with respect thereto; (e) creating the Monthly Servicer's Certificate; (f) repossession and other legal actions; (g) statements to performing accounts and other correspondence; (h) reconciliation of dealer hold-back payments; (i) inventory management; (j) maintenance of lock-box accounts; (k) electronic skip tracing; and (l) document storage and title maintenance.

(e) The Back-up Servicer shall indemnify CAC, the Debtor, the Collateral Agent and the Secured Parties, their officers, directors, employees and agents, and hold them harmless against any loss, liability or expense incurred, including in each case the costs and expenses of defending themselves against any claim or liability in connection with the exercise or performance of any of the Back-up Servicer's powers or duties under this Agreement, arising out of the negligence, willful misconduct or bad faith of the Back-up Servicer in the performance of its duties hereunder. The provisions of this Section 2.5(e) shall survive the termination of this Agreement.

SECTION 2.6. Other Obligations of the Back-up Servicer and Servicer.

(a) In order to ensure preparedness to carry out the Service-Related Activities, the Back-up Servicer agrees that immediately upon execution of this Agreement, it will begin to formulate a contingency plan designed to execute a transition of the Service-Related Activities from CAC, and such plan shall be finalized within 90 days of execution of this Agreement. The contingency plan of the Back-up Servicer shall contemplate the services to be provided by the Back-up Servicer under this Agreement, the Security Agreement and the other Transaction Documents and, without limiting the obligations hereunder and thereunder, shall provide for the servicing and enforcement of the Loans and Contracts in a manner comparable to the servicing and enforcement of similar loans and contracts that the Back-up Servicer carries out for itself and others.

(b) In order to further ensure preparedness to carry out Service-Related Activities, the Back-up Servicer will ready itself to receive data as if it were currently acting as Servicer. In this regard, the Back-up Servicer and CAC will agree upon the file layout and electronic medium to transfer such data to the Back-up Servicer. CAC shall provide to the Back-up Servicer a Test Data File within thirty (30) days of the execution of this Agreement, which shall include the Loan and Contract master file, the transaction history file and all other files necessary

to carry out the Service-Related Activities (the "Test Data File") in a format acceptable to the Back-up Servicer. The Back-up Servicer shall confirm to CAC in writing that the Test Data File is in the correct format or what, if any, changes or modifications are necessary. The Back-up Servicer shall develop a conversion program which maps the Test Data File to the Back-up Servicer's internal servicing system, convert the Test Data File to its internal servicing system ("Data Mapping"), and confirm in writing to CAC and the Collateral Agent that it has received and verified the completeness of the Test Data File within 90 days of receipt of such Test Data File. Upon a successful conversion, the Back-up Servicer agrees to provide CAC a copy of its conversion program source code and supporting programming documentation. Such source code and support programming documentation shall be considered confidential information. CAC agrees that it shall retain in strict confidence and shall use its reasonable efforts to ensure that its agents and representatives retain in strict confidence, and will not disclose without the prior written consent of the Back-up Servicer, any such confidential information furnished to them except that CAC may disclose such information (i) to its officers, directors, employees, agents, counsel, accountants, auditors, affiliates, advisors or representatives (provided that such Persons are informed of the confidential nature of such information), (ii) to the extent such information has become available to the public other than as a result of a disclosure by or through CAC or its officers, directors, employees, agents, counsel, accountants, auditors, affiliates, advisors or representatives, (iii) to the extent such information was available to CAC on a nonconfidential basis prior to its disclosure to CAC hereunder or (iv) to the extent CAC should be required in connection with any legal or regulatory proceeding to disclose such information.

(c) Following CAC's receipt of the written confirmation verifying the completeness of the Test Data File in accordance with Section 2.6(b) above, no later than the 10th day of each calendar month thereafter and until the earlier of the Assumption Date or the termination of this Agreement, CAC shall provide a Live Data File transmission to the Back-up Servicer, which shall include the Loan and Contract master file, the transaction history file and all other files necessary to carry out the Service-Related Activities received in connection herewith (the "Live Data Files"). The Back-up Servicer shall convert the Live Data Files to its internal systems, and no later than five Business Days after the receipt thereof, shall confirm in writing (substantially in the form of Exhibit A hereto) to CAC the accuracy and completeness of the conversion; provided, however, that such confirmation shall not be deemed to apply to the accuracy of the Live Data Files as provided by CAC, but shall be deemed only to apply to the accuracy of the conversion of the Live Data Files to the Back-up Servicer's internal systems. In the event of any changes in format with respect to either CAC or the Back-up Servicer CAC and the Back-up Servicer shall coordinate with each other for the replacement of the data files with files in the correct format, modified accordingly. To verify that Live Data Files have been accurately converted to the Back-up Servicer's internal servicing system, the Back-up Servicer will provide CAC with such reports as are mutually agreed upon by CAC and the Back-up Servicer from time to time. CAC reserves the right to review converted data on the Back-up Servicer's system either by performing an on-site review of the Back-up Servicer's systems or, at CAC's sole expense, by having remote access to the Back-up Servicer's systems.

(d) In connection with the Back-up Servicer assuming the obligations of Servicer hereunder, under the Security Agreement and the other Transaction Documents, CAC agrees that it shall (i) promptly make available to the Back-up Servicer access to all other records and information in the possession of CAC related to the Loans and the Contracts as may be necessary or reasonably requested by the Back-up Servicer in connection with the performance of the Back-up Servicer's obligations hereunder and thereunder, and (ii) cooperate in good faith with the Back-up Servicer and the Collateral Agent in connection with any transition of the servicing of the Loans and Contracts to the Back-up Servicer.

