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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

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

FOR THIS FISCAL YEAR ENDED DECEMBER 31, 1999 COMMISSION FILE NUMBER 000-20202

CREDIT ACCEPTANCE CORPORATION
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

MICHIGAN	38-1999511
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
25505 W. TWELVE MILE ROAD, SUITE 3000 SOUTHFIELD, MICHIGAN (Address of Principal Executive Offices)	48034-8339 (Zip Code)

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

Securities Registered Pursuant to Section 12(b) of the Act:

None

Securities Registered Pursuant to Section 12(g) of the Act:

Common Stock

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

The aggregate market value of 11,087,409 shares of the Registrant's common stock held by non-affiliates on March 22, 2000 was approximately $54,051,119. For purposes of this computation all officers, directors and 5% beneficial owners of the Registrant are assumed to be affiliates. Such determination should not be deemed an admission that such officers, directors and beneficial owners are, in fact, affiliates of the Registrant.

At March 22, 2000 there were 44,916,654 shares of the Registrant's Common Stock issued and outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's definitive Proxy Statement pertaining to the 2000 Annual Meeting of Shareholders (the "Proxy Statement") filed pursuant to Regulation 14A are incorporated herein by reference into Part III.

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CREDIT ACCEPTANCE CORPORATION
YEAR ENDED DECEMBER 31, 1999

INDEX TO FORM 10-K

PART I

ITEM 1. BUSINESS

GENERAL

Credit Acceptance Corporation ("CAC" or the "Company"), incorporated in Michigan in 1972, is a specialized financial services company which provides funding, receivables management, collection, sales training and related products and services to automobile dealers located in the United States, the United Kingdom, Canada and Ireland. CAC assists such dealers with the sale of used vehicles by providing an indirect financing source for buyers with limited access to traditional sources of consumer credit ("Non-prime Consumers"). For the year ended December 31, 1999, CAC had total revenues of $116.1 million and a net loss of ($10.7) million. At December 31, 1999, aggregate gross installment contracts receivable were $679.2 million and total shareholders' equity was $263.0 million.

CAC also provides additional products and services to dealers which give the Non-prime Consumer the opportunity to purchase a number of ancillary products, including credit life and disability insurance and vehicle service contracts offered by dealers and point-of-sale dual interest collateral protection insurance provided by third party insurance carriers. Through wholly-owned subsidiaries, the Company also reinsures certain of the credit life and disability insurance and point-of-sale dual interest collateral protection insurance policies issued in conjunction with installment contracts originated by dealers.

The Company is organized into two primary business segments: CAC North America and CAC United Kingdom. See Note 13 to the consolidated financial statements for information regarding the Company's reportable segments.

PRODUCTS AND SERVICES

CAC derives its revenues from the following principal sources: (i) servicing fees (which are accounted for as finance charges) earned as a result of servicing and collecting installment contracts originated and assigned to the Company by dealers; (ii) premiums earned from the Company's reinsurance activities and service contract programs; and (iii) other income which primarily consists of fees earned from third party service contract products offered by dealers, fees charged to dealers at the time they enroll in the Company's program, income from operating lease assets and interest income from loans made directly to dealers for floor plan financing and working capital purposes. The following table sets forth the percent relationship to total revenue of each of these sources.

	FOR THE YEARS ENDED DECEMBER 31,		
PERCENT OF TOTAL REVENUE	1997	1998	1999
Finance charges	71.2%	68.8%	65.9%
Gain on sale of advance receivables, net	--	0.5	--
Premiums earned	6.9	7.7	9.0
Other income	21.9	23.0	25.1
Total revenue	100.0%	100.0%	100.0%

PRINCIPAL BUSINESS

CAC's principal business involves: (i) the acceptance of installment contracts originated and assigned by participating dealers; and (ii) the subsequent management and collection of such contracts. For installment contracts meeting the Company's criteria, CAC makes a formula-based cash payment to the dealer (an "Advance"). In North America, the Company may Advance up to 90% of the amount financed, but Advances typically range between 50% and 75% of the amount financed. In the United Kingdom, the Company may Advance up to 100% of the amount financed, however, Advances typically range between 70% and 90% of the amount financed. To mitigate its risk, at the time of accepting the assignment of an installment contract, CAC obtains a security interest in the vehicle and establishes a dealer holdback equal to the gross amount of the

contract, less the Company's servicing fee, which is recorded as an unearned finance charge. CAC's acceptance of such contracts is generally without recourse to the general assets of the dealer, and accordingly, the dealer usually has no liability to the Company if the consumer defaults on the contract.

CAC offers its dealers in North America several Advance alternatives, which are calculated based upon the dealer's history with the Company, the credit score for a particular customer and the year, make, model, and mileage of the used vehicle to be financed. A similar method is used in the United Kingdom to calculate the Advance, with the exception of credit scoring the customer.

Monthly cash receipts related to the aggregate installment contracts accepted from an individual dealer are remitted to such dealer, but only after:

(i) the Company is reimbursed for certain collection costs relating to all contracts accepted from such dealer;

(ii) the Company receives a servicing fee (typically 20%) of the aggregate net monthly receipts (monthly cash receipts less certain collection costs); and

(iii) the Company has recovered all advances made to such dealer.

OPERATIONS -- CAC NORTH AMERICA AND CAC UNITED KINGDOM

Dealer Selection and Enrollment Fee. CAC has adopted specific policies relative to establishing the eligibility of prospective dealers for the Company's program. A dealer's participation in the Company's program begins with the execution of a Servicing Agreement, which requires the dealer to disclose information about his dealership and personal finances. The Company undertakes a review of the dealer information to determine whether the dealer should be permitted to participate in the Company's program.

Pursuant to the Servicing Agreement, a dealer represents that it will only submit contracts to CAC which satisfy criteria established by the Company, meet certain conditions with respect to the binding nature and the status of the security interest in the purchased vehicle and comply with applicable state, federal and foreign laws and regulations. Dealers receive a monthly statement from the Company, summarizing all transactions on contracts originated by such dealer. Also, where applicable, the dealer will receive a payment from CAC for any portion of the payments on contracts to which the dealer is entitled under the Servicing Agreement.

The Servicing Agreement may be terminated by the Company or by the dealer (as long as there is no event of default or an event which, with the lapse of time, giving of notice or both, would become an event of default) upon 30 days prior written notice. Events of default include, among other things, (i) the dealer's failure to perform or observe covenants in the Servicing Agreement; (ii) the dealer's breach of a representation in the Servicing Agreement; (iii) a misrepresentation by the dealer relating to an installment contract submitted to the Company or a related vehicle or purchaser; and (iv) the appointment of a receiver for, or the bankruptcy or insolvency of, the dealer. The Company may terminate the servicing agreement immediately in the case of an event of default by the dealer. Upon any termination by the dealer or in the event of a default, the dealer must immediately pay the Company: (i) any unreimbursed collection costs; (ii) any unpaid advances and all amounts owed by the dealer to the Company; and (iii) a termination fee equal to 20% of the then outstanding amount of the installment contracts originated and accepted by the Company. Upon receipt in full of such amounts, the Company will reassign the installment contract receivable and its security interest in the financed vehicle to the dealer. In the event of a termination by the Company (or any other termination if the Company and the dealer agree), the Company may continue to service installment contracts accepted prior to termination in the normal course of business without charging a termination fee.

New dealers located in North America are generally charged a $4,500 dealer enrollment fee, which affords the dealer access to the Company's training material and programs and helps offset the administrative expenses associated with new dealer enrollment. In 1999, the Company began generally charging new dealers located in the United Kingdom an enrollment fee of 2,500 pounds.

Assignment of Contracts. The dealer assigns title to the installment contract and the security interest in the vehicle to the Company. Thereafter, the rights and obligations of the Company and the dealer are defined

by the servicing agreement, which provides that the contract assignment to the Company is for the purposes of administration, servicing and collection of the amounts due under the assigned contract, as well as for security purposes. At the time a contract is submitted, CAC evaluates the contract to determine if it meets the Company's cash Advance criteria. Contracts which do not meet the Company's cash Advance criteria may still be accepted for servicing without an Advance being paid.

Contract Portfolio. The portfolio of installment contracts contains loans of initial duration generally ranging from 24 to 42 months, with an average initial maturity of approximately 32 months. The Company receives a servicing fee generally equal to 20% of the gross amount of the contract, with rate of return varying, based upon the amount of the Advance and the term of the contract.

The following table sets forth, for each of the periods indicated, the average size of installment contracts accepted by the Company, the percent growth in the average size of contracts accepted, the average initial maturity of the contracts accepted, the average advance per installment contract accepted and the average advance as a percent of the average installment contract accepted.

	AS OF DECEMBER 31,				
AVERAGE CONTRACT DATA	1995	1996	1997	1998	1999
Average size of installment contracts accepted during the period	$6,507	$7,249	$8,340	$8,402	$8,931
Percentage growth in average size of contract	9.9%	11.4%	15.1%	0.7%	6.3%
Average initial maturity (in months)	25	30	31	31	32
Average advance per installment contract	$3,220	$3,837	$4,228	$4,260	$4,784
Average advance as a percent of average installment contract accepted	49.5%	52.9%	50.7%	50.7%	53.6%

Systems Overview. The Company employs three major computer systems in its U.S. operations: (i) the Application and Contract System ("ACS") which is used from the time a dealer faxes an application to the Company until the contract is received and funded, (ii) the Loan Servicing System ("LSS") which contains all loan and payment information and is the primary source for management information reporting, and (iii) the Collection System ("CS") which is used by the Company's collections personnel to track and service all active customer accounts.

ACS -- The ACS, designed and built by an independent consulting firm hired by the Company, was installed in May 1997. This system replaced certain functionality of the Company's previous systems. The system enables the Company to efficiently process a large volume of application and contract data. When a dealer faxes an application to the Company's headquarters in Southfield, Michigan, Company personnel input the application data into the ACS. The system automatically pulls all credit bureau and vehicle guidebook data and includes such data in the application file, which is routed to the analyst team assigned to the dealer's geographic area. An analyst reviews each application file on-line to determine if the transaction is properly structured and meets the Company's guidelines for an Advance. The ACS provides the analyst with information regarding the borrower, including information on the borrower's residence, employment, wage level and references, information regarding the vehicle, including the vehicle's age, mileage and guidebook value, and information regarding the transaction, including sale price, down payment, interest rate and term. The system computes the Advance amount according to predefined programs based on dealer and loan variables, provides the analyst with warning flags on out-of-tolerance application variables and allows the analyst to select from a predefined set of stipulations to include on the Advance approval transmittal, which is automatically faxed to the dealer. After the sale of the vehicle, the installment contract package is sent to the Company by the dealer. The contract information is input into the ACS. The system compares the contract data to the application data and reviews compliance with analyst stipulations. After any variances have been addressed, the system sends an Advance payment to the dealer by check or electronic transaction. The system generally enables the Company to approve application files in under one hour and fund contracts within 24 hours of receipt of all required documents. The system enables management personnel to report on service level by analyst and by region, application and contract volumes by dealer and by program, exceptions granted and various other reports as needed. The ACS automatically loads all new contract data into the LSS system.

LSS -- The LSS, designed and built for the Company by the same consulting firm, was installed and implemented in the third quarter 1997. This system contains all loan transaction data, including payments and charge-offs for loans accepted by the Company since July 1990. The system is the Company's primary information source for management reporting including production of monthly statements sent to dealers summarizing the status of their accounts and the Company's static pool system, which provides the Company with a static pool analysis on a per dealer basis. This system provides the Company with the ability to project future collections for each dealer based on actual prior loss history. These projections are then used to analyze dealer profitability and to estimate and record the Company's reserve on Advances to dealers. The LSS interfaces with both the ACS and CS.

CS -- The CS, which is used by Company collection personnel to service all active accounts was purchased, modified and installed in 1989. The collection system provides data on all of the Company's customer accounts including loan and payment information as well as a log of all account activity including letters sent and summaries of telephone contact. The system generates payment books which are sent on all new accounts, generates all collection letters and notices, allows collectors to record promises to pay and broken promises, interfaces with an automated dialing system, assigns accounts to collection personnel and tracks results on a per collector basis. Repossession and legal accounts are also processed on this system. The CS also interfaces with the LSS.

The Company employs one major computer system in its UK operation, which was originally developed by a major software vendor. The Company purchased the source code in 1997 and now continues to develop and enhance the system in house. The system encompasses the main features of the ACS, LSS and CS with the exception of (i) the ability to automatically pull all credit bureau and vehicle guidebook data, which have to be referenced separately, and (ii) the automatic interface with the phone system.

Servicing and Collections. CAC's staff of professional and experienced collection personnel collects amounts due on installment contracts, assisted by the CS and telephone systems. The customized CS system is integrated with an automated dialing telephone system, which allows the Company's collection personnel to contact a large number of customers on a daily basis. The integration of the systems allows critical calling information to be seamlessly uploaded to the CS. This integration helps identify customers who are difficult to contact by phone and need additional collection efforts. In North America, customer payments are received through a bank lockbox and at CAC's Southfield, Michigan location. Payment receipt data is electronically transferred from the bank lockbox on a daily basis for posting to the customer's account. The payments are processed in CAC's LSS which provides customer payment information to the CS on a real time basis.

In the United Kingdom, customers can make payments at banks and post offices. The payment receipt data is received electronically, on a daily basis, and is automatically posted to the customer's account. In addition to payments being received at the Company's UK offices, the Company electronically originates a large percentage of payments directly from a customer's bank account, with the customer's prior consent. All payments processed update the customer's account on a real time basis.

Customer accounts are monitored and serviced by regional collection teams. The team members consist of junior, mid-level, and senior collection personnel. The teams typically take action on accounts within five days of delinquency. If a customer is delinquent, the Company's policy is to attempt to resolve the delinquency by persuading the customer to make payment arrangements until the delinquency is resolved. Since the customer generally has a poor credit history, the Company's program provides the customer with an opportunity to restore their credit rating. The Company believes its interests are best served by permitting the customer to retain the vehicle while making payments, even if the maturity of the loan needs to be extended beyond the original term. Customers, within the first three payments of the contract, are monitored and serviced by a specialized collection team. The first-payment-miss team typically takes action on accounts at one day past due, attempting to resolve the delinquency as soon as possible.

The repossession process typically begins when a customer becomes approximately 30 days past due. At that time, the Company contracts with a third party to repossess and sell the vehicle at an auction. The costs related to such activities, to the extent permitted by law, are added to the amount due from the customer and the dealer Advance amount. If the proceeds from the sale are not sufficient to cover the total balance due, the

Company may seek to recover its "deficiency balance" from the customer through legal means, including wage garnishment to the extent permitted by applicable law. Although the Company continues to pursue collection, the deficiency balance is charged-off after nine months of not receiving any material payments.

Proprietary Credit Scoring System. In 1999, the Company implemented a proprietary credit scoring system in North America which is based upon the Company's portfolio database and was developed with the assistance of an independent statistical consulting firm. Credit scoring is used to evaluate risk in terms of expected collection rates. Factors considered in the credit scoring model include data contained in the customer's credit application, the customer's credit bureau report and the structure of the proposed transaction. The credit scoring system provides the Company with the ability to vary the structure of the installment contract and the Advance rate on the contract based upon the statistical probability of default. The credit scoring system is not utilized in the United Kingdom.

The Company's credit scoring model is evaluated monthly through the comparison of actual versus projected loan collection performance by credit score. The Company continues to enhance and refine its proprietary credit scoring model based on new information and trends in its portfolio of installment contracts receivable.

OPERATIONS -- CAC AUTOMOTIVE LEASING

During 1999, the Company began to expand its automotive leasing business through two business units, AutoNet Finance.com and CAC Leasing, Inc. Through these business units, the Company purchases 24 to 36 month used vehicle leases originated by dealers participating in the Company's automotive leasing programs. The Company had been evaluating leasing as an alternative for the Non-prime Consumer for several years through a pilot program. The programs are designed to provide dealers with a leasing alternative for Non-prime Consumers with limited access to traditional sources of consumer credit. Because the Company assumes ownership of the vehicles from the dealers, these leases are accounted for as operating leases with the capitalized cost of the vehicles recorded as depreciable assets (net investment in operating leases). This program differs from the Company's principal business in that, as these leases are purchased outright, the dealer does not have any rights to future collections on the lease contracts.

The Company anticipates that as it expands its leasing business to new markets and dealers, the leasing business could become a more significant part of the Company's overall operations.

ANCILLARY PRODUCTS

The Company continually explores methods by which its business relationships with dealers may be enhanced, including several ancillary products such as insurance and service contracts.

Insurance and Service Contract Programs. In the U.S., CAC has arrangements with insurance carriers to assist dealers in offering credit life and disability insurance to Non-prime Consumers. Pursuant to this program, the Company advances to dealers an amount equal to the credit life and disability insurance premium on contracts accepted by the Company, which include credit life and disability insurance written by the Company's designated insurance carriers. The Company is not involved in the actual sale of insurance; however, as part of the program, the insurance carriers cede insurance coverages and premiums (less a fee) to wholly-owned subsidiaries of the Company, which reinsure such coverages. As a result, the subsidiaries bear the risk of loss attendant to claims under the coverages ceded to it, and earn revenues resulting from premiums ceded and the investment of such funds.

Buyers Vehicle Protection Plan, Inc. ("BVPP"), a wholly-owned subsidiary of CAC, operates as an administrator of certain vehicle service contract programs offered by dealers to consumers in the U.S. Under this program, BVPP charges dealers a premium for the service contracts and in return agrees to reimburse dealers for designated amounts that the dealer is required to pay for covered repairs on the vehicles it sells. CAC advances to dealers an amount equal to the purchase price of the vehicle service contract on contracts

accepted by the Company which include vehicle service contracts. CAC has, in turn, subcontracted its obligations to administer these programs to third parties that have experience with such programs. Nevertheless, the risk of loss (reimbursement obligations in excess of the purchase price of the vehicle service contract) remains with BVPP. In addition, BVPP has relationships with third party service contract providers which pay BVPP a fee on service contracts included on installment contracts financed through participating dealers. BVPP does not bear any risk of loss for covered claims on these third party service contracts.

In the United Kingdom, the Company has relationships with third party credit life and disability and service contract providers, which pay the Company a fee on credit life and disability and service contracts included on installment contracts financed through participating dealers.

The Company has an arrangement with insurance carriers and a third party administrator in the U.S. to market and provide claims administration for a dual interest collateral protection program. This insurance program, which insures the financed vehicle against physical damage up to the lesser of the cost to repair the vehicle or the unpaid balance owed on the related installment contract, is offered to Non-prime Consumers who finance vehicles through participating dealers. If desired by a Non-prime Consumer, collateral protection insurance coverage is written under a group master policy issued by the unaffiliated insurance carriers to the Company. The Company is not involved in the actual sale of insurance; however, as part of the program, the insurance carriers cede insurance coverages and premiums (less a fee) to CAC Reinsurance, Ltd., a wholly-owned subsidiary of the Company, which acts as a reinsurer of such coverages. As a result, the subsidiary bears the risk of loss attendant to claims under the coverages ceded to it, and earns revenues resulting from premiums ceded and the investment of such funds.

The Company continually considers other programs that will increase its services to dealers. The Company intends that such programs, if undertaken, will be initially marketed selectively in order to establish strong operating systems and assess the potential profitability of these services.

OTHER SERVICES

Floor Plan Financing and Secured Working Capital Loans. In the U.S., the Company offers floor plan financing to certain dealers, pursuant to which the Company makes loans to dealers to finance vehicle inventories, in each case secured by the inventory, the related proceeds from the future sale of such inventory and, for dealers participating in the Company's financing program, future collections on installment contracts accepted from such dealers. This financing is provided on a selected basis primarily to dealers participating in the Company's financing program. On a limited basis, the Company provides floor plan financing to dealers not participating in the Company's financing program. The interest rate charged on outstanding floor plan balances generally ranges from 12% to 18% per annum. On a selected basis, the Company also provides dealers with working capital loans. These loans are secured by substantially all assets of the dealer, including any future cash collections owed to the dealer on installment contracts accepted by the Company.

Credit Reporting Services. In May 1999, the Company sold Montana Investment Group, Inc., a subsidiary of the Company which supplied risk assessment and fraud alert information and computerized skip tracing services regarding Non-prime Consumers to companies serving the Non-prime Consumer market.

Auction Services. In December 1999, the Company sold substantially all of the assets and rights to operate its automotive auctions in Pennsylvania and South Carolina. The auctions provided vehicle suppliers with a full range of services to process and sell vehicles to buyers at the auctions.

SALES AND MARKETING

The Company's program is marketed directly to used vehicle dealers and to new automobile dealers with used vehicle departments. Marketing efforts are initially concentrated in a particular geographic area through the distribution of marketing brochures and via advertising in trade journals and other industry publications directly to automobile dealers. Follow-up is subsequently conducted through telemarketing, videotapes and monthly newsletters explaining the Company's program. Free training seminars are available to dealers

desiring to learn more about the Company's program, as well as to participating dealers. The Company also establishes relationships with dealers through referrals from third party vendors and participating dealers.

CAC employs experienced sales and marketing professionals (sales representatives) both at the Company's headquarters and in the field for purposes of enrolling new dealers and providing services to existing dealers. Sales personnel are compensated on a commission basis calculated on the profitability and volume of business submitted by dealers.

CAC provides dealers with training regarding the operation of the Company's program. Seminars are held on a regular basis at the Company's headquarters and periodically at locations throughout the country. Pursuant to the Servicing Agreement, each dealer agrees to attend at least one such seminar each calendar year.

CREDIT LOSS POLICY AND EXPERIENCE

When an installment contract is assigned to the Company by a participating dealer, the Company generally pays a cash Advance to the dealer. These Advance balances represent the Company's primary risk of loss related to the funding activity with the dealers.

The Company maintains a reserve against Advances to dealers that are not expected to be recovered through collections on the related installment contract portfolio. For purposes of establishing the reserve, expected future collections are reduced to their present-value in order to achieve a level yield over the expected term of the Advance. The Company's loan servicing system allows the Company to estimate future collections for each dealer pool using historical loss experience and a dealer by dealer static pool analysis. The Company recorded a non-cash charge during 1999 to reflect the impact of collections on loan pools originated primarily during 1995, 1996 and 1997 falling below previous estimates, indicating further impairment of Advance balances associated with these loan pools. While previous loss curves indicated that loans originated in 1995, 1996 and 1997 would generate lower overall collection rates than those originated in prior years, in the third quarter of 1999 the loss curves indicated collection rates on these pools would be lower than previously estimated. Management's analysis of the static pool model also indicates that the business originated subsequent to 1997 is of higher quality than business originated during the three years ended December 31, 1997. Future reserve requirements will depend in part on the magnitude of the variance between management's current estimate of future collections and the actual collections that are realized. The Company charges off dealer Advances against the reserve at such time when the Company determines that an Advance is permanently impaired. Ultimate losses may vary from current estimates and the amount of the provision, which is the current expense, may be either greater or less than actual charge offs.

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

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

During the third quarter of 1997, the Company changed its non-accrual policy from 120 days on a contractual basis to 90 days on a recency basis and, during the fourth quarter of 1997, changed its charge off policy to nine months on a recency basis from one year on a recency basis. The Company believes these changes allow for earlier recognition of under-performing dealer pools.

COMPETITION

The Non-prime Consumer finance market is very fragmented and highly competitive. The Company believes that there are numerous competitors providing, or are capable of providing, financing programs

through dealers to purchasers and lessees of used vehicles. The Company also competes, indirectly, with dealers operating dealer-financed programs. Because the Company's program is directed to provide financing to individuals who cannot ordinarily qualify for traditional financing, the Company does not believe that it directly competes with commercial banks, thrifts, automobile finance companies and others that apply more traditional lending criteria to the credit approval process. Historically, these traditional sources of used vehicle financing (some of which are larger, have significantly greater financial resources and have relationships with captive dealer networks) have not served the Company's market segment consistently. The Company's market is primarily served by smaller finance organizations which solicit business when and as their capital resources allow. The Company intends to capitalize on this market segment's lack of a major, consistent financing source. However, if such a competitor were to enter the Company's market segment, the Company's financial position and results of operations could be materially adversely affected. The Company believes that it can compete on the basis of service provided to its participating dealers, innovative products and superior collection performance.

CUSTOMER AND GEOGRAPHIC CONCENTRATIONS

Installment contracts receivable attributable to contracts accepted from affiliated dealers owned by the Company's majority shareholder represented approximately 4% at the end of 1997 and 2% of gross installment contracts receivable at the end of 1998 and 1999. Approximately 1%, 2 % and 2% of the value and number of installment contracts accepted by the Company during 1997, 1998 and 1999, respectively, were originated by affiliated dealers. Affiliated dealers are not obligated to continue doing business with CAC, nor are they precluded from owning or operating businesses which may compete with the Company. As of December 31, 1999, approximately 27.5% of the participating dealers in North America were located in Michigan, Maryland, and Virginia and these dealers accounted for approximately 31.2% of the number of contracts accepted from North American dealers in 1999. As of December 31, 1999, approximately 13.6% of the Company's total participating dealers were located in the United Kingdom and during 1999 these dealers accounted for approximately 16.4% of the new contracts accepted by the Company. No single dealer accounted for more than 10% of the number of installment contracts accepted by the Company during 1997, 1998 or 1999, however, during 1999, two dealer groups in the United Kingdom accounted for approximately 47.4% of new contracts accepted by that business segment.

The following table sets forth, for each of the last three years for the Company's domestic and foreign operations, the amount of revenues from customers and long-lived assets (in thousands):

	AS OF AND FOR YEARS ENDED DECEMBER 31,		
	1997	1998	1999
Revenues from customers			
United States	$134,950	$120,086	$97,895
United Kingdom	28,598	20,828	16,660
Other foreign	687	1,435	1,500
Long-lived assets			
United States	$ 18,910	$ 18,781	$16,699
United Kingdom	1,914	1,834	1,544
Other foreign	15	12	--

The Company's operations are structured to achieve consolidated objectives. As a result, significant interdependencies and overlaps exist among the Company's domestic and foreign operations. Accordingly, the revenue and identifiable assets shown may not be indicative of the amounts which would have been reported if the domestic and foreign operations were independent of one another.

REGULATION

The Company's businesses are subject to various state, federal and foreign laws and regulations which require licensing and qualification, limit interest rates, fees and other charges associated with the installment

contracts assigned to the Company, require specified disclosures by automobile dealers to consumers, govern the sale and terms of the ancillary products and define the Company's rights to repossess and sell collateral. Failure to comply with, or an adverse change in, these laws or regulations could have a material adverse effect on the Company by, among other things, limiting the states or countries in which the Company may operate, restricting the Company's ability to realize the value of the collateral securing the contracts, or resulting in potential liability related to contracts accepted from dealers. In addition, governmental regulations which would deplete the supply of used vehicles, such as environmental protection regulations governing emissions or fuel consumption, could have a material adverse effect on the Company. The Company is not aware of any such legislation currently pending.

The sale of insurance products by dealers is also subject to state laws and regulations. As the Company does not deal directly with consumers in the sale of insurance products, it does not believe that its business is significantly affected by such laws and regulations. Nevertheless, there can be no assurance that insurance regulatory authorities in the jurisdictions in which such products are offered by dealers will not seek to regulate the Company or restrict the operation of the Company's business in such jurisdictions. Any such action could materially adversely affect the income received from such products. CAC's credit life and disability reinsurance and property and casualty insurance subsidiaries are licensed and subject to regulation in the state of Arizona and in the Turks and Caicos Islands.

The Company's operations in the United Kingdom, Canada and Ireland are also subject to various laws and regulations. Generally, these requirements tend to be no more restrictive than those in effect in the United States.

Management believes that the Company maintains all material licenses and permits required for its current operations and is in substantial compliance with all applicable laws and regulations. The Company's Servicing Agreement with dealers provides that the dealer shall indemnify the Company with respect to any loss or expense the Company incurs as a result of the dealer's failure to comply with applicable laws and regulations.

EMPLOYEES

As of December 31, 1999, the Company employed 627 persons, 353 of whom were collection personnel, 90 were contract origination and processing personnel, 69 were marketing professionals, 26 were information systems professionals, 22 were accounting professionals and the remainder were management or support personnel. The Company's employees have no union affiliations and the Company believes its relationship with its employees is good.

ITEM 2. PROPERTIES

CAC NORTH AMERICA

The Company's headquarters are located at 25505 West Twelve Mile Road, Southfield, Michigan 48034. The Company purchased the office building in 1993, which it financed in part by a loan secured by a mortgage on the building. The office building includes approximately 118,000 square feet of space on five floors. The Company occupies approximately 60,000 square feet of the building, with most of the remainder of the building leased to various tenants. The Company plans to continue to lease excess space in the building until such time as the Company's expansion needs require it to occupy additional space.

The Company leases space in an office building in Henderson, Nevada, which houses CAC's western North America collections and sales operations. The Company occupies approximately 9,300 square feet of the building. The lease expires in February 2004.

CAC UNITED KINGDOM

The Company leases space in an office building in Worthing, West Sussex, in the United Kingdom, which is the headquarters for the Company's United Kingdom operations. The Company occupies approximately 10,000 square feet of the building under a lease expiring in September 2007.

ITEM 3. LEGAL PROCEEDINGS

In the normal course of business and as a result of the consumer-oriented nature of the industry in which the Company operates, industry participants are frequently subject to various consumer claims and litigation seeking damages and statutory penalties. The claims allege, among other theories of liability, violations of state, federal and foreign truth in lending, credit availability, credit reporting, consumer protection, warranty, debt collection, insurance and other consumer-oriented laws and regulations. The Company, as the assignee of finance contracts originated by dealers, may also be named as a co-defendant in lawsuits filed by consumers principally against dealers. Many of these cases are filed as purported class actions and seek damages in large dollar amounts.

During the first quarter of 1998, several putative class action complaints were filed by shareholders against the Company and certain officers and directors of the Company in the United States District Court for the Eastern District of Michigan seeking money damages for alleged violations of the federal securities laws. On August 14, 1998, a Consolidated Class Action Complaint, consolidating the claims asserted in those cases, was filed. The Complaint generally alleged that the Company's financial statements issued during the period August 14, 1995 through October 22, 1997 did not accurately reflect the Company's true financial condition and results of operations because such reported results failed to be in accordance with generally accepted accounting principles and such results contained material accounting irregularities in that they failed to reflect adequate reserves for credit losses. The Complaint further alleged that the Company issued public statements during the alleged class period which fraudulently created the impression that the Company's accounting practices were proper. On April 23, 1999, the Court granted the Company's and the defendant officers' and directors' motion to dismiss the Complaint and entered a final judgment dismissing the action with prejudice. On May 6, 1999, plaintiffs filed a motion for reconsideration of the order dismissing the Complaint or, in the alternative, for leave to file an amended complaint. On July 13, 1999, the Court granted the plaintiffs' motion for reconsideration and granted the plaintiffs leave to file an amended complaint. Plaintiffs filed their First Amended Consolidated Class Action Complaint on August 2, 1999. On September 30, 1999, the Company and the defendant officers and directors filed a motion to dismiss that complaint. On or about November 10, 1999, plaintiffs sought and were granted leave to file a Second Amended Consolidated Class Action Complaint. A hearing on the defendants' motion to dismiss the Second Amended Consolidated Class Action Complaint was held on March 1, 2000 and, on March 24, 2000, the Court granted the Company's and the defendant officers' and directors' motion to dismiss the Second Amended Consolidated Class Action Complaint and entered a final judgment dismissing the action with prejudice. In the event that plaintiffs choose to appeal this judgment, the Company and the defendant officers and directors will continue to vigorously defend this action. While the Company believes it has meritorious legal and factual defenses, an adverse ultimate disposition of this litigation could have a material negative impact on the Company's financial position, liquidity and results of operations.

The Company is currently a defendant in a class action proceeding commenced on October 15, 1996 in the United States District Court for the Western District of Missouri seeking money damages for alleged violations of a number of state and federal consumer protection laws (the "Missouri Litigation"). On October 9, 1997, the District Court certified two classes on the claims brought against the Company, one relating to alleged overcharges of official fees, the other relating to alleged overcharges of post-maturity interest. On August 4, 1998, the District Court granted partial summary judgment on liability in favor of the plaintiffs on the interest overcharge claims based upon the District Court's finding of certain violations but denied summary judgment on certain other claims. The District Court also entered a number of permanent injunctions, which among other things, restrained the Company from collecting the amounts found to be uncollectible. The Court also ruled in favor of the Company on certain claims raised by class plaintiffs. Because the entry of an injunction is immediately appealable as of right, the Company appealed the summary judgment order to the United States Court of Appeals for the Eighth Circuit. Oral argument on the appeals was heard on April 19, 1999. On September 1, 1999, the United States Court of Appeals for the Eighth Circuit overturned the August 4, 1998 partial summary judgment order and injunctions against the Company. The Court of Appeals held that the District Court lacked jurisdiction over the interest overcharge claims and directed the District Court to sever those claims and remand them to state court. The class action claims of

alleged public official fee overcharges have not been finally adjudicated by the District Court and were not part of the appeal. On February 18, 2000, the District Court entered an Order remanding the post-maturity interest class to Missouri state court while retaining jurisdiction on the official fee class. The District Court has set a bench trial date commencing the week of June 19, 2000. The Company will continue its vigorous defense of all remaining claims. However, an adverse ultimate disposition of this litigation could have a material negative impact on the Company's financial position, liquidity and results of operations.

The frequency of litigation has increased as the Company's business activities have expanded. The Company believes that the structure of its dealer program and the ancillary products, including the terms and conditions of its Servicing Agreement with dealers, may mitigate its risk of loss in any such litigation. Management believes the Company has taken prudent steps to address the litigation risks associated with its business activities.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None

PART II

ITEM 5. MARKET PRICE AND DIVIDEND INFORMATION

The Company's Common Stock is traded on The Nasdaq Stock Market(R) under the symbol CACC. The high and low sale prices for the Common Stock for each quarter during the two year period ending December 31, 1999 as reported by The Nasdaq Stock Market(R) are set forth in the following table.

	1998		1999	
QUARTER ENDED	HIGH	LOW	HIGH	LOW
March 31	$ 9.63	$5.25	$10.25	$5.44
June 30	12.38	8.38	8.63	4.88
September 30	9.19	5.56	6.25	4.88
December 31	7.75	4.63	6.00	3.00

As of December 31, 1999, the approximate number of beneficial holders and shareholders of record of the Common Stock was 5,000 based upon securities position listings furnished to the Company.