SECTION 2.7. Servicing Compensation. As compensation for the performance of its obligations under this Agreement and with respect to the Security Agreement, and any other Transaction document, the Back-up Servicer is entitled to (a) a one time set-up fee of \$7,500 to be paid by CAC and (b) on each Remittance Date that relates to a Collection Period that preceded the Assumption Date, the Monthly Back-up Servicing Fee On each Remittance Date that relates to a Collection Period that follows the Assumption Date, the Monthly Servicing Fee, which shall be amended effective as of the Assumption Date, to be the sum of fees due for specified services performed. The associated charges for those specified services are specified on Exhibit A hereto (the "Monthly Servicing Fee Schedule.") All monthly fees hereunder shall be prorated for the actual number of days in a Collection Period that have elapsed (including the first but excluding the last day) with respect to which such fee applies. To the extent the Assumption Date occurs within a Collection Period, the Monthly Back-up Servicing fee shall apply to that portion of the Collection Period that occurred prior to the Assumption Date and the Monthly Servicing Fee shall apply to the remainder of the Collection Period.

SECTION 2.8 Collateral Agent's Rights. At any time following the Assumption Date:

(a) The Collateral Agent may direct that payment of all amounts payable under any Loans or Contracts be made directly to the Back-up Servicer, the Collateral Agent or its designee.

(b) The Servicer shall, (unless otherwise directed by the Collateral Agent) (i) assemble all of the records relating to the Collateral and shall make the same available to the Back-up Servicer (or the Collateral Agent if so directed by the Collateral Agent) at a place selected by the Back-up Servicer or the Collateral Agent, as applicable, and (ii) segregate all cash, checks and other instruments received by it from time to time constituting collections of Collateral in a manner acceptable to the Collateral Agent and shall, promptly upon receipt but no later than one Business Day after receipt, remit all such cash, checks and instruments, duly endorsed or with duly executed instruments of transfer, as directed by the Collateral Agent.

(c) The Debtor and CAC each hereby authorizes the Collateral Agent and the Back-up Servicer to take any and all steps in the Debtor's and/or CAC's name and on behalf of the Debtor and/or CAC necessary or desirable, in the determination of the Back-up Servicer or the Collateral Agent, to collect all amounts due under any and all of the Collateral with respect

thereto, including, without limitation, endorsing the Debtor's and/or CAC's name on checks and other instruments representing Collections and enforcing the Loans and Contracts.

SECTION 2.9 Liability of the Back-Up Servicer; Standard of Care.

(a) The Back-Up Servicer shall be liable in accordance herewith only to the extent of the obligations specifically undertaken by the Back-Up Servicer in such capacity herein. Such liability is limited to only those actions taken or omitted to be taken by the Back-Up Servicer and caused through its gross negligence, bad faith, or willful misconduct. No implied covenants or obligations shall be read into this Agreement against the Back-Up Servicer and, in the absence of bad faith on the part of the Back-Up Servicer, the Back-Up Servicer may conclusively rely on the truth of the statements and the correctness of the opinions expressed in any certificates or opinions furnished to the Back-Up Servicer and conforming to the requirements of this Agreement. The Back-up Servicer shall perform its obligations hereunder and under the Security Agreement and the other Transaction Documents using the same standard of care as it uses in respect of servicing, collecting and enforcing contracts or receivables for itself or others.

(b) The Back-Up Servicer shall not be charged with knowledge of any Termination Event or Potential Termination Event unless an officer of the Back-Up Servicer obtains actual knowledge of such event or the Back-Up Servicer receives written notice of such event from the Debtor, the Servicer, the Company, or the Collateral Agent, as the case may be.

(c) The Back-Up Servicer shall not be required to expend or risk its own funds or otherwise incur financial liability in the performance of its duties hereunder, or in the exercise of any of its rights or powers, if the repayment of such funds or adequate written indemnity against such risks or liability is not reasonably assured to it in writing prior to the expenditure of such funds or the incurrence of financial liability. Notwithstanding any provision to the contrary, prior to the Assumption Date, the Back-Up Servicer shall not be liable for any obligation of the Servicer contained in the Security Agreement or the other Transaction Documents, and the parties shall look only to the Servicer to perform such obligations.

SECTION 2.10 Monthly Back-Up Servicer's Certificate. On or before the Assumption Date, the Back-Up Servicer shall provide monthly reports to the Collateral Agent and the Agent, substantially in the form of the Monthly Servicer's Certificate. Such report shall be dated as of the Determination Date for each Remittance Date and delivered to the Collateral Agent on or before the close of business five (5) Business Days following the Determination Date. The Back-Up Servicer, with respect to such report, shall not be responsible for delays attributable to the Servicer's failure to deliver information, defects in the information supplied by the Servicer or other circumstances beyond the control of the Back-Up Servicer. After the Assumption Date, the Back-up Servicer shall deliver the Monthly Servicer's Certificate in accordance with Section 4.5 of the Security Agreement.

SECTION 2.11 Back-up Servicer's Expenses. The Back-up Servicer shall be required to pay all expenses incurred by it in connection with its activities hereunder, including fees and disbursements of independent accountants, taxes imposed on the Back-up Servicer and expenses incurred in connection with distributions and reports to the Collateral Agent, the Agent and the Secured Parties.

ARTICLE 3
REPRESENTATIONS AND WARRANTIES

SECTION 3.1. Representations and Warranties of the Servicer. The Back-up Servicer represents and warrants to the Debtor, CAC, the Collateral Agent, the Agent and the Secured Parties that:

(a) Corporate Existence and Power. The Back-up Servicer 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. The Back-up Servicer or its affiliates or subsidiaries acting on its behalf in accordance with this Agreement are duly qualified to do business in, and are in good standing in, every other jurisdiction in which the nature of their business or the performance of this Agreement requires them to be so qualified, except where the failure to be so qualified or in good standing would not have a material adverse effect on the Back-up Servicer's ability to perform hereunder and under the Security Agreement and the other Transaction Documents.