The Company has not paid any cash dividends during periods presented and has no present plans to pay any cash dividends on its Common Stock. The Company intends to retain its earnings to finance the growth and development of its business. The Company's credit agreements contain certain covenants which prohibit the payment of dividends under certain circumstances and other covenants pertaining to the Company's tangible net worth which may indirectly limit the payment of dividends on Common Stock.

ITEM 6. SELECTED FINANCIAL DATA

The selected income statement and balance sheet data presented below for and as of each of the five years ended December 31, 1999 are derived from the Company's audited consolidated financial statements. The selected financial data presented below as of December 31, 1998 and 1999 and for the years ended December 31, 1997, 1998 and 1999 should be read in conjunction with the Company's consolidated audited financial statements and notes thereto and "Item 7 -- Management's Discussion and Analysis of Financial Condition and Results of Operations," included elsewhere in this Report.

	(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)				
	1995	1996	1997	1998	1999
INCOME STATEMENT DATA:					
Revenue:					
Finance charges	$ 66,276	$ 92,944	$ 117,020	$ 98,007	$ 76,497
Premiums earned	6,504	9,653	11,304	10,904	10,389
Gain on sale of Advance receivables, net	--	--	--	685	--
Other income	12,301	21,337	35,911	32,753	29,169
Total revenue	85,081	123,934	164,235	142,349	116,055
Costs and Expenses:					
Operating expenses	21,716	30,627	45,911	59,004	56,772
Provision for credit losses	7,066	13,071	85,472	16,405	56,073
Provision for claims	1,964	3,060	3,911	3,734	3,498
Valuation adjustment on retained interest in securitization	--	--	--	--	13,517
Interest	8,785	13,568	27,597	25,565	16,576
Total costs and expenses	39,531	60,326	162,891	104,708	146,436
Other Operating Income Gain on sale of subsidiary	--	--	--	--	14,720
Operating income (loss)	45,550	63,608	1,344	37,641	(15,661)
Foreign exchange gain (loss)	(57)	27	(41)	(116)	(66)
Income (loss) before income taxes	45,493	63,635	1,303	37,525	(15,727)
Provision (credit) for income taxes	15,921	22,126	(234)	12,559	(5,041)
Net income (loss)	$ 29,572	$ 41,509	$ 1,537	$ 24,966	$ (10,686)
Net income (loss) per common share(A):					
Basic	$ .70	$ .91	$ .03	$ .54	$ (.23)
Diluted	$ .68	$ .89	$ .03	$ .53	$ (.23)
Weighted average shares outstanding (A):					
Basic	42,385,262	45,605,159	46,081,804	46,190,208	46,222,730
Diluted	43,527,770	46,623,655	46,754,713	46,960,290	46,222,730
BALANCE SHEET DATA:					
Installment contracts receivable, net	$ 653,297	$1,030,971	$1,037,760	$ 665,574	$ 568,378
Floor plan receivables	13,249	15,493	19,800	14,071	15,492
Notes receivables	3,232	2,663	1,231	2,278	3,610
All other assets	16,662	25,291	56,819	70,006	72,760
Total assets	$ 686,440	$1,074,418	$1,115,610	$ 751,929	$ 660,240
Dealer holdbacks, net	$ 363,519	$ 496,434	$ 439,554	$ 222,275	$ 202,143
Total debt	95,780	288,899	391,666	218,798	158,985
Other liabilities	28,166	42,942	35,399	34,593	36,137
Total liabilities	487,465	828,275	866,619	475,666	397,265
Shareholders' equity(B)	198,975	246,143	248,991	276,263	262,975
Total liabilities and shareholders' equity	$ 686,440	$1,074,418	$1,115,610	$ 751,929	$ 660,240

(A) On September 29, 1995 the Company consummated a public offering of 3,900,000 shares of its Common Stock.

(B) No dividends were paid during the periods presented.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

GENERAL

CAC is a specialized financial services company providing funding, receivables management, collection, sales training and related products and services to automobile dealers located in the United States, the United Kingdom, Ireland and Canada. The Company assists such dealers by providing them with an indirect source of financing for buyers of used vehicles with limited access to traditional sources of consumer credit. In addition, but to a significantly lesser extent, the Company provides floor plan financing and secured working capital loans to dealers, secured by the related vehicle inventory and any future cash collections owed to the dealer on contracts accepted under the Company's program.

The Company's relationship with a dealer is defined by: (i) the servicing agreement which sets forth the terms and conditions associated with the Company's acceptance of a contract from a dealer; and (ii) the contract, which is a retail installment sales contract between a dealer and a purchaser of a used vehicle, providing for payment over a specified term. With respect to its principal financing program, the dealer assigns title to the contract and the security interest in the vehicle to the Company. Thereafter, the rights and obligations of the Company and the dealer are defined by the servicing agreement, which provides that a contract is assigned to the Company as nominee for the dealer for purposes of administration, servicing and collection of the amount due under the assigned contract, as well as for security purposes. The Company takes title to the contract as nominee and records the gross amount of the contract as a gross installment contract receivable and the amount of its "servicing fee" (see below) as an unearned finance charge which, for balance sheet purposes, is netted from the gross amount of the contract. The Company records the remaining portion of the contract (the gross amount of the contract less the unearned finance charge) as a "dealer holdback". For balance sheet purposes, dealer holdbacks are shown net of any Advances made by the Company to the dealer in connection with accepting the assignment of a contract.

The Company's program allows dealers to establish the interest rate on contracts, which typically is the maximum rate allowable by the state or country in which the dealer is doing business. As the majority of the Company's revenue is derived from the servicing fee it receives on the gross amount due under the contract (typically 20% of the principal and interest), the Company's revenues from servicing fees are not materially impacted by changes in interest rates. The Company's revenue is principally dependent upon the gross value of contracts accepted, which is determined by the number of contracts accepted and the amount of the average contract. The contracts assigned to the Company are: (i) secured by the related vehicle; and (ii) short-term in duration (generally maturing in 24 to 42 months, with an initial average maturity of approximately 32 months). The interest rates charged on floor plan financing and on secured working capital loans typically range from 12% to 18% per annum.

Through its automotive leasing business, the Company purchases 24 to 36 month used vehicle leases originated by dealers participating in the Company's automotive leasing programs. The programs are designed to provide dealers with a leasing alternative for Non-prime Consumers with limited access to traditional sources of consumer credit. Because the Company assumes ownership of the vehicles from the dealers, these leases are accounted for as operating leases with the capitalized cost of the vehicles recorded as depreciable assets (net investment in operating leases). This program differs from the Company's principal business in that, as these leases are purchased outright, the dealer does not have any rights to future collections on the lease contracts.

The Company's subsidiaries provide additional services to dealers. One such subsidiary is primarily engaged in the business of reinsuring credit life and disability insurance policies and collateral protection insurance coverage issued to borrowers under contracts originated by dealers. Premiums are ceded to the subsidiary on both an earned and written basis and are earned over the life of the contracts using pro rata and sum-of-digits methods. Another subsidiary administers short-term limited extended service contracts offered by dealers. In connection therewith, the subsidiary bears the risk of loss for any repairs covered under the service contract. Revenue is recognized on a straight-line basis over the life of the service contracts. In addition, the subsidiary has relationships with third party service contract providers which pay the subsidiary a fee on service contracts included on installment contracts financed through participating dealers. The

subsidiary does not bear the risk of loss for covered claims on these third party service contracts. The income from the non-refundable fee is recognized upon acceptance of the installment contract.

RESULTS OF OPERATIONS

The following table sets forth the percent relationship of certain items to total revenue for the periods indicated.

PERCENT OF TOTAL REVENUES	FOR THE YEARS ENDED DECEMBER 31, 1997	1998	1999
Finance charges	71.2%	68.8%	65.9%
Premiums earned	6.9	7.7	9.0
Gain on sale of Advance receivables, net	--	0.5	--
Other income	21.9	23.0	25.1
Total revenue	100.0	100.0	100.0
Operating expenses	28.0	41.5	48.9
Provision for credit losses	52.0	11.5	48.3
Provision for claims	2.4	2.6	3.0
Valuation adjustment on retained interest in securitization	--	--	11.7
Interest	16.8	18.0	14.3
Total costs and expenses	99.2	73.6	126.2
Gain on sale of subsidiary	--	--	12.7
Operating income (loss)	0.8	26.4	(13.5)
Foreign exchange loss	--	(0.1)	(0.1)
Income (loss) before income taxes	0.8	26.3	(13.6)
Provision (credit) for income taxes	(0.1)	8.8	(4.4)
Net income (loss)	0.9%	17.5%	(9.2)%

Year Ended December 31, 1998 Compared To Year Ended December 31, 1999

Total Revenue. Total revenue decreased from $142.3 million in 1998 to $116.1 million in 1999, a decrease of $26.2 million or 18.4%. This decrease was primarily due to the decrease in finance charge revenue resulting from a decrease in the average installment contracts receivable balance. The decrease in gross installment contracts receivable is primarily the result of collections on and charge offs of installment contracts exceeding contract originations for the period. The volume of contract originations for CAC's North America operations decreased from $521.5 million for the year ended December 31, 1998 to $408.5 million for 1999. The volume of contract originations for CAC's United Kingdom operations increased from $59.1 million in 1998 to $124.6 million in 1999. Based upon reviews of dealer profitability and improvements in credit quality on installment contracts originated since the fourth quarter of 1997, in an effort to increase origination volumes, the Company has introduced new advance programs, both in the United States and United Kingdom, which have increased the Company's overall advance rates. The Company's Advances to dealers and payment of dealer holdback, as a percent of gross installment contracts accepted, increased from 50.1% for the year ended December 31, 1998 to 55.5% for 1999. There can be no assurance that higher Advance rates will lead to increased origination volumes in future periods or that Advance rates will not need to be reduced in future periods based on continued review of dealer profitability and credit quality. While management expects the increased Advance rates to have a positive effect on the Company's results, higher Advance rates increase the Company's risk of loss on dealer Advances in future periods.

The average yield on the Company's installment contract portfolio, calculated using finance charge revenue divided by average installment contracts receivable, was approximately 11.4% and 12.3% in 1998 and 1999, respectively. The increase in the average yield is due to a decrease in the percentage of installment

contracts which were in non-accrual status. The percentage of installment contracts which were in non-accrual status was 32.4% and 23.0% as of December 31, 1998 and 1999, respectively.

Premiums earned increased, as a percentage of total revenue, from 7.7% in 1998 to 9.0% in 1999. Premiums on the Company's service contract program are earned on a straight-line basis over the life of the service contracts. Premiums reinsured under the Company's credit life and collateral protection insurance programs are earned over the life of the contracts using the pro rata and sum-of-digits methods. As a result of these revenue recognition methods, premiums earned decreased at a slower rate than the decrease in finance charge revenue.

In July 1998, the Company recognized a net gain on sale of advance receivables of approximately $685,000. The gain resulted from the securitization of dealer Advances having a carrying value of approximately $56 million. See "Liquidity and Capital Resources". The gain represents the difference between the sale proceeds to the Company from the sale of dealer Advance receivables to an institutional investor, net of transaction costs, and the Company's carrying amount of the Advances, plus the present value of the estimated cash flows to be received by the Company. In determining the gain on sale of receivables, the Company assumed an excess cash flow discount rate of 15%, cumulative credit losses of 14% and an interest rate on the underlying debt of 7.5%. The present value of such estimated excess cash flows has been recorded by the Company as a retained interest in securitization of $4.1 million as of December 31, 1999. The Company recorded a valuation adjustment to the retained interest in securitization in the third quarter of 1999 (see "Results of Operations -- Valuation Adjustment on Retained Interest in Securitization"). The installment contracts supporting the dealer Advances include contracts with origination dates ranging from July 1990 to June 1998, with a weighted average age of 15 months as of the date of the transaction. The amount of such contracts included on the Company's balance sheet as of June 30, 1998 was $98.6 million, of which $43.8 million was in non-accrual status. In addition, the Advances are supported by installment contracts which had been previously written off for financial statement purposes. The excess cash flows result from the amount by which projected collections on the installment contracts exceeds (i) the principal and interest to be paid to the institutional investor and (ii) the amount of dealer holdback due to dealers.

In the securitization, the Company retained servicing responsibilities and subordinated interests. The Company receives monthly servicing fees of 4% of the collections on the installment contracts receivable, and rights to future cash flows arising after the institutional investor has received the return for which they are contracted. The investor has no recourse to the Company's other assets for failure of debtors to pay when due. The Company's retained interests are generally restricted until investors have been fully paid and are subordinate to investors' interests. The value of the retained interest is subject to substantial credit risk and moderate interest rate risk, as well as the timing of projected collections on the transferred financial assets.

Other income increased, as a percent of total revenue, from 23.0% in 1998 to 25.1% in 1999. The increase is primarily due to (i) revenue from the Company's auction services business which the Company began operating in June 1998 until it was sold in December 1999, (ii) servicing fees from the securitization of advance receivables completed in July 1998 and (iii) operating lease revenue from the CAC Automotive Leasing business unit which began operating in 1999. The increase is partially offset by (i) a decrease in revenues from the Company's credit reporting subsidiary which was sold on May 7, 1999, (ii) decreases in earned dealer enrollment fees due to a decline in the number of dealers enrolling in the Company's financing program and (iii) a decrease in fees earned on third party service contract products offered by dealers on installment contracts, as the volume of this business has declined proportionately with the decrease in installment contract originations.

Operating Expenses. Operating expenses, as a percent of total revenue, increased from 41.5% in 1998 to 48.9% in 1999. Operating expenses consist primarily of salaries and wages, general and administrative, and sales and marketing expenses.

The increase, as a percent of revenue, is primarily due to an increase in salaries and wages. Salaries and wages increased, as a percent of revenue, due to the Company's employee headcount not being reduced proportionately with the decrease in revenues. The Company has retained collection personnel in an effort to improve collection levels.

A portion of management personnel compensation paid by the Company is charged to a company controlled by the Company's Chairman (the "Affiliated Company"), based upon the percentage of time spent working for the Affiliated Company. The Company charged the Affiliated Company approximately $226,000 and $203,000 in 1998 and 1999, respectively. Shared employees devote between 30% and 90% of their time to the Company, depending on their responsibilities. The Company believes that the amounts charged by the Company are representative of the respective employees' activities.

The increase is also due to an increase, as a percent of revenue, in general and administrative expenses which, due to the fixed nature of certain of these expenses, did not decline proportionately with the decline in revenue. This increase is partially offset by a decrease in legal fees and settlement provisions resulting from a decline in material new litigation against the Company.

To a lesser extent, the increase in operating expenses, as a percent of revenue, resulted from the Company's auction services business, which requires proportionately higher operating expenses than the Company's other businesses. The Company operated the auction service business from June of 1998 when it was the purchased until it was sold in December 1999.

The increases, as a percent of revenue, in salaries and wages and general and administrative expenses are partially offset by a decrease in sales and marketing expenses. This expense decreased primarily due to reductions in sales commissions as a result of lower contract origination volumes and lower average sales force headcounts. The decrease in sales and marketing expenses is also the result of a decrease in advertising due to the termination of the Company's customer lead generating program.

Provision for Credit Losses. The amount provided for credit losses, as a percent of total revenue, increased from 11.5% in 1998 to 48.3% in 1999. The provision for credit losses consists of two components: (i) a provision for losses on Advances to dealers that are not expected to be recovered through collections on the related installment contract receivable portfolio and (ii) a provision for earned but unpaid revenue on installment contracts which were transferred to non-accrual status during the period. The increase is primarily due to higher provisions needed for losses on Advances to dealers with respect to loan pools originated in 1995, 1996 and 1997. As such, the Company recorded a pre-tax charge of $47.3 million during the third quarter of 1999. The charge was necessary due to collections in affected loan pools falling below estimates indicating further impairment of advance balances associated with these pools.

Management's analysis of collection results leads to a conclusion that the actual collection results will be below previous forecasts produced by its static pool model. While previous loss curves indicated that loans originated in 1995, 1996 and 1997 would generate lower overall collection rates than loans originated in prior years, trends in these loss curves indicate that collection rates on these pools will be lower than previously estimated. Management's analysis of the static pool data, after considering the effect of this less favorable trend, continues to indicate that the business originated since 1998 is of higher quality than that written in the prior three years.

The decreases are partially offset by the lower provisions needed for earned but unpaid revenue primarily resulting from the decrease in the percent of non-accrual installment contracts receivable which were 32.4% and 23.0% of gross receivables as of December 31, 1998 and 1999, respectively.

Provision for Claims. The amount provided for insurance and service contract claims, as a percent of total revenue, increased from 2.6% in 1998 to 3.0% in 1999. The increase corresponds with the increase, as a percent of total revenue, in premiums earned from 7.7% in 1998 to 9.0% in 1999. The Company has established claims reserves on accumulated estimates of claims reported but unpaid plus estimates of incurred but unreported claims. The Company believes the reserves are adequate to cover future claims associated with the programs.

Valuation Adjustment on Retained Interest in Securitization. The Company recorded a $13.5 million valuation adjustment in 1999 on the retained interest in securitization related to the Company's July 1998 securitization. The retained interest in securitization represents an accounting estimate based on several variables including the amount and timing of collections on the underlying installment contracts receivable, the amount and timing of projected dealer holdback payments and interest costs. The Company regularly

reviews the actual performance of these variables against the assumptions used to record the retained interest. This evaluation led to a reassessment of the timing and amount of collections on the installment contracts underlying the securitized advances and the resulting $13.5 million write down in the third quarter of 1999. The Company continues to assess the performance of the 1998 securitization and makes adjustments when necessary.

Interest Expense. Interest expense, as a percent of total revenue, decreased from 18.0% in 1998 to 14.3% in 1999. Total interest expense decreased from $25.6 million in 1998 to $16.6 million in 1999. The $9.0 million decrease in interest expense for 1999 is primarily the result of a decrease in the amount of average outstanding borrowings which results from (i) the positive cash flow generated from collections on installment contracts receivable exceeding cash advances to dealers and payments of dealer holdbacks and (ii) amounts raised in July 1998 from the securitization of advance receivables. The decrease was partially offset by higher average interest rates in 1999. The weighted average interest rate was 9.27% in 1998 and 9.36% in 1999. The increase in the average interest rates for 1999 is the result of (i) the impact of fixed borrowing costs, such as facility fees, up front fees and other costs on average interest rates when average outstanding borrowings are decreasing, (ii) an increase in the interest rate on outstanding borrowings under the Company's senior notes resulting from amendments to the note purchase agreements entered into in contemplation of the Company's securitization of advance receivables in 1998 and the $47.3 million pre-tax charge on Advances to dealers in the third quarter of 1999, (iii) a decrease in line of credit balances, which carry lower interest rates, as a percentage of total average balance sheet debt and (iv) the acceleration of amortization of certain deferred debt issuance cost in connection with the repurchase of senior notes. These interest rate increases are partially offset by the secured financings completed in 1999, which are at lower rates of interest than the debt they replaced.

Gain on Sale of Subsidiary. The Company recorded a pre-tax gain of $14.7 million in 1999 from the sale of the Company's credit reporting services subsidiary. The net proceeds from the sale were used to reduce outstanding indebtedness under the Company's $125 million credit facility.

Operating Income (Loss). As a result of the aforementioned factors, operating income (loss) decreased from $37.6 million in 1998 to ($15.7) million in 1999, a decrease of $53.3 million.

Foreign Exchange Loss. The Company incurred a foreign exchange loss of $116,000 and $66,000 in 1998 and 1999, respectively. The losses were the result of exchange rate fluctuations between the U.S. dollar and foreign currency on unhedged intercompany balances between the Company and subsidiaries which operate outside the United States.

Provision (Credit) for Income Taxes. The provision (credit) for income taxes decreased from $12.6 million in 1998 to ($5.0) million in 1999. The decrease is primarily due to a pretax loss in 1999. In 1998 and 1999, the effective tax rate was 33.5% and 32.1%, respectively. The 1999 income tax benefit is partially offset by state income taxes incurred on the sale of the Company's credit reporting subsidiary in 1999.

Year Ended December 31, 1997 Compared To Year Ended December 31, 1998

Total Revenue. Total revenue decreased from $164.2 million in 1997 to $142.3 million in 1998, a decrease of $21.9 million or 13.3%. This decrease was primarily due to the decrease in finance charge revenue resulting from a decrease in the average installment contracts receivable balance. The decrease in gross installment contracts receivable is primarily the result of collections on and charge offs of installment contracts exceeding contract originations for the period. The Company's volume of contract originations decreased in the fourth quarter of 1997 and in 1998 as the Company has implemented more conservative Advance programs and has limited business with marginally profitable and unprofitable dealers. These changes were made primarily as a result of the Company's enhanced analysis made possible by the Company's loan servicing system which became operational in the third quarter of 1997. Based on this review of dealer profitability, the Company has discontinued relationships with certain dealers and continues to monitor its relationships with dealers and make adjustments to these relationships as required. It is expected that the volume of contract originations will continue at lower levels than those experienced prior to the implementation of these changes.

The average yield on the Company's installment contract portfolio, calculated using finance charge revenue divided by average installment contracts receivable, was approximately 10.4% and 11.4% in 1997 and 1998, respectively. The increase in the average yield is due to a decrease in the percentage of installment contracts which were in non-accrual status as well as improvements in collection levels on non-accrual installment contracts. The percentage of installment contracts which were in non-accrual status was 37.6% and 32.4% as of December 31, 1997 and 1998, respectively.

Premiums earned increased, as a percentage of total revenue, from 6.9% in 1997 to 7.7% in 1998. Premiums on the Company's service contract program are earned on a straight-line basis over the life of the service contracts. Premiums reinsured under the Company's credit life and collateral protection insurance programs are earned over the life of the contracts using the pro rata and sum-of-digits methods. As a result of these revenue recognition methods, premiums earned decreased at a slower rate than the decrease in finance charges. In addition, the increase is due to an increase in the penetration rate on the Company's service contract and credit life insurance programs.

In July 1998, the Company recognized a net gain on sale of advance receivables of approximately $685,000. The gain resulted from the securitization of dealer Advances having a carrying value of approximately $56 million. See "Liquidity and Capital Resources". The gain represents the difference between the sale proceeds to the Company, net of transaction costs, and the Company's carrying amount of the dealers Advances, plus the present value of the estimated cash flows to be received by the Company. In determining the gain on sale of receivables, the Company assumed an excess cash flow discount rate of 15%, cumulative credit losses of 14% and an interest rate on the underlying debt of 7.5%. The present value of such estimated excess cash flows has been recorded by the Company as a retained interest in securitization of $14.7 million as of December 31, 1998. The installment contracts supporting the dealer Advances include contracts with origination dates ranging from July 1990 to June 1998, with a weighted average age of 15 months. The amount of such contracts included on the Company's balance sheet as of June 30, 1998 was $98.6 million, of which $43.8 million was in non-accrual status. In addition, the Advances are supported by installment contracts which had been previously written off for financial statement purposes. The excess cash flows result from the amount by which projected collections on the installment contracts exceeds i) the principal and interest to be paid and ii) the amount of dealer holdback due to dealers.

In the securitization, the Company retained servicing responsibilities and subordinated interests. The Company receives monthly servicing fees of 4% of the collections on the installment contracts receivable, and rights to future cash flows arising after the investors in the commercial paper received the return for which they are contracted. The investors have no recourse to the Company's other assets for failure of debtors to pay when due. The Company's retained interests are generally restricted until investors have been fully paid and are subordinate to investors' interests. Their value is subject to substantial credit and interest rate risk and the timing of projected collections on the transferred financial assets.

Other income increased, as a percent of total revenue, from 21.9% in 1997 to 23.0% in 1998. The increase is primarily due to i) revenues from the Company's auction services business which the Company began operating in June 1998; ii) an increase in revenues from the Company's credit reporting subsidiary and iii) servicing fees and interest earned on the retained interest in securitization resulting from the Company's securitization of advance receivables in July 1998. The increase is offset by decreases in fees earned on third party service contract products offered by dealers on installment contracts, as the volume of this business has declined proportionately with the decline in contract originations; and by a decrease due to a decline in the number of new dealers enrolling in the Company's financing program. The Company has become more selective with respect to the enrollment of new dealers in an effort to improve the performance of its portfolio of installment contracts receivable.

Operating Expenses. Operating expenses, as a percent of total revenue, increased from 28.0% in 1997 to 41.5% in 1998. Operating expenses consist primarily of salaries and wages, general and administrative, and sales and marketing expenses.

The increase for the period is due in part to an increase in salaries and wages. Salaries and wages increased due to i) increases in the Company's average wage rates necessary to attract and retain quality

personnel; ii) the Company's purchase of the auction services business in June 1998; iii) information technology personnel added to maintain the Company's new computer systems and applications and; iv) severance compensation paid to or accrued for an executive who terminated employment in 1998.

A portion of management personnel compensation paid by the Company is charged to a company controlled by the Company's Chairman (the "Affiliated Company"), based upon the percentage of time spent working for the Affiliated Company. The Company charged the Affiliated Company approximately $208,000 and $226,000 in 1997 and 1998, respectively. Shared employees devote between 30% and 90% of their time to the Company, depending on their responsibilities. The Company believes that the amounts charged by the Company are representative of the respective employees' activities.

In addition, the increase in operating expenses is due to an increase in general and administrative expenses. These expenses were higher in 1998 primarily due to increases in i) legal fees and settlement provisions resulting from an increase in the frequency and magnitude of litigation against the Company (See Item 3. "Legal Proceedings"); ii) depreciation and amortization primarily resulting from the addition of new computer systems in 1997 and; iii) audit fees charged by the Company's independent auditors. Also, the increase results from general and administrative expenses at the Company's auction services subsidiary.

Provision for Credit Losses. The amount provided for credit losses, as a percent of total revenue, decreased from 52.0% in 1997 to 11.5% in 1998. The provision for the year ended December 31, 1997 included a charge recorded to reflect the enhancements in the Company's methodology for estimating its reserve for Advances made possible by a new loan servicing system implemented by the Company. Utilizing the new information made available upon the successful implementation of this new system, the Company undertook an extensive review of its exposure related to dealer Advances using a static pool analysis on a per dealer basis. In order to reflect the impact of this analysis on the Company's Advance reserve, additional provisions were recorded in 1997.

The provision for credit losses consists of two components: i) a provision for loan losses for the earned but unpaid servicing fees or finance charges recognized on contractually delinquent installment contracts and ii) a provision for losses on Advances to dealers that are not expected to be recovered through collections on the related installment contract receivable portfolio. The decreases were primarily due to lower provisions needed for Advance losses, based on the Company's static pool analysis. Advance balances are continually reviewed by management utilizing the Company's loan servicing system which allows management to estimate future collections for each dealer pool using historical loss experience and a dealer by dealer static pool analysis. In addition, the decreases were also due to lower provisions needed for loan losses primarily resulting from a decrease in the percent of non-accrual installment contracts receivable, which were 37.6% and 32.4% of gross receivables as of December 31, 1997 and 1998, respectively.

Provision for Claims. The amount provided for insurance and service contract claims, as a percent of total revenue, was 2.4% and 2.6% in 1997 and 1998, respectively. The increase corresponds with the increase, as a percent of total revenue, in premiums earned from 6.9% in 1997 to 7.7% in 1998.

The Company has established claims reserves on accumulated estimates of claims reported but unpaid plus estimates of incurred but unreported claims. The Company believes the reserves are adequate to cover future claims associated with the programs.

Interest Expense. Interest expense, as a percent of total revenue, increased from 16.8% in 1997 to 18.0% in 1998. Total interest expense decreased from $27.6 million in 1997 to $25.6 million in 1998. The $2.0 million decrease in interest expense for 1998 is primarily the result of a decrease in the amount of average outstanding borrowings, which resulted from i) the positive cash flow generated primarily from collections on installment contracts receivable exceeding cash Advances to dealers and payments of dealer holdbacks and ii) $49.3 million raised in July 1998 from the securitization of advance receivables. The decrease for 1998 was partially offset by higher average interest rates during the year. The increase in the average interest rate is primarily the result of increases in the Company's Eurocurrency-based borrowing and facility fee margins under its credit agreement with a commercial bank syndicate, due to the downgrade of the Company's credit rating with Moody's Investor Service from Baa3 to Ba2, and with Standard and Poor's from BBB- to BB

effective October 22, 1997, and a further downgrade by Moody's Investor Service on June 24, 1998 from Ba2 to Ba3. Additionally, the increase in the average interest rate is due to increases in the interest rate on outstanding borrowings under the Company's note purchase agreements resulting from amendments due to the Company's securitization of advance receivables.

Operating Income. As a result of the aforementioned factors, operating income increased from $1.3 million in 1997 to $37.6 million in 1998, a increase of $36.3 million.

Foreign Exchange Loss. The Company incurred a foreign exchange loss of $41,000 and $116,000 in 1997 and 1998, respectively. The losses were the result of exchange rate fluctuations between the U.S. dollar and foreign currency on unhedged intercompany balances between the Company and subsidiaries which operate outside the United States.

Provision (Credit) for Income Taxes. The provision (credit) for income taxes increased from ($0.2) million in 1997 to $12.6 million in 1998. The increase is due to higher pretax profits in 1998. For 1998, the effective tax rate was 33.5%. The Company provides income taxes on its foreign earnings at the statutory rate in effect for the applicable country where such earnings arise. The principal foreign earnings of the Company arise from its operations in the United Kingdom, where the statutory rate is lower than the U.S. statutory tax rate.

CREDIT LOSS POLICY AND EXPERIENCE

When an installment contract is assigned to the Company by a participating dealer, the Company generally pays a cash Advance to the dealer. These Advance balances represent the Company's primary risk of loss related to the funding activity with the dealers.

The Company maintains a reserve against Advances to dealers that are not expected to be recovered through collections on the related installment contract portfolio. For purposes of establishing the reserve, expected future collections are reduced to their present-value in order to achieve a level yield over the expected term of the Advance. The Company's loan servicing system allows the Company to estimate future collections for each dealer pool using historical loss experience and a dealer by dealer static pool analysis. The Company recorded a non-cash charge during 1999 to reflect the impact of collections on loan pools originated primarily during 1995, 1996 and 1997 falling below previous estimates, indicating further impairment of Advance balances associated with these loan pools. While previous loss curves indicated that loans originated in 1995, 1996 and 1997 would generate lower overall collection rates than those originated in prior years, in the third quarter of 1999 the loss curves indicated collection rates on these pools would be lower than previously estimated. Management's analysis of the static pool model also indicates that the business originated subsequent to 1997 is of higher quality than business originated during the three years ended December 31, 1997. Future reserve requirements will depend in part on the magnitude of the variance between management's current estimate of future collections and the actual collections that are realized. The Company charges off dealer Advances against the reserve at such time when the Company determines that an Advance is permanently impaired. Ultimate losses may vary from current estimates and the amount of the provision, which is the current expense, may be either greater or less than actual charge offs.

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

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

During the third quarter of 1997, the Company changed its non-accrual policy from 120 days on a contractual basis to 90 days on a recency basis and, during the fourth quarter of 1997, changed its charge off

policy to nine months on a recency basis from one year on a recency basis. The Company believes these changes allow for earlier recognition of under-performing dealer pools.

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

	(DOLLARS IN THOUSANDS) FOR THE YEARS ENDED DECEMBER 31,		
	1997	1998	1999
Provision for credit losses -- installment contracts	$ 11,072	$ 3,432	$ 1,205
Provision for credit losses -- Advances	$ 74,400	$ 12,973	$ 54,868
CHARGE OFFS			
Charged against dealer holdbacks	$374,646	$359,846	$187,584
Charged against unearned finance charges	82,748	81,632	43,094
Charged against allowance for credit losses	10,138	8,392	3,489
Total contracts charged off	$467,532	$449,870	$234,167
Net charge off against the reserve on Advances	$ 71,391	$ 9,744	$ 70,353

	AS OF DECEMBER 31,		
CREDIT RATIOS	1997	1998	1999
Allowance for credit losses as a percent of gross installment contracts receivable	1.0%	0.9%	0.7%
Reserve on Advances as a percent of Advances	2.8%	4.6%	1.3%
Gross dealer holdbacks as a percent of gross installment contracts receivable	79.9%	79.8%	79.6%

LIQUIDITY AND CAPITAL RESOURCES

The Company's principal need for capital is to fund cash Advances made to dealers in connection with the acceptance of installment contracts and for the payment of dealer holdbacks to dealers who have repaid their Advance balances. These cash outflows to dealers increased from $290.6 million in 1998 to $295.6 million in 1999. These amounts have historically been funded primarily from cash collections on installment contracts, cash provided by operating activities and draws under the Company's line of credit agreements. During 1999, the Company paid down approximately $42.1 million on its line of credit and repaid $105.6 million on its outstanding senior notes, primarily funded by (i) $100 million raised through secured financings of Advance receivables during the third and fourth quarters of 1999, (ii) principal collections on installment contracts receivable exceeding cash advances to dealers and (iii) proceeds from the sale of the Company's credit reporting services subsidiary. During the fourth quarter of 1997 and in 1998, the Company implemented more conservative Advance programs and reduced business with marginally profitable and unprofitable dealers in order to improve the performance of its portfolio of installment contracts. These changes have resulted in reduced levels of originations and cash Advances to dealers in 1998 and in 1999.

The Company has a $125 million credit agreement with a commercial bank syndicate. The facility has a commitment period through June 13, 2000 and is subject to annual extensions for additional one year periods at the request of the Company with the consent of each of the banks in the facility. The agreement provides that interest is payable at the Eurocurrency rate plus 140 basis points, or at the prime rate. The Eurocurrency borrowings may be fixed for periods up to six months. The credit agreement has certain restrictive covenants, including limits on the ratio of the Company's debt-to-equity, debt to Advances, debt to gross installment contracts receivable, Advances to installment contracts receivable, fixed charges to net income, limits on the Company's investment in its foreign subsidiaries and requirements that the Company maintain a specified minimum level of net worth. Borrowings under the credit agreement are secured through a lien on most of the

Company's assets on an equal and ratable basis with the Company's senior notes. As of December 31, 1999, there was approximately $34.2 million outstanding under this facility.

The Company has a $2.0 million British pound sterling line of credit agreement with a commercial bank in the United Kingdom. The borrowings are secured by a letter of credit issued by the Company's principal commercial bank, with interest payable at the greater of the United Kingdom bank's base rate (5.5% as of December 31, 1999) plus 65 basis points or at the Libor rate plus 56.25 basis points. As of December 31, 1999, there was approximately 1.5 million British pounds ($2.4 million U.S. dollars) outstanding under this agreement.

In July 1999 and December 1999, the Company completed two separate $50 million secured financings of Advance receivables. Pursuant to these transactions, in July 1999 and December 1999, the Company contributed dealer advances having a carrying amount of approximately $62.4 million and $65.0 million respectively and received approximately $97.7 million in financing from an institutional investor. The financing, which is nonrecourse to the Company, bears interest at a floating rate equal to the applicable commercial paper rate plus 70 basis points with a maximum rate of 7.5%. The commercial paper may be issued for terms of between 1 and 270 days. The July 1999 transaction is expected to amortize within 28 months while the December 1999 transaction is expected to amortize within 12 months. The financing is secured by the contributed dealer Advances and the rights to collections on the related installment contracts receivable. The proceeds of the July 1999 secured financing were used to reduce indebtedness under the Company's credit facility while the proceeds of the December 1999 secured financing were used to repurchase, at par, approximately $49.5 million in principal of its senior notes.

On August 5, 1999, the Company's Board of Directors authorized a common stock repurchase program of up to 1,000,000 shares of the Company's common stock. On February 7, 2000, the Company's Board of Directors authorized an increase in the Company's stock repurchase program from 1,000,000 to 2,000,000 shares. The 2,000,000 shares, which can be repurchased through the open market or in privately negotiated transactions, represent approximately 4% of the outstanding common shares. As of March 22, 2000, the Company had repurchased approximately 1.4 million shares under this program.

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 maintains a significant dealer holdback on installment contracts accepted which assists the Company in funding its long-term cash flow requirements.

As the Company's $125 million credit facility expires on June 13, 2000, the Company will be required to renew the facility or refinance any amounts outstanding under this facility on or before such date. As of March 22, 2000, there was approximately $57.5 million outstanding under this facility. In addition, in 2000, the Company will have $14.6 million of principal maturing on its senior notes and $600,000 maturing on a mortgage loan. The Company believes that the $125 million credit facility will be renewed with similar terms and a similar commitment amount, and that the other repayments can be made from cash resources available to the Company at the time such repayments are due.

The Company's short and long-term cash flow requirements are materially dependent on future levels of originations. During the third and fourth quarters of 1999, the Company experienced an increase in originations over 1998. The Company expects this trend to continue in future periods and, to the extent this trend does continue, the Company will experience an increase in its need for capital.

Based upon anticipated cash flows, management believes that amounts available under its credit agreement, cash flow from operations and various financing alternatives available will provide sufficient financing for current debt maturities and for future operations. Failure to complete the refinancing or failure to obtain other financing alternatives may have a material adverse effect on the Company's operations.

MARKET RISK

The market risk discussion and the estimated amounts generated from the analysis that follows are forward-looking statements of market risk assuming certain adverse market conditions occur. Actual results in the future may differ materially due to changes in the Company's product and debt mix and developments in the financial markets.

The Company is exposed primarily to market risks associated with movements in interest rates and foreign currency exchange rates. The Company believes that it takes the necessary steps to appropriately reduce the potential impact of interest rate and foreign exchange exposures on the Company's financial position and operating performance. The Company's policies and procedures prohibit the use of financial instruments for trading purposes. Sensitivity analysis is used to manage and monitor interest rate and foreign exchange risk.

A discussion of the Company's accounting policies for derivative instruments is included in the Summary of Significant Accounting Policies in the notes to the consolidated financial statements.

Interest Rate Risk. The Company requires substantial amounts of cash to fund cash Advances to dealers in connection with the acceptance of installment contracts. The Company relies on various sources of financing to assist in funding its operations, some of which is at floating rates of interest and exposes the Company to risks associated with increases in interest rates. The Company manages such risk primarily by entering into interest rate cap agreements on certain portions of its floating rate debt.

As of December 31, 1999, the Company had $37.0 million of floating rate debt outstanding on its bank credit facilities, with no interest rate cap protection, and $83.2 million in floating rate commercial paper outstanding under its secured financings, with interest rate caps at 7.5%. Based on the difference between the Company's commercial paper rates at 12/31/99 and the 7.5% interest rate cap, the Company's maximum interest rate risk on the secured financing is a 1.8% increase in commercial paper rates, which would reduce annual after-tax earnings by approximately $700,000. For every 1% increase in rates on the Company's bank credit facilities, annual after-tax earnings would decrease by approximately an additional $250,000. This analysis assumes the Company maintains a level amount of floating rate debt and assumes an immediate increase in rates.

Foreign Currency Risk. The Company is exposed to foreign currency risk from the possibility of changes in foreign exchange rates that could have a negative impact on earnings or asset and liability values from operations in foreign countries. The Company's most significant foreign currency exposure relates to the United Kingdom. It is the Company's policy to borrow and lend in local currencies to mitigate such risks. For an immediate, hypothetical 10% decrease in quoted foreign currency exchange rates, annual after tax earnings would have declined by approximately $350,000 at December 31, 1999. The potential loss in net asset values from such a decrease would be approximately $7.0 million as of December 31, 1999.

Immediate changes in interest rates and foreign currency exchange rates discussed in the proceeding paragraphs are hypothetical rate scenarios, used to calibrate risk, and do not currently represent management's view of future market developments.

YEAR 2000 UPDATE

The Year 2000 issue results from the inability of some computer programs to recognize the Year 2000 properly, potentially leading to errors or system failure. CAC adopted a Year 2000 compliance program in an attempt to minimize or prevent the number and seriousness of any disruptions that could have occurred as a result of the Year 2000 issue. CAC's compliance program included an assessment of its hardware and software computer systems and other non-information technology systems, as well as an assessment of the Year 2000 issues relating to third parties with which CAC had a material relationship or whose systems were material to the operations of CAC.

Neither the Company or any material third parties incurred any significant problems relating to the Year 2000 issue and the Company does not expect to incur significant expenses to remediate immaterial Year 2000 operating issues.

FORWARD-LOOKING STATEMENTS

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

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The information called for by Item 7A is incorporated by reference from the information in Item 7 under the caption "Market Risk" in this Form 10-K.

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders
Credit Acceptance Corporation:

We have audited the accompanying consolidated balance sheets of Credit Acceptance Corporation and subsidiaries (the "Company") as of December 31, 1999 and 1998, and the related consolidated statements of income, shareholders' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 1999 and 1998, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

DELOITTE & TOUCHE LLP

Detroit, Michigan
January 26, 2000

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

The Board of Directors and Shareholders
Credit Acceptance Corporation:

We have audited the accompanying consolidated statements of income, shareholders' equity and cash flows of Credit Acceptance Corporation and subsidiaries for the year ended December 31, 1997. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the results of operations and cash flows of Credit Acceptance Corporation and subsidiaries for the year ended December 31, 1997, in conformity with generally accepted accounting principles.

ARTHUR ANDERSEN LLP

Detroit, Michigan
February 2, 1998

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTAL DATA

CONSOLIDATED BALANCE SHEETS

	(DOLLARS IN THOUSANDS) DECEMBER 31,	
	1998	1999
ASSETS:		
Cash and cash equivalents	$ 13,775	$ 11,122
Investments -- held to maturity	10,191	11,569
Installment contracts receivable	672,649	573,120
Allowance for credit losses	(7,075)	(4,742)
Installment contracts receivable, net	665,574	568,378
Floor plan receivables:		
Non-affiliates	9,455	12,874
Affiliates	4,616	2,618
	14,071	15,492
Notes receivable:		
Non-affiliates	1,627	2,547
Affiliates	651	1,063
	2,278	3,610
Retained interest in securitization	14,669	4,105
Property and equipment, net	20,627	18,243
Investment in operating leases, net	--	7,898
Income taxes receivable	--	12,686
Other assets	10,744	7,137
Total Assets	$751,929	$660,240
LIABILITIES AND SHAREHOLDERS' EQUITY:		
LIABILITIES:		
Senior notes	$136,165	$ 30,579
Lines of credit	79,067	36,994
Mortgage loan payable to bank	3,566	8,215
Secured financing	--	83,197
Income taxes payable	776	--
Accounts payable and accrued liabilities	22,423	25,813
Deferred dealer enrollment fees, net	296	524
Dealer holdbacks, net	222,275	202,143
Deferred income taxes, net	11,098	9,800
Total Liabilities	475,666	397,265
CONTINGENCIES (NOTE 14)		
SHAREHOLDERS' EQUITY:		
Preferred stock, $.01 par value, 1,000,000 shares authorized, none issued		
Common stock, $.01 par value, 80,000,000 shares authorized, 46,291,487 and 46,071,454 shares issued and outstanding in 1998 and 1999, respectively	463	461
Paid-in capital	129,914	128,917
Retained earnings	142,989	132,303
Accumulated other comprehensive income-cumulative translation adjustment	2,897	1,294
Total Shareholders' Equity	276,263	262,975
Total Liabilities and Shareholders' Equity	$751,929	$660,240

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF INCOME

	(DOLLARS IN THOUSANDS, EXCEPT FOR PER SHARE DATA) FOR THE YEARS ENDED DECEMBER 31,		
	1997	1998	1999
REVENUE:			
Finance charges	$ 117,020	$ 98,007	$ 76,497
Premiums earned	11,304	10,904	10,389
Gain on sale of advance receivables, net	--	685	--
Other income	35,911	32,753	29,169
Total revenue	164,235	142,349	116,055
COSTS AND EXPENSES:			
Operating expenses	45,911	59,004	56,772
Provision for credit losses	85,472	16,405	56,073
Provision for claims	3,911	3,734	3,498
Valuation adjustment on retained interest in securitization	--	--	13,517
Interest	27,597	25,565	16,576
Total costs and expenses	162,891	104,708	146,436
Other Operating Income:			
Gain on sale of subsidiary	--	--	14,720
Operating income (loss)	1,344	37,641	(15,661)
Foreign exchange loss	(41)	(116)	(66)
Income (loss) before provision for income taxes	1,303	37,525	(15,727)
Provision (credit) for income taxes	(234)	12,559	(5,041)
Net income (loss)	$ 1,537	$ 24,966	$ (10,686)
Net income (loss) per common share:			
Basic	$ .03	$ .54	$ (.23)
Diluted	$ .03	$ .53	$ (.23)
Weighted average shares outstanding:			
Basic	46,081,804	46,190,208	46,222,730
Diluted	46,754,713	46,960,290	46,222,730

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

FOR THE YEARS ENDED DECEMBER 31, 1997, 1998 AND 1999

(DOLLARS IN THOUSANDS)

	TOTAL SHAREHOLDERS' EQUITY	COMPREHENSIVE INCOME (LOSS)	COMMON STOCK	PAID-IN CAPITAL	RETAINED EARNINGS	ACCUMULATED OTHER COMPREHENSIVE INCOME
Balance -- December 31, 1996	$246,143		$458	$125,398	$116,486	$ 3,801
Comprehensive income:						
Net income	1,537	$ 1,537			1,537	
Other comprehensive income:						
Foreign currency translation adjustment	(1,630)	(1,630)				(1,630)
Tax on other comprehensive loss		570				
Other comprehensive loss		(1,060)				
Total comprehensive income		477				
Stock options exercised	2,874		3	2,871		
Dealer stock option plan	67			67		
Balance -- December 31, 1997	248,991		461	128,336	118,023	2,171
Comprehensive income:						
Net income	24,966	$ 24,966			24,966	
Other comprehensive income:						
Foreign currency translation adjustment	726	726				726
Tax on other comprehensive income		(254)				
Other comprehensive income		472				
Total comprehensive income		25,438				
Stock options exercised	1,430		2	1,428		
Dealer stock option plan	150			150		
Balance -- December 31, 1998	276,263		463	129,914	142,989	2,897
Comprehensive income:						
Net income (loss)	(10,686)	(10,686)			(10,686)	
Other comprehensive income:						
Foreign currency translation adjustment	(1,603)	(1,603)				(1,603)
Tax on other comprehensive loss		561				
Other comprehensive loss		(1,042)				
Total comprehensive loss		$(11,728)				
Repurchase and retirement of common stock	(1,510)		(3)	(1,507)		
Stock options exercised	380		1	379		
Dealer stock option plan	131			131		
Balance -- December 31, 1999	$262,975		$461	$128,917	$132,303	$ 1,294

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	(DOLLARS IN THOUSANDS) FOR THE YEARS ENDED DECEMBER 31,		
	1997	1998	1999
Cash Flows From Operating Activities:			
Net Income (loss)	$ 1,537	$ 24,966	$ (10,686)
Adjustments to reconcile cash provided by operating activities --			
Gain on sale of subsidiary	--	--	(14,720)
Provision (credit) for deferred income taxes	5,628	(3,518)	(1,298)
Depreciation	2,550	3,793	4,697
Gain on sale of advance receivables, gross	--	(1,261)	--
Valuation adjustments on retained interest in securitization	--	--	13,517
Amortization of retained interest in securitization	--	(951)	(1,586)
(Gain) loss on retirement of property and equipment	512	--	(543)
Provision for credit losses	85,472	16,405	56,073
Provision for residual losses	--	--	91
Dealer stock option plan expense	67	150	131
Change in operating assets and liabilities --			
Accounts payable and accrued liabilities	(8,759)	2,061	3,754
Income taxes payable	(2,569)	776	(776)
Income taxes receivable	--	--	(12,686)
Unearned insurance premiums, insurance reserves and fees	1,450	(238)	(658)
Deferred dealer enrollment fees, net	(1,843)	(125)	228
Other assets	(21,915)	13,654	145
Net cash provided by operating activities	62,130	55,712	35,683
Cash Flows From Investing Activities:			
Principal collected on installment contracts receivable	370,059	368,873	315,869
Advances to dealers and payments of dealer holdbacks	(520,609)	(290,605)	(295,587)
Net proceeds from sale of advance receivables	--	49,275	--
Proceeds from sale of subsidiary	--	--	16,147
Purchase of investments held to maturity	(3,653)	(218)	(1,378)
Decrease in floor plan receivables -- affiliates	140	7,047	1,998
Increase in floor plan receivables -- non-affiliates	(4,447)	(1,318)	(3,419)
Increases in notes receivable -- affiliates	(363)	(309)	(1,301)
Decreases in notes receivable -- affiliates	1,049	189	889
Increases in notes receivable -- non-affiliates	(345)	(1,254)	(2,156)
Decreases in notes receivable -- non-affiliates	1,091	327	1,236
Operating lease acquisitions	--	--	(8,538)
Operating lease liquidations	--	--	79
Purchases of property and equipment	(8,943)	(3,581)	(4,821)
Proceeds from sale of property and equipment	--	--	5,192
Net cash provided by (used in) investing activities	(166,021)	128,426	24,210
Cash Flows From Financing Activities:			
Proceeds from sale of senior notes	71,750	--	--
Repayment of senior notes	(20,000)	(38,985)	(105,586)
Net borrowings (repayments) under line of credit agreements	51,235	(133,650)	(42,073)
Proceeds from secured financings	--	--	97,720
Repayments of secured financings	--	--	(14,523)
Proceeds from mortgage loan refinancing	--	--	5,046
Repayment of mortgage loan	(218)	(233)	(397)
Repurchase of common stock	--	--	(1,510)
Proceeds from stock options exercised	2,874	1,430	380
Net cash provided by (used in) financing activities	105,641	(171,438)	(60,943)
Effect of exchange rate changes on cash	(1,630)	726	(1,603)
Net increase (decrease) in cash and cash equivalents	120	13,426	(2,653)
Cash and cash equivalents beginning of period	229	349	13,775
Cash and Cash Equivalents End of Period	$ 349	$ 13,775	$ 11,122
Supplemental Disclosure of Cash Flow Information:			
Cash paid during the period for interest	$ 27,464	$ 23,142	$ 18,593
Cash paid during the period for income taxes	$ 14,887	$ 17,812	$ 8,451

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

DESCRIPTION OF BUSINESS

Principal Business. Credit Acceptance Corporation and its subsidiaries ("CAC" or the "Company") is a specialized financial services company which provides funding, receivables management, collection, sales training and related products and services to automobile dealers located in the United States, the United Kingdom, Canada and Ireland. The Company assists such dealers by providing an indirect source of financing for buyers with limited access to traditional sources of consumer credit due to past credit history. Installment contracts originated and assigned to the Company by automobile dealers are generally considered to have a high risk of default. To a significantly lesser extent, CAC provides inventory floor plan financing and working capital loans for dealers secured by inventory and the related cash collections owed to the dealer by CAC.

Credit Acceptance Corporation UK, Ltd., CAC of Canada, Ltd., and Credit Acceptance Corporation of Ireland Ltd. are all wholly-owned subsidiaries of the Company which operate in their respective countries. These subsidiary companies offer essentially the same dealer programs as are offered in the United States.

The dealer assigns title to the installment contract and the security interest in the vehicle to the Company. At the time it accepts the assignment of a contract, CAC records the gross amount of the contract as a gross installment contract receivable. The Company records the amount of its servicing fee as an unearned finance charge with the remaining portion recorded as a dealer holdback. At the time of acceptance, contracts which meet certain criteria are eligible for a cash advance, which is computed on a formula basis. Advances are non-interest bearing and are secured by the cash collections on all of the installment contracts receivable assigned from an individual dealer. Dealer advances are netted against dealer holdbacks in the accompanying consolidated financial statements, as dealer holdbacks are not paid until such time as all advances related to such dealer have been recovered.

CAC collects the scheduled monthly payments based on contractual arrangements with the consumer. Monthly cash collections are remitted to the dealer subject to the Company first: (i) being reimbursed for certain collection costs associated with all installment contracts originated by such dealer; (ii) reducing the collections by the Company's servicing fee; and (iii) recovering the aggregate advances made to such dealer.

Upon enrollment into the Company's financing program, the dealer enters into a servicing agreement with CAC which defines the rights and obligations of CAC and the dealer. The servicing agreement may be terminated by the Company or by the dealer (so long as there is no event of default or an event which with the lapse of time, giving of notice or both, would become an event of default) upon 30 days prior written notice. The Company may also terminate the servicing agreement immediately in the case of an event of default by the dealer. Upon any termination by the dealer or in the event of a default, the dealer must immediately pay the Company: (i) any unreimbursed collection costs; (ii) any unpaid advances and all amounts owed by the dealer to the Company; and (iii) a termination fee equal to the unearned finance charge of the then outstanding amount of the installment contracts originated by such dealer and accepted by the Company.

Ancillary Products and Services. Buyers Vehicle Protection Plan, Inc. ("BVPP") and Credit Acceptance Reinsurance, LTD. ("CAC Reinsurance"), both wholly-owned subsidiaries of the Company, provide additional services to participating dealers.

CAC Reinsurance is engaged primarily in the business of reinsuring credit life and disability insurance policies issued to borrowers under installment contracts originated by participating dealers. CAC advances to dealers an amount equal to the credit life and disability insurance premium on contracts accepted by the Company which include credit life and disability insurance written by the Company's designated insurance carriers. The policies insure the holder of the installment contract for the outstanding balance payable in the event of death or disability of the debtor. Premiums are ceded to CAC Reinsurance on both an earned and written basis and are earned over the life of the contracts using pro rata and sum-of-digits methods. CAC Reinsurance bears the risk of loss attendant to claims under the coverages ceded to it.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -- (CONTINUED)

To a lesser extent, CAC Reinsurance has arrangements with insurance carriers and a third party administrator to market and provide claims administration for a dual interest collateral protection program. This insurance program, which insures the financed vehicle against physical damage up to the lesser of the cost to repair the vehicle or the unpaid balance owed on the related installment contract, is made available to borrowers who finance vehicles through participating dealers. If desired by a borrower, collateral protection insurance coverage is written under group master policies issued by unaffiliated insurance carriers to the Company. As part of the program, the insurance carriers cede insurance coverages and premiums (less a fee) to CAC Reinsurance, which acts as a reinsurer of such coverages. As a result, CAC Reinsurance bears the risk of loss attendant to claims under the coverages ceded to it, and earns revenues resulting from premiums ceded and the investment of such funds.

BVPP administers short-term limited extended service contracts offered by participating dealers. In connection therewith, BVPP bears the risk of loss for any repairs covered under the service contract. Income is recognized on a straight-line basis over the life of the service contracts. In addition, BVPP has relationships with third party service contract providers which pay BVPP a fee on service contracts included on installment contracts financed through participating dealers. BVPP does not bear any risk of loss for covered claims on these third party service contracts. The income from the non-refundable fee is recognized upon acceptance of the installment contract. The Company advances to dealers an amount equal to the purchase price of the vehicle service contract on contracts accepted by the Company which include vehicle service contracts.

Automotive Leasing. Through its automotive leasing business, the Company purchases used vehicle leases originated by dealers participating in the Company's automotive leasing programs. The programs are designed to provide participating dealers with a leasing alternative for non-prime consumers with limited access to traditional sources of consumer credit. As the Company assumes ownership of the vehicles from the dealers, these leases are accounted for as operating leases with the capitalized cost of the vehicles recorded as depreciable assets (net investment in operating leases). This program differs from the Company's principal business in that, as these leases are purchased outright, the dealer does not have any rights to future collections on the lease contracts.

Significant accounting policies are described in the following paragraphs.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. Intercompany transactions have been eliminated.

REPORTABLE BUSINESS SEGMENTS

The Company is organized into two primary business segments: CAC North America and CAC United Kingdom. See Note 13 for information regarding the Company's reportable segments.

USE OF ESTIMATES

The accounting and reporting policies of the Company require management to make estimates and assumptions 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. The accounts which are subject to such estimation techniques include the reserve against advances, the allowance for credit losses, the retained interest in securitization and the residual reserve on leased vehicles. Actual results could differ from those estimates.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -- (CONTINUED)

DERIVATIVE INSTRUMENTS

The Company utilizes interest rate cap and floor agreements to manage its interest rate risk on its secured financings. The Company does not hold or issue derivative financial instruments for trading purposes. Premiums paid for interest rate caps are amortized to interest expense over the terms of the cap agreements.

The derivative agreements generally match the notional amounts of the hedged debt to assure the effectiveness of the derivatives in reducing interest rate risk. As of December 31, 1999, the following interest rate cap agreements were outstanding:

NOTIONAL AMOUNT	COMMERCIAL PAPER CAP RATE	TERM
$ 8,697,152	7.5%	July 1998 through October 2001
9,723,198	7.5%	July 1999 through August 2003
46,728,110	7.5%	December 1999 through June 2003

As of December 31, 1999, the following interest rate floor agreements were outstanding:

NOTIONAL AMOUNT	COMMERCIAL PAPER FLOOR RATE	TERM
$9,723,198	4.79%	July 1999 through August 2003

The Company is exposed to credit risk in the event of nonperformance by the counterparty to its interest rate cap agreements. The Company anticipates that its counterparty will fully perform their obligations under the agreements. The Company manages credit risk by utilizing a financial sound counterparty.

FOREIGN CURRENCY TRANSLATION

The financial position and results of operations of the Company's foreign operations are measured using the local currency as the functional currency. Revenues and expenses are translated at average exchange rates during the year and assets and liabilities are translated at current exchange rates at the balance sheet date. Translation adjustments are reflected in accumulated other comprehensive income, as a separate component of shareholders' equity.

On January 1, 1999, 11 of 15 member countries of the European Monetary Union established fixed conversion rates between their existing currencies and adopted the euro as their new common currency. The euro trades on currency exchanges and the legacy currencies remain legal tender in the participating countries for a transition period until January 1, 2002. Beginning on January 1, 2002, euro denominated bills and coins will be issued and legacy currencies will be withdrawn from circulation.

The Company will assess and address the potential impact to CAC that may result from the euro conversion, as the Company has operations in both the United Kingdom and Ireland. These issues include, but are not limited to: 1) the technical challenges to adapt information systems to accommodate euro transactions; 2) the impact on currency exchange rate risks; 3) the impact on existing contracts; and 4) tax and accounting implications. The Company expects that the euro conversion will not have a material adverse impact on its consolidated financial condition or results of operations.

CASH AND CASH EQUIVALENTS

Cash equivalents consist of readily marketable securities with original maturities at the date of acquisition of three months or less.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -- (CONTINUED)

INVESTMENTS

Investments consist principally of short-term money market funds and U.S. Treasury securities which the Company has both the intent and the ability to hold to maturity. Accordingly, such investments are carried at amortized cost, with no recognition of temporary changes in fair value.

INSTALLMENT CONTRACTS RECEIVABLE

Installment contracts receivable are collateralized by vehicle titles, and the Company has the right to repossess the vehicle in the event that the consumer defaults on the payment terms of the contract. Repossessed collateral is valued at the lower of the carrying amount of the receivable or estimated fair value, less estimated costs of disposition, and is classified in installment contracts receivable on the balance sheets. At December 31, 1998 and 1999, repossessed assets totaled approximately $10.2 million and $5.5 million, respectively. The Company's policy for non-accrual loans is 90 days measured on a recency (no material payments received) basis. The Company writes-off delinquent installment contracts at nine months on a recency basis.

ALLOWANCE FOR CREDIT LOSSES

The Company maintains an allowance for credit losses which, in the opinion of management, adequately reserves against credit losses on installment contracts that are considered to be impaired. The risk of loss to the Company related to the installment contracts receivable balances relates primarily to the earned but unpaid servicing fee or finance charge recognized on contractually delinquent accounts. To the extent that the Company does not collect the gross amount of the contract balance, the remaining gross installment contract receivable balance is charged off against dealer holdbacks, unearned finance charges and the allowance for credit losses. Ultimate losses may vary from current estimates and the amount of the provision, which is current expense, may be either greater or less than actual charge-offs.

RESERVE ON ADVANCES

When an installment contract is accepted, the Company generally pays a cash advance to the dealer. These advance balances represent the Company's primary risk of loss related to the funding activity with the dealers. The Company maintains a reserve on advances to dealers which reflects advance balances that are not expected to be recovered through collections on the related installment contract receivable portfolio. To serve as a basis for evaluating the reserve requirement, management reviews delinquencies, charge-off experience factors, the payment performance of loan pools, changes in collateral value, economic conditions and trends and other information. For purposes of establishing the reserve, future collections (including the anticipated proceeds from repossessed collateral) are reduced to present value in order to achieve a level yield over the expected term of the advance.

Future reserve requirements will depend in part on the magnitude of the variance between management's prediction of future collections and the actual collections that are realized. Estimating cash collections from the installment contracts receivable is complicated by the unusual payment patterns of the borrowers who generally cannot obtain traditional financing. The evaluation of the reserve against advances considers such factors as current delinquencies, the characteristics of the accounts, the value of the underlying collateral, the location of the borrower, general economic conditions and trends among other information. Although the Company uses many resources to assess the adequacy of the reserve against advances, actual losses may vary significantly from current estimates and the amount of provision, which is a current expense, may be either greater or less than actual charge offs.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -- (CONTINUED)

FLOOR PLAN RECEIVABLES

CAC finances used vehicle inventories for both affiliated dealers and nonaffiliated dealers. Amounts loaned are secured by the related inventories and any future cash collections owed to the dealer on outstanding contracts.

NOTES RECEIVABLE

Notes receivable are primarily working capital loans to dealers and are due on demand. These notes receivable are secured by substantially all assets of the dealer including any future cash collections owed to the dealer on outstanding contracts.

ADVANCE RECEIVABLE SALES

When the Company sells advance receivables in securitizations or secured financings, it retains interest-only strips and servicing rights, all of which are retained interests in the securitized assets. Gain or loss on sale of the advance receivables depends in part on the previous carrying amount of advances, allocated between the portion sold and the portion retained in proportion to their relative fair value. To obtain fair values, quoted market prices are used if available. However, quotes are generally not available for retained interests, so the Company generally estimates fair value based on the present value of future cash flows expected under management's best estimates of the key assumptions -- credit losses, timing of projected collections, and discount rates commensurate with the risks involved. The Company evaluates the fair value and potential impairment of its retained interest in securitization on a quarterly basis.

PROPERTY AND EQUIPMENT

Additions to property and equipment are recorded at cost. Depreciation is generally provided on a straight-line basis over the estimated useful lives (primarily five to forty years) of the assets. The cost of assets sold or retired and the related accumulated depreciation are removed from the accounts at the time of disposition and any resulting gain or loss is included in operations. Maintenance, repairs and minor replacements are charged to operations as incurred; major replacements and betterments are capitalized.

GOODWILL

At December 31, 1998, the Company had goodwill representing the excess of cost over the fair value of assets acquired and was amortized using the straight-line method over ten years. At December 31, 1998, goodwill, net of amortization of $181,000, is recorded in other assets at $2,919,000. In 1999, the assets pertaining to this goodwill were sold.

INVESTMENTS IN OPERATING LEASES, NET

Leased vehicles are generally depreciated down to their residual values on a straight-line basis over the term of the lease. The residual values represent the estimate of the values of the vehicles at the end of the lease contracts and are initially recorded based on appraisals and estimates. Realization of the residual values is dependent on the Company's future ability to market the vehicles under then prevailing market conditions. Management reviews residual values periodically to determine that recorded amounts are recoverable.

DEALER HOLDBACKS

As part of the dealer servicing agreement, the Company establishes a dealer holdback to protect the Company from potential losses associated with installment contracts. This dealer holdback is not paid until such time as all advances related to such dealer have been recovered.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -- (CONCLUDED)

INCOME TAXES

Deferred income taxes are provided for all temporary differences between the book and tax basis of assets and liabilities. Deferred income taxes are adjusted to reflect new tax rates when they are enacted into law.

REVENUE RECOGNITION

Finance Charges. The Company computes its servicing fee based upon the gross amount due under the installment contract. Income is recognized under the interest method of accounting until the underlying obligation is 90 days past due on a recency basis. At such time, the Company suspends the accrual of revenue and makes a provision for credit losses equal to the earned but unpaid revenue.

Premiums Earned. Credit life and disability premiums and collision premiums are ceded to the Company on both an earned and written basis and are earned over the life of the contracts using the pro rata and sum-of-digits methods. Premiums on BVPP warranties are earned on a straight-line basis over the life of the service contracts.

Other Income. Dealers are charged an initial fee to floor plan a vehicle. Interest is charged based on the number of days a vehicle remains on the floor plan. Interest rates typically range from 12% to 18% per annum.

Income from operating lease assets is recognized on a straight-line basis over the scheduled lease term.

Enrollment fees are generally paid by each dealer signing a servicing agreement and are nonrefundable. These fees and the related direct incremental costs of originating these fees are deferred and amortized on a straight-line basis over the estimated repayment term of the outstanding dealer advance.

Interest on notes receivable is recognized in income based on the outstanding monthly balance and is generally 12% to 18% per annum.

Fees received by the Company for the sale of third party vehicle service contracts are recognized upon acceptance of the related installment contract receivable as the Company bears no further obligation.

NEW ACCOUNTING STANDARD

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standard No. 133, "Accounting for Derivative Instruments and Hedging Activities," (SFAS No. 133). SFAS No. 137 delayed the implementation of SFAS No. 133 which is now effective for fiscal years beginning after June 15, 2000. This statement standardizes the accounting for derivative instruments, including certain derivative instruments embedded in other contracts, by recognition of those items as assets and liabilities in the statement of financial position and measurement of fair value. The impact of SFAS No. 133 on the Company's financial position and results of operations has not yet been determined.

RECLASSIFICATION

Certain amounts for the prior periods have been reclassified to conform to the current presentation.

(2) FINANCIAL INSTRUMENTS

FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used to estimate the fair value of each class of financial instruments.

Cash and Cash Equivalents. The carrying amount of cash and cash equivalents approximate the fair values due to the short maturity of these instruments. Pursuant to the secured financings of advance

(2) FINANCIAL INSTRUMENTS -- (CONTINUED)

receivables, the Company is required to hold cash and cash equivalents in a trust account. The restricted cash and cash equivalents totaled $10.4 million at December 31, 1999.

Investments. The fair value of U.S. Treasury securities are based on quoted market prices. The carrying amount of money market funds approximates the fair value due to the short maturity.

Installment Contracts Receivable and Net Dealer Holdbacks. As the majority of the Company's revenue is derived from the servicing fee it receives on the gross amount due under the installment contract (typically 20% of the principal and interest), the Company's revenues from servicing fees are not materially impacted by changes in interest rates. As such, the carrying amounts recorded on a historical cost basis for installment contracts receivable and net dealer holdbacks in the financial statements related to the financing and service program which the Company provides to dealers approximates fair value.

Floor Plan and Notes Receivable. The fair values of floor plan and note receivables are estimated by discounting the future cash flows using applicable current interest rates.

Retained Interest in Securitization. The fair value of the retained interest in securitization is estimated by discounting expected future excess cash flows utilizing current assumptions as described in Note 4.

Debt. The fair value of debt is determined using quoted market prices, if available, or calculating the estimated value of each debt instrument based on current rates offered to the Company for debt with similar maturities.

The fair value of interest rate caps represents the amount that the Company would receive to terminate the agreement, taking into account current interest rates, which was immaterial as of December 31, 1999 and 1998.

A comparison of the carrying value and fair value of these financial instruments is as follows (in thousands):

	YEARS ENDED DECEMBER 31,			
	1998		1999	
	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
Cash and cash equivalents	$ 13,775	$ 13,775	$ 11,122	$ 11,122
Investments -- held to maturity	10,191	10,193	11,569	11,572
Installment contracts receivable, net	665,574	665,574	568,378	568,378
Floor plan receivable	14,071	14,071	15,492	15,492
Notes receivable	2,278	2,278	3,610	3,610
Retained interest in securitization	14,669	14,669	4,105	4,105
Senior notes	136,165	135,529	30,579	30,491
Lines of credit	79,067	79,067	36,994	36,994
Mortgage loan payable to bank	3,566	3,566	8,215	8,215
Secured financing	--	--	83,197	83,197
Dealer holdbacks, net	222,275	222,275	202,143	202,143

The Company's portfolio of investment securities includes short-term money market instruments and U.S. Treasury securities. All investments are categorized as held-to-maturity and are stated at amortized cost. Pursuant to reinsurance agreements, the Company is required to hold investment securities in a trust account. The restricted investment securities totaled approximately $8.9 million and $7.6 million at December 31, 1998 and 1999, respectively.