(b) Corporate and Governmental Authorization; Contravention. The execution, delivery and performance by the Back-up Servicer of this Agreement and the obligations with respect to the Security Agreement and the other Transaction Documents are within the Back-up Servicer's 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, and do not contravene, or constitute a default under, any provision of applicable law, rule or regulation or of the Certificate of Incorporation or Bylaws of the Back-up Servicer or of any agreement, judgment, injunction, order, writ, decree or other instrument binding upon the Back-up Servicer or result in the creation or imposition of any adverse claim on the assets of the Back-up Servicer or any of its Subsidiaries.

(c) Binding Effect. This Agreement constitutes the legal, valid and binding obligation of the Back-up Servicer, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, moratorium or other similar laws affecting the rights of creditors.

(d) Accuracy of Information. All information heretofore furnished by the Back-up

Servicer to the Debtor, CAC, the Collateral Agent, the Agent or the Secured Parties for purposes of or in connection with this Agreement or the Security Agreement or any transaction contemplated hereby or thereby is true and accurate in every material respect, on the date such information is stated or certified, and all such information hereafter furnished by the Back-up Servicer to the Debtor, CAC, the Collateral Agent, the Agent or the Secured Parties will be, true and accurate in every material respect, subject to Section 2.2 (c) (iii) and (iv), on the date such information is stated or certified.

(e) Action, Suits. There are no actions, suits or proceedings pending, or to the knowledge of the Back-up Servicer threatened, against or affecting the Back-up Servicer or any Affiliate of the Back-up Servicer or their respective properties, in or before any court, arbitrator or other body, which may, individually or in the aggregate, have a material adverse effect on its ability to perform hereunder and under the Security Agreement and the other Transaction Documents..

(f) Facilities. The Back-up Servicer has adequate facilities and employees in place to handle the following, in the same manner and level at which CAC performs such as of the date hereof including, but not limited to: (a) electronic data and "800" lines; (b) customer service inquiries/responsibilities; (c) collections on delinquent and charged-off accounts; (d) insurance monitoring and the making of claims with respect thereto; (e) creating the Monthly Servicer's Certificate; (f) repossession and other legal actions; (g) statements to performing accounts and other correspondence; (h) reconciliation of dealer hold-back payments; (i) inventory management; (j) maintenance of lock-box accounts; (k) electronic skip tracing; and (l) document storage and title maintenance.

ARTICLE 4
COVENANTS OF THE BACK-UP SERVICER

SECTION 4.1. Affirmative Covenants of the Servicer. The Back-up Servicer hereby covenants to the Debtor, CAC, the Agent, the Collateral Agent and the Secured Parties, that:

(a) Conduct of Business. The Back-up Servicer will carry on and conduct its business in substantially the same manner and in substantially the same fields of enterprise as it is presently conducted and do all things necessary to remain duly incorporated, validly existing and in good standing as a domestic corporation in its jurisdiction of incorporation and maintain all requisite authority to conduct its business in each jurisdiction in which its business is conducted.

(b) Compliance with Laws. The Back-up Servicer will comply with all laws, rules, regulations, orders, writs, judgments, injunctions, decrees or awards to which it or its respective properties may be subject.

(c) Furnishing of Information and Inspection of Records. The Back-up Servicer will

furnish to the Collateral Agent from time to time such information with respect to the Loans as the Collateral Agent may reasonably request, including, without limitation, listings identifying the Obligor and the Outstanding Balance for each Loan, provided, however, that prior to the Assumption Date, the Back-up Servicer shall not be obligated to provide such information to the extent it has not been provided with such by the Servicer. The Back-up Servicer will, at any time and from time to time during regular business hours permit the Collateral Agent, or its agents or representatives, (i) to examine and make copies of and take abstracts from all Records to the extent in the Back-up Servicer's possession and (ii) to visit the offices and properties of the Back-up Servicer for the purpose of examining such Records, and to discuss matters relating to Loans or the Debtor's or the Back-up Servicer's performance hereunder with any of the officers, directors, employees or independent public accountants of the Back-up Servicer having knowledge of such matters.

(d) Keeping of Records and Books of Account. On and after the Assumption Date, the Back-up Servicer will maintain and implement administrative and operating procedures (including, without limitation, an ability to recreate records evidencing Loans in the event of the destruction of the originals thereof), and keep and maintain, all documents, books, records and other information reasonably necessary or advisable for the collection of all Loans and Contracts (including, without limitation, records adequate to permit the daily identification of each new Loan and Contract and all Collections of and adjustments to each existing Loan and Contract). The Back-up Servicer will give the Collateral Agent notice of any material change in the administrative and operating procedures of the Back-up Servicer referred to in the previous sentence.

(e) Notice of Collateral Agent's Interest. In the event that the Debtor shall sell or otherwise transfer any interest in any Loan, any computer tapes or files or other documents or instruments provided by the Back-up Servicer in connection with any such sale or transfer shall disclose the Debtor's ownership of the Loans and the Collateral Agent's interest in the Loans.

(f) Credit, Collection, and Accounting Policies. On and after the Assumption Date, the Back-up Servicer will comply in all material respects with the Credit Guidelines and Collection Guidelines in regard to each Loan and related Contracts. The Back-up Servicer shall deliver to the Collateral Agent within ten (10) days after the date any material change in or amendment to the Collection Guidelines is made a notice describing such change or amendment. The Back-up Servicer shall notify the Collateral Agent of any material change in or amendment to the Back-up Servicer's accounting policies within ten (10) days after the date such change or amendment has been made.