(2) FINANCIAL INSTRUMENTS -- (CONTINUED)

CERTAIN DEBT AND MARKETABLE SECURITIES

A summary of investments held by the Company consist of the following (in thousands):

	YEARS ENDED DECEMBER 31,					
	1998			1999		
	COST	GROSS UNREALIZED GAINS	FAIR VALUE	COST	GROSS UNREALIZED GAINS	FAIR VALUE
Money market funds	$ 9,466	$--	$ 9,466	$ 2,640	$--	$ 2,640
U.S. Treasury securities	725	2	727	8,929	3	8,932
Total investments	$10,191	$ 2	$10,193	$11,569	$ 3	$11,572

Installment contracts generally have initial terms ranging from 24 to 42 months and are collateralized by the related vehicles. Contractual maturities of contracts by year have not been presented as this information is not meaningful due to the uneven payment patterns of non-prime consumers. The initial average term of an installment contract was approximately 31 months in 1997 and 1998 and 32 months in 1999. As of December 31, 1998 and 1999, the accrual of finance charge revenue has been suspended, and fully reserved for, on approximately $257.5 million and $156.5 million of delinquent installment contracts, respectively. Installment contracts receivable consisted of the following (in thousands):

	AS OF DECEMBER 31,	
	1998	1999
Gross installment contracts receivable	$ 794,831	$679,201
Unearned finance charges	(114,617)	(99,174)
Unearned insurance premiums, insurance reserves and fees	(7,565)	(6,907)
Installment contracts receivable	$ 672,649	$573,120
Non-accrual installment contracts as a percent of total gross installment contracts	32.4%	23.0%

(3) INSTALLMENT CONTRACTS RECEIVABLE

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

	YEARS ENDED DECEMBER 31,		
	1997	1998	1999
Balance -- beginning of period	$1,251,139	$1,254,858	$ 794,831
Gross amount of installment contracts accepted	983,459	580,578	533,065
Gross installment contracts underlying advance receivables securitized	--	(98,591)	--
Cash collections on installment contracts accepted	(505,925)	(493,900)	(409,742)
Charge offs	(467,532)	(449,870)	(234,167)
Currency translation	(6,283)	1,756	(4,786)
Balance -- end of period	$1,254,858	$ 794,831	$ 679,201

(3) INSTALLMENT CONTRACTS RECEIVABLE -- (CONCLUDED)

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

	YEARS ENDED DECEMBER 31,		
	1997	1998	1999
Balance -- beginning of period	$ 12,195	$13,119	$ 7,075
Provision for loan losses	11,072	3,432	1,205
Allowance on installment contracts underlying advance receivables securitized	--	(1,107)	--
Charge offs, net	(10,138)	(8,392)	(3,489)
Currency translation	(10)	23	(49)
Balance -- end of period	$ 13,119	$ 7,075	$ 4,742

Recoveries related to charged off contracts are primarily the result of the recovery of earned but unpaid finance charges and are netted against charge-offs.

The Company's financing and service program allows dealers to establish the interest rate on contracts, which typically is the maximum rate allowable by the state or country in which the dealer is doing business.

(4) ADVANCE RECEIVABLE SALES

On July 8, 1998, the Company completed a $50 million securitization of advance receivables. Pursuant to this transaction, the Company contributed dealer advances having a carrying value of approximately $56 million and received approximately $49.3 million in financing from an institutional investor. The debt is non-recourse to the Company and bears interest at the applicable commercial paper rate plus 1% with a maximum of 7.5%. The commercial paper may be issued for terms of between 1 and 270 days. As of December 31, 1999, the debt is anticipated to fully amortize within 21 months. The Company recognized a gain on the transaction of approximately $685,000 which represents the difference between the sale proceeds to the Company, net of transaction costs, and the Company's carrying amount of the dealer advances, plus the present value of the estimated cash flows to be received by the Company. In determining the gain on the sale of receivables and the estimated fair value of the Company's retained interest in securitization, the Company assumed an excess cash flow discount rate of 15%, cumulative credit losses of 14% on the related installment contracts receivable (which is less than the Company would have incurred had these assets been securitized when originated) and an interest rate of 7.5% on the underlying debt. The excess cash flows result from the amount by which projected collections on the installment contracts exceeds i) the principal and interest to be paid to the institutional investor and ii) the amount of dealer holdback due to dealers.

In the securitization, the Company retained servicing responsibilities and subordinated interests. The Company receives monthly servicing fees of 4% of the collections on the installment contracts receivable, and rights to future cash flows arising after the investor has received the return for which they are contracted. The present value of such estimated cash flows has been recorded by the Company as a retained interest in securitization of $14.7 and $4.1 million as of December 31, 1998 and 1999, respectively. The investors have no recourse to the Company's other assets for failure of debtors to pay when due. The Company's retained interests are generally restricted until investors have been fully paid and are subordinate to investors' interests.

The Company recorded a $13.5 million valuation adjustment in 1999 on the retained interest in securitization. The retained interest in securitization represents an accounting estimate based on several variables including the amount and timing of collections on the underlying installment contracts receivable, the amount and timing of projected dealer holdback payments and interest costs. The Company regularly reviews the actual performance of these variables against the assumptions used to record the retained interest. This evaluation has led to a reassessment of the timing and amount of collections on the installment contracts underlying the securitized advances and the resulting $13.5 million write down in 1999. For purposes of

(4) ADVANCE RECEIVABLE SALES -- (CONCLUDED)

valuing the retained interest as of December 31, 1999, the Company assumed an excess cash flow discount rate of 15% and an interest rate of 7.5% on the underlying debt.

The installment contracts supporting the dealer advances that were sold included contracts with origination dates ranging from July 1990 to June 1998, with a weighted average age of 15 months as of the date of the transaction. The amount of such contracts included on the Company's balance sheet as of June 30, 1998 was $98.6 million, of which $43.8 million was in non-accrual status.

(5) PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31 (in thousands):

	1998	1999
Land	$ 2,587	$ 2,587
Building and improvements	6,968	6,804
Data processing equipment	17,460	17,828
Office furniture & equipment	2,648	2,292
Leasehold improvements	781	706
	30,444	30,217
Less accumulated depreciation	9,817	11,974
	$20,627	$18,243

Depreciation expense on property and equipment was $2,550,000, $3,793,000 and $4,227,000 in 1997, 1998 and 1999, respectively.

(6) LEASED PROPERTIES

PROPERTY LEASED TO OTHERS

The Company leases part of its headquarters to outside parties as non-cancelable operating leases, which is not a significant part of its business activities. Rental income, which is included in other income, is recognized on a straight-line basis over the related lease term. Rental income on leased property was $991,000, $997,000 and $1,105,000 for 1997, 1998 and 1999, respectively.

PROPERTY LEASED FROM OTHERS

The Company utilizes leases in its day to day operations for administrative offices and office equipment. Management expects that in the normal course of business, leases will be renewed or replaced by other leases.

Total rental expense on all operating leases was $242,000, $388,000 and $499,000 for 1997, 1998 and 1999, respectively. Contingent rentals under the operating leases were insignificant. Minimum future lease commitments under operating leases are as follows:

2000	$ 359,000
2001	359,000
2002	359,000
2003	359,000
2004	225,000
2005 and beyond	545,000
Total minimum lease commitments	$2,206,000

(7) INVESTMENTS IN OPERATING LEASES

The following schedule provides an analysis of the Company's investment in property of operating leases (in thousands):

	DECEMBER 31, 1999
Vehicles, at cost	$8,351
Less: accumulated depreciation	453
Investment in operating leases, net	$7,898

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

	YEAR ENDED DECEMBER 31, 1999
Balance-beginning of period	$ --
Gross operating leases originated	8,659
Provision for residual losses	(91)
Operating lease liquidations	(217)
Balance-end of period	$8,351

Future minimum rentals on vehicles leased at December 31, 1999 are as follows: 2000 -- $4.0 million; 2001 -- $4.0 million; and 2002 -- $2.5 million.

(8) DEBT

SENIOR NOTES

As of December 31, 1999, the Company had $15,127,000, $10,186,000 and $5,266,000 in outstanding borrowings under the three Senior Notes issued to various insurance companies in 1994, 1996 and 1997, respectively. The Notes are secured and require semi-annual interest payments and annual payments of principal. The final payments are due November 1, 2001, July 1, 2001 and October 1, 2001 for the 1994, 1996 and 1997 Senior Notes, respectively. The interest rates at December 31, 1999 were 9.87%, 8.99% and 8.77% and increased on January 15, 2000 to 10.37%, 9.49% and 9.27% for the 1994, 1996 and 1997 Senior Notes, respectively.

MORTGAGE LOAN PAYABLE

The Company has a mortgage loan from a commercial bank which 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. During 1999, the Company refinanced this loan, borrowing an additional $5.0 million of principal. There was $3,566,000 and $8,215,000 outstanding on this loan as of December 31, 1998 and 1999, respectively. The refinanced loan matures on May 1, 2004, requires monthly payments of principal and interest and bears interest at a fixed rate of 7.07%.

SECURED FINANCING

On July 21, 1999 and December 15, 1999, the Company completed two separate $50 million secured financings of advance receivables, receiving approximately $97.7 million in financing from an institutional investor. The secured financings are secured by dealer advances having a carrying value as of the date of the transactions of approximately $62.4 million and $65.0 million for the July 1999 and December 1999 secured financings, respectively. The secured financings are non-recourse to the Company and bear interest at the applicable commercial paper rate plus 70 basis points with a maximum of 7.5%. The interest rates at December 31, 1999 on the July 1999 and December 1999 secured financings were 5.66% and 6.63%,

(8) DEBT -- (CONTINUED)

respectively. The commercial paper may be issued for terms of between 1 and 270 days. As of December 31, 1999, the July 1999 secured financing had an outstanding balance of approximately $33.2 million and was anticipated to fully amortize within 28 months while the December 1999 secured financing has an outstanding balance of $50.0 million and is anticipated to fully amortize within 12 months.

LINES OF CREDIT

The Company has a $125 million credit agreement with a commercial bank syndicate with a commitment period through June 13, 2000 subject to annual extensions for additional one year periods at the request of the Company and with the consent of each of the banks in the facility. The borrowings are secured by a lien on most of the Company's assets, including a pledge of the stock in its United Kingdom subsidiary, with interest payable at the Eurocurrency rate plus 1.4% or at the prime rate (8.5% as of December 31, 1999). The Eurocurrency borrowings may be fixed for periods of up to six months. The Company must pay an agent's fee of $42,000 annually and a commitment fee of .60% quarterly on the amount of the commitment. In addition, when outstandings under the commitment earn 50% of the amount of the commitment, the Company must pay, quarterly, a fee equal to .25% on the amount outstanding under the commitment. As of December 31, 1999, there was approximately $34.2 million outstanding under this facility. The maximum amount outstanding was approximately $210.2 million and $81.4 million in 1998 and 1999, respectively. The weighted average balance outstanding was $143.4 million and $49.5 million in 1998 and 1999, respectively.

The Company also has a 2.0 million British pound sterling line of credit agreement with a commercial bank in the United Kingdom, which is used to fund the day to day cash flow requirements of the Company's United Kingdom subsidiary. The borrowings are secured by a letter of credit issued by the Company's principal commercial bank, with interest payable at the greater of the United Kingdom bank's base rate (5.5% as of December 31, 1999) plus 65 basis points or at the Libor rate plus 56.25 basis points. The rates may be fixed for periods of up to six months. As of December 31, 1999, there was approximately 1.5 million British pounds ($2.4 million U.S. dollars), outstanding under this facility which matures on May 29, 2000. The maximum amount outstanding was 1.6 million British pounds ($2.6 million U.S. dollars) and 2.3 million British pounds ($3.7 million U.S. dollars) in 1998 and 1999, respectively. The weighted average balance outstanding was 900,000 British pounds ($1.5 million U.S. dollars) and 1.4 million British pounds ($2.3 million U.S. dollars) in 1998 and 1999, respectively.

The Company also has a $1,000,000 Canadian dollar line of credit with a commercial bank in Canada, which is used to fund the day to day cash flow requirements of the Company's Canadian subsidiary. The borrowings are unsecured, guaranteed by the Company, with interest payable at the Libor rate plus 1.4% or at the Canadian bank's prime rate (6.5% at December 31, 1999). As of December 31, 1999, there was approximately $526,000 Canadian dollars ($363,000 U.S. dollars) outstanding under the facility.

The weighted average interest rate on line of credit borrowings outstanding was 6.9% and 7.5% as of December 31, 1998 and 1999, respectively.

(8) DEBT -- (CONCLUDED)

PRINCIPAL DEBT MATURITIES

The scheduled principal maturities of the Company's long-term debt at December 31, 1999 are as follows (in thousands):

2000	$ 87,276
2001	25,274
2002	3,249
2003	776
2004	5,416
	$121,991

Included in scheduled principal maturities are anticipated maturities of secured financing debt. The maturities of this debt are dependant on the timing of cash collections on the contributed installment contracts receivable and changes in interest rates on the commercial paper. Such amounts included in the table above are $72.0 million, $8.7 million and $2.5 million for 2000, 2001 and 2002, respectively.

DEBT COVENANTS

The Company must comply with various restrictive debt covenants which require the maintenance of certain financial ratios and other financial conditions. The most restrictive covenants limit the ratio of the Company's debt-to-equity, limit the ratio of the Company's fixed charges to net income, limit the Company's investment in its foreign subsidiaries, limit the ratio of debt to advances, limit the ratio of debt to gross installment contracts receivable, limit the ratio of advances to installment contracts receivable, and require that the Company maintain specified minimum levels of net worth.

(9) DEALER HOLDBACKS AND RESERVE ON ADVANCES

Dealer holdbacks consisted of the following (in thousands):

	AS OF DECEMBER 31,	
	1998	1999
Dealer holdbacks	$ 634,102	$ 540,799
Less: advances (net of reserve of 19,954 and $4,329 in 1998 and 1999, respectively)	(411,827)	(338,656)
Dealer holdbacks, net	$ 222,275	$ 202,143

A summary of the change in the reserve against advances (classified with dealer holdbacks, net in the accompanying balance sheets) is as follows (in thousands):

	YEARS ENDED DECEMBER 31,		
	1997	1998	1999
Balance -- beginning of period	$ 8,754	$16,369	$ 19,954
Provision for advance losses	74,400	12,973	54,868
Advance reserve fees	4,673	181	8
Charge offs, net	(71,391)	(9,744)	(70,353)
Currency translation	(67)	175	(148)
Balance -- end of period	$ 16,369	$19,954	$ 4,329

(9) DEALER HOLDBACKS AND RESERVE ON ADVANCES -- (CONCLUDED)

During 1997, the Company implemented a new loan servicing system which allowed the Company to better estimate future collections for each dealer pool using historical loss experience and a dealer by dealer static pool analysis. The Company took a charge during 1997 to reflect the impact of this enhancement in the Company's methodology for estimating the reserve.

During the third quarter of 1999, the Company recorded a non-cash charge of $47.3 million to reflect the impact of collections on loan pools originated primarily in 1995, 1996 and 1997 falling below previous estimates, indicating further impairment of advance balances associated with these pools. While previous loss curves indicated that loans originated in 1995, 1996 and 1997 would generate lower overall collection rates than loans originated in prior years, in the third quarter of 1999 the loss curves indicated that collection rates on these pools will be lower than previously estimated. Future reserve requirements will depend in part on the magnitude of the variance between management's estimate of future collections and the actual collections that are realized. The Company charges off dealer advances against the reserve at such time and to the extent that the Company's static pool analysis determines that the advance is completely or partially impaired.

(10) RELATED PARTY TRANSACTIONS

In the normal course of its business, the Company regularly accepts assignments of installment contracts originated by affiliated dealers owned by the Company's majority shareholder and from a Company executive. Installment contracts accepted from affiliated dealers were approximately $13.4 million, $10.0 million and $9.3 million in 1997, 1998 and 1999, respectively. Remaining installment contracts receivable from affiliated dealers represented approximately 1.6% and 2.1% of the gross installment contracts receivable balance as of December 31, 1998 and 1999, respectively. The Company accepted installment contracts from affiliated dealers and nonaffiliated dealers on the same terms. Dealer holdbacks from contracts accepted from affiliated dealers were approximately $10.7 million, $8.0 million and $7.4 million in 1997, 1998 and 1999, respectively.

The Company receives interest income and fees from affiliated dealers on floor plan receivables and notes receivable. Total income earned was $1,564,000, $1,187,000 and $679,000 for the years ended December 31, 1997, 1998 and 1999, respectively.

The Company regularly purchases operating lease contracts originated by affiliated dealers owned by the Company's majority shareholder and originated by affiliated dealers owned by a Company executive. Lease contracts accepted from affiliated dealers were $5.8 million in 1999. Approximately 60.4% of the value of leasing contracts purchased and approximately 63.6% of the number of leasing contracts purchased by the Company during 1999 were originated by affiliated dealers.

The Company shares certain expenses including payroll and related benefits, occupancy costs and insurance with its affiliated company owned by the Company's majority shareholder. For the years ended December 31, 1997, 1998 and 1999, the Company charged its affiliated company and majority shareholder approximately $247,000, $248,000 and $367,000 for such shared expenses incurred in its operations. This arrangement is covered under a services agreement. The agreement has an indefinite term, but may be terminated upon 30 days written notice by either party.

(11) INCOME TAXES

The income tax provision (credit) consists of the following (in thousands):

	YEARS ENDED DECEMBER 31,		
	1997	1998	1999
Income (loss) before provision (benefit) for income taxes:			
Domestic	$(9,285)	$26,635	$(21,090)
Foreign	10,588	10,890	5,363
	$ 1,303	$37,525	$(15,727)
Domestic provision (benefit) for income taxes:			
Current	$(6,516)	$12,507	$ (5,470)
Deferred	2,799	(3,179)	(1,285)
Foreign provision (benefit) for income taxes:			
Current	654	3,570	1,727
Deferred	2,829	(339)	(13)
Provision (credit) for income taxes	$ (234)	$12,559	$ (5,041)

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities consist of the following (in thousands):

	AS OF DECEMBER 31,	
	1998	1999
Deferred tax assets:		
Allowance for credit losses	$12,080	$12,431
Reserve on advances	5,451	1,177
Sale of advance receivables	--	3,140
Deferred dealer enrollment fees	110	189
Accrued warranty claims	713	631
Other, net	813	1,430
Total deferred tax assets	19,167	18,998
Deferred tax liabilities:		
Unearned finance charges	28,204	27,203
Sale of advance receivables	853	--
Accumulated depreciation	775	1,135
Deferred credit life and warranty costs	433	460
Total deferred tax liabilities	30,265	28,798
Net deferred tax liability	$11,098	$ 9,800

No valuation allowances were considered necessary in the calculation of deferred tax assets as of December 31, 1998 and 1999.

The Company's effective income tax rate was approximately equal to the domestic and foreign statutory rates in 1997 and 1998. In 1999, the effective income tax rate differs from the domestic and foreign statutory rates due primarily to state income taxes.

Deferred U.S. federal income taxes and withholding taxes have not been provided on the undistributed earnings of the Company's foreign subsidiaries as such amounts are considered to be permanently reinvested. The cumulative undistributed earnings at December 31, 1999 on which the Company had not provided additional national income taxes and withholding taxes were approximately $24.7 million.

(12) CAPITAL TRANSACTIONS

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 potentially dilutive securities outstanding during the period. Potentially dilutive securities included in the computation represent shares issuable upon assumed exercise of stock options which would have a dilutive effect. As the Company incurred a net loss for the year ended December 31, 1999, potentially dilutive securities of 263,516 would be anti-dilutive to diluted net income per share and have not been included in the weighted average shares calculation.

The share effect is as follows:

	YEARS ENDED DECEMBER 31,		
	1997	1998	1999
Weighted average common shares outstanding	46,081,804	46,190,208	46,222,730
Dilutive securities -- stock options	672,909	770,082	--
Weighted average common shares and common stock equivalents	46,754,713	46,960,290	46,222,730

STOCK REPURCHASE PROGRAM

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. The Company purchased 263,300 shares of common stock in 1999 at an aggregate cost of $1,510,000. The total shares authorized for repurchase represents 2.2% of the 46,071,454 shares outstanding as of December 31, 1999.

STOCK OPTION PLANS

Pursuant to the Company's 1992 Stock Option Plan (the "1992 Plan"), the Company has reserved 8,000,000 shares of its common stock for the future granting of options to officers and other employees. The exercise price of the options is equal to the fair market value on the date of the grant. Options under the 1992 Plan generally become exercisable over a three to five year period, or immediately upon a change of control. In 1999, the Company issued 1,369,500 options that will vest only if certain performance targets are met. As it was not foreseeable that the performance targets would be met, no compensation expense was recorded for these performance-based options in 1999. Nonvested options are forfeited upon termination of employment and otherwise expire ten years from the date of grant. Shares available for future grants totaled 967,066, 115,559 and 1,911,519 as of December 31, 1997, 1998 and 1999, respectively.

Pursuant to the Company's Stock Option Plan for dealers (the "Dealer Plan") the Company has reserved 1,000,000 shares of its common stock for the future granting of options to participating dealers. The exercise price of the options is equal to the fair market value on the date of grant. The options become exercisable over a three year period. Nonvested options are forfeited upon the termination of the dealer's servicing agreement by the Company or the dealer and otherwise expire five years from the date of grant. Shares available for future grants totaled 185,600, 478,385 and 605,899 as of December 31, 1997, 1998 and 1999, respectively. Effective January 1, 1999, the Company suspended the granting of future options under the Dealer Plan.

(12) CAPITAL TRANSACTIONS -- (CONTINUED)

The Company accounts for the 1992 Plan under APB Opinion No. 25, under which no compensation cost has been recognized. Had compensation cost for the 1992 Plan been recognized, the Company's net income (loss) and net income (loss) per share would have been negatively impacted as follows:

	YEARS ENDED DECEMBER 31,		
	1997	1998	1999
Net income (loss)			
As reported	$ 1,537	$24,966	$(10,686)
Pro forma	(2,519)	22,346	(12,800)
Net income (loss) per common share:			
As reported -- basic	$ 0.03	$ 0.54	$ (0.23)
As reported -- diluted	0.03	0.53	(0.23)
Pro forma -- basic	(0.05)	0.48	(0.28)
Pro forma -- diluted	(0.05)	0.48	(0.28)

The Company accounts for the compensation costs related to its grants under the Dealer Plan in accordance with Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" (SFAS 123). The sales and marketing cost that has been charged against income for the non-employee Dealer Plan was $67,000, $150,000 and $131,000 in 1997, 1998 and 1999, respectively. Because the SFAS 123 method of accounting has not been applied to options granted prior to January 1, 1995 (December 15, 1995 for the Dealer Plan), the resulting cost is not necessarily indicative of costs which may be recognized in future years.

The fair value of each option granted included in the above calculations is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions used:

	FOR THE YEARS ENDED DECEMBER 31,		
1992 PLAN	1997	1998	1999
Risk-free interest rate	6.50%	5.25%	5.75%
Expected life	6.0 years	6.0 years	6.0 years
Expected volatility	43.97%	56.47%	56.47%
Dividend yield	0%	0%	0%

	YEARS ENDED DECEMBER 31	
DEALER PLAN	1997	1998
Risk-free interest rate	5.89%	4.59%
Expected life	5.0 years	5.0 years
Expected volatility	48.40%	56.25%
Dividend yield	0%	0%

(12) CAPITAL TRANSACTIONS -- (CONTINUED)

Additional information relating to the Stock Option Plans are as follows:

	1992 PLAN		DEALER PLAN	
	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE PER SHARE	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE PER SHARE
Outstanding at December 31, 1996.....	2,298,275	$13.73	718,564	$18.60
Options granted.....	3,020,129	9.42	173,400	11.49
Options exercised.....	(266,532)	4.11	(3,597)	13.95
Options forfeited.....	(1,807,636)	20.70	(123,400)	21.35
Outstanding at December 31, 1997.....	3,244,236	6.63	764,967	17.76
Options granted.....	1,420,965	8.71	75,800	7.54
Options exercised.....	(178,372)	2.56	--	--
Options forfeited.....	(569,458)	6.28	(368,585)	18.45
Outstanding at December 31, 1998.....	3,917,371	7.62	472,182	15.60
Options granted.....	1,761,200	5.48	--	--
Options exercised.....	(25,567)	4.10	--	--
Options forfeited.....	(557,160)	9.08	(127,514)	14.15
Outstanding at December 31, 1999.....	5,095,844	$ 6.74	344,668	$16.14
Exercisable at:				
December 31, 1997.....	894,167	$ 7.95	481,318	$17.90
1998.....	1,251,152	7.91	296,407	17.85
1999.....	1,766,521	7.18	258,719	18.41

Options granted and options forfeited under the 1992 Plan for 1997 include 1,713,577 options which were repriced on November 3, 1997. The options which were repriced were originally granted between September 30, 1995 and September 2, 1997 with original exercise prices between $12.75 and $27.50. These options were cancelled on November 3, 1997 and reissued at an exercise price of $6.00 per share with a new three year vesting period.

The weighted average fair value of options granted during 1997, 1998 and 1999 was $4.68, $5.09 and $3.13 respectively, for the 1992 Plan. The weighted average fair value of options granted during 1997 and 1998 was $4.06 and $3.98, respectively, for the Dealer Plan.

(12) CAPITAL TRANSACTIONS -- (CONCLUDED)

The following tables summarize information about options outstanding at December 31, 1999:

	OPTIONS OUTSTANDING			OPTIONS EXERCISABLE	
RANGE OF EXERCISABLE PRICES	OUTSTANDING AS OF 12/31/99	WEIGHTED-AVERAGE REMAINING CONTRACTUAL LIFE	WEIGHTED-AVERAGE EXERCISE PRICE	EXERCISABLE AS OF 12/31/99	WEIGHTED-AVERAGE EXERCISE PRICE
1992 PLAN					
$ 2.16 - 5.63	799,500	6.7 Years	$ 3.05	360,500	$ 2.28
6.00 - 7.75	3,187,142	8.6	6.24	937,091	6.12
8.00 - 11.07	846,201	8.4	9.35	205,929	9.74
$11.50 - 22.25	263,001	4.7	15.68	263,001	15.68
Totals	5,095,844	8.1	$ 6.74	1,766,521	$ 7.18
DEALER PLAN					
$ 6.34 - 9.35	117,000	3.5 Years	$ 7.51	53,875	$ 7.51
11.18 - 17.63	61,000	2.6	13.78	40,647	13.78
$18.25 - 27.63	166,668	1.3	23.06	164,197	23.13
Totals	344,668	2.3	$16.14	258,719	$18.41

(13) BUSINESS SEGMENT INFORMATION

Prior year segment information has been restated on a basis consistent with the 1999 presentation. The Company has two reportable business segments: CAC North America and CAC United Kingdom.

REPORTABLE SEGMENT OVERVIEW

CAC North America operations consist of the Company's U.S. and Canadian automotive finance and services businesses, including the Company's reinsurance activities and automotive service contract programs. These businesses have been aggregated into one reportable segment because they have similar operating and economic characteristics. The CAC North America segment provides funding, receivables management, collection, sales training and related products and services to automobile dealers located in the United States and Canada. The CAC United Kingdom operations provide substantially the same products and services as the CAC North America operations to dealers located in the United Kingdom and Ireland. The CAC Automotive Leasing operations and credit reporting and auction services businesses, which were sold in 1999, do not constitute reportable operating segments as they do not meet the quantitative thresholds prescribed by SFAS 131, and have therefore been disclosed in the "all other" category in the following table. The CAC Automotive Leasing segment provides a sub-prime leasing program to automobile dealers located in the United States.

(13) BUSINESS SEGMENT INFORMATION -- (CONCLUDED)

MEASUREMENT

The Company allocates resources to and evaluates the performance of its segments primarily based on finance charges, other revenue, segment earnings before interest and taxes (EBIT), and segment assets. The table below presents this information for each reportable segment (in thousands):

	CAC NORTH AMERICA	CAC UNITED KINGDOM	ALL OTHER	TOTAL COMPANY
Year Ended December 31, 1999				
Finance charges	$ 62,568	$ 13,929	$ --	$ 76,497
Other revenue	28,973	3,007	7,578	39,558
EBIT	(3,922)	5,200	(429)	849
Segment assets	519,278	132,450	8,512	660,240
Year Ended December 31, 1998				
Finance charges	$ 80,330	$ 17,677	$ --	$ 98,007
Other revenue	33,092	3,528	7,722	44,342
EBIT	50,236	11,501	1,353	63,090
Segment assets	621,418	122,819	7,692	751,929
Year Ended December 31, 1997				
Finance charges	$ 92,660	$ 24,360	$ --	$ 117,020
Other revenue	40,036	4,433	2,746	47,215
EBIT	14,937	13,210	753	28,900
Segment assets	952,259	162,154	1,197	1,115,610

INFORMATION ABOUT PRODUCTS AND SERVICES

The Company manages its product and service offerings primarily through those reportable segments. Therefore, pursuant with the provisions of SFAS 131, no enterprise-wide disclosures of information about products and services are necessary.

MAJOR CUSTOMERS

The Company did not have any customer which provided 10% or more of the Company's revenue during 1997, 1998 or 1999, however, during 1999, two dealer groups in the United Kingdom accounted for approximately 47.4% of new contracts accepted by the CAC United Kingdom segment.

(14) LITIGATION AND CONTINGENT LIABILITIES

In the normal course of business and as a result of the consumer-oriented nature of the industry in which the Company operates, industry participants are frequently subject to various consumer claims and litigation seeking damages and statutory penalties. The claims allege, among other theories of liability, violations of state, federal and foreign truth in lending, credit availability, credit reporting, consumer protection, warranty, debt collection, insurance and other consumer-oriented laws and regulations. The Company, as the assignee of finance contracts originated by dealers, may also be named as a co-defendant in lawsuits filed by consumers principally against dealers. Many of these cases are filed as purported class actions and seek damages in large dollar amounts.

During the first quarter of 1998, several putative class action complaints were filed by shareholders against the Company and certain officers and directors of the Company in the United States District Court for the Eastern District of Michigan seeking money damages for alleged violations of the federal securities laws. On August 14, 1998, a Consolidated Class Action Complaint, consolidating the claims asserted in those cases, was filed. The Complaint generally alleged that the Company's financial statements issued during the period

(14) LITIGATION AND CONTINGENT LIABILITIES -- (CONCLUDED)

August 14, 1995 through October 22, 1997 did not accurately reflect the Company's true financial condition and results of operations because such reported results failed to be in accordance with generally accepted accounting principles and such results contained material accounting irregularities in that they failed to reflect adequate reserves for credit losses. The Complaint further alleged that the Company issued public statements during the alleged class period which fraudulently created the impression that the Company's accounting practices were proper. On April 23, 1999, the Court granted the Company's and the defendant officers' and directors' motion to dismiss the Complaint and entered a final judgment dismissing the action with prejudice. On May 6, 1999, plaintiffs filed a motion for reconsideration of the order dismissing the Complaint or, in the alternative, for leave to file an amended complaint. On July 13, 1999, the Court granted the plaintiffs' motion for reconsideration and granted the plaintiffs leave to file an amended complaint. Plaintiffs filed their First Amended Consolidated Class Action Complaint on August 2, 1999. On September 30, 1999, the Company and the defendant officers and directors filed a motion to dismiss that complaint. On or about November 10, 1999, plaintiffs sought and were granted leave to file a Second Amended Consolidated Class Action Complaint. The Company and the defendant officers and directors intend to continue to vigorously defend this action. While the Company believes it has meritorious legal and factual defenses, an adverse ultimate disposition of this litigation could have a material negative impact on the Company's financial position, liquidity and results of operations.

The Company is currently a defendant in a class action proceeding commenced on October 15, 1996 in the United States District Court for the Western District of Missouri seeking money damages for alleged violations of a number of state and federal consumer protection laws (the "Missouri Litigation"). On October 9, 1997, the District Court certified two classes on the claims brought against the Company, one relating to alleged overcharges of official fees, the other relating to alleged overcharges of post-maturity interest. On August 4, 1998, the District Court granted partial summary judgment on liability in favor of the plaintiffs on the interest overcharge claims based upon the District Court's finding of certain violations but denied summary judgment on certain other claims. The District Court also entered a number of permanent injunctions, which among other things, restrained the Company from collecting the amounts found to be uncollectible. The District Court also ruled in favor of the Company on certain claims raised by class plaintiffs. Because the entry of an injunction is immediately appealable as of right, the Company appealed the summary judgment order to the United States Court of Appeals for the Eighth Circuit. Oral argument on the appeals was heard on April 19, 1999. On September 1, 1999, the United States Court of Appeals for the Eighth Circuit overturned the August 4, 1998 partial summary judgment order and injunctions against the Company. The Court of Appeals held that the District Court lacked jurisdiction over the interest overcharge claims and directed the District Court to sever those claims and remand them to state court. The class action claims of alleged public official fee overcharges have not been finally adjudicated by the District Court and were not part of the appeal. On February 18, 2000, the District Court entered an Order remanding the post-maturity interest class to Missouri state court while retaining jurisdiction on the official fee class. The District Court has set a bench trial date commencing the week of June 19, 2000. The Company will continue its vigorous defense of all remaining claims. However, an adverse ultimate disposition of this litigation could have a material negative impact on the Company's financial position, liquidity and results of operations.

The Company is currently being examined for tax years 1993 to 1996 by the Internal Revenue Service. The outcome of the examination is undeterminable at this time.

(15) QUARTERLY FINANCIAL DATA (UNAUDITED)

The following is a summary of quarterly financial position and results of operations for the years ended December 31, 1998 and 1999. Certain amounts have been reclassified to conform to the 1999 presentation.

	(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA) 1998			
	1ST Q	2ND Q	3RD Q	4TH Q
BALANCE SHEETS				
Installment contracts receivable, net	$ 948,539	$866,489	$727,069	$665,574
Floor plan receivables	19,674	18,457	15,846	14,071
Notes receivables	1,422	1,574	1,894	2,278
All other assets	48,404	43,635	65,050	70,006
Total assets	$1,018,039	$930,155	$809,859	$751,929
Dealer holdbacks, net	$ 361,260	$306,539	$253,495	$222,275
Total debt	351,055	314,486	244,599	218,798
Other liabilities	49,954	44,834	40,111	34,593
Total liabilities	762,269	665,859	538,205	475,666
Shareholders' equity	255,770	264,296	271,654	276,263
Total liabilities and shareholders' equity	$1,018,039	$930,155	$809,859	$751,929
INCOME STATEMENTS				
Revenue:				
Finance charges	$ 28,055	$ 27,894	$ 21,708	$ 20,350
Premiums earned	2,923	2,630	2,741	2,610
Gain on sale of advance receivables, net	--	--	685	--
Other income	8,332	7,312	8,094	9,015
Total revenue	39,310	37,836	33,228	31,975
Costs and Expenses:				
Operating expenses	14,621	14,019	14,706	15,658
Provision for credit losses	5,796	4,666	3,438	2,505
Provision for claims	1,035	937	896	866
Interest	7,346	6,829	5,923	5,467
Total costs and expenses	28,798	26,451	24,963	24,496
Operating Income	10,512	11,385	8,265	7,479
Foreign exchange gain (loss)	12	(7)	(77)	(44)
Income before income taxes	10,524	11,378	8,188	7,435
Provision for income taxes	3,637	3,935	2,577	2,410
Net Income	$ 6,887	$ 7,443	$ 5,611	$ 5,025
Net income per common share				
Basic	$ 0.15	$ 0.16	$ 0.12	$ 0.11
Diluted	$ 0.15	$ 0.16	$ 0.12	$ 0.11
Weighted average shares outstanding				
Basic	46,113	46,113	46,243	46,291
Diluted	46,950	47,410	46,897	46,584

(15) QUARTERLY FINANCIAL DATA (UNAUDITED) -- (CONCLUDED)

	(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA) 1999			
	1ST Q	2ND Q	3RD Q	4TH Q
BALANCE SHEETS				
Installment contracts receivable, net	$607,620	$582,006	$571,442	$568,378
Floor plan receivables	15,928	18,666	17,491	15,492
Notes receivables	2,239	2,637	3,027	3,610
All other assets	75,861	71,954	69,588	72,760
Total assets	$701,648	$675,263	$661,548	$660,240
Dealer holdbacks, net	$194,254	$171,765	$205,932	$202,143
Total debt	186,638	168,527	158,361	158,985
Other liabilities	41,066	42,818	37,065	36,137
Total liabilities	421,958	383,110	401,358	397,265
Shareholders' equity	279,690	292,153	260,190	262,975
Total liabilities and shareholders' equity	$701,648	$675,263	$661,548	$660,240
INCOME STATEMENTS				
Revenue:				
Finance charges	$ 19,405	$ 19,797	$ 18,783	$ 18,512
Premiums earned	2,445	2,331	3,034	2,579
Other income	8,511	7,380	6,106	7,172
Total revenue	30,361	29,508	27,923	28,263
Costs and Expenses:				
Operating expenses	14,549	14,461	12,612	15,150
Provision for credit losses	2,136	2,084	49,565	2,288
Provision for claims	831	894	884	889
Valuation adjustment on retained interest in securitization	--	517	13,000	--
Interest	4,527	4,272	3,673	4,104
Total costs and expenses	22,043	22,228	79,734	22,431
Other Operating Income				
Gain on sale of subsidiary	--	14,720	--	--
Operating income (loss)	8,318	22,000	(51,811)	5,832
Foreign exchange gain (loss)	(45)	(9)	62	(74)
Income (loss) before income taxes	8,273	21,991	(51,749)	5,758
Provision (credit) for income taxes	2,894	8,220	(18,108)	1,953
Net (loss) income	$ 5,379	$ 13,771	$(33,641)	$ 3,805
Net (loss) income per common share				
Basic	$ 0.12	$ 0.30	$ (0.73)	$ 0.08
Diluted	$ 0.12	$ 0.30	$ (0.73)	$ 0.08
Weighted average shares outstanding				
Basic	46,299	46,304	46,214	46,074
Diluted	46,706	46,545	46,214	46,253

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not Applicable.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Information is contained under the captions "Matters to Come Before the Meeting -- Election of Directors" and "Section 16(a) Beneficial Ownership Reporting Compliance" in the Company's Proxy Statement and is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION

Information is contained under the caption "Compensation of Executive Officers" (excluding the Report of the Executive Compensation Committee and the stock performance graph) in the Company's Proxy Statement and is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Information is contained under the caption "Common Stock Ownership of Certain Beneficial Owners and Management" in the Company's Proxy Statement and is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Information is contained under the caption "Certain Relationships and Transactions" in the Company's Proxy Statement and is incorporated herein by reference.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a)(1) The following consolidated financial statements of the Company and Report of Independent Public Accountants are contained "Item 8 -- Financial Statements and Supplementary Data."
REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS
CONSOLIDATED FINANCIAL STATEMENTS:
-- Consolidated Balance Sheets as of December 31, 1998 and 1999
-- Consolidated Income Statements for the years ended December 31, 1997, 1998 and 1999
-- Consolidated Statements of Cash Flows for the years ended December 31, 1997, 1998 and 1999
-- Consolidated Statements of Shareholders' Equity for the years ended December 31, 1997, 1998 and 1999
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(2) Financial Statement Schedules have been omitted because they are not applicable or are not required or the information required to be set forth therein is included in the Consolidated Financial Statements or Notes thereto.

(3) The Exhibits filed in response to Item 601 of Regulation S-K are listed in the Exhibit Index, which is incorporated herein by reference.

(b) The Company was not required to file a current report on Form 8-K during the quarter ended December 31, 1999 and none were filed during that period.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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, on March 29, 2000.

CREDIT ACCEPTANCE CORPORATION

By: /s/ DONALD A. FOSS

Donald A. Foss
Chairman of the Board and
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on March 29, 2000 on behalf of the registrant and in the capacities indicated.

SIGNATURE	TITLE
/s/ DONALD A. FOSS Donald A. Foss	Chairman of the Board and Chief Executive Officer (Principal Executive Officer)
/s/ DOUGLAS W. BUSK Douglas W. Busk	Chief Financial Officer (Principal Financial Officer)
/s/ JOHN P. CAVANAUGH John P. Cavanaugh	Corporate Controller and Assistant Secretary (Principal Accounting Officer)
/s/ HARRY E. CRAIG Harry E. Craig	Director
/s/ THOMAS A. FITZSIMMONS Thomas A. FitzSimmons	Director
/s/ DAVID T. HARRISON David T. Harrison	Director
/s/ SAM M. LAFATA Sam M. LaFata	Director
/s/ THOMAS N. TRYFOROS Thomas N. Tryforos	Director

EXHIBIT INDEX

The following documents are filed as part of this report. Those exhibits previously filed and incorporated herein by reference are identified below. Exhibits not required for this report have been omitted. The Company's commission file number is 000-20202.

EXHIBIT NO.		DESCRIPTION
3(a)(1)	7	Articles of Incorporation, as amended July 1, 1997
3(b)	2	Bylaws of the Company, as amended
4(a)	1	Note Purchase Agreement dated October 1, 1994 between various insurance companies and the Company and related form of note.
4(a)(1)	1	First Amendment dated November 15, 1995 to Note Purchase Agreement dated October 1, 1994 between various insurance companies and the Company.
4(a)(2)	5	Second Amendment dated August 29, 1996 to Note Purchase Agreement dated October 1, 1994 between various insurance companies and the Company.
4(a)(3)	8	Third Amendment dated December 12, 1997 to Note Purchase Agreement dated October 1, 1994 between various insurance companies and the Company.
4(a)(4)	9	Fourth Amendment dated July 1, 1998 to Note Purchase Agreement dated October 1, 1994 between various insurance companies and the Company
4(a)(5)	9	Limited Waiver dated July 27, 1998 to First Amended and Restated 9.12% Senior Notes due November 1, 2001 Issued Under Note Purchase Agreement dated as of October 1, 1994
4(a)(6)	12	Fifth Amendment dated April 13, 1999 to Note Purchase Agreement dated October 1, 1994 between various insurance companies and the Company
4(a)(7)	14	Sixth Amendment dated December 1, 1999 to Note Purchase Agreement dated October 1, 1994 between various insurance companies and the Company
4(b)	5	Note Purchase Agreement dated August 1, 1996 between various insurance companies and the Company and the related form of note.
4(b)(1)	8	First Amendment dated December 12, 1997 to Note Purchase Agreement dated August 1, 1996 between various insurance companies and the Company.
4(b)(2)	9	Second Amendment dated July 1, 1998 to Note Purchase Agreement dated August 1, 1996 between various insurance companies and the Company
4(b)(3)	9	Limited Waiver dated July 12, 1998 to First Amended and Restated 8.24% Senior Notes due July 1, 2001 Issued Under Note Purchase Agreement dated as of August 1, 1996
4(b)(4)	12	Third Amendment dated April 13, 1999 to Note Purchase Agreement dated August 1, 1996 between various insurance companies and the Company
4(b)(5)	14	Fourth Amendment dated December 1, 1999 to Note Purchase Agreement dated August 1, 1996 between various insurance companies and the Company
4(c)(5)	12	Third Amended and Restated Credit Agreement dated as of June 15, 1999 between the Company, Comerica Bank as Administrative Agent and Collateral Agent, NationsBank, N.A., as Syndications Agent and Banc of America Securities, LLC as Sole Lead Arranger and Sole Bank Manager
4(c)(6)	14	First Amendment dated December 10, 1999 to the Third Amended and Restated Credit Agreement dated as of June 15, 1999 between the Company, Comerica Bank as Administrative Agent and Collateral Agent, NationsBank, N.A., as Syndications Agent and Banc of America Securities, LLC as Sole Lead Arranger and Sole Bank Manager
4(e)	6	Note Purchase Agreement dated March 25, 1997 between various insurance companies and the Company and related form of note.

EXHIBIT NO.		DESCRIPTION
4(e)(1)	8	First Amendment dated December 12, 1997 to Note Purchase Agreement dated March 25, 1997 between various insurance companies and the Company
4(e)(2)	9	Second Amendment dated July 1, 1998 to Note Purchase Agreement dated March 25, 1997 between various insurance companies and the Company
4(e)(3)	9	Limited Waiver dated July 27, 1998 to First Amended and Restated 8.02% Senior Notes due October 1, 2001 Issued Under Note Purchase Agreement dated as of March 25, 1997
4(e)(4)	12	Third Amendment dated April 13, 1999 to Note Purchase Agreement dated March 25, 1997 between various insurance companies and the Company
4(e)(5)	14	Fourth Amendment dated December 1, 1999 to Note Purchase Agreement dated March 25, 1997 between various insurance companies and the Company
4(f)	9	Note Purchase Agreement dated July 7, 1998 among Kitty Hawk Funding Corporation, CAC Funding Corp. and NationsBank, N.A.
4(f)(1)	9	Security Agreement dated July 7, 1998 among Kitty Hawk Funding Corporation, CAC Funding Corp., the Company and NationsBank, N.A.
4(f)(2)	9	Servicing Agreement dated July 7, 1998 between CAC Funding Corp. and the Company
4(f)(3)	9	Contribution Agreement dated July 7, 1998 between the Company and CAC Funding Corp.
4(f)(4)	12	Amendment No. 1 dated June 30, 1999 to Note Purchase Agreement dated July 7, 1998 among Kitty Hawk Funding Corporation, CAC Funding Corp., and NationsBank, N.A.
4(f)(5)	12	Amendment No. 1 dated June 30, 1999 to Security Agreement dated July 7, 1998 among Kitty Hawk Funding Corporation, CAC Funding Corp., the Company and NationsBank, N.A.
4(f)(6)	12	Amendment No. 1 dated June 30, 1999 to Contribution Agreement dated July 7, 1998 between the Company and CAC Funding Corp.
4(f)(7)	13	Amendment No. 2 dated September 29, 1999 to Security Agreement dated July 7, 1998 among Kitty Hawk Funding Corporation, CAC Funding Corp., the Company and NationsBank, N.A.
4(f)(8)	14	Amendment No. 2 dated December 15, 1999 to Note Purchase Agreement dated July 7, 1998 among Kitty Hawk Funding Corporation, CAC Funding Corp., and NationsBank, N.A.
4(f)(9)	14	Amendment No. 3 dated December 15, 1999 to Security Agreement dated July 7, 1998 among Kitty Hawk Funding Corporation, CAC Funding Corp., the Company and NationsBank, N.A.
4(f)(10)	14	Amendment No. 2 dated December 15, 1999 to Contribution Agreement dated July 7, 1998 between the Company and CAC Funding Corp.
4(g)(1)	11	Security Agreement dated December 15, 1998 between Comerica Bank, as Collateral Agent, and the Company
4(g)(2)	11	Intercreditor Agreement dated as of December 15, 1998 among Comerica Bank, as Collateral Agent, and various lenders and note holders
4(g)(3)	11	Deed of Charge, dated December 17, 1998 between Comerica Bank, as Collateral Agent, and the Company
NOTE:		Other instruments, notes or extracts from agreements defining the rights of holders of long-term debt of the Company or its subsidiaries have not been filed because (i) in each case the total amount of long-term debt permitted thereunder does not exceed 10% of the Company's consolidated assets, and (ii) the Company hereby agrees that it will furnish such instruments, notes and extracts to the Securities and Exchange Commission upon its request.
10(b)(1)	4	Amended and Restated Services Agreement dated April 17, 1996 between the Company and Larry Lee's Auto Finance Center, Inc. d/b/a Dealer Enterprise Group

EXHIBIT NO.		DESCRIPTION
10(d)(4)	1	Form of Addendum 3 to Servicing Agreement (Multiple Lots)
10(d)(6)	11	Prior form of Servicing Agreement, including Addendum 1 and Addendum 2
10(d)(7)	14	Current form of Servicing Agreement, Including Addendum 1 and Addendum 2
10(f)(3)*	7	Credit Acceptance Corporation 1992 Stock Option Plan, as amended and restated May 1997
10(f)(4)*	12	Credit Acceptance Corporation 1992 Stock Option Plan, as amended and restated May, 1999
10(o)(2)	10	Credit Acceptance Corporation Stock Option Plan for Dealers, as amended and restated September 21, 1998
21(1)	14	Schedule of Credit Acceptance Corporation Subsidiaries
23(1)	14	Consent of Deloitte and Touche LLP
23(2)	14	Consent of Arthur Andersen LLP
27	14	Financial Data Schedule

* Management compensatory contracts and arrangements.

1 Previously filed as an exhibit to the Company's Form 10-Q for the quarterly period ended September 30, 1994, and incorporated herein by reference.

2 Previously filed as an exhibit to the Company's Form 10-K Annual Report for the year ended December 31, 1994, and incorporated herein by reference.

3 Previously filed as an exhibit to the Company's Form 10-K Annual Report for the year ended December 31, 1995, and incorporated herein by reference.

4 Previously filed as an exhibit to the Company's Form 10-Q for the quarterly period ended March 31, 1996, and incorporated herein by reference.

5 Previously filed as an exhibit to the Company's Form 10-Q for the quarterly period ended September 30, 1996 and incorporated herein by reference.

6 Previously filed as an exhibit to the Company's Form 10-Q for the quarterly period ended March 31, 1997 and incorporated herein by reference.

7 Previously filed as an exhibit to the Company's Form 10-Q for the quarterly period ended June 30, 1997, and incorporated herein by reference.

8 Previously filed as an exhibit to the Company's Form 10-K Annual Report for the year ended December 31, 1997, and incorporated herein by reference.

9 Previously filed as an exhibit to the Company's Form 10-Q for the quarterly period ended June 30, 1998, and incorporated herein by reference.

10 Previously filed as an exhibit to the Company's Form 10-Q for the quarterly period ended September 30, 1998, and incorporated herein by reference.

11 Previously filed as an exhibit to the Company's Form 10-K Annual Report for the year ended December 31, 1998, and incorporated herein by reference.

12 Previously filed as an exhibit to the Company's Form 10-Q for the quarterly period ended June 30, 1999, and incorporated herein by reference.

13 Previously filed as an exhibit to the Company's Form 10-Q for the quarterly period ended September 30, 1999, and incorporated herein by reference.

14 Filed herewith

Exhibit 4(A)(7)

SIXTH AMENDMENT TO NOTE PURCHASE AGREEMENT
RE:
CREDIT ACCEPTANCE CORPORATION
FIRST AMENDED AND RESTATED 9.12% SENIOR NOTES DUE NOVEMBER 1, 2001

Dated as of December 1, 1999

To the Noteholders listed on Annex I hereto

Ladies and Gentlemen:

Credit Acceptance Corporation, a Michigan corporation (together with its successors and assigns, the "Company"), hereby agrees with you as follows:

SECTION 1. INTRODUCTORY MATTERS.

1.1 DESCRIPTION OF OUTSTANDING NOTES. The Company currently has outstanding $22,108,810.81 in aggregate unpaid principal amount of its First Amended and Restated 9.12% Senior Notes due November 1, 2001 (collectively, the "Notes") which it issued pursuant to the separate Note Purchase Agreements, each dated as of October 1, 1994 (collectively, as amended by the First Amendment to Note Purchase Agreement dated as of November 15, 1995, the Second Amendment to Note Purchase Agreement dated as of August 29, 1996, the Third Amendment to Note Purchase Agreement, dated as of December 12, 1997, the Fourth Amendment to Note Purchase Agreement, dated as of July 1, 1998, and the Fifth Amendment to Note Purchase Agreement, dated as of April 13, 1999, the "Agreement"), entered into by the Company with each of the original holders of the Notes listed on Annex 1 thereto, respectively. Terms used herein but not otherwise defined herein shall have the meanings assigned thereto in the Agreement, as amended hereby.

1.2 PURPOSE OF AMENDMENT. The Company and you desire to amend the Agreement as set forth in Section 2 hereof.

SECTION 2. AMENDMENT TO THE AGREEMENT.

Pursuant to Section 10.5 of the Agreement, the Company hereby agrees with you that the Agreement shall be amended by this Sixth Amendment to Note Purchase Agreement (this "Sixth Amendment") in the following respects:

2.1 SECTION 1.1. Section 1.1 is hereby amended and restated in its entirety as set forth below.

"1.1 AUTHORIZATION OF NOTES.

(a) On November 8, 1994, the Company issued Sixty Million Dollars ($60,000,000) in aggregate principal amount of its 8.87% Senior Notes due November 1, 2001 (the "Original Notes," such term to include each Original Note delivered from time to time prior to the effectiveness of the Fourth Amendment in accordance with any of the Note Purchase Agreements), each:

(i) bearing interest (computed on the basis of a 360-day year of twelve 30-day months) on the unpaid principal balance thereof from the date of such Original Note at the rate of eight and eighty-seven one-hundredths percent (8.87%) per annum, payable semi-annually on the first (1st) day of November and the first (1st) day of May in each year commencing on the later of May 1, 1995 or the payment date next succeeding the date of such Original Note;

(ii) bearing interest, payable on demand, on any overdue principal (including any overdue prepayment of principal) and Make-Whole Amount, if any, and (to the extent permitted by applicable law) on any overdue installment of interest, at a rate equal to the lesser of

(A) the highest rate allowed by applicable law, or

(B) ten and eighty-seven one-hundredths percent (10.87%) per annum;

(iii) maturing on November 1, 2001; and

(iv) in the form of the Original Note set out in Exhibit A, as in effect on the Closing Date.

(b) Pursuant to the Fourth Amendment, the Company and the holders of the Original Notes have agreed to amend and restate in full the Original Notes substantially in the form attached to the Fourth Amendment as Attachment 1 thereto (the "First Amended and Restated Notes," such term to include each Original Note, as amended and restated pursuant to the Fourth Amendment, and each First Amended and Restated Note delivered from time to time on or after the effectiveness of the Fourth Amendment in accordance with any of the Note Purchase Agreements). Each First Amended and Restated Note will:

(i) be designated a "First Amended and Restated 9.12% Senior Note Due November 1, 2001";

(ii) bear interest (computed on the basis of a 360-day year of twelve 30-day months) on the unpaid principal balance thereof from the date

of such Note at the rate of eight and eighty-seven one-hundredths percent (8.87%) per annum through (but not including) July 1, 1998, and at the rate of nine and twelve one-hundredths percent (9.12%) per annum from and after July 1, 1998 through, but not including, December 1, 1999, payable semi-annually on the first (1st) day of November and the first (1st) day of May in each year commencing on the payment date next succeeding the date of such First Amended and Restated Note;

(iii) bear interest, payable on demand, on any overdue principal (including any overdue prepayment of principal) and Make-Whole Amount, if any, and (to the extent permitted by applicable law) on any overdue installment of interest, at a rate equal to the lesser of

(A) the highest rate allowed by applicable law, or

(B) (I) ten and eighty-seven one-hundredths percent (10.87%) per annum if such time is prior to July 1, 1998, or (II) eleven and twelve one-hundredths percent (11.12%) per annum if such time is on or after July 1, 1998 and prior to December 1, 1999;

(iv) mature on November 1, 2001; and

(v) be in the form of the First Amended and Restated Note set out in Exhibit A (as in effect upon the effectiveness of the Fourth Amendment).

(c) Pursuant to the Sixth Amendment, the Company and the holders of the Notes have agreed to amend and restate in full the First Amended and Restated Notes which remain outstanding at and after December 1, 1999 substantially in the form attached to the Sixth Amendment as Attachment 4 thereto (the "Second Amended and Restated Notes," such term to include each Original Note, as amended and restated pursuant to the Fourth Amendment, each First Amended and Restated Note delivered from time to time on or after the effectiveness of the Fourth Amendment in accordance with any of the Note Purchase Agreements, and each Second Amended and Restated Note delivered from time to time on or after December 1, 1999 in accordance with any of the Note Purchase Agreements). Each Second Amended and Restated Note will:

(i) (A) from and including December 1, 1999 through, but not including, January 15, 2000 be designated a "Second Amended and Restated 9.87% Senior Note Due November 1, 2001" and (B) from and after January 15, 2000 be designated a "Second Amended and Restated 10.37% Senior Note Due November 1, 2001";

(ii) bear interest (computed on the basis of a 360-day year of twelve 30-day months) on the unpaid principal balance thereof from the date of such Note at the rate of nine and eighty-seven one-hundredths percent (9.87%) per annum from and including December 1, 1999 through, but not including, January 15, 2000, and at the rate of ten and thirty-seven one-hundredths percent (10.37%) per annum from and after January 15, 2000 to and including the date of maturity thereof, payable semi-annually on the first (1st) day of November and the first (1st) day of May in each year commencing on the payment date next succeeding the date of such Second Amended and Restated Note;

(iii) bear interest, payable on demand, on any overdue principal (including any overdue prepayment of principal) and Make-Whole Amount, if any, and (to the extent permitted by applicable law) on any overdue installment of interest, at a rate equal to the lesser of

(A) the highest rate allowed by applicable law, or

(B) (I) eleven and eighty-seven one-hundredths percent (11.87%) per annum if such time is from and including December 1, 1999 through, but not including, January 15, 2000, or (II) twelve and thirty-seven one-hundredths percent (12.37%) per annum if such time is on or after January 15, 2000;

(iv) mature on November 1, 2001; and

(v) be in the form of the Second Amended and Restated Note set out in Exhibit A (as in effect upon the effectiveness of the Sixth Amendment).

(d) The Original Notes, the First Amended and Restated Notes and the Second Amended and Restated Notes are referred to herein, collectively, as the "Notes". The term "Notes" as used herein shall include each Note delivered pursuant to the Note Purchase Agreements and each Note delivered in substitution or exchange for any such Note pursuant to Section 5.2 or Section 5.3, and shall be deemed (i) when reference is made to a date prior to the effective date of the Fourth Amendment, to be a reference to the Original Notes, (ii) when reference is made to a date on or after the effective date of the Fourth Amendment, to be a reference to the First Amended and Restated Notes, and (iii) when reference is made to a date on or after December 1, 1999, to be a reference to the Second Amended and Restated Notes."

2.2 ARTICLE 6. Article 6 is hereby amended and restated in its entirety as set forth below.

"6. COVENANTS

The Company covenants that on and after the Closing Date and so long as any of the Notes shall be outstanding:

6.1 DEBT AND ADVANCES.

(A) TOTAL DEBT. The Company will not at any time permit Consolidated Total Debt to exceed any of the following:

(i) (A) two hundred seventy-five percent (275%) of Consolidated Tangible Net Worth prior to the effective date of the Fourth Amendment, and (B) two hundred percent (200%) of Consolidated Tangible Net Worth from the effective date of the Fourth Amendment until such time (but in no event prior to December 31, 1998) as the Company has maintained a ratio of (A) Consolidated Income Available for Fixed Charges for the four consecutive fiscal quarters of the Company most recently ended at such time to (B) Consolidated Fixed Charges for such period of not less than 2.25 to 1.0 for two consecutive fiscal quarters, then two hundred seventy-five percent (275%) of Consolidated Tangible Net Worth, provided however, that for the purposes of this test, Consolidated Total Debt shall be calculated by including all Debt incurred by a Special Purpose Subsidiary, whether or not included therein under GAAP;

(ii) Seventy-Five Percent (75%) of the sum of (A) Advances and (B) Leased Vehicles; and

(iii) Sixty Percent (60%) of the sum of (A) Gross Current Installment Contract Receivables and (B) Gross Current Leased Vehicles.

(B) SENIOR FUNDED DEBT. The Company will not at any time permit Consolidated Senior Funded Debt to exceed either

(i) two hundred percent (200%) of Consolidated Tangible Net Worth at such time, or

(ii) (A) the sum of (I) Net Installment Contract Receivables less Net Dealer Holdbacks and (II) Leased Vehicles less Net Leased Vehicle Dealer Holdbacks, in each case at such time, divided by

(B) 1.10.

(C) SUBORDINATED FUNDED DEBT. The Company will not at any time permit Consolidated Subordinated Funded Debt to exceed one hundred fifty percent (150%) of Consolidated Tangible Net Worth at such time.

(D) RESTRICTED SUBSIDIARY DEBT. The Company will not at any time permit the sum of (i) Total Restricted Subsidiary Debt at such time plus, without duplication, (ii) the aggregate amount of all Debt and other obligations outstanding at such time secured by Liens permitted by clause (v), clause (vi) and clause (vii) of Section 6.6(a) to exceed (A) on or before July 31, 1997, fifteen percent (15%) of Consolidated Tangible Net Worth or (B) on or after August 1, 1997, twenty percent (20%) of Consolidated Tangible Net Worth.

(E) COMMERCIAL PAPER. The Company will not, and will not permit any Restricted Subsidiary to, issue commercial paper unless the obligations of the Company or such Restricted Subsidiary with respect to such commercial paper are backed by a Letter of Credit Facility.

(F) GROSS ADVANCES. The Company will not at any time permit Gross Advances to exceed seventy percent (70%) of Net Installment Contract Receivables; provided, however, that at any time at which the Credit Agreement (as from time to time amended, restated, refinanced, replaced or supplemented) does not permit the amount of Gross Advances to exceed 65% of Net Installment Contract Receivables, the Company shall not permit Gross Advances to exceed sixty-five percent (65%) of Net Installment Contract Receivables.

6.2 FIXED CHARGE COVERAGE.

The Company will not at any time permit the ratio of

(a) Consolidated Income Available for Fixed Charges for the period of four (4) consecutive fiscal quarters of the Company most recently ended at such time to

(b) Consolidated Fixed Charges for such period

to be less than (i) 2.5 to 1.0 for any period of four fiscal quarters ended on or prior to September 30, 1997, (ii) 1.9 to 1.0 for the four fiscal quarters ended December 31, 1997, (iii) 1.7 to 1.0 for the four fiscal quarters ended March 31, 1998, (iv) 1.6 to 1.0 for the four fiscal quarters ended June 30, 1998, (v) 2.0 to 1.0 for the four fiscal quarters ended September 30, 1998 and (vi) 2.25 to 1.0 for any four fiscal quarters ended on or after December 31, 1998.

6.3 CONSOLIDATED TANGIBLE NET WORTH.

The Company will not at any time permit Consolidated Tangible Net Worth, determined at such time, to be less than the result of

(a) Two Hundred Eighteen Million Seven Hundred Twenty Five Thousand Dollars ($218,725,000), plus

(b) the sum of (i) seventy-five percent (75%) of Consolidated Net Income for each fiscal year ended during the period beginning on January 1, 1999 and ending on such date (unless Consolidated Net Income shall be a loss in any such fiscal year, in which event the amount determined pursuant to this clause (b)(i) for such fiscal year shall be zero) and (ii) 100% of the proceeds of each Equity Offering conducted on and after July 1, 1998 by the Company or any of its Restricted Subsidiaries, net of related costs of issuance payable to third parties, on a cumulative basis.

6.4 SALE AND LEASEBACK TRANSACTIONS.

The Company will not, and will not permit any Restricted Subsidiary to, enter into, at any time, any Sale and Leaseback Transaction unless,

(a) after giving effect thereto,

(i) the sale of Property in connection with such Sale and Leaseback Transaction is permitted pursuant to Section 6.8 and

(ii) the Debt to be secured by a Lien on the Property to be leased in connection with such Sale and Leaseback Transaction is permitted pursuant to the provisions of Section 6.1 and Section 6.6, and

(b) the lease of such Property constitutes a Capital Lease.

6.5 RESTRICTED INVESTMENTS.

The Company will not, and will not permit any Restricted Subsidiary to, make any Restricted Investment.

6.6 LIENS.

(A) NEGATIVE PLEDGE. The Company will not, and will not permit any Restricted Subsidiary to, cause or permit to exist, or agree or consent to cause or permit to exist in the future (upon the happening of a contingency or otherwise), any of their Property, whether now owned or hereafter acquired, to be subject to any Lien except:

(i) (A) Liens securing Property taxes, assessments or governmental charges or levies or the claims or demands of materialmen, mechanics, carriers, warehousemen, vendors, landlords and other like Persons, provided that the payment thereof is not at the time required by Section 6.12, (B) any Lien encumbering Securitization Property which is the subject of a Transfer pursuant to a Permitted Securitization, and (C) any Lien granted in favor of the "Collateral Agent" (as defined in the Intercreditor Agreement) for the benefit of the Banks, the holders of Notes and "Future Debt Holders" (as defined in the Intercreditor Agreement) and subject to the Intercreditor Agreement;

(ii) Liens

(A) arising from judicial attachments and judgments,

(B) securing appeal bonds or supersedeas bonds, and

(C) arising in connection with court proceedings (including, without limitation, surety bonds and letters of credit or any other instrument serving a similar purpose),

provided that (1) the execution or other enforcement of such Liens is effectively stayed, (2) the claims secured thereby are being contested in good faith and by appropriate proceedings, (3) adequate book reserves in accordance with GAAP shall have been established and maintained and shall exist with respect thereto, (4) such Liens do not in the aggregate detract from the value of such Property and (5) the title of the Company or the Restricted Subsidiary, as the case may be, to, and its right to use, such Property, is not materially adversely affected thereby;

(iii) Liens incurred or deposits made in the ordinary course of business

(A) in connection with workers' compensation, unemployment insurance, social security and other like laws, and

(B) to secure the performance of letters of credit, bids, tenders, sales contracts, leases, statutory obligations, surety and performance bonds (of a type other than set forth in Section 6.6(a)(ii)) and other similar obligations not incurred in connection with the borrowing of money, the obtaining of advances or the payment of the deferred purchase price of Property;

(iv) Liens in the nature of reservations, exceptions, encroachments, easements, rights-of-way, covenants, conditions, restrictions, leases and other similar title exceptions or encumbrances affecting real Property, provided that (1) such

exceptions and encumbrances do not in the aggregate materially detract from the value of such Property and (2) title of the Company or the Restricted Subsidiary, as the case may be, to, and the right to use, such Property, is not materially adversely affected thereby;

(v) Liens in existence on the Closing Date securing Debt, provided that such Liens are described in Part 6.6(a)(v) of Annex 3;

(vi) Purchase Money Liens, if, after giving effect thereto and to any concurrent transactions:

(A) each such Purchase Money Lien secures Debt in an amount not exceeding the cost of acquisition or construction of the particular Property to which such Debt relates; and

(B) immediately after giving effect thereto, no Default or Event of Default would exist; and

(vii) Liens on Property not otherwise permitted under clause (i) through clause (vi) of this Section 6.6(a) if the obligations secured by such Liens, when added to (A) the obligations secured by Liens pursuant to clause (v) and clause (vi) of this Section 6.6(a) plus, without duplication, (B) Total Restricted Subsidiary Debt at such time, do not exceed (1) on or before July 31, 1997, fifteen percent (15%) of Consolidated Tangible Net Worth or (2) on or after August 1, 1997, twenty percent (20%) of Consolidated Tangible Net Worth.

(B) EQUAL AND RATABLE LIEN; EQUITABLE LIEN. In case any Property shall be subjected to a Lien in violation of this Section 6.6, the Company will immediately make or cause to be made, to the fullest extent permitted by applicable law, provision whereby the Notes will be secured equally and ratably with all other obligations secured thereby pursuant to such agreements and instruments as shall be approved by the Required Holders, and the Company will cause to be delivered to each holder of a Note an opinion, satisfactory in form and substance to the Required Holders, of independent counsel to the effect that such agreements and instruments are enforceable in accordance with their terms, and in any such case the Notes shall have the benefit, to the fullest extent that, and with such priority as, the holders of Notes may be entitled thereto under applicable law, of an equitable Lien on such Property securing the Notes (provided that, notwithstanding the foregoing, each holder of Notes shall have the right to elect at any time, by delivery of written notice of such election to the Company, to cause the Notes held by such holder not to be secured by such Lien or such equitable Lien). A violation of this Section 6.6 will constitute an Event of Default, whether or not any such provision is made pursuant to this Section 6.6(b).

(C) FINANCING STATEMENTS. The Company will not, and will not permit any Restricted Subsidiary to, sign or file a financing statement under the Uniform Commercial Code of any jurisdiction that names the Company or such Restricted Subsidiary as debtor, or sign any security agreement authorizing any secured party thereunder to file any such financing statement, except, in any such case, a financing statement filed or to be filed to perfect or protect a security interest that the Company or such Restricted Subsidiary is permitted to create, assume or incur, or permit to exist, under the foregoing provisions of this Section 6.6 or to evidence for informational purposes a lessor's interest in Property leased to the Company or any such Restricted Subsidiary.