(g) Facilities. The Back-up Servicer shall ensure, at all times throughout the term of this Agreement, that it maintains adequate facilities and employees in place to handle the following in the same manner and level at which CAC performs such as of the date hereof including, but not limited to: (a) electronic data and "800" lines; (b) customer service inquiries/responsibilities; (c) collections on delinquent and charged-off accounts; (d) insurance

monitoring and the making of claims with respect thereto; (e) creating the Monthly Servicer's Certificate; (f) repossession and other legal actions; (g) statements to performing accounts and other correspondence; (h) reconciliation of dealer hold-back payments; (i) inventory management; (j) maintenance of lock-box accounts; (k) electronic skip tracing; and (l) document storage and title maintenance.

SECTION 4.2. Negative Covenants of the Back-up Servicer. The Back-up Servicer hereby covenants to the Debtor, CAC, the Collateral Agent, the Agent and the Secured Parties, that:

(a) No Extension or Amendment of Loans. Except as otherwise permitted in Section 2.5 hereof or in the Security Agreement or the Collection Guidelines, the Back-up Servicer will not extend, amend, waive or otherwise modify the terms of any Loan or of any Contract related thereto.

(b) No Change in Business or Credit Guidelines. The Back-up Servicer will not make any change in the character of its business or in the Collection Guidelines, which change would, in either case, impair the collectibility of any Loan or Contract related thereto or otherwise have a material adverse effect on the ability of the Back-up Servicer to service the Loans or Contracts related thereto or to perform any of its other duties hereunder or with respect to the Security Agreement or the other Transactions Documents.

(c) No Mergers, Etc. The Back-up Servicer will not (i) consolidate or merge with or into any other Person unless the surviving corporation fully assumes all of the Back-up Servicer's duties and obligations under this Agreement, or (ii) sell, lease or transfer all or substantially all of its assets to any other Person.

ARTICLE 5 TERMINATION

SECTION 5.1 Termination.

(a) This Agreement shall terminate upon the earliest of (i) the date on which all outstanding amounts under all Loans and Contracts have been paid in full or, if not so paid, have been charged off in accordance with the Collection Guidelines and (ii) the mutual agreement of the Collateral Agent and CAC to terminate this Agreement. No termination of this Agreement shall relieve the parties of their respective obligations incurred hereunder prior to the effective date of such termination or which survive such termination.

(b) Prior to the Assumption Date, the Collateral Agent may terminate OSIPS as Back-up Servicer at any time, which termination shall be effective 90 days after written notice of such termination by the Collateral Agent to OSIPS. Upon the termination of OSIPS as Back-up Servicer, except as otherwise provided for herein, OSIPS shall have no further duties or

obligations under this Agreement.

Termination pursuant to this clause (b) shall be effective on the date specified in the notice of termination.

(c) OSIPS agrees to cooperate with the Collateral Agent and any other successor servicer in effecting the termination of OSIPS as Back-up Servicer pursuant to this Article V or Section 2.4, including, without limitation, the transfer to the Collateral Agent or another successor servicer, as applicable, of all amounts (cash or otherwise) that shall at the time be held by OSIPS for deposit, or have been deposited by OSIPS, in the Collection Account or thereafter received with respect to any of the Loans or Contracts. Prior to transfer thereof, any such amounts shall be held in trust by OSIPS, for the benefit of the Collateral Agent. OSIPS further agrees that in connection with the termination of OSIPS as Back-up Servicer, OSIPS shall transfer its records (electronic and otherwise) relating to the Loans and Contracts to the Collateral Agent or another successor servicer, as applicable, and shall transfer all other records, correspondence and documents relating to the Loans or Contracts that it may possess to the Collateral Agent or another successor servicer, as applicable. The costs and expenses of such transfer shall be paid by OSIPS if a Back-up Servicer Event of Default has occurred; otherwise, such costs and expenses shall be paid by the Collateral Agent.

ARTICLE 6
MISCELLANEOUS

SECTION 6.1. Notices, Etc.

(a) On and after the Assumption Date, the Debtor, CAC and the Collateral Agent hereby agree to provide to the Back-up Servicer all notices required to be provided to the Servicer pursuant to the Security Agreement and the other Transaction Documents.

(b) Except where telephonic instructions or notices are authorized herein to be given, all notices, demands, instructions and other communications required or permitted to be given to or made upon any party hereto shall be in writing and shall be sent by facsimile transmission with a confirmation of the receipt thereof and shall be deemed to be given for purposes of this Agreement on the day that the receipt of such facsimile transmission is confirmed in accordance with the provisions of this Section 5.1. Unless otherwise specified in a notice sent or delivered in accordance with the foregoing provisions of this Section, notices, demands, instructions (including payment instructions) and other communications in writing shall be given to or made upon the respective parties hereto at their respective addresses and accounts indicated below, and, in the case of telephonic instructions or notices, by calling the telephone number or numbers indicated for such party below:

If to the Servicer:

Credit Acceptance Corporation
Silver Triangle Building
25505 West Twelve Mile Road, Suite 3000
Southfield, Michigan 48034-8339
Attention: Douglas W. Busk
Telephone: (248) 353-2700 (ext. 432)
Telecopy: (248) 827-8542

If to the Debtor:

CAC Funding Corp.
Silver Triangle Building
25505 West Twelve Mile Road, Suite 3000
Southfield, Michigan 48034-8339
Attention: Douglas W. Busk
Telephone: (248) 353-2700 (ext. 432)
Telecopy: (248) 827-8542

If to the Collateral Agent:

Bank of America, N.A.
Bank of America Corporate Center
100 North Tryon Street
NC1-007-10-07
Charlotte, North Carolina 28255-0001
Attention: Michelle M. Heath
Telephone: (704) 386-7922
Telecopy: (704) 388-9169

If to the Back-up Servicer

OSI Portfolio Services, Inc.
2425 Commerce Avenue
Suite 100
Duluth, GA 30096
Attention: Geoffrey Rigabar
Telephone: (678) 417-5000
Telecopy: (678) 417-5074

SECTION 6.2. Successors and Assigns. This Agreement shall be binding upon the Back-up Servicer, and shall inure to the benefit of the Debtor, the Collateral Agent, the Agent and the Secured Parties and their respective successors and permitted assigns including any Liquidity Provider (it being expressly understood that such Persons shall be third-party beneficiaries of this Agreement); provided that the Back-up Servicer shall not assign any of its rights or obligations hereunder without the prior written consent of the Collateral Agent, and any such assignment in contradiction of the foregoing shall be null and void.

SECTION 6.3. No Bankruptcy Petition Against the Company. Each of the parties hereto covenant and agree 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 institute against, or join any other Person in instituting against, the Company or the Debtor, any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings, or other proceedings under any federal or state bankruptcy or similar law.

SECTION 6.4. Severability Clause. Any provisions of this Agreement 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 6.5. Amendments. This Agreement and the rights and obligations of the parties hereunder may not be changed orally but only by an instrument in writing signed by the party against which enforcement is sought.

SECTION 6.6. Governing Law. This Agreement shall be construed in accordance with and governed by the laws of the State of New York.

SECTION 6.8. Counterparts. This Agreement may be executed in any number of copies, and by the different parties hereto on the same or separate counterparts, each of which shall be deemed to be an original instrument.

SECTION 6.9. Headings. Section headings used in this Agreement are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Debtor, the Back-up Servicer, the Company, CAC, the Collateral Agent and the Servicer have caused this Agreement to be executed by their respective officers thereunto duly authorized as of the day and year first above written.

CAC FUNDING CORP.
as Debtor

By: /S/ Brett A. Roberts

Name: Brett A. Roberts
Title: President

CREDIT ACCEPTANCE CORPORATION
individually and as Servicer

By: /S/ Douglas W. Busk

Name: Douglas W. Busk
Title: Treasurer

KITTY HAWK FUNDING CORPORATION,
as Company

By: /S/ Mary L. Brady

Name: Mary L. Brady
Title: Vice President

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

By: /S/ Christopher G. Young

Name: Christopher G. Young
Title: Vice President

OSI PORTFOLIO SERVICES, INC
as Back-up Servicer

By: /S/ Donald A. Fitzgerald

Name: Donald A. Fitzgerald
Title: Senior Vice President

EXHIBIT A
SERVICING AND COLLECTIONS COST SUMMARY

SERVICE	COST	METHOD

PRE-SERVICING		
Data and "800" lines	At cost	
Set-up Conversion Fee	\$0.050	Per account
PERFORMING ACCOUNTS		
Customer Service - Inbound Calls	\$ 3.00	Per call taken
Reminder/Welcome Calls	\$4,500	Per FTE
Servicing (5 - 59 days delq.)	\$4,500	Per FTE
Servicing (60+ days delq.)	\$4,800	Per FTE
NON-PERFORMING ACCOUNTS		
Ins/Repo/Title Support	\$4,500	Per FTE
repo/remarketing/auction costs will be a pass-through		
Collections Post C/O <360 days	\$4,800	Collections
Collections Post C/O >360 days	\$4,800	Collections
Agency Management	\$ 0.46	Each Account
Accounts in Legal Network	40%	Collections Fee
Court Costs Advanced		Included
Probate Costs Advanced		At Cost
CORRESPONDENCE		
Monthly Statements	\$ 0.55	Each Statement
Hello Letters (One time)	\$ 0.55	Each Letter
Gramm Leach Bliley Letters	\$ 0.58	Each Letter
Mo Servicing/Collection Letters	\$ 0.55	Each Letter
Specialty Letters (If any)	\$ 1.00	Each Letter
DATA PROCESSING / MIS		
Inventory Management	\$ 0.07	Per Account
CBR Reporting	\$ 0.15	Per Account
Bankruptcy/Deceased Scrub	\$ 1.00	Per Hit
Custom programming/reports	\$ 150	Per Hour

Monthly Servicer Report	\$1,000	
PAYMENT PROCESSING		
Lock Box Management	\$ 0.40	Cost + 10%
Lock Box Exception Processing	\$ 1.25	Per Item
Credit Card Processing	\$ 1.25	Per Transaction Plus 3% of Gross \$
Refund Processing	\$12.00	Per Transaction Plus 1% of Gross \$
EXCEPTIONS		
Correspondence Handling	\$ 2.25	Per Item
Suspense File Review	\$ 1.25	Per Item
Bankruptcy Proof of Claim Filing	\$ 4.95	Per Claim
Probate Claim Processing	\$ 4.95	Per Claim
Return Mail Processing	\$ 0.25	Per Item
Dispute Verification handling	\$ 2.25	Per Account
CCCS Handling	\$ 2.25	Per Account
OTHER		
Electronic Skip Tracing	4.02	Per Account
Dedicated Manual Skip Tracing	\$4,500	Per FTE
Travel		At Cost
Document Storage		TBD
Title Maintenance		TBD

FIRST AMENDMENT
TO
AMENDED AND RESTATED CREDIT AGREEMENT

This FIRST AMENDMENT TO AMENDED AND RESTATED CREDIT AGREEMENT ("First Amendment") is made as of this 8th day of March, 2002 by and among Credit Acceptance Corporation, a Michigan corporation ("Company"), the Permitted Borrowers signatory hereto (each, a "Permitted Borrower" and collectively, the "Permitted Borrowers"), Comerica Bank and the other banks signatory hereto (individually, a "Bank" and collectively, the "Banks") and Comerica Bank, as agent for the Banks (in such capacity, "Agent").