6.7 MERGER AND CONSOLIDATION; COVENANT TO MERGE CAC INTERNATIONAL.

(A) MERGER AND CONSOLIDATION. The Company will not, and will not permit any Restricted Subsidiary to, merge or consolidate with or into, or sell, lease, transfer or otherwise dispose of all or substantially all of its Property to, any other Person or permit any other Person to merge or consolidate with or into it (the Company, the Restricted Subsidiary or such other Person that is the surviving corporation or transferee being herein referred to as the "Surviving Corporation"), provided that the foregoing restrictions shall not apply to:

(i) the merger or consolidation of the Company with or into, or the sale of all or substantially all of the Property of the Company to, another corporation, if:

(A) the Surviving Corporation is solvent and is organized under the laws of the United States of America or any state thereof;

(B) the due and punctual payment of the principal of and Make-Whole Amount, if any, and interest on all of the Notes, according to their tenor, and the due and punctual performance and observance of all the covenants in the Notes and this Agreement to be performed or observed by the Company, are expressly assumed or acknowledged by the Surviving Corporation in a manner satisfactory to the Required Holders, and the Company causes to be delivered to each holder of Notes an opinion of independent counsel, in form, scope and substance satisfactory to the Required Holders, to the effect that such assumption or acknowledgment is enforceable in accordance with its terms; and

(C) immediately prior to, and immediately after the consummation of the transaction, and after giving effect thereto, no Default or Event of Default exists or would exist;

(ii) the merger or consolidation of a Restricted Subsidiary with or into, or the sale of all or substantially all of the Property of such Restricted Subsidiary to, the

Company, another Restricted Subsidiary or any other Person that concurrently with such merger, consolidation or sale becomes a Restricted Subsidiary, if:

(A) the Surviving Corporation is organized under the laws of the United States of America or any state thereof; and

(B) immediately prior to, and immediately after the consummation of the transaction, and after giving effect thereto, no Default or Event of Default exists or would exist;

(iii) the Transfer of Securitization Property to any Special Purpose Subsidiary in connection with a Permitted Securitization; and

(iv) a merger, consolidation or Transfer of a Restricted Subsidiary or Restricted Subsidiaries pursuant to the Montana Disposition or the Arlington Disposition.

(B) COVENANT TO MERGE CAC INTERNATIONAL. The Company covenants and agrees that it shall merge CAC International with and into the Company (with the Company being the survivor) on or before May 15, 1997, in accordance with Section 6.7(a).

6.8 TRANSFERS OF PROPERTY; SUBSIDIARY STOCK.

(A) TRANSFERS OF PROPERTY. Except as permitted under Section 6.7(a), the Company will not, and will not permit any Restricted Subsidiary to, sell, lease as lessor, transfer or otherwise dispose of any Property (including, without limitation, Restricted Subsidiary Stock) (collectively, "Transfers"), except:

(i) Transfers from a Restricted Subsidiary to the Company or to a Wholly-Owned Restricted Subsidiary;

(ii) any other Transfer at any time of any Property to a Person, other than an Affiliate, for an Acceptable Consideration, if each of the following conditions would be satisfied with respect to such Transfer:

(A) the result of

(1) the sum of

(aa) the current book value of such Property, plus

(bb) the aggregate book value of all other Property of the Company and the Restricted Subsidiaries, determined

on a consolidated basis, Transferred (other than in Transfers referred to in clauses (i), (iii), (iv), (v) and (vi) of this Section 6.8(a) (the "Excluded Transfers"), but including Transfers pursuant to Section 6.8(b) other than in connection with the Montana Disposition or the Arlington Disposition) during the twelve (12) month period ended immediately prior to the date of such Transfer, minus

(2) the aggregate cost of all Capital Assets acquired by the Company and the Restricted Subsidiaries, determined on a consolidated basis, during such twelve (12) month period,

would not exceed ten percent (10%) of Consolidated Net Tangible Assets determined as at the end of the most recently ended fiscal year of the Company prior to giving effect to such Transfer, and

(B) immediately before and after the consummation of such Transfer, and after giving effect thereto, no Default or Event of Default would exist;

(iii) Transfers of Securitization Property to a Restricted Subsidiary or a Special Purpose Subsidiary pursuant to a Permitted Securitization if, immediately before and after the consummation of such Transfer, and after giving effect thereto, no Default or Event of Default would exist;

(iv) Transfers of the capital stock of a Special Purpose Subsidiary to the Company or a Restricted Subsidiary if, immediately before and after the consummation of such Transfer, and after giving effect thereto, no Default or Event of Default would exist;

(v) any Transfer made pursuant to the Montana Disposition (including without limitation the transfer by the Company of its intellectual property rights to the name Tele-Track, Inc.) or the Arlington Disposition if, immediately before and after the consummation of such Transfer, and after giving effect thereto, no Default or Event of Default would exist; and

(vi) any Transfer of Installment Contracts or Leases made to a Dealer due to the termination of a Dealer Agreement, for which Transfer the Company or any of its Restricted Subsidiaries receives an Acceptable Consideration.

(B) TRANSFERS OF SUBSIDIARY STOCK. The Company will not, and will not permit any Restricted Subsidiary to, Transfer any shares of the stock (or any warrants, rights or options to purchase stock or other Securities exchangeable for or convertible into stock) of a

Restricted Subsidiary (such stock, warrants, rights, options and other Securities herein called "Restricted Subsidiary Stock"), nor will any Restricted Subsidiary issue, sell or otherwise dispose of any shares of its own Restricted Subsidiary Stock, provided that the foregoing restrictions do not apply to:

(i) the issuance by a Restricted Subsidiary of shares of its own Restricted Subsidiary Stock to the Company or a Wholly-Owned Restricted Subsidiary;

(ii) Transfers by the Company or a Restricted Subsidiary of shares of Restricted Subsidiary Stock to the Company or a Wholly-Owned Restricted Subsidiary;

(iii) the issuance by a Restricted Subsidiary of directors' qualifying shares; and

(iv) the Transfer of all of the Restricted Subsidiary Stock of a Restricted Subsidiary owned by the Company and the other Restricted Subsidiaries pursuant to the Montana Disposition or the Arlington Disposition or if:

(A) such Transfer satisfies the requirements of Section 6.8(a)(ii);

(B) in connection with such Transfer the entire Investment (whether represented by stock, Debt, claims or otherwise) of the Company and the other Restricted Subsidiaries in such Restricted Subsidiary is Transferred to a Person other than the Company or a Restricted Subsidiary not simultaneously being disposed of;

(C) the Restricted Subsidiary being disposed of has no continuing Investment in any other Restricted Subsidiary not simultaneously being disposed of or in the Company; and

(D) immediately before and after the consummation of such Transfer, and after giving effect thereto, no Default or Event of Default would exist.

For purposes of determining the book value of Property constituting Restricted Subsidiary Stock being Transferred as provided in clause (iv) above, such book value shall be deemed to be the aggregate book value of all assets of the Restricted Subsidiary that shall have issued such Restricted Subsidiary Stock. Any Transfer of Restricted Subsidiary Stock pursuant to clause (iv) above shall be deemed to be a Transfer of the accounts receivable of such Restricted Subsidiary which must satisfy the requirements of Section 6.8(c).

(C) ACCOUNTS RECEIVABLE. Notwithstanding the provisions of Section 6.8(a), except in connection with a Permitted Securitization or in connection with the Montana Disposition or the Arlington Disposition, neither the Company nor any Restricted Subsidiary will Transfer any accounts receivable if the sum of

(i) the face value of the accounts receivable proposed to be Transferred, plus

(ii) the face value of accounts receivable Transferred by the Company and all Restricted Subsidiaries during the then current fiscal year of the Company,

would exceed five percent (5%) of the face value of the accounts receivable of the Company and the Restricted Subsidiaries determined on a consolidated basis as at the end of the most recently ended fiscal year of the Company prior to giving effect to such Transfer (but excluding for purposes of such calculation accounts receivable attributable to assets the title to which is held by a Special Purpose Subsidiary pursuant to a Permitted Securitization).

6.9 LINE OF BUSINESS.

The Company will not, and will not permit any Restricted Subsidiary to, engage in, or make any Investment in any business engaged in, the provision of property and casualty insurance unless the Company or such Restricted Subsidiary shall maintain reinsurance of its underwriting risk, with one or more reinsurers rated "A-" or better by Standard & Poor's Ratings Group or "A(3)" or better by Moody's Investors Service, Inc., for all of the Company's or such Restricted Subsidiary's exposure in excess of one hundred percent (100%) of the premiums written by the Company or such Restricted Subsidiary. In addition to the foregoing, the Company will not, and will not permit any Restricted Subsidiary to, engage in any business if, after giving effect thereto, the general nature of the businesses of the Company and the Restricted Subsidiaries, taken as a whole, would no longer be the provision of financing programs for the purchase or lease of used motor vehicles, motor vehicle service protection programs, credit life, accident and health insurance programs and other programs related to the foregoing (it being understood that, in the course of the provision of such programs, the Company may be obligated to remit monies held by it in connection with dealer holdbacks, claims or refunds under insurance policies, claims or refunds under service contracts, and to make deposits in trust or otherwise as required under reinsurance agreements or pursuant to state regulatory requirements). The Company shall manage and operate such businesses in substantially the same manner that they are managed and operated as of the date hereof.

6.10 TRANSACTIONS WITH AFFILIATES.

The Company will not, and will not permit any Restricted Subsidiary to, enter into any transaction, including, without limitation, the purchase, sale or exchange of Property or the rendering of any service, with any Affiliate, except (a) a Permitted Securitization or (b) in the ordinary course of and pursuant to the reasonable requirements of the Company's or such Restricted Subsidiary's

business and upon fair and reasonable terms no less favorable to the Company or such Restricted Subsidiary than would obtain in a comparable arm's-length transaction with a Person not an Affiliate.

6.11 MAINTENANCE OF PROPERTIES; CORPORATE EXISTENCE; ETC.

The Company will, and will cause each Restricted Subsidiary to:

(A) PROPERTY -- maintain, preserve and keep its Property in good condition and working order, ordinary wear and tear excepted, and make all necessary repairs, renewals, replacements, additions, betterments and improvements thereto, except where the failure to do so could not reasonably be expected to have a Material Adverse Effect;

(B) INSURANCE -- maintain, with financially sound and reputable insurers, insurance with respect to its Property and business against such casualties and contingencies, of such types (including, without limitation, insurance with respect to losses arising out of Property loss or damage, public liability, business interruption, larceny, workers' compensation, embezzlement or other criminal misappropriation) and in such amounts as is customary in the case of corporations of established reputations engaged in the same or a similar business and similarly situated, provided that such insurance is commercially available, it being understood that the Company and the Restricted Subsidiaries may self-insure against hazards and risks with respect to which, and in such amounts as, the Company in good faith determines to be prudent and consistent with sound financial and business practice;

(C) FINANCIAL RECORDS -- keep accurate and complete books of records and accounts in which accurate and complete entries shall be made of all its business transactions and that will permit the provision of accurate and complete financial statements in accordance with GAAP;

(D) CORPORATE EXISTENCE AND RIGHTS --

(i) do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence, rights (charter and statutory) and franchises, except where the failure to do so, in the aggregate, could not reasonably be expected to have a Material Adverse Effect, and

(ii) to maintain each Subsidiary as a Subsidiary,

in each case except as permitted or required by Section 6.7(a) and Section 6.8(b); and

(E) COMPLIANCE WITH LAW -- not be in violation of any law, ordinance or governmental rule or regulation to which it is subject (including, without limitation, any Environmental Protection Law and OSHA) and not fail to obtain any license, certificate,

permit, franchise or other governmental authorization necessary to the ownership of its Properties or to the conduct of its business if such violations or failures to obtain, in the aggregate, could reasonably be expected to have a Material Adverse Effect.

6.12 PAYMENT OF TAXES AND CLAIMS.

The Company will, and will cause each Subsidiary to, pay before they become delinquent:

(a) all taxes, assessments and governmental charges or levies imposed upon it or its Property; and

(b) all claims or demands of materialmen, mechanics, carriers, warehousemen, vendors, landlords and other like Persons that, if unpaid, might result in the creation of a Lien upon its Property;

provided, that items of the foregoing description need not be paid

(i) while being contested in good faith and by appropriate proceedings as long as adequate book reserves have been established and maintained and exist with respect thereto, and

(ii) so long as the title of the Company or the Subsidiary, as the case may be, to, and its right to use, such Property, is not materially adversely affected thereby.

6.13 PAYMENT OF NOTES AND MAINTENANCE OF OFFICE.

The Company will punctually pay, or cause to be paid, the principal of and interest (and Make-Whole Amount, if any) on, the Notes, as and when the same shall become due according to the terms hereof and of the Notes, and will maintain an office at the address of the Company set forth in Section 10.1 where notices, presentations and demands in respect hereof or of the Notes may be made upon it. Such office will be maintained at such address until such time as the Company shall notify the holders of the Notes in writing of any change of location of such office, which will in any event be located within the United States of America.

6.14 PENSION PLANS.

(A) COMPLIANCE. The Company will, and will cause each ERISA Affiliate to, at all times with respect to each Pension Plan, make timely payment of contributions required to meet the minimum funding standard set forth in ERISA or the IRC with respect thereto, and to comply with all other applicable provisions of ERISA and the IRC.

(B) RELATIONSHIP OF VESTED BENEFITS TO PENSION PLAN ASSETS. The Company will not at any time permit the present value of all employee benefits vested under each Pension

Plan to exceed the assets of such Pension Plan allocable to such vested benefits at such time, in each case determined pursuant to Section 6.14(c).

(C) VALUATIONS. All assumptions and methods used to determine the actuarial valuation of vested employee benefits under Pension Plans and the present value of assets of Pension Plans will be reasonable in the good faith judgment of the Company and will comply with all requirements of law.

(D) PROHIBITED ACTIONS. The Company will not, and will not permit any ERISA Affiliate to:

(i) engage in any "prohibited transaction" (as defined in section 406 of ERISA or section 4975 of the IRC) that would result in the imposition of a material tax or penalty;

(ii) incur with respect to any Pension Plan any "accumulated funding deficiency" (as defined in section 302 of ERISA), whether or not waived;

(iii) terminate any Pension Plan in a manner that could result in the imposition of a Lien on the Property of the Company or any Subsidiary pursuant to section 4068 of ERISA or the creation of any liability under section 4062 of ERISA;

(iv) fail to make any payment required by section 515 of ERISA; or

(v) at any time be an "employer" (as defined in section 3(5) of ERISA) required to contribute to any Multiemployer Plan or a "substantial employer" (as defined in section 4001 of ERISA) required to contribute to any Multiple Employer Pension Plan if, at such time, it could reasonably be expected that the Company or any Subsidiary will incur withdrawal liability in respect of such Multiemployer Plan or Multiple Employer Pension Plan and such liability, if incurred, together with the aggregate amount of all other withdrawal liability as to which there is a reasonable expectation of incurrence by the Company or any Subsidiary under any one or more Multiemployer Plans or Multiple Employer Pension Plans, could reasonably be expected to have a Material Adverse Effect.

6.15 PRO-RATA OFFERS; MANDATORY PURCHASE.

(A) GENERAL. Except as provided in Section 6.15(b), the Company will not, and will not permit any Subsidiary or any Affiliate to, directly or indirectly, acquire or make any offer to acquire any Notes unless the Company or such Subsidiary or Affiliate shall have offered to acquire Notes, pro rata, from all holders of the Notes and upon the same terms. In case the Company acquires any Notes pursuant to this Section 6.15, such Notes will immediately thereafter be canceled and no Notes will be issued in substitution therefor. Each

purchase of the Notes pursuant to this Section 6.15 shall be applied to reduce ratably each of the Mandatory Principal Amortization Payments remaining after the date of such purchase.

(B) MANDATORY PURCHASE OF NOTES. The Company shall, on or before January 15, 2000, acquire from the holders thereof the Notes listed on Attachment 6 to the Sixth Amendment (the "Repurchased Notes") for a price equal to the outstanding principal amount of such Repurchased Notes at such time as set forth on Attachment 6, plus interest accrued but unpaid to, but not including, the date of such purchase. The Company shall give written notice to the holders of the Repurchased Notes, no later than the second Business Day prior to such payment, of the date on which such payment is to be made. It is understood and acknowledged by the parties to this Agreement that (i) compliance by the Company with the obligations in this Section 6.15(b) shall not be deemed a breach of any of the Company's obligations under Section 4 of this Agreement; (ii) upon payment of the price provided in this Section 6.15(b) to the holders of the Repurchased Notes, the Company shall immediately cancel the Repurchased Notes and no Notes will be issued in substitution therefor (except that a substitute Note shall be issued for the balance outstanding if less than the full amount of the Note is to be repurchased pursuant hereto); and (iii) the Company's failure to comply with the obligation to make any payment required by this Section 6.15(b) on or before the required payment date shall be considered a failure to make a principal payment when due for purposes of Section 8.1(a) of this Agreement. The purchase of Repurchased Notes pursuant to this Section 6.15(b) shall be applied to reduce ratably each of the Mandatory Principal Amortization Payments remaining after the date of such purchase.

6.16 PRIVATE OFFERING.

The Company will not, and will not permit any Person acting on its behalf to, offer the Notes or any part thereof or any similar Securities for issuance or sale to, or solicit any offer to acquire any of the same from, any Person so as to bring the issuance and sale of the Notes within the provisions of section 5 of the Securities Act.

6.17 DESIGNATION OF SUBSIDIARIES.

(A) RIGHT OF DESIGNATION. Subject to the satisfaction of the requirements of Section 6.17(c), the Company shall have the right to designate any newly acquired or formed Subsidiary as an Unrestricted Subsidiary by delivering to each holder of Notes a writing, signed by a Vice President or the President of the Company, so designating such Subsidiary within thirty (30) days of the acquisition or formation of such Subsidiary by the Company or any Restricted Subsidiary. Any such Subsidiary so designated within such thirty (30) day period shall be deemed to have been an Unrestricted Subsidiary as of the date of such acquisition or formation and any such Subsidiary not so designated within such thirty (30) day period shall be deemed to have been a Restricted Subsidiary as of the date of such acquisition or formation. For all purposes of this Agreement, each Subsidiary designated as an Unrestricted Subsidiary in Part 6.17(a) of Annex 3 shall, subject to Section 6.17(b), be an

Unrestricted Subsidiary and all other Subsidiaries, if any, listed in Part 2.3 of Annex 3 shall be Restricted Subsidiaries.

(B) RIGHT OF REDESIGNATION. No Restricted Subsidiary shall be redesignated as an Unrestricted Subsidiary. Subject to the satisfaction of the requirements of Section 6.17(c), the Company may at any time designate any Unrestricted Subsidiary as a Restricted Subsidiary by delivering a written notice to such effect, signed by a Vice President or the Chairman, President or Treasurer of the Company, to each holder of Notes.

(C) DESIGNATION CRITERIA.

(i) No corporation acquired or formed after the Closing Date shall be designated as a Restricted Subsidiary (including deemed designation pursuant to Section 6.17(a)) unless:

(A) such Subsidiary at such time meets all of the requirements of a "Restricted Subsidiary" as set forth in the definition thereof; and

(B) immediately before and after, and after giving effect to such designation, no Default or Event of Default exists or would exist.

(ii) No Subsidiary shall at any time after the Closing Date be designated as an Unrestricted Subsidiary pursuant to Section 6.17(a) unless:

(A) immediately before and after, and after giving effect to such designation, no Default or Event of Default exists or would exist; and

(B) such Subsidiary does not own, directly or indirectly, any Funded Debt or capital stock of any Restricted Subsidiary.

(D) EFFECTIVENESS. Any designation under Section 6.17(b) that satisfies all of the conditions set forth in Section 6.17(c) shall become effective, for purposes of this Agreement, on the day that notice thereof shall have been mailed (postage prepaid, by registered or certified mail, return receipt requested) by the Company to each holder of Notes at the addresses as provided in Section 10.1.

6.18 AMENDMENT OF BANK TERM DEBT OR SUBORDINATED DEBT DOCUMENTS; TERMINATION OF RESTRICTION ON BANK TERM DEBT AMENDMENTS; NO FURTHER RESTRICTIONS ON AMENDMENTS OF THIS AGREEMENT.

(A) AMENDMENT OF BANK TERM DEBT OR SUBORDINATED DEBT DOCUMENTS. The Company will not amend, modify or otherwise alter (or suffer to be amended, modified or

altered), or waive (or permit to be waived), in any material respect, any of the terms or provisions of any document or instrument:

(i) evidencing or otherwise relating to any Bank Term Debt so as to shorten the maturity or original amortization of such Bank Term Debt, or

(ii) evidencing or otherwise relating to any Subordinated Debt so as to increase the original interest rate on, or the principal amount of, such Subordinated Debt, shorten the original amortization of such Subordinated Debt, change any other repayment terms or any default or remedial provisions in any such document or instrument, or change the subordination provisions contained in any such document or instrument,

in each case without the prior written approval of the Required Holders.

(B) TERMINATION OF RESTRICTION ON BANK TERM DEBT AMENDMENTS. Subject to Section 6.18(c), the provisions of Section 6.18(a), insofar as such provisions relate to amendments, modifications, alterations or waivers of Bank Term Debt, will terminate and be of no further force or effect at such time as the Company causes to be delivered to each holder of Notes a duly executed copy of an amendment or modification of the Credit Agreement (or any new agreement contemplated by Section 6.18(c)(ii) below) deleting Section 8.13 of the Credit Agreement (or the comparable provision in such new agreement) effective on or prior to the date of such delivery.

(C) NO FURTHER RESTRICTIONS ON AMENDMENTS OF THIS AGREEMENT. The Company will not:

(i) amend, modify or otherwise alter (or suffer to be amended, modified or altered) the Credit Agreement (including, without limitation, Section 8.13 thereof) or any document or instrument relating thereto to include any covenant or other provision (other than Section 8.13 of the Credit Agreement as in effect on the Closing Date) that requires, as a condition to the amendment of any term or provision of this Agreement, or the waiver of any term or provision herein, the approval or consent of any other creditor of the Company; or

(ii) enter into any other agreement (or suffer to be amended, modified or altered any other agreement to which the Company is a party) that requires, as a condition to the amendment of any term or provision of this Agreement, or the waiver of any term or provision herein, the approval or consent of any other creditor of the Company; provided that if (A) any such agreement is entered into to replace, refinance or supplement the Credit Agreement and (B) Section 8.13 of the Credit Agreement (as in effect on the Closing Date) shall not have been deleted from the Credit Agreement as of the time such new agreement is to be entered into, such new

agreement may include a covenant substantially the same as (and not more onerous on the Company than) Section 8.13 of the Credit Agreement (as in effect on the Closing Date).

6.19 AMENDMENT OF SECURITIZATION DOCUMENTS. Once executed and delivered pursuant to a Permitted Securitization, the Company covenants that it will not permit the "pertinent terms, conditions or provisions" of the Securitization Documents to be waived, amended, modified or otherwise altered in any material respect adverse to the Company or any Restricted Subsidiary or Special Purpose Subsidiary without the prior written approval of the Required Holders. For purposes of the Securitization Documents, the "pertinent terms, conditions or provisions" thereof shall be deemed solely those terms, conditions or provisions with respect to servicer fees, servicer expenses, defaults, events of default, recourse to the Company or any Restricted Subsidiary, Cleanup Calls or conditions contained therein which are required under or necessary for compliance with this Agreement.

6.20 RESTRICTED PAYMENTS.

(A) The Company shall not, and shall not permit any Restricted Subsidiary to, directly or indirectly, declare, make, set apart any funds or other property for, or incur any liability to make any Restricted Payment unless, at the time of such action, at least two of the following four organizations shall have assigned an Investment Grade Rating to the Company, the Notes or any other senior unsecured debt obligation of the Company: Moody's Investors Service, Inc., Standard & Poor's Ratings Group, the National Association of Insurance Commissioners (the "NAIC"), or Fitch Investors Services, Inc.

(B) The parties hereto specifically acknowledge that the NAIC is not in any way a rating agency with functions such as those performed by Moody's Investors Service, Inc., Standard & Poor's Ratings Group, or Fitch Investors Services, Inc. Further, the parties hereto specifically acknowledge that any rating given to the Notes by the NAIC is not to be interpreted as an expression by the NAIC with respect to the suitability of an investment in the Notes or the likelihood of any payment in respect thereof. In addition, the signatories hereto specifically affirm that the holders of the Notes will not obtain any benefit from satisfaction of the requirement set forth in Section 6.20(a).

(C) If the NAIC makes specific reference to Section 6.20(a) and states that it will withdraw any rating or designation of the Notes, or will take any other action adverse to any one or more of the holders of the Notes, as a result of the agreement set forth in Section 6.20(a), the parties hereto hereby agree that:

(i) Section 6.20(a) shall, in lieu of the requirement set forth therein, be deemed to require an Investment Grade Rating from at least two of the following three organizations: Moody's Investors Service, Inc., Standard & Poor's Ratings Group, or Fitch Investors Services, Inc.; and

(ii) Clause (iii) of the definition of "Investment Grade Rating" shall be deemed to have been deleted.

Such changes shall take effect upon delivery of written notice to the Company by the Required Holders referring to such proposed withdrawal or other action and stating that the condition set forth in this Section 6.20(c) has occurred.

6.21 NO SECURITIZATIONS OTHER THAN PERMITTED SECURITIZATIONS. The Company will not, and will not permit any Restricted Subsidiary to, engage in any Securitization Transaction other than a Permitted Securitization."

2.3 SECTION 7.1. Section 7.1 is hereby amended and restated in its entirety as set forth below.

"7.1 Financial and Business Information.

The Company will deliver to each holder of Notes:

(A) QUARTERLY STATEMENTS -- as soon as practicable after the end of each quarterly fiscal period in each fiscal year of the Company (other than the last quarterly fiscal period of each such fiscal year), and in any event within sixty (60) days thereafter, duplicate copies of

(i) a consolidated balance sheet of the Company and its consolidated subsidiaries and consolidated and consolidating balance sheets of the Company and the Restricted Subsidiaries, as at the end of such quarter, and

(ii) consolidated statements of income and cash flows of the Company and its consolidated subsidiaries and consolidated and consolidating statements of income and cash flows of the Company and the Restricted Subsidiaries, for such quarter and (in the case of the second and third quarters) for the portion of the fiscal year ending with such quarter,

setting forth in each case in comparative form the figures for the corresponding periods in the immediately preceding fiscal year, all in reasonable detail, prepared in accordance with GAAP applicable to quarterly financial statements generally, and accompanied by the certificate required by Section 7.2, and, in the case of the financial statements relating to the Company and its Restricted Subsidiaries, certified as complete and correct, subject to changes resulting from year-end adjustments, by a Senior Financial Officer, and, in the case of the financial statements relating to the Company and its consolidated subsidiaries at any time when a Quarterly Report on Form 10-Q is not filed by the Company with the Securities and Exchange Commission and delivered to the holders of the Notes pursuant to clause (d) of

this Section 7.1, certified as complete and correct, subject to changes resulting from year-end adjustments, by a Senior Financial Officer;

(B) ANNUAL STATEMENTS -- as soon as practicable after the end of each fiscal year of the Company, and in any event within one hundred twenty (120) days thereafter, duplicate copies of

(i) a consolidated balance sheet of the Company and its consolidated subsidiaries and consolidated and consolidating balance sheets of the Company and the Restricted Subsidiaries, as at the end of such year, and

(ii) consolidated statements of income, shareholders' equity and cash flows of the Company and its consolidated subsidiaries and consolidated and consolidating statements of income, shareholders' equity and cash flows of the Company and the Restricted Subsidiaries, for such year,

setting forth in each case in comparative form the figures for the immediately preceding fiscal year, all in reasonable detail, prepared in accordance with GAAP, and accompanied by

(A) in the case of the financial statements relating to the Company and its consolidated subsidiaries, an opinion of independent certified public accountants of recognized national standing, which opinion shall, without qualification, state that such financial statements present fairly, in all material respects, the financial position of the companies being reported upon and their results of operations and cash flows and have been prepared in conformity with GAAP, and that the examination of such accountants in connection with such financial statements has been made in accordance with generally accepted auditing standards, and that such audit provides a reasonable basis for such opinion in the circumstances, and

(B) in the case of the financial statements relating to the Company and its Restricted Subsidiaries, certified as complete and correct by a Senior Financial Officer, and

(C) the certificate required by Section 7.2 and, in the case of the financial statements relating to the Company and its consolidated subsidiaries, the certificate required by Section 7.3;

(C) AUDIT REPORTS -- promptly upon receipt thereof, a copy of each other report submitted to the Company or any Restricted Subsidiary by independent accountants in connection with any management report, special audit report or comparable analysis prepared by them with respect to the books of the Company or any Restricted Subsidiary;

(D) SEC AND OTHER REPORTS -- promptly upon their becoming available, a copy of each financial statement, report (including, without limitation, each Quarterly Report on Form 10-Q, each Annual Report on Form 10-K and each Current Report on Form 8-K), notice or proxy statement sent by the Company or any Subsidiary to stockholders generally and of each regular or periodic report and any registration statement, prospectus or written communication (other than transmittal letters), and each amendment thereto, in respect thereof filed by the Company or any Subsidiary with, or received by, such Person in connection therewith from, the National Association of Securities Dealers, any securities exchange or the Securities and Exchange Commission or any successor agency;

(E) ERISA --

(i) immediately upon becoming aware of the occurrence of any

(A) "reportable event" (as defined in section 4043 of ERISA), excluding, however, such events as to which the PBGC by regulation shall have waived the requirement of section 4043(a) of ERISA that it be notified within thirty (30) days of the occurrence of such event (provided that a failure to meet the minimum funding standard of section 412 of the IRC and of section 302 of ERISA shall not be so excluded regardless of the issuance of any such waiver of the notice requirement in accordance with either section 4043(a) of ERISA or section 412(d) of the IRC), or

(B) "prohibited transaction" (as defined in section 406 of ERISA or section 4975 of the IRC),

in connection with any Pension Plan or any trust created thereunder, a written notice specifying the nature thereof, what action the Company is taking or proposes to take with respect thereto and, when known, any action taken by the IRS, the DOL or the PBGC with respect thereto, and

(ii) prompt written notice of and, where applicable, a description of

(A) any notice from the PBGC in respect of the commencement of any proceedings pursuant to section 4042 of ERISA to terminate any Pension Plan or for the appointment of a trustee to administer any Pension Plan,

(B) any distress termination notice delivered to the PBGC under section 4041 of ERISA in respect of any Pension Plan, and any determination of the PBGC in respect thereof,

(C) the placement of any Multiemployer Plan in reorganization status under Title IV of ERISA,

(D) any Multiemployer Plan becoming "insolvent" (as defined in section 4245 of ERISA) under Title IV of ERISA, and

(E) the whole or partial withdrawal of the Company or any ERISA Affiliate from any Multiemployer Plan or Multiple Employer Pension Plan and the withdrawal liability incurred in connection therewith;

(F) ACTIONS, PROCEEDINGS -- promptly after the commencement thereof, notice of any action or proceeding relating to the Company or any Subsidiary in any court or before any Governmental Authority or arbitration board or tribunal as to which there is a reasonable possibility of an adverse determination and that, if adversely determined, would have a Material Adverse Effect;

(G) CERTAIN ENVIRONMENTAL MATTERS -- prompt written notice of and a description of any event or circumstance that, had such event or circumstance occurred or existed immediately prior to the Closing Date, would have been required to be disclosed as an exception to any statement set forth in Section 2.13;

(H) NOTICE OF DEFAULT OR EVENT OF DEFAULT -- immediately upon becoming aware of the existence of any condition or event that constitutes a Default or an Event of Default, a written notice specifying the nature and period of existence thereof and what action the Company is taking or proposes to take with respect thereto;

(I) NOTICE OF CLAIMED DEFAULT -- immediately upon becoming aware that the holder of any Note, or of any Debt or any Security of the Company or any Subsidiary, shall have given notice or taken any other action with respect to a claimed Default, Event of Default, default or event of default, a written notice specifying the notice given or action taken by such holder and the nature of the claimed Default, Event of Default, default or event of default and what action the Company is taking or proposes to take with respect thereto; and

(J) REQUESTED INFORMATION -- with reasonable promptness, such other data and information as from time to time may be reasonably requested by any holder of Notes, including, without limitation,

(i) copies of any statement, report or certificate furnished to any holder of any Debt or any Security of the Company or any Subsidiary,

(ii) information requested to comply with any request of the National Association of Insurance Commissioners in respect of the designation of the Notes, and

(iii) information requested to comply with 17 C.F.R. ss.230.144A, as amended from time to time;

provided that any such request with respect to any of the data and information referred to in the foregoing clauses (i), (ii) and (iii) shall be deemed to be reasonable for purposes of this Section 7.1(j).

In addition to the foregoing, the Company will also deliver to each holder of Notes:

(1) as soon as available, and in any event within sixty (60) days of the end of each fiscal quarter, (A) a "static pool analysis" substantially in the form of Exhibit F attached hereto and in any event satisfactory in form and substance to the Required Holders, which analyzes the performance of the Company's and each Restricted Subsidiary's Installment Contracts (segregated between the Company's North American operations and its UK operations) on a quarterly basis, and (B) for quarters beginning with the quarter ended September 30, 1999, a comparable "static pool analysis" which analyzes the performance of the Company's and each Restricted Subsidiary's Leases on a quarterly basis (segregated between the Company's North American operations and its UK operations), in each case, with respect to clauses (A) and (B) above, certified by an authorized officer of the Company as to consistency with prior such analyses, accuracy and fairness of presentation;

(2) promptly upon the request of the Required Holders from time to time (but no more often than semi-annually), a "static pool analysis" which analyzes the performance of any Installment Contracts or Leases transferred or encumbered pursuant to a Permitted Securitization comparable to the static pool analysis required to be delivered pursuant to clause (1) of this Section 7.1(j); and

(3) within five (5) Business Days after the execution and delivery thereof, a copy of any amendment to, or waiver of any provisions of, the Credit Agreement or Securitization Documents (in each case, as from time to time amended, restated, refinanced, replaced or supplemented)."

2.4 SECTION 9.1. Section 9.1 is hereby amended and restated in its entirety as set forth below.

"9.1 Terms Defined.