RECITALS

A. Company, Permitted Borrowers, Agent and the Banks entered into that certain Amended and Restated Credit Acceptance Corporation Credit Agreement dated as of June 11, 2001 (the "Credit Agreement") under which the Banks renewed and extended (or committed to extend) credit to the Company and the Permitted Borrowers, as set forth therein.

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

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

1. (a) Section 1 of the Credit Agreement is hereby amended by amending and restating, or adding (as applicable), the following definitions:

"Permitted Securitization(s)" shall mean each transfer or encumbrance (each a "disposition") of specific Advances to Dealers or Leased Vehicles funded under Back-End Dealer Agreements (and any interest in or lien on the Installment Contracts, Leases, motor vehicles or other rights relating thereto) or of specific Installment Contracts or Leases (and any interest in or lien on motor vehicles or other rights relating thereto) arising under Outright Dealer Agreements or (subject to the terms hereof) of Pools of such financial assets and each transfer or encumbrance (also, a "disposition") of a Specified Interest (and the reallocation of Leased Vehicles, Leases and related financial assets from the Non-Specified Interest to such Specified Interest in connection therewith), in each case by the Company or one or more of its Subsidiaries to a Special Purpose Subsidiary conducted in accordance with the following requirements:

- (a) Each disposition shall identify with reasonable certainty the specific Advances to Dealers, Leased Vehicles, Installment Contracts or Leases covered by such disposition; and (x) such Advances to Dealers or Leased Vehicles, and the

Installment Contracts, Leases, motor vehicles or other rights relating thereto shall have performance and other characteristics so that the quality of such Advances to Dealers, Leases Vehicles, Installment Contracts or Leases, as the case may be, is comparable to, but not materially better than, the overall quality of the Company's Advances to Dealers, Leased Vehicles, Installment Contracts or Leases, as applicable, as determined in good faith by the Company in its reasonable discretion or (y) with respect to any such assets assigned to an uncapped Pool subsequent to such Pool becoming a Securitized Pool in conformity with the standards set forth in clause (x) of this subparagraph (a), the assets covered by such dispositions were assigned to such Pool in the order such assets were originated and without the exercise of any discretion by the Company;

- (b) Both before and after giving effect to such disposition (and taking into account any reduction in the Indebtedness with the proceeds of such disposition as required hereunder), the Company shall be in compliance with the Borrowing Base Limitation;
- (c) Each such Securitization Transaction shall be structured on the basis of the issuance of Debt or other similar securities by the Special Purpose Subsidiary which shall be without recourse, except to the extent of normal and customary representations and warranties given as of the date of each such disposition, and not as continuing representations and warranties, and otherwise on normal and customary terms and conditions for comparable asset-based securitization transactions, which may include Cleanup Call provisions (it being understood that, for purposes of this subparagraph (c), the terms and conditions governing Securitization Transactions made by the Company prior to January 1, 2002 shall be deemed to have been made on normal and customary terms and conditions);
- (d) Concurrently with each such disposition (except for dispositions to an uncapped Securitized Pool pursuant to a revolving, expansion or relending feature included in a Prior Securitization (for purposes of this definition, a "Revolving Feature") after the expiration in the ordinary course, and not as a result of any failure of a covenant or condition, early termination, default or similar event, of the period during which additional loans or advances are available under such Revolving Feature (for purposes of this definition, a "Post-Revolving Period Disposition"), to the extent that no disposition proceeds are available as a result of such dispositions for application hereunder), the net proceeds of such disposition:

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

provided, however, that to the extent that, on the date any reduction of the

principal balance outstanding under the Revolving Credit shall be required under this clause (d), the Indebtedness under the Revolving Credit is being carried, in whole or in part, at the Euro Currency-based Rate and no Default or Event of Default has occurred and is continuing, the Company may, after prepaying that portion of the Indebtedness then carried at the Prime-based Rate, deposit the amount of such required principal reductions in a cash collateral account to be held by the Agent, for and on behalf of the Banks (which shall be an interest-bearing account), on such terms and conditions as are reasonably acceptable to Agent and the Majority Banks and, subject to the terms and conditions of such cash collateral account, sums on deposit therein shall be applied (until exhausted) to reduce the principal balance of the revolving credit on the last day of each Interest Period attributable to the applicable Eurocurrency-based Advances of the Revolving Credit; and