As used herein, the following terms have the respective meanings set forth below or set forth in the Section hereof following such term:

ACCEPTABLE CONSIDERATION -- means, with respect to any Transfer of any Property of the Company or a Restricted Subsidiary, cash consideration, promissory notes or such other

consideration (or any combination of the foregoing) received by such Person in connection with such Transfer as is, in each case, determined by the Board of Directors, in its good faith opinion, to be in the best interests of the Company and to reflect the Fair Market Value of such Property. It is understood that the Company's or such Restricted Subsidiary's acceptance of any such consideration in connection with such Transfer will constitute an Investment and may, depending upon the form of such consideration, constitute a Restricted Investment made by the Company or such Restricted Subsidiary.

ADVANCES -- means, at any time, the dollar amount of advances in respect of Installment Contracts, as such amount would appear in the footnotes to the financial statements of the Company and the Restricted Subsidiaries prepared in accordance with GAAP (if such amount would not appear net of reserves, then net of any reserves established by the Company as an allowance for credit losses related to such advances not expected to be recovered), provided that Advances shall not include (a) any such advances (and the related Installment Contracts) transferred or encumbered pursuant to a Permitted Securitization (whether or not attributable to the Company under GAAP) unless and until such advances (and the related Installment Contracts) are reassigned to the Company or a Restricted Subsidiary or such encumbrances are discharged, or (b) Charged-Off Advances to the extent that such Charged-Off Advances exceed the portion of the Company's allowance for credit losses related to reserves against such advances not expected to be recovered, as such allowance would appear in the footnotes to the financial statements of the Company and the Restricted Subsidiaries prepared in accordance with GAAP.

AFFILIATE -- means, at any time, a Person (other than a Restricted Subsidiary):

(a) that directly or indirectly through one or more intermediaries Controls, or is Controlled by, or is under common Control with, the Company;

(b) that beneficially owns or holds five percent (5%) or more of any class of the Voting Stock of the Company;

(c) five percent (5%) or more of the Voting Stock (or in the case of a Person that is not a corporation, five percent (5%) or more of the equity interest) of which is beneficially owned or held by the Company or a Subsidiary; or

(d) that is an officer or director (or a member of the immediate family of an officer or director) of the Company or any Subsidiary;

at such time.

As used in this definition:

CONTROL -- means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

AGREEMENT, THIS -- means this agreement, as it may be amended and restated from time to time.

ALLOWANCES FOR CREDIT LOSSES -- means those allowances or reserves established by the Company or its Restricted Subsidiaries in arriving at installment contracts receivable, net or Leased Vehicles, as the case may be, on its Consolidated balance sheets, as specifically identified in such financial statements or as disclosed in the footnotes thereto, provided that Allowances for Credit Losses shall not include allowances or reserves attributable to retail installment contracts or leases which are not at such time "Installment Contracts" or "Leases", as the case may be, due to the proviso in the definition of such terms in this Agreement.

ARLINGTON DISPOSITION -- means the sale of the business of Arlington Investment Company and/or any of its subsidiaries for net proceeds totaling at least $4,000,000 in cash (all of which net proceeds are used to reduce Debt outstanding under the Credit Agreement), pursuant to (i) the sale of all or substantially all of the assets of Arlington Investment Company and/or any of its subsidiaries or divisions, (ii) the sale of all of the capital stock of Arlington Investment Company and/or any of its subsidiaries or (iii) the merger of Arlington Investment Company and/or any of its subsidiaries with and into any Person other than the Company or a Restricted Subsidiary; in each case, immediately prior to and immediately after the consummation of which, and after giving effect thereto, no Default or Event of Default would exist.

BACK-END DEALER AGREEMENT(S) -- means Dealer Agreements referred to in clause (a) of the definition of Dealer Agreements.

BANK TERM DEBT -- means term Debt of the Company or any Restricted Subsidiary owed to banks and having an initial maturity of more than one (1) year and a fixed amortization schedule, but in any event excluding any Debt which by its terms is permitted to be readvanced or reborrowed, whether or not subject to mandatory reductions or stepdowns in the availability thereof.

BANKS -- means the Banks that are parties to the Credit Agreement.

BOARD OF DIRECTORS -- means the board of directors of the Company or any committee thereof that, in the instance, shall have the lawful power to exercise the power and authority of such board of directors.

BUSINESS DAY -- means, at any time, a day other than a Saturday, a Sunday or a day on which the bank designated by the holder of a Note to receive (for such holder's account) payments on such Note is required by law (other than a general banking moratorium or holiday for a period exceeding four (4) consecutive days) to be closed.

CAC INTERNATIONAL -- means CAC International, Inc., a wholly-owned Subsidiary of the Company.

CAC LIFE -- means Credit Acceptance Corporation Life Insurance Company, a Wholly-Owned Restricted Subsidiary of the Company.

CAC UK -- means Credit Acceptance Corporation UK Limited, a wholly-owned Subsidiary of the Company incorporated under the laws of England for the purpose of acquiring substantially all of the assets of CAC International.

CAPITAL ASSETS -- means all assets of a Person other than Intangible Assets, inventories, accounts receivable and Investments (as defined in clause (a) of the definition of such term) in and Securities of any other Person.

CAPITAL LEASE -- means, at any time, a lease with respect to which the lessee is required by GAAP to recognize the acquisition of an asset and the incurrence of a liability at such time.

CHANGE IN CONTROL -- means, at any time, either

(a) the failure of Donald A. Foss, his wife and children, or trusts for his or their benefit, to beneficially own, in the aggregate, at least thirty-five percent (35%) (by number of votes) of the Voting Stock of the Company outstanding at such time (excluding for such purpose Persons who own shares through any employee benefit plan of the Company or any trust established in connection therewith), or

(b) except for the individuals and trusts identified in the foregoing clause (a), the acquisition, holding or control (whether directly or indirectly) by

(i) any "person" (as such term is used in section 13(d) and section 14(d)(2) of the Exchange Act as in effect on the Closing Date), or

(ii) related Persons constituting a "group" (as such term is used in Rule 13d-5 under the Exchange Act as in effect on the Closing Date),

of beneficial ownership of more than twenty-five percent (25%) (by number of votes) of the Voting Stock of the Company outstanding at such time (excluding for such purpose Persons who own shares through any employee benefit plan of the Company or any trust established in connection therewith), or

(c) all or substantially all of the assets of the Company are sold or otherwise transferred, in a single transaction or in a series of related transactions, to any "person" or "group of persons" (as such terms are used in section 13(d)(3) of the Exchange Act as in effect on the Closing Date).

CHARGED-OFF ADVANCES -- means those Advances which the Company or any of its Restricted Subsidiaries has determined, based on the application of a static pool analysis or otherwise are completely or partially impaired, to the extent of such impairment.

CHARGED-OFF LEASE ADVANCES -- means those Leased Vehicles which the Company or any of its Subsidiaries has determined, based on the application of a static pool or comparable analysis or otherwise, are completely or partially impaired, to the extent of such impairment.

CLEANUP CALL(S) -- means

(a) in the case of an optional cleanup call, a cleanup call to be exercised at the option of the Company or a Special Purpose Subsidiary under the terms of the applicable Permitted Securitization (provided that, both before and after giving effect thereto, no Default or Event of Default has occurred and is continuing when such option is exercised), in an amount not in excess of (i) Fifteen Percent (15%) of the initial amount received by the Company or the Special Purpose Subsidiary pursuant to such Permitted Securitization (before fees and other deductions), it being understood that, for purposes of this clause (a)(i) of this definition, each tranche of a multi-tranche Permitted Securitization shall be considered a separate Permitted Securitization or (ii) in the case of any Securitization Transaction structured on a revolving basis, Fifteen Percent (15%) of the maximum aggregate availability at any time to the Company or a Special Purpose Subsidiary, and

(b) in the case of a mandatory cleanup call, a mandatory cleanup call to be exercised at the option of the investors under the terms of the applicable Permitted Securitization(s), in an amount not in excess of (i) Two and One-Half Percent (2 1/2%) of the aggregate amount received by the Company or the Special Purpose Subsidiary pursuant to the Permitted Securitization (before fees and other deductions), it being understood that, for purposes of this clause (b)(i) of this definition, all tranches of a multi-tranche Permitted Securitization shall be together be considered one Permitted Securitization, or (ii) in the case of any Securitization Transaction structured on a revolving basis, Two and One-Half Percent (2 1/2%) of the maximum aggregate availability at any time to the Company or a Special Purpose Subsidiary,

in either case, such Cleanup Call being accompanied by the repurchase of or release of encumbrances on Advances, Leased Vehicles, Installment Contracts (whether assigned outright or related to Advances) or Leases (whether assigned outright or related to Leased Vehicles), as the case may be, previously transferred or encumbered pursuant to such Permitted Securitization in at least the amount of such cleanup call.

CLOSING -- Section 1.2(b).

CLOSING DATE -- Section 1.2(b).

COMPANY -- introductory paragraph hereof.

CONSOLIDATED CURRENT LIABILITIES -- means, at any time, the aggregate amount of current liabilities of the Company and the Restricted Subsidiaries, determined at such time after eliminating inter-company transactions among the Company and the Restricted Subsidiaries and liabilities incurred solely by a Special Purpose Subsidiary pursuant to a Permitted Securitization but attributable to the Company or a Restricted Subsidiary under GAAP.

CONSOLIDATED FIXED CHARGES -- means, for any period, the sum of

(a) Consolidated Interest Expense for such period, plus

(b) the amount payable in respect of such period with respect to Operating Rentals payable by the Company and the Restricted Subsidiaries, determined after eliminating intercompany transactions among the Company and the Restricted Subsidiaries.

CONSOLIDATED INCOME AVAILABLE FOR FIXED CHARGES -- means, for any period, the sum of

(a) Consolidated Net Income, plus

(b) the aggregate amount of income taxes, depreciation, amortization (including the amortization of any excess servicing asset) and Consolidated Fixed Charges (to the extent, and only to the extent, that such aggregate amount was reflected in the computation of Consolidated Net Income for such period), plus

(c) with respect to the periods ending September 30, 1997, December 31, 1997, March 31, 1998 and June 30, 1998, $30,000,000 representing the portion of the non-cash charge recorded by the Company during the period ended September 30, 1997 attributable to the present valuing of future cash flows consistent with Statement of Financial Accounting Standards No. 114 `Accounting by Creditors for Impairment of a Loan', plus

(d) with respect to the periods ending September 30, 1999, December 31, 1999, March 31, 2000 and June 30, 2000, $47,300,000 representing the accounting adjustment to the Company's reserve against advances recorded by the Company during the period ended September 30, 1999,

in each case accrued for such period by the Company and the Restricted Subsidiaries, determined on a consolidated basis for such Persons.

CONSOLIDATED INTEREST EXPENSE -- means, for any period, the amount of interest accrued or capitalized on, or with respect to, Consolidated Total Debt for such period, including, without limitation, amortization of debt discount, imputed interest on Capital Leases and interest on the Notes.

CONSOLIDATED NET INCOME -- means, for any period, net earnings (or loss) after income taxes of the Company and the Restricted Subsidiaries, determined on a consolidated basis for such Persons, but excluding:

(a) net earnings (or loss) of any Restricted Subsidiary accrued prior to the date it became a Restricted Subsidiary;

(b) any gain or loss (net of tax effects applicable thereto) resulting from the sale, conversion or other disposition of Capital Assets other than in the ordinary course of business;

(c) any extraordinary or nonrecurring gains or losses (including, without limitation, any gain on sale generated by a Permitted Securitization, except to the extent the Company has received a cash benefit therefrom in the applicable reporting period); and any interest income generated by a Permitted Securitization, except to the extent the Company has received a cash benefit therefrom in the applicable reporting period;

(d) any gain arising from any reappraisal or write-up of assets;

(e) any portion of the net earnings of any Restricted Subsidiary that for any reason is unavailable for payment of dividends to the Company or a Restricted Subsidiary, provided that the net earnings of CAC Life that are unavailable (due to regulatory requirements applicable to CAC Life) for the payment of dividends to the Company may be included in the determination of Consolidated Net Income, to the extent that such unavailable net earnings do not exceed five percent (5%) of Consolidated Net Income (determined without giving effect to this proviso), and provided, further that so long as the net earnings of CAC Life shall be included in Consolidated Net Income pursuant to the preceding proviso, CAC Life shall not have outstanding any Debt, regardless of whether any other Restricted Subsidiary may be permitted to have Debt outstanding at such time by reason of a waiver of or an amendment to Section 6.1(d);

(f) any gain or loss (net of tax effects applicable thereto) during such period resulting from the receipt of any proceeds of any insurance policy;

(g) any earnings of any Person acquired by the Company or any Restricted Subsidiary through purchase, merger or consolidation or otherwise, or earnings of any Person substantially all of whose assets have been acquired by the Company or any Restricted Subsidiary, for any period prior to the date of acquisition;

(h) net earnings of any Person (other than a Restricted Subsidiary) in which the Company or any Restricted Subsidiary shall have an ownership interest unless such net earnings shall have actually been received by the Company or such Restricted Subsidiary in the form of cash distributions; and

(i) any restoration during such period to income of any contingency reserve, except to the extent that provision for such reserve

(i) was made during such period out of income accrued during such period,

(ii) was made in connection with the Company's program of financing Installment Contracts or Leases

(A) to provide for warranty claims for which the Company may be responsible, or

(B) to cover credit losses in connection with Advances, Installment Contracts, Leased Vehicles or Leases,

or

(iii) is required by applicable law with respect to reserves for claims related to the operation of CAC Life,

provided that the aggregate restoration to income during any period from reserves described in clause (ii) and clause (iii) above shall not exceed ten percent (10%) of Consolidated Net Income for such period, prior to giving effect to such restoration.

CONSOLIDATED NET TANGIBLE ASSETS -- means, at any time, the remainder of

(a) Consolidated Total Assets at such time minus

(b) the sum of

(i) Consolidated Current Liabilities at such time, plus

(ii) Intangible Assets of the Company and the Restricted Subsidiaries as would be reflected on a consolidated balance sheet of such Persons at such time.

CONSOLIDATED SENIOR FUNDED DEBT -- means, at any time, Funded Debt of the Company and the Restricted Subsidiaries, other than Subordinated Funded Debt, determined on a consolidated basis for such Persons at such time.

CONSOLIDATED SUBORDINATED FUNDED DEBT -- means, at any time, the aggregate amount of Subordinated Funded Debt of the Company and the Restricted Subsidiaries, determined on a consolidated basis for such Persons at such time.

CONSOLIDATED TANGIBLE NET WORTH -- means, at any time, the result of

(a) the shareholders' equity of the Company and its Subsidiaries, minus

(b) the retained earnings of the Unrestricted Subsidiaries, minus

(c) all Intangible Assets of the Company and the Subsidiaries, minus

(d) without duplication, (i) any excess servicing asset resulting from the Transfer, pursuant to a Permitted Securitization, of Advances, Leased Vehicles, Installment Contracts (whether assigned outright or related to Advances) or Leases (whether assigned outright or related to Leased Vehicles) and (ii) the equity interest in any Special Purpose Subsidiary to the extent such equity interest is included in Consolidated Net Worth,

in each case as would be reflected on a consolidated balance sheet of such Persons at such time. As used in this definition, "Consolidated Net Worth" means, at any time, the amount of "consolidated total assets" less the amount of "consolidated total liabilities", as each would be reflected on a consolidated balance sheet of the Company and its Subsidiaries at such time, prepared in accordance with GAAP.

CONSOLIDATED TOTAL ASSETS -- means, at any time, all assets of the Company and the Restricted Subsidiaries, determined on a consolidated basis for such Persons at such time (but excluding from the determination thereof, without duplication, (a) any excess servicing asset resulting from the Transfer, pursuant to a Permitted Securitization, of Advances, Leased Vehicles, Installment Contracts (whether assigned outright or related to Advances) or Leases (whether assigned outright or related to Leased Vehicles) and (b) the equity interest in any Special Purpose Subsidiary to the extent such equity interest is included in the assets of the Company and the Restricted Subsidiaries, determined on a consolidated basis in accordance with GAAP for such Persons at such time).

CONSOLIDATED TOTAL DEBT -- means, at any time, the aggregate amount of Funded Debt and Current Debt of the Company and the Restricted Subsidiaries, determined on a consolidated basis for such Persons at such time.

CONTROL EVENT -- means the execution of any written agreement that, when fully performed by the parties thereto, would result in a Change in Control.

CONTROL PREPAYMENT DATE -- Section 4.3(a).

CREDIT AGREEMENT -- means the Credit Agreement described in Part 2.2(b) of Annex 3, as may be amended, restated, refinanced, replaced, supplemented or otherwise modified from time to time.

CURRENT DEBT -- means, with respect to any Person, at any time, all Debt of such Person other than Funded Debt.

DEALER -- means a Person engaged in the business of the retail sale or lease of new or used motor vehicles, including businesses exclusively selling or leasing used motor vehicles and businesses principally selling or leasing new motor vehicles, but having a used vehicle department, including any such Person which constitutes an Affiliate of the Company.

DEALER AGREEMENTS -- means the sales and/or servicing agreements between the Company or its Subsidiaries and a participating Dealer which sets forth the terms and conditions under which the Company or its Subsidiaries (a) accepts, as nominee for such Dealer, the assignment of Installment Contracts or Leases for purposes of administration, servicing and collection and under which the Company or its Subsidiary may make advances to such Dealers included in Advances or Leased Vehicles and (b) accepts outright assignments of Installment Contracts or Leases from Dealers or funds Installment Contracts or Leases originated by such Dealer in the name of the Company or any of its Subsidiaries, in each case as such agreements may be in effect from time to time.

DEBT -- means, with respect to any Person, without duplication:

(a) its liabilities for borrowed money (whether or not evidenced by a Security);

(b) any liabilities secured by any Lien existing on Property owned by such Person (whether or not such liabilities have been assumed);

(c) its liabilities in respect of Capital Leases;

(d) the present value of all payments due under any arrangement for retention of title or any conditional sale agreement (other than a Capital Lease) discounted at the implicit rate, if known, with respect thereto or, if unknown, at eight and eighty-seven one-hundredths percent (8.87%) per annum; and

(e) its Guaranties of any liabilities of another Person constituting liabilities of a type set forth above.

Except as provided in Section 6.1(a)(i), neither Debt of any Special Purpose Subsidiary which is an Unrestricted Subsidiary incurred pursuant to a Permitted Securitization (whether or not such Debt is reflected on the consolidated balance sheet of the Company and its Restricted Subsidiaries prepared in accordance with GAAP) nor dealer holdbacks shall be considered Debt of the Company or any Restricted Subsidiary.

DEFAULT -- means an event or condition the occurrence of which would, with the lapse of time or the giving of notice or both, become an Event of Default.

DOL -- means the Department of Labor and any successor agency.

DOLLARS or $ -- means United States of America dollars.

ENVIRONMENTAL PROTECTION LAWS -- means any federal, state, county, regional or local law, statute or regulation (including, without limitation, CERCLA, RCRA and SARA) enacted in connection with or relating to the protection or regulation of the environment, including, without limitation, those laws, statutes and regulations regulating the disposal, removal, production, storing, refining, handling, transferring, processing or transporting of Hazardous Substances, and any regulations issued or promulgated in connection with such statutes by any Governmental Authority, and any orders, decrees or judgments issued by any court of competent jurisdiction in connection with any of the foregoing.

As used in this definition:

CERCLA -- means the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended from time to time (by SARA or otherwise), and all rules and regulations promulgated in connection therewith.

RCRA -- means the Resource Conservation and Recovery Act of 1976, as amended from time to time, and all rules and regulations promulgated in connection therewith.

SARA -- means the Superfund Amendments and Reauthorization Act of 1986, as amended from time to time, and all rules and regulations promulgated in connection therewith.

EQUITY OFFERING -- means the issuance and sale for cash by the Company or any of its Restricted Subsidiaries of additional capital stock or other equity interests, other than upon the exercise of employee and dealer stock options pursuant to stock option plans maintained or offered by the Company or its Restricted Subsidiaries in the ordinary course of business and not in anticipation of any sale of capital stock or equity interests to the general public.

ERISA -- means the Employee Retirement Income Security Act of 1974, as amended from time to time.

ERISA AFFILIATE -- means any corporation or trade or business that:

(a) is a member of the same controlled group of corporations (within the meaning of section 414(b) of the IRC) as the Company; or

(b) is under common control (within the meaning of section 414(c) of the IRC) with the Company.

EVENT OF DEFAULT -- Section 8.1.

EXCHANGE ACT -- means the Securities Exchange Act of 1934, as amended.

EXCLUDED TRANSFERS -- Section 6.8(a).

FAIR MARKET VALUE -- means, at any time, with respect to any Property, the sale value of such Property that would be realized in an arm's-length sale at such time between an informed and willing buyer and an informed and willing seller under no compulsion to buy or sell, respectively.

FIRST AMENDED AND RESTATED NOTES -- Section 1.1(b).

FOREIGN PENSION PLAN -- means any plan, fund or other similar program

(a) established or maintained outside of the United States of America by any one or more of the Company or the Subsidiaries primarily for the benefit of the employees (substantially all of whom are aliens not residing in the United States of America) of the Company or such Subsidiaries which plan, fund or other similar program provides for retirement income for such employees or results in a deferral of income for such employees in contemplation of retirement, and

(b) not otherwise subject to ERISA.

401(K) PLAN -- Section 2.12(a).

FOURTH AMENDMENT -- means the Fourth Amendment, dated as of July 1, 1998, to this Agreement.

FUNDED DEBT -- means, at any time of determination, with respect to any borrower, all Debt of such borrower that is expressed to mature more than one (1) year from the date of the creation thereof or that is extendible or renewable at the option of such borrower to a time more than one (1) year after the date of the creation thereof (whether or not at such time of determination such Debt is payable within one (1) year).

GAAP -- means accounting principles as promulgated from time to time in statements, opinions and pronouncements by the American Institute of Certified Public Accountants and the Financial Accounting Standards Board and in such statements, opinions and pronouncements of such other entities with respect to financial accounting of for-profit entities as shall be accepted by a substantial segment of the accounting profession in the United States.

GOVERNMENTAL AUTHORITY -- means:

(a) the government of

(i) the United States of America and any state or other political subdivision thereof, or

(ii) any other jurisdiction (y) in which the Company or any Subsidiary conducts all or any part of its business or (z) that asserts jurisdiction over the conduct of the affairs or Properties of the Company or any Subsidiary; and

(b) any entity exercising executive, legislative, judicial, regulatory or administrative functions of, or pertaining to, any such government.

GROSS ADVANCES -- means, as of any applicable date of determination, the dollar amount of Advances, plus any reserves established by the Company as an allowance for credit losses related to such advances not expected to be recovered, plus Charged-Off Advances to the extent such Charged-Off Advances exceed the amount of such reserves.

GROSS CURRENT INSTALLMENT CONTRACT RECEIVABLES -- means, as of any applicable date of determination, the aggregate amount of Gross Installment Contract Receivables, less the amount of such receivables which are classified as being on "non-accrual" in the financial statements of the Company and its Restricted Subsidiaries prepared in accordance with GAAP.

GROSS CURRENT LEASED VEHICLES -- means, as of any applicable date of determination, the aggregate amount of Gross Leased Vehicles, less the amount of Leased Vehicles in respect of which the underlying Leases are classified as being on "non-accrual" in the financial statements of the Company and its Restricted Subsidiaries prepared in accordance with GAAP.

GROSS DEALER HOLDBACKS -- means the aggregate amount, as of any applicable date of determination, of dealer holdbacks utilized in arriving at "Dealer holdbacks, net" on the consolidated balance sheet of the Company and its Restricted Subsidiaries, as disclosed in the footnotes thereto, provided that Gross Dealer Holdbacks shall not include the amount of dealer holdbacks attributable to retail installment contracts which are not at such time "Installment Contracts" due to the proviso in the definition of such term in this Agreement.

GROSS INSTALLMENT CONTRACT RECEIVABLES -- means, as of any applicable date of determination, the aggregate amount of installment contract receivables utilized in arriving at "Installment contract receivables, net" on the consolidated balance sheet of the Company and its Restricted Subsidiaries, as determined in the footnotes thereto, provided that Gross Installment Contract Receivables shall not include receivables attributable to retail installment contracts which are not at such time "Installment Contracts" due to the proviso in the definition of such term in this Agreement.

GROSS LEASED VEHICLES -- means, as of any applicable date of determination, the dollar amount of Leased Vehicles, plus any reserves established by the Company as an allowance for credit

losses related to such Leased Vehicles not expected to be recovered, plus Charged-Off Lease Advances to the extent such Charged-Off Lease Advances exceed the amount of such reserves, provided that Gross Leased Vehicles shall not include the dollar amount of Leased Vehicles attributable to leases which are not at such time "Leases" due to the proviso in the definition of such term in this Agreement.

GUARANTY -- means, with respect to any Person (for the purposes of this definition, the "Guarantor"), any obligation (except the endorsement in the ordinary course of business of negotiable instruments for deposit or collection) of the Guarantor guaranteeing or in effect guaranteeing (including, without limitation, by means of a surety bond, letter of credit or other similar instrument, whether or not designated as a "guaranty") any indebtedness, dividend or other obligation of any other Person (the "Primary Obligor") in any manner, whether directly or indirectly, including, without limitation, obligations incurred through an agreement, contingent or otherwise, by the Guarantor:

(a) to purchase such indebtedness or obligation or any Property constituting security therefor;

(b) to advance or supply funds

(i) for the purpose of payment of such indebtedness or obligation, or

(ii) to maintain working capital or other balance sheet (or statement of financial condition) condition or any income statement condition of the Primary Obligor or otherwise to advance or make available funds for the purchase or payment of such indebtedness or obligation;

(c) to lease Property or to purchase Securities or other Property or services primarily for the purpose of assuring the owner of such indebtedness or obligation of the ability of the Primary Obligor to make payment of the indebtedness or obligation; or

(d) otherwise to assure the owner of the indebtedness or obligation of the Primary Obligor against loss in respect thereof.

For purposes of computing the amount of any Guaranty in connection with any computation of indebtedness or other liability, it shall be assumed that the indebtedness or other liabilities that are the subject of such Guaranty are direct obligations of the issuer of such Guaranty. Without limiting the generality of the foregoing, it is agreed and understood that each general partner of a partnership shall be deemed to be a Guarantor of all indebtedness and other obligations of such partnership and such partnership shall be deemed to be the Primary Obligor in respect of such indebtedness and other obligations. For purposes of the immediately preceding sentence, a Person shall be deemed to be a general partner of any so-called "joint venture" or other arrangement (whether or not constituting a partnership), and such joint venture or other arrangement shall be deemed to be a partnership, if,

pursuant to applicable law, by contract or otherwise, such Person is liable, directly or indirectly, contingently or otherwise, either individually or jointly with one or more other Persons, for the indebtedness or other obligations of such joint venture or other arrangement.

HAZARDOUS SUBSTANCES -- means any and all pollutants, contaminants, toxic or hazardous wastes and any other substances that might pose a hazard to health or safety, the removal of which may be required or the generation, manufacture, refining, production, processing, treatment, storage, handling, transportation, transfer, use, disposal, release, discharge, spillage, seepage or filtration of which is or shall be, in each of the foregoing cases, restricted, prohibited or penalized by any applicable law.

INSTALLMENT CONTRACTS -- means retail installment contracts for the sale of new or used motor vehicles assigned outright by Dealers to the Company or a Restricted Subsidiary or written by Dealers in the name of the Company or a Restricted Subsidiary (and funded by the Company or such Restricted Subsidiary) or assigned by Dealers to the Company or a Restricted Subsidiary, as nominee for the Dealer, for administration, servicing and collection, in each case pursuant to an applicable Dealer Agreement; provided, however, that to the extent the Company or any Restricted Subsidiary transfers or encumbers its interest in any Installment Contracts (or any Advances related thereto) pursuant to a Permitted Securitization, such Installment Contracts shall, from and after the date of such transfer or encumbrance, cease to be considered Installment Contracts under this Agreement (reducing the amount of Advances by the outstanding amount of such advances, if any, attributable to such Installment Contracts) unless and until such installment contracts are reassigned to the Company or a Restricted Subsidiary or such encumbrances are discharged.

INSTITUTIONAL INVESTOR -- means the Purchasers, any affiliate of any of the Purchasers and any holder or beneficial owner of Notes that is an "accredited investor" as defined in section 2(15) of the Securities Act or a "qualified institutional buyer" as defined in 17 C.F.R. ss.230.144A, as amended from time to time.

INTANGIBLE ASSETS -- means any assets of a Person that would be classified as "intangible assets" under GAAP, including, without limitation, goodwill, trademarks, trade names, patents, copyrights, franchises and other intangible assets of such Person.

INTERCREDITOR AGREEMENT -- means the Intercreditor Agreement, dated as of December 15, 1998, by and among the Banks, the holders of Notes, the holders of "Future Debt" (as defined in such agreement) and Comerica Bank, as collateral agent, as such agreement may be amended from time to time.

INVESTMENT -- means any investment, made in cash or by delivery of Property, by the Company or any Restricted Subsidiary:

(a) in any Person, whether by acquisition of stock, indebtedness or other obligation or Security, or by loan, Guaranty, advance, capital contribution or otherwise; or

(b) in any Property.

Investments shall be valued at cost less any net return of capital through the sale or liquidation thereof or other return of capital thereon. Any designation of a Subsidiary as an Unrestricted Subsidiary pursuant to Section 6.17 shall be deemed to be an Investment, in an amount equal to the net worth of such Subsidiary, at the time of such designation and any Investments of a Person existing at the time it shall become a Restricted Subsidiary shall be deemed to have been made immediately after such time.

INVESTMENT GRADE RATING -- means a rating of at least, but not lower than:

(i) "Baa3" by Moody's Investors Service, Inc.,

(ii) "BBB-" by Standard & Poor's Ratings Group,

(iii) a category "1" or category "2" designation from the National Association of Insurance Commissioners, and

(iv) "BBB-" by Fitch Investors Services, Inc.

IRC -- means the Internal Revenue Code of 1986, together with all rules and regulations promulgated pursuant thereto, as amended from time to time.

IRS -- means the Internal Revenue Service and any successor agency.

LEASED VEHICLES -- means, as of any applicable date of determination, the dollar amount of advances in respect of Leases, as such amount would appear in the footnotes to the financial statements of the Company and its Restricted Subsidiaries prepared in accordance with GAAP or, if specifically identified, elsewhere in such financial statements, net of depreciation on the motor vehicles which are covered by Leases with respect to which such Leased Vehicles are attributable (and if such amount is not shown net of such reserves, then net of any reserves established by the Company as an allowance for credit losses related to such advances not expected to be recovered), provided that Leased Vehicles shall not include (a) the amount of any such advances attributable to any Leases transferred or encumbered pursuant to a Permitted Securitization (whether or not attributable to the Company under GAAP) unless and until such advances (and the related Leases) are reassigned to the Company or a Restricted Subsidiary or such encumbrances are discharged, or (b) Charged-Off Lease Advances, to the extent that such Charged-Off Lease Advances (i) exceed the portion of the allowance for credit losses related to reserves against such advances not expected to be recovered, as such allowance would appear in the footnotes to the financial statements of the Company and its Restricted Subsidiaries prepared in accordance with GAAP at such time or if specifically identified, elsewhere in such financial statements and (ii) have not already been eliminated in the determination of Leased Vehicles.

LEASE(S) -- means the retail agreements for the lease of motor vehicles assigned outright by Dealers to the Company or a Restricted Subsidiary or written by a Dealer in the name of the Company or a Restricted Subsidiary (and funded by the Company or such Restricted Subsidiary) or assigned by Dealers to the Company or a Restricted Subsidiary, as nominee for the Dealer, for administration, servicing and collection, in each case pursuant to an applicable Dealer Agreement; provided, however, that to the extent the Company or any Restricted Subsidiary transfers or encumbers its interest in any Leases pursuant to a Permitted Securitization, such Leases shall, from and after the date of such transfer or encumbrance, cease to be considered Leases under this Agreement (reducing the amount of Leased Vehicles by the outstanding amount of Leased Vehicles attributable to such Leases) unless and until such Leases are reassigned to the Company or a Restricted Subsidiary or such encumbrances have been discharged.

LETTER OF CREDIT FACILITY -- means a letter of credit issued by a commercial bank for the account of the Company or a Restricted Subsidiary, solely in support of the Company's or such Restricted Subsidiary's obligations in respect of commercial paper issued by the Company or such Restricted Subsidiary.

LIEN -- means any interest in Property securing an obligation owed to, or a claim by, a Person other than the owner of the Property, whether such interest is based on the common law, statute or contract, and including, but not limited to, the security interest lien arising from a mortgage, encumbrance, pledge, conditional sale, sale with recourse or a trust receipt, or a lease, consignment or bailment for security purposes. The term "Lien" includes, without limitation, reservations, exceptions, encroachments, easements, rights-of-way, covenants, conditions, restrictions, leases and other title exceptions and encumbrances affecting real Property and includes, without limitation, with respect to stock, stockholder agreements, voting trust agreements, buy-back agreements and all similar arrangements. For the purposes hereof, the Company and each Subsidiary shall be deemed to be the owner of any Property that it shall have acquired or holds subject to a conditional sale agreement, Capital Lease or other arrangement pursuant to which title to the Property has been retained by or vested in some other Person for security purposes, and such retention or vesting is deemed a Lien. The term "Lien" does not include negative pledge clauses in agreements relating to the borrowing of money or the obligation of the Company (a) to remit monies held by it in connection with dealer holdbacks (including, without limitation, with respect to Leases or Installment Contracts), claims or refunds under insurance policies, or claims or refunds under service contracts or (b) to make deposits in trust or otherwise as required under reinsurance agreements or pursuant to state regulatory requirements, unless the Company has encumbered its interest in such monies or deposits or in other Property of the Company to secure such obligations. The term "Lien" also does not include the rights of the "Agent" (as defined in the Credit Agreement) and the Banks to money, consisting either of net proceeds of any "Permitted Securitization" (as defined in the Credit Agreement) or net proceeds from the issuance of "Future Debt" (as defined in the Credit Agreement) deposited by the Company or any Restricted Subsidiary in a cash collateral account, in lieu of the Company's reduction of indebtedness outstanding under the Credit Agreement, for the purpose of avoiding breakage charges in connection with "Eurocurrency-based Advances" (as defined in the

Credit Agreement) under the Credit Agreement, all in accordance with clause (d) of the definition of "Permitted Securitization" and clause (d) of the definition of "Funding Conditions" in the Credit Agreement, as applicable; it being also understood and agreed that the holders of Notes shall have no rights to a security interest in or Lien on the money so deposited.