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

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

- (i) to the Agent, (x) not less than three (3) Business Days prior to the date of consummation thereof (or such lesser period as approved by Agent) or (y) solely in the case of dispositions to uncapped Securitized Pools pursuant to a Revolving Feature, not less than three (3) Business Days prior to the date of the release of the financial assets covered by such disposition (or such lesser period as approved by Agent), (I) a certification that, after giving effect to such disposition, it will be in compliance with the Borrowing Base Limitation and that none of the assets covered by such disposition were included in the most recent quarterly Borrowing Base Certificate delivered to Agent under Section 7.3(d) hereof prior to such disposition or (II) a new Borrowing Base Certificate (and any supporting information reasonably required by the Agent) dated as of the proposed date of the applicable disposition or release and, based on projected information, giving effect to such disposition and confirming compliance with the Borrowing Base Limitation;
- (ii) to the Agent and the Banks (x) not less than five (5) Business Days prior to the date of consummation thereof (or such lesser period as approved by Agent), proposed drafts of the material Securitization Documents covering the applicable Securitization Transaction (and the term sheet or commitment relating thereto) and (y) within ten (10) Business Days following the consummation thereof, executed copies of such Securitization Documents, including, if applicable, a summary of any material changes from the draft documents delivered to Agent and the Banks prior thereto, except that if such Securitization Transaction consists solely of dispositions pursuant to a Revolving Feature, the Company shall only be

required (I) under clause (x) of this subparagraph (ii), to deliver to Agent, not less than three (3) Business Days prior to the consummation thereof (or such lesser period as approved by Agent), a certification that the applicable Securitization Documents remain in effect substantially in the form previously furnished to Agent and the Banks (or identifying any material changes, and attaching any proposed amendment, supplement or other document delivered under such prior Securitization Documents to effect such dispositions) and (II) under clause (y) of this subparagraph (ii), to deliver to Agent executed copies of any such amendment, supplement or other document; and

(iii) to the Agent, (x) not less than three (3) Business Days prior to the date of consummation thereof (or such lesser period as approved by Agent) or (y) solely in the case of dispositions to uncapped Securitized Pools pursuant to a Revolving Feature, not less than three (3) Business Days prior to the date of the requested release of the financial assets covered by such dispositions (or such lesser period as approved by Agent), (I) a schedule in the form attached hereto as Exhibit [Q] identifying the specific Advances to Dealers or Leased Vehicles and the related Installment Contracts or Leases proposed to be covered by such transaction, accompanied by (II) a request that the Agent release such assets from the Lien of the Security Agreement and a certification that the proposed Securitization Transaction (and related dispositions) constitutes a Permitted Securitization hereunder, whereupon the financial assets covered by such dispositions which have been originated prior to the date of such release shall be promptly released by Agent, provided that in the case of a Post-Revolver Period Disposition, all remaining financial assets assigned thereafter to the applicable uncapped Securitized Pool in the ordinary course, whether originated before or after the date of release, shall be so released and the Lien of the Security Agreement shall not attach to any such assets when the Company or any of its Subsidiaries subsequently acquires rights in, to or under such assets; and

(iv) only if the applicable Securitization Transaction is not related to a Prior Securitization or involves the disposition or release of any assets which were covered by the most recent quarterly Borrowing Base Certificate delivered to Agent under Section 7.3(d) hereof and the aggregate net book value of the Advances to Dealers or Leased Vehicles covered by such dispositions (or related series of dispositions) in any calendar month exceeds or would exceed (after giving effect to any proposed disposition) Seven Million Five Hundred Thousand Dollars (\$7,500,000), collection information regarding the related Installment Contracts or Leases proposed to be covered by such transaction (with evidence supporting its determination under clause (x) of subparagraph (a) of this definition, if applicable, including without limitation a "static pool analysis" comparable to the static pool analysis required to be delivered under Section 7.3(c) hereof with respect to such Installment Contracts or Leases).

"Pools" shall mean a grouping on the books and records of the Company or any of its Subsidiaries of Advances to Dealers, Leased Vehicles, Installment Contracts or Leases originated or to be originated with the Company or any of its Subsidiaries by a Dealer and bearing the same pool identification number assigned by the Company's computer system, with (x) an "uncapped" Pool being a Pool which is not reflected on such books and records as capped and to which additional Advances to Dealers, Leases and related financial assets may be added and (y) a Pool being capped when the number of the applicable financial assets in such Pool has reached the limit established from time to time by written agreement between the relevant Dealer and the Company or Subsidiary, as applicable, in the ordinary course of business, such that no further financial assets may be added to such Pool.

"Prior Securitization" shall mean a Permitted Securitization (and the related Securitization Documents) consummated under the Credit Agreement prior to the particular disposition, release or other transaction then being considered.

"Revolving Credit Maximum Amount" shall mean One Hundred Thirty Five Million Dollars (\$135,000,000), subject to any increases in the Revolving Credit Maximum Amount pursuant to Section 2.18 of this Agreement, by an amount not to exceed the Revolving Credit Optional Increase, and subject to any reductions or termination of the Revolving Credit Maximum Amount under Sections 2.15 or 9.2 of this Agreement.

"Revolving Credit Optional Increase" shall mean an amount up to Forty Million Dollars (\$40,000,000), minus the portions thereof applied from time to time under Section 2.18 hereof to increase the Revolving Credit Maximum Amount.

"Securitized Pool(s)" shall mean a Pool, whether capped or uncapped, which has been transferred to a Permitted Securitization, including a Prior Securitization.

(b) Section 1 of the Credit Agreement is further amended by amending the following definitions in the manner set forth below:

"Advances to Dealers" is amended by adding to the sixth line thereof (following the words "provided that"), the words ", for purposes of the definition of Collateral determining the Borrowing Base and compliance with the covenants under Section 7.4 through 7.7 and 7.17 hereof," and by adding to the end of the seventh line thereof (after the words "Permitted Securitization"), the words "or assigned to a Securitized Pool".

"Leased Vehicle" is amended by adding to the seventh line thereof (following the words "provided that"), the words "for purposes of the definition of Collateral determining the Borrowing Base and compliance with the covenants under Section 7.4 through 7.7 and 7.17 hereof," and by adding to the tenth line thereof (following the words "Permitted Securitization") the words "or assigned to a Securitized Pool".

2. Section 8 of the Credit Agreement is amended as follows:

(a) Section 8.5(h) is amended and restated in its entirety, as follows:

(h) non-recourse Debt incurred by a Special Purpose Subsidiary and secured by assets transferred pursuant to a Permitted Securitization, whether or not attributable to the Company under GAAP;

(b) Section 8.16 is amended and restated in its entirety, as follows:

8.16 Securitization Transaction; Amendments to Securitization Documents. Engage in a Securitization Transaction, other than a Permitted Securitization and, except in connection with a Permitted Securitization, assign and transfer any financial assets to a Securitized Pool or allocate or reallocate Leases, Leased Vehicles or other financial assets to a Specified Interest, and once executed and delivered pursuant to a Permitted Securitization, amend, modify or otherwise alter any of the material terms and conditions of any Securitization Documents or waive (or permit to be waived) any such provision thereof in any material respect, adverse to the Company or any Subsidiary, without the prior written approval of Agent and the Majority Banks. For purposes of the Securitization Documents, the "material terms and conditions" thereof shall be deemed solely those terms or conditions with respect to servicer fees, servicer expenses, defaults, events of default, recourse to the Company or any Subsidiary (other than a Special Purpose Subsidiary), Cleanup Calls or conditions contained therein which are required under or necessary for compliance with this Agreement.

3. Replacement Exhibit Q (Form of Schedule of Financial Assets for Release) to the Credit Agreement set forth on Attachment 1 hereto shall replace, in its entirety, existing Exhibit Q to the Credit Agreement.

4. This First Amendment shall become effective, according to the terms and as of the date hereof, upon satisfaction by the Company and the Permitted Borrowers of the following conditions:

(a) Agent shall have received counterpart originals of this First Amendment, in each case duly executed and delivered by Company, the Permitted Borrowers and the requisite Banks, in form satisfactory to Agent and the Banks; and

(b) Agent shall have received from the Company and each of the Permitted Borrowers a certification (i) that all necessary actions have been taken by such parties to authorize execution and delivery of this First Amendment, supported by such resolutions or other evidence of corporate authority or action as reasonably required by Agent and the Majority Banks and that no consents or other authorizations of any third parties are required in connection therewith; and (ii) that, after giving effect to this First Amendment, no Default or Event of Default

has occurred and is continuing on the proposed effective date of the First Amendment.

If the foregoing conditions have not been satisfied or waived on or before March 8, 2002, this First Amendment shall lapse and be of no further force and effect.

5. Each of the Company and the Permitted Borrowers ratifies and confirms, as of the date hereof and after giving effect to the amendments contained herein, each of the representations and warranties set forth in Sections 6.1 through 6.21, inclusive, of the Credit Agreement and acknowledges that such representations and warranties are and shall remain continuing representations and warranties during the entire life of the Credit Agreement.
6. Except as specifically set forth above, this First Amendment shall not be deemed to amend or alter in any respect the terms and conditions of the Credit Agreement, any of the Notes issued thereunder or any of the other Loan Documents, or to constitute a waiver by the Banks or Agent of any right or remedy under or a consent to any transaction not meeting the terms and conditions of the Credit Agreement, any of the Notes issued thereunder or any of the other Loan Documents.
7. Unless otherwise defined to the contrary herein, all capitalized terms used in this First Amendment shall have the meaning set forth in the Credit Agreement.
8. This First Amendment may be executed in counterpart in accordance with Section 13.10 of the Credit Agreement.
9. Comerica Bank - Canada having been designated by Comerica Bank, in its capacity as Swing Line Bank (and as a Bank) under the Credit Agreement to fund Comerica Bank's advances in \$C pursuant to Section 11.12 of the Credit Agreement, has executed this First Amendment to evidence its approval of the terms and conditions thereof.
10. This First Amendment shall be construed in accordance with and governed by the laws of the State of Michigan.

[SIGNATURES FOLLOW ON SUCCEEDING PAGES]

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

COMERICA BANK,
as Agent

CREDIT ACCEPTANCE
CORPORATION

By: /S/ Caryn Dorfman

By: /S/ Douglas W. Busk

Its: Assistant Vice President

Its: CFO and Treasurer

One Detroit Center
500 Woodward Avenue
Detroit, Michigan 48226
Attention: Caryn Dorfman

COMERICA BANK - CANADA

CREDIT ACCEPTANCE
CORPORATION UK LIMITED

By: /S/ Robert Rosen

By: /S/ Brett A. Roberts /S/ Douglas W. Busk

Its: Vice President

Its: CFO & Director

Treasurer & Director

CAC OF CANADA LIMITED

By: /S/ Douglas W. Busk

Its: CFO and Treasurer

CREDIT ACCEPTANCE
CORPORATION IRELAND LIMITED

By: /S/ Brett A. Roberts /S/ Douglas W. Busk

Its: CFO & Director

Treasurer & Director

BANKS:

COMERICA BANK

M&I MARSHALL & ILSLEY BANK,
formerly known as National City Bank of
Minneapolis

By: /S/ Caryn Dorfman

By: /S/ Steve Berglund

Its: Assistant Vice President

Its: Vice President

LASALLE BANK NATIONAL
ASSOCIATION

BANK OF AMERICA, N.A.

By: /S/ Daniel Garcas

By: /S/ Sherry K. Harper

Its: Assistant Vice President

Its: Principal

HARRIS TRUST AND SAVINGS BANK

NATIONAL CITY BANK OF
MICHIGAN/ILLINOIS

By: /S/ Michael Cameli

By: /S/ Kenneth R. Ehrhardt

Its: Vice President

Its: Senior Vice President

FIFTH THIRD BANK (EASTERN MICHIGAN)

By: /S/ Mike Dolson

Its: Vice President