MAKE-WHOLE AMOUNT -- means, with respect to any date (a "Prepayment Date") and any principal amount ("Prepaid Principal") of Notes required for any reason to be paid prior to the regularly scheduled maturity thereof on such Prepayment Date, the greater of

(a) Zero Dollars ($0), and

(b) (i) the sum of the present values of the then remaining scheduled payments of principal and interest that would be payable in respect of such Prepaid Principal but for such prepayment or acceleration, minus

(ii) the sum of

(1) the amount of such Prepaid Principal, plus

(2) the amount of interest accrued on such Prepaid Principal since the scheduled interest payment date immediately preceding such Prepayment Date.

In determining such present values, a discount rate equal to the Make-Whole Discount Rate with respect to such Prepayment Date and Prepaid Principal divided by two (2), and a discount period of six (6) months of thirty (30) days each, shall be used.

As used in this definition:

Make-Whole Discount Rate -- means, with respect to any Prepayment Date and Prepaid Principal, the sum of

(a) the per annum percentage rate (rounded to the nearest three (3) decimal places) equal to the bond equivalent yield to maturity derived from the Bloomberg Rate with respect to such Prepaid Principal, or if such Bloomberg Rate is not then available, the Applicable H.15 Rate, in either case, determined as of the date that is two (2) Business Days prior to such Payment Date, plus

(b) fifty one-hundredths percent (0.50%) per annum.

For purposes of clause (a) of the preceding sentence, if no United States Treasury obligation with a Treasury Constant Maturity corresponding exactly to the Weighted Average Life to Maturity of such Prepaid Principal is listed, the yields for the two (2) published United States

Treasury obligations with Treasury Constant Maturities most closely corresponding to such Weighted Average Life to Maturity (one (1) with a longer maturity and one (1) with a shorter maturity, if available) shall be calculated pursuant to the immediately preceding sentence and the Make-Whole Discount Rate shall be interpolated or extrapolated from such yields on a straight-line basis.

Applicable H.15 -- means, at any time, United States Federal Reserve Statistical Release H.15(519) or its successor publication then most recently published and available to the public or, if no such successor publication is available, then any other source of current information in respect of interest rates on securities of the United States of America that is generally available and, in the judgment of the Required Holders, provides information reasonably comparable to the H.15(519) report.

Applicable H.15 Rate -- means, at any time with respect to any Prepaid Principal, the then most current annual yield to maturity of the hypothetical United States Treasury obligation listed in the Applicable H.15 for the then most recently available day in such Applicable H.15 with a Treasury Constant Maturity (as defined in such Applicable H.15) equal to the Weighted Average Life to Maturity of such Prepaid Principal determined as of such Prepayment Date. If no such United States Treasury obligation with a Treasury Constant Maturity corresponding exactly to such Weighted Average Life to Maturity is listed, then the yields for the two (2) published United States Treasury obligations with Treasury Constant Maturities most closely corresponding to such Weighted Average Life to Maturity (one (1) with a longer maturity and one (1) with a shorter maturity, if available) shall be calculated pursuant to the immediately preceding sentence and the Make-Whole Discount Rate shall be interpolated or extrapolated from such yields on a straight-line basis.

Bloomberg Rate -- means, on any date, with respect to any Prepaid Principal, the yields reported, as of 10:00 A.M. (New York City time) on such date with respect to such Prepaid Principal, on the display designated as "USD" on the Bloomberg Financial Market Service (or such other display as may replace Page USD on the Bloomberg Financial Market Service) for actively traded U.S. Treasury securities having a maturity equal to the Weighted Average Life to Maturity of such Prepaid Principal as of such date. If no such U.S. Treasury security with a maturity corresponding exactly to the Weighted Average Life to Maturity of such Prepaid Principal is reported, then the yields for the two (2) U.S. Treasury securities with maturities most closely corresponding to the Weighted Average Life to Maturity of such Prepaid Principal (one (1) with a longer maturity and one (1) with a shorter maturity, if available) shall be calculated pursuant to the immediately preceding sentence and the Make-Whole Discount Rate shall be interpolated or extrapolated from such yields on a straight-line basis.

Weighted Average Life to Maturity -- means, with respect to any Prepayment Date and Prepaid Principal, the number of years obtained by dividing the Remaining Dollar-Years of such Prepaid Principal determined on such Prepayment Date by such Prepaid Principal.

Remaining Dollar-Years -- means, with respect to any Prepayment Date and Prepaid Principal, the result obtained by

(a) multiplying, in the case of each required payment of principal (including payment at maturity) that would be payable in respect of such Prepaid Principal but for such prepayment,

(i) an amount equal to such required payment of principal, by

(ii) the number of years (calculated to the nearest one-twelfth (1/12)) that will elapse between such Prepayment Date and the date such required principal payment would be due if such Prepaid Principal had not been so prepaid, and

(b) calculating the sum of each of the products obtained in the preceding subsection (a).

MANDATORY PRINCIPAL AMORTIZATION PAYMENT -- Section 4.1.

MARGIN SECURITY -- means "margin stock" within the meaning of Regulations G, T, U and X of the Board of Governors of the Federal Reserve System, 12 C.F.R., Chapter II, as amended from time to time.

MATERIAL ADVERSE EFFECT -- means a material adverse effect on the business, profits, Properties or financial condition of the Company and the Restricted Subsidiaries, taken as a whole, or on the ability of the Company to perform its obligations set forth herein and in the Notes.

MONTANA DISPOSITION -- means the sale of Montana Investment Group, Inc. and/or any of its subsidiaries for net proceeds totaling at least $16,000,000 in cash (all of which net proceeds are used to reduce Debt outstanding under the Credit Agreement), pursuant to (i) the sale of all or substantially all of the assets of Montana Investment Group, Inc. and/or any of its subsidiaries, (ii) the sale of all of the capital stock of Montana Investment Group, Inc. or (iii) the merger of Montana Investment Group, Inc. with and into any Person other than the Company or a Restricted Subsidiary; in each case, immediately prior to and immediately after the consummation of which, and after giving effect thereto, no Default or Event of Default would exist.

MULTIEMPLOYER PLAN -- means any "multiemployer plan" (as defined in section 3 of ERISA) in respect of which the Company or any ERISA Affiliate is an "employer" (as defined in section 3 of ERISA).

MULTIPLE EMPLOYER PENSION PLAN -- means any "employee benefit plan" within the meaning of section 3(3) of ERISA (other than a Multiemployer Plan), subject to Title IV of ERISA,

constituting a "single-employer plan" (as defined in section 4001 of ERISA) which has two (2) or more "contributing sponsors" (as defined in section 4001 of ERISA), at least two (2) of which are not under "common control" (as defined in section 4001 of ERISA) and to which the Company or any ERISA Affiliate contribute.

NET DEALER HOLDBACKS -- means, at any time, (a) Gross Dealer Holdbacks minus (b) Advances at such time.

NET INSTALLMENT CONTRACT RECEIVABLES -- means, at any time, the amount computed as the result of (a) Gross Installment Contract Receivables minus (b) Unearned Finance Charges minus (c) Allowances for Credit Losses relating to Installment Contracts (but excluding any such allowances which are related to Leases), at such time.

NET LEASED VEHICLE DEALER HOLDBACKS -- means, at any time, with respect to Dealer Agreements relating to Leases, amounts due to Dealers at such time from collections of Leased Vehicles by the Company or any Restricted Subsidiary (other than with respect to Leases which have been transferred or encumbered pursuant to a Permitted Securitization and (x) have not been reassigned to the Company or a Restricted Subsidiary or (y) with respect to which such encumbrances have not been discharged) pursuant to the applicable Dealer Agreements.

NON-RECOURSE DEBT -- means Debt of a partnership, joint venture or similar entity in which the Company or a Restricted Subsidiary is a participant, so long as the holder or holders of such Debt shall have no rights or recourse against any Property of the Company or any Restricted Subsidiary, other than Property used solely in connection with such partnership, joint venture or similar entity.

NOTE PURCHASE AGREEMENTS -- Section 1.2(c).

NOTES -- Section 1.1.

OPERATING LEASE -- means, with respect to any Person, any lease other than a Capital Lease.

OPERATING RENTALS -- means all fixed payments that the lessee is required to make by the terms of any Operating Lease.

ORIGINAL NOTES -- Section 1.1(a).

OSHA -- means the Occupational Safety and Health Act of 1970, together with all rules, regulations and standards promulgated pursuant thereto, all as amended from time to time.

OTHER PURCHASERS -- Section 1.2(c).

OUTRIGHT DEALER AGREEMENT(S) -- means Dealer Agreements referred to in clause (b) of the definition of Dealer Agreements.

PBGC -- means the Pension Benefit Guaranty Corporation and any successor corporation or governmental agency.

PENSION PLAN -- means, at any time, any "employee pension benefit plan" (as defined in section 3 of ERISA) maintained at such time by the Company or any ERISA Affiliate for employees of the Company or such ERISA Affiliate, excluding any Multiemployer Plan, but including any Multiple Employer Pension Plan.

PERMITTED SECURITIZATION(S) -- means each transfer or encumbrance (each a "disposition") of specific Advances 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, in each case by the Company or one or more Restricted Subsidiaries to a Special Purpose Subsidiary conducted in accordance with the following requirements:

(a) Each disposition shall identify with reasonable certainty the specific Advances, Leased Vehicles, Installment Contracts or Leases covered by such disposition; and such Advances or Leased Vehicles (and the Installment Contracts, Leases, motor vehicles or other rights relating thereto) and the Installment Contracts and Leases shall have performance and other characteristics so that the quality of such Advances, Leased 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, Leased Vehicles, Installment Contracts or Leases, as applicable, as a whole, as determined in good faith by the Company in its reasonable discretion;

(b) (i) The disposition of Advances, Leased Vehicles, Installment Contracts or Leases will not result in the aggregate principal amount of Debt at any time outstanding, and (without duplication) of similar securities at any time issued and outstanding (other than subordinated securities issued to and held by the Company or a Subsidiary), of any Special Purpose Subsidiary pursuant to Permitted Securitizations exceeding $100,000,000, which amount may be readvanced and reborrowed and (ii) the Company or the Restricted Subsidiary disposing of Advances, Leased Vehicles, Installment Contracts or Leases to a Special Purpose Subsidiary pursuant to such Permitted Securitization shall itself actually receive (substantially contemporaneously with such disposition) cash from each disposition of such financial assets in connection with any such Securitization Transaction in an amount not less than Seventy-Five Percent (75%) of the sum of (A) the amount of such Advances, (B) the amount of Net Installment Contract Receivables in respect of Installment Contracts arising under Outright Dealer Agreements, and (C)

the amount of Leased Vehicles, in each case determined on the date of such Securitization Transaction;

(c) Each such disposition 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, without limitation, Cleanup Call provisions;

(d) Each such Securitization Transaction shall be structured on the basis of the issuance of non-recourse Debt or other similar securities by the Special Purpose Subsidiary; and

(e) Both immediately before and after giving effect to such disposition, no Default or Event of Default (whether or not related to such disposition) exists or would exist.

In connection with each Permitted Securitization conducted hereunder, not less than ten (10) Business Days prior to the date of consummation thereof, the Company shall provide to each holder of a Note (i) a schedule in the form attached hereto as Exhibit E identifying the specific Installment Contracts or Leases or the Advances or Leased Vehicles (and providing collection information regarding the related Installment Contracts or Leases) proposed to be covered by such transaction (with evidence supporting its determination under subparagraph (a) of this definition, including without limitation a "static pool analysis" comparable to the static pool analysis required to be delivered under Section 7.1(j)(1) hereof with respect to such Installment Contracts or Leases) and (ii) proposed drafts of the material Securitization Documents covering the applicable securitization (and the term sheet or commitment relating thereto). Within five (5) Business Days following the consummation thereof, the Company shall have provided to each holder of Notes copies of the material Securitization Documents, as executed, including an updated schedule, substantially in the form of the schedule delivered under clause (i) above, identifying the financial assets actually covered by such transaction (and, if such financial assets are materially different, as reasonably determined by the Company, from those shown in the schedule delivered under clause (i) above, collection information and evidence supporting its determination under subparagraph (a) of this definition, including a comparable "static pool analysis," as aforesaid, with respect to such financial assets).

PERSON -- means an individual, sole proprietorship, partnership, corporation, limited liability company, trust, joint venture, unincorporated organization, or a government or agency or political subdivision thereof.

PLACEMENT AGENT -- means William Blair & Company, L.L.C.

PLACEMENT MEMORANDUM -- Section 2.1.

PROPERTY -- means any interest in any kind of property or asset, whether real, personal or mixed, and whether tangible or intangible.

PURCHASE MONEY LIEN -- means a Lien held by any Person (whether or not the seller of such Property) on tangible Property (or a group of related items of Property the substantial portion of which is tangible) acquired or constructed by the Company or any Restricted Subsidiary, which Lien secures all or a portion of the related purchase price or construction costs of such Property, provided that such Lien

(a) is created contemporaneously with, or within thirty (30) days of, such acquisition or construction,

(b) encumbers only Property purchased or constructed after the Closing Date and acquired with the proceeds of the Debt secured thereby, and

(c) is not thereafter extended to any other Property.

PURCHASERS -- means you and the Other Purchasers.

REQUIRED HOLDERS -- means, at any time, the holders of at least sixty-six and two-thirds percent (66-_%) in principal amount of the Notes at the time outstanding (exclusive of Notes then owned by any one or more of the Company, any Restricted Subsidiary and any Affiliate).

RESTRICTED INVESTMENT -- means, at any time, all Investments except the following:

(a) Investments in Property to be used in the ordinary course of business of the Company and the Restricted Subsidiaries;

(b) subject to clause (k) of this definition, Investments in receivables, advances, Leases and Leased Vehicles arising from the sale or lease of goods and services, in each case in the ordinary course of business of the Company and the Restricted Subsidiaries;

(c) Investments by the Company or any Restricted Subsidiary in the ordinary course of its business in one or more Restricted Subsidiaries or any corporation that concurrently with such Investment becomes a Restricted Subsidiary, provided that the aggregate amount of all Investments made pursuant to this paragraph (c) and paragraph (d) of this definition (excluding Guaranties by the Company of Debt of Restricted Subsidiaries) does not at any time exceed twenty-five percent (25%) of Consolidated Tangible Net Worth

(it being understood that loans and advances to any Restricted Subsidiary by any Person other than the Company or any other Restricted Subsidiary, regardless of whether such loans and advances are guaranteed by the Company or any other Restricted Subsidiary, shall not be taken into account in determining the aggregate amount of Investments made pursuant to this paragraph (c) and paragraph (d) of this definition);

(d) Investments consisting of loans by the Company or any Restricted Subsidiary, and advances from the Company or any Restricted Subsidiary, in each case to the Company or any Restricted Subsidiary in the ordinary course of business of the Company and the Restricted Subsidiaries, provided that the aggregate amount of all Investments made pursuant to paragraph (c) of this definition and this paragraph (d) (excluding Guarantees by the Company of Debt of Restricted Subsidiaries) does not at any time exceed twenty-five percent (25%) of Consolidated Tangible Net Worth (it being understood that loans and advances to any Restricted Subsidiary by any Person other than the Company or any other Restricted Subsidiary, regardless of whether such loans and advances are guaranteed by the Company or any other Restricted Subsidiary, shall not be taken into account in determining the aggregate amount of Investments made pursuant to this paragraph (d) and paragraph (c) of this definition);

(e) Investments in direct obligations of, or obligations guarantied by, the United States of America or any agency of the United States of America the obligations of which agency carry the full faith and credit of the United States of America, provided that such obligations (other than Investments by CAC Life in such obligations made to match liabilities incurred in the ordinary course of business) mature within one (1) year from the date of acquisition thereof;

(f) Investments in any obligation of any state or municipality thereof that at the time of acquisition thereof have an assigned rating of "A" or higher by Standard & Poor's Ratings Group (or an equivalent or higher rating by another credit rating agency of recognized national standing in the United States of America), provided that such obligations (other than Investments by CAC Life in such obligations made to match liabilities incurred in the ordinary course of business) mature within one (1) year from the date of acquisition thereof;

(g) Investments in negotiable certificates of deposit issued by commercial banks organized under the laws of the United States of America or any state thereof, having capital, surplus and undivided profits aggregating at least Fifty Million Dollars ($50,000,000) and the long-term unsecured debt obligations of which are rated "A" or higher by Standard & Poor's Ratings Group (or an equivalent or higher rating by another credit rating agency of recognized national standing in the United States of America), provided that such certificates of deposit (other than Investments by CAC Life in such certificates of deposit made to match liabilities incurred in the ordinary course of business) mature within one (1) year from the date of acquisition thereof;

(h) Investments in corporate debt obligations of corporations organized under the laws of the United States of America or any state thereof that at the time of acquisition thereof have an assigned rating of "A" or higher by Standard & Poor's Ratings Group (or an equivalent or higher rating by another credit rating agency of recognized national standing in the United States of America);

(i) Investments in preferred stock of corporations organized under the laws of the United States of America or any state thereof that have an assigned rating of "A" or higher by Standard & Poor's Ratings Group (or an equivalent or higher rating by another credit rating agency of recognized national standing in the United States of America);

(j) Investments in loans or advances, in the ordinary course of business and necessary to carrying on the business of the Company or any Restricted Subsidiary, to officers, directors and employees of the Company and the Restricted Subsidiaries, provided that the aggregate amount of all such Investments does not at any time exceed One Million Dollars ($1,000,000);

(k) Investments in receivables arising from floor plan receivables and note receivables due from dealers in the ordinary course of business of the Company and the Restricted Subsidiaries, provided that the aggregate amount of all such Investments does not at any time exceed ten percent (10%) of Consolidated Total Assets;

(l) Investments by the Company or any Restricted Subsidiary in the Company, any Restricted Subsidiary or any Special Purpose Subsidiary from and after the effective date of the Fourth Amendment, consisting of (i) dispositions of specific Advances, Leased Vehicles, Installment Contracts (whether assigned outright or related to Advances) or Leases (whether assigned outright or related to Leased Vehicles) made pursuant to a Permitted Securitization and the resultant Debt issued by a Special Purpose Subsidiary to another Subsidiary as part of a Permitted Securitization, in each case to the extent constituting Investments, (ii) advances by the Company, as servicer of the Installment Contracts or Leases covered by a Permitted Securitization, in an aggregate amount not to exceed $1,500,000 outstanding at any time, to cover the interest component of obligations issued as part of a Permitted Securitization and payable from collections on such Installment Contracts (such advances to be repayable to the Company on a priority basis from such collections), (iii) the repurchase or replacement from and after the date of the effectiveness of the Fourth Amendment of an aggregate amount not to exceed $5,000,000 in Advances, Leased Vehicles, Installment Contracts (whether assigned outright or related to Advances) or Leases (whether assigned outright or related to Leased Vehicles) subsequently determined not to satisfy the eligibility standards contained in the applicable Securitization Documents relating to a Permitted Securitization, so long as (x) such replacement is accompanied by the repurchase of or release of encumbrances on such financial assets previously transferred or encumbered pursuant to such securitization and in the amount thereof, (y) any replacement

Advances, Leased Vehicles, Installment Contracts (whether assigned outright or related to Advances) or Leases (whether assigned outright or related to Leased Vehicles) are selected by the Company according to the requirements set forth in clause (a) of the definition of Permitted Securitization and (z) such replacements are made at a time when (both before and after giving effect thereto) no Default or Event of Default exists or would exist, (iv) amounts required to fund any Cleanup Call under the terms of such Permitted Securitization, and (v) the disposition of the capital stock of a Special Purpose Subsidiary; and

(m) Investments not otherwise included in clause (a) through clause (l) of this definition, provided that the aggregate amount of all such Investments does not at any time exceed Two Million Five Hundred Thousand Dollars ($2,500,000).

RESTRICTED PAYMENT -- means (x) any dividend or other distribution, direct or indirect and whether payable in cash or property, on account of any capital stock or other equity interest of the Company or any of its Restricted Subsidiaries and (y) any redemption, retirement, purchase, or other acquisition, direct or indirect, of any capital stock or other equity interests of the Company or any of its Restricted Subsidiaries now or hereafter outstanding, or of any warrants, rights or options to acquire any such capital stock or other equity interests or any securities convertible into such capital stock or other equity interests, except to the extent that any such dividend or distribution, or any such redemption, retirement, purchase or other acquisition (i) is payable to the Company or any of its Restricted Subsidiaries or (ii) is payable solely in capital stock or other equity interests of the Company or any such Restricted Subsidiary.

RESTRICTED SUBSIDIARY -- means any Subsidiary (a) in respect of which the Company owns, directly or indirectly, (i) at least eighty percent (80%) (by number of votes) of each class of such Subsidiary's Voting Stock, or (ii) in the case of CAC Insurance Agency of Ohio, Inc., at least 99% of the shares of capital stock issued and outstanding of all classes in the aggregate, (b) that is organized under the laws of the United States of America or any jurisdiction thereof, the United Kingdom or any jurisdiction thereof (including, without limitation, England, Scotland and Wales), Canada or any jurisdiction thereof or the Republic of Ireland or any jurisdiction thereof, and that conducts all of its business in, and has all of its Property located in, the United States of America, the United Kingdom, Canada and/or the Republic of Ireland and (c) that is not an Unrestricted Subsidiary. Any Restricted Subsidiary in compliance with the requirements set forth in the first sentence of this definition and designated as a Restricted Subsidiary on the Closing Date shall be deemed to have been a Restricted Subsidiary for all periods prior to the Closing Date. Notwithstanding any provision in Section 6.17 to the contrary, CAC International and CAC UK shall be deemed Restricted Subsidiaries as of October 1, 1995 and CAC of Canada Limited and any Subsidiary formed by the Company to provide property and casualty insurance shall each be deemed a Restricted Subsidiary as of the date of its formation.

RESTRICTED SUBSIDIARY STOCK -- Section 6.8(b).

SALE AND LEASEBACK TRANSACTION -- means any transaction or series of related transactions in which the Company or a Restricted Subsidiary sells or transfers any of its Property to any Person (other than to the Company or to a Restricted Subsidiary) and concurrently with such sale or transfer, or thereafter, rents or leases such transferred Property or substantially similar Property from any Person.

SECURITIES ACT -- means the Securities Act of 1933, as amended.

SECURITIZATION DOCUMENTS -- means any note purchase agreement (and any notes issued thereunder), transfer or security documents, master trust or other trust agreements, servicing agreement, indenture, pooling agreement, contribution or sale agreement or other documents, instruments and certificates executed and delivered, subject to the terms of this Agreement, to evidence or secure (or otherwise relating to) a Permitted Securitization, as the same may be amended from time to time (subject to the terms hereof) and any and all other documents executed in connection therewith or replacement or renewal thereof.

SECURITIZATION PROPERTY -- means (i) amounts advanced by the Company or a Restricted Subsidiary 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 and all monies due or to become due, and all monies received, with respect thereto ("Loans"); (ii) all proceeds (including "proceeds" as defined in the Uniform Commercial Code) thereof; (iii) all of the Company's or a Restricted Subsidiary's interest in the Dealer Agreements and Installment Contracts securing payment of Loans, all security interests or liens purporting to secure payment of Loans and all other property obtained upon foreclosure of any security interest securing payment of Loans or any related Installment Contract and all guarantees, insurance (including insurance insuring the priority or perfection of any lien) or other agreements or arrangements of any kind from time to time supporting or securing payment of such Installment Contract whether pursuant to such Installment Contract or otherwise; (iv) all records with respect to Loans, (v) the Company's or a Restricted Subsidiary's right, title and interest in and to business interruption insurance, and (vi) all payments received by the Company in respect of Transferred Loans in the form of cash, checks, wire transfers or other form of payment.

SECURITIZATION TRANSACTION -- means a Transfer of, or grant of a Lien on, Advances, Installment Contracts, Leased Vehicles, Leases, accounts receivable and/or other financial assets by the Company or any Restricted Subsidiary to a Special Purpose Subsidiary or other special purpose or limited purpose entity and the issuance (whether by such Special Purpose Subsidiary or other special purpose or limited purpose entity or any other Person) of Debt or of any Securities secured directly or indirectly by interests in, or of trust certificates or other Securities directly or indirectly evidencing interests in, such Advances, Installment Contracts, Leased Vehicles, Leases, accounts receivable and/or other financial assets.

SECURITY -- means "security" as defined in section 2(1) of the Securities Act.

SENIOR FINANCIAL OFFICER -- means the chief financial officer, the principal accounting officer, the controller or the treasurer of the Company.

SENIOR OFFICER -- means the chief executive officer, the president or the chief financial officer of the Company.

SIXTH AMENDMENT -- means the Sixth Amendment, dated as of December 1, 1999, to this Agreement.

SPECIAL PURPOSE SUBSIDIARY -- means any Unrestricted Subsidiary of the Company, all of the capital stock of which is owned by the Company or a Restricted Subsidiary, which Unrestricted Subsidiary is formed for the sole purpose of conducting one or more Permitted Securitizations and is operated for such purpose in accordance with customary industry practices.

STANDARD & POOR'S RATINGS GROUP -- means Standard & Poor's Ratings Group, a division of McGraw-Hill, Inc.

SUBORDINATED DEBT -- means, at any time, unsecured Debt of the Company that is junior and subordinate in right of payment to the Notes on terms and conditions satisfactory to the Required Holders, as evidenced by their written consent.

SUBORDINATED FUNDED DEBT -- means, at any time, Funded Debt of the Company or any Restricted Subsidiary that is:

(a) junior and subordinate in right of payment to the Notes on terms and conditions satisfactory to the Required Holders, as evidenced by their written consent thereto,

(b) not subject to any sinking fund or required prepayment provisions that would result in its having at any time an average life to maturity, computed in accordance with accepted financial practice, shorter than the Weighted Average Life to Maturity (as defined in the definition of "Make-Whole Amount") of the Notes at such time or a final maturity earlier than the stated final maturity of the Notes, and

(c) not secured by a Lien on the Property of the Company or any Restricted Subsidiary (whether or not such Funded Debt is recourse to the Company or any Restricted Subsidiary).

SUBSIDIARY -- means, at any time, a corporation of which the Company owns, directly or indirectly, more than fifty percent (50%) (by number of votes) of each class of the Voting Stock at such time.

SURVIVING CORPORATION -- Section 6.7(a).

TOTAL RESTRICTED SUBSIDIARY DEBT -- means, at any time, the aggregate amount of Debt of all Restricted Subsidiaries determined at such time after eliminating intercompany transactions among the Company and the Restricted Subsidiaries. For the avoidance of doubt, the Company hereby acknowledges that Total Restricted Subsidiary Debt includes the amount of Debt of any Restricted Subsidiary attributable to its Guaranty of any liabilities of another Person (including the Company or any Subsidiary) made in favor of any Person other than the Company or another Restricted Subsidiary. Notwithstanding the foregoing, (i) Total Restricted Subsidiary Debt does not include the amount of Debt of any Restricted Subsidiary attributable to its Guaranty of obligations under the Credit Agreement (and any related notes, letters of credit and other agreements) of any Person (including the Company or any Subsidiary) made in favor of the Banks if, concurrently with the giving of any such Guaranty, the holders of the Notes at such time are given the benefit of an equal and ratable Guaranty on substantially similar terms; and (ii) the term "Total Restricted Subsidiary Debt" shall not, at any time prior to May 15, 1997 (but shall, at all times from and after May 15, 1997), be deemed to include any Debt of CAC International attributable to its Guaranty, for the benefit of the Banks, of the liabilities of the Company and certain Subsidiaries under the Credit Agreement.

TRANSFERS -- Section 6.8(a).

UNEARNED FINANCE CHARGES -- means, as of any applicable date of determination, the unearned finance charges utilized in deriving installment contract receivables, net on the consolidated balance sheet of the Company and its Restricted Subsidiaries, as disclosed in the footnotes thereto, provided that Unearned Finance Charges shall not include unearned finance charges attributable to retail installment contracts which are not at such time "Installment Contracts" due to the proviso in the definition of such term in this Agreement.

UNRESTRICTED SUBSIDIARY -- means any Subsidiary that, as of the date of this Agreement, is designated in Part 6.17(a) of Annex 3 as an Unrestricted Subsidiary or, after the date of this Agreement, has been designated as an Unrestricted Subsidiary as provided in Section 6.17.

VOTING STOCK -- means capital stock of any class or classes of a corporation the holders of which are ordinarily, in the absence of contingencies, entitled to elect corporate directors (or Persons performing similar functions).

WHOLLY-OWNED RESTRICTED SUBSIDIARY -- means, at any time, any Restricted Subsidiary one hundred percent (100%) of all of the equity Securities (except directors' qualifying shares) and voting Securities of which are owned by, and all of the Debt of which is held by, any one or more of the Company and the other Wholly-Owned Restricted Subsidiaries at such time."

2.5 AMENDMENT AND RESTATEMENT OF EXHIBIT A. The form of First Amended and Restated Note set forth as Exhibit A to the Agreement is hereby amended and restated, in its entirety, to be in the form of Attachment 4 attached to this Sixth Amendment. All references to "Exhibit A" in the Note Purchase Agreements shall, if in reference to a date on or after the date of the Sixth

Amendment, refer to the form of Second Amended and Restated 9.87% (or 10.37%, if on or after January 15, 2000) Senior Note Due November 1, 2001, as amended and restated hereby.

2.6 AMENDMENT OF FIRST AMENDED AND RESTATED NOTES. The forms of the respective First Amended and Restated Notes are hereby amended in their entirety to conform to the form of Second Amended and Restated Note attached to this Sixth Amendment as Attachment 4. On the date of this Sixth Amendment, each of the terms of each outstanding First Amended and Restated Note shall be deemed to be amended to conform with such form, without any further action on the part of the Company or any holder of any First Amended and Restated Note (including, without limitation, any requirement that any holder surrender its outstanding First Amended and Restated Notes to the Company). Upon surrender of any outstanding First Amended and Restated Note, the Company shall deliver to the registered holder thereof a Second Amended and Restated Note in the form attached hereto as Attachment 4, dated the date of the last interest payment on such surrendered First Amended and Restated Note and in an aggregate principal amount equal to the unpaid principal amount of such surrendered First Amended and Restated Note, all in accordance with the provisions of Section 5.2 of the Agreement. Without limitation of the foregoing, the amendment and restatement of the First Amended and Restated Notes provided for herein, including, without limitation, the increase in the interest rate applicable to the Notes, shall be effective with respect to any and all of the Notes irrespective of whether any such Notes are surrendered to the Company for reissuance in the form attached to this Sixth Amendment as Attachment 4.

SECTION 3. MISCELLANEOUS

3.1 COUNTERPARTS. This Sixth Amendment may be executed in any number of counterparts, each executed counterpart constituting an original, but all together only one Sixth Amendment.

3.2 HEADINGS. The headings of the sections of this Sixth Amendment are for purposes of convenience only and shall not be construed to affect the meaning or construction of any of the provisions hereof.

3.3 GOVERNING LAW. This Sixth Amendment shall be governed by and construed in accordance with the internal laws of the State of Connecticut.

3.4 EFFECT OF AMENDMENT. Except as expressly provided herein (a) no other terms and provisions of the Agreement shall be modified or changed by this Sixth Amendment and (b) the terms and provisions of the Agreement, as amended by this Sixth Amendment, shall continue in full force and effect. The Company hereby acknowledges and reaffirms all of its obligations and duties under the Agreement, as modified by this Sixth Amendment, and the Notes.

3.5 REFERENCES TO THE AGREEMENT. Any and all notices, requests, certificates and other instruments executed and delivered concurrently with or after the execution of the Sixth Amendment may refer to the Agreement without making specific reference to this Sixth Amendment

but nevertheless all such references shall be deemed to include, to the extent applicable, this Sixth Amendment unless the context shall otherwise require.

3.6 COMPLIANCE. The Company certifies that immediately before and after giving effect to this Sixth Amendment, no Default or Event of Default exists or would exist after giving effect hereto; provided that the Company may not be in compliance with the covenant contained in Section 6.2 before giving effect to this Sixth Amendment.

3.7 FULL DISCLOSURE. The Company warrants and represents to you that, as of the effective date hereof, none of the written statements, documents or other written materials furnished by, or on behalf of, the Company to you in connection with the negotiation, execution and delivery of this Sixth Amendment contain any untrue statement of a material fact or omit a material fact necessary to make the statements contained therein or herein not misleading in light of the circumstances in which they were made. There is no fact of which any of the Company's executive officers has actual knowledge which the Company has not disclosed to you which materially affects adversely or, so far as the Company can now reasonably foresee, will materially affect adversely the business, prospects, profits, Properties or condition (financial or otherwise) of the Company and the Subsidiaries, taken as a whole, or the ability of the Company to perform its obligations set forth in the Agreement (after giving effect to this Sixth Amendment) and the Notes.

3.8 EFFECTIVENESS OF AMENDMENTS. The amendments to the Agreement contemplated by Section 2 hereof shall (in accordance with Section 10.5(a) of the Agreement) become effective (retroactive to September 30, 1999), if at all, at such time as the Company and the Required Holders of the Notes shall have indicated their written consent to such amendments by executing and delivering the applicable counterparts of this Sixth Amendment. It is understood that any holder of Notes may withhold its consent for any reason, including, without limitation, any failure of the Company to satisfy all of the following conditions:

(a) This Sixth Amendment shall have been executed and delivered by the Company and each of the Required Holders of the Notes.

(b) The execution, delivery and effectiveness of an agreement, signed by the Company and the requisite holders of the Company's First Amended and Restated 8.02% Senior Notes due October 1, 2001 issued under Note Purchase Agreements dated as of March 25, 1997, containing amendments to such Note Purchase Agreements identical in substance to the amendments set forth in Section 2 hereof.

(c) The execution, delivery and effectiveness of an agreement, signed by the Company and the requisite holders of the Company's First Amended and Restated 8.24% Senior Notes due July 1, 2001 issued under Note Purchase Agreements dated as of August 1, 1996, containing amendments to such Note Purchase Agreements identical in substance to the amendments set forth in Section 2 hereof.

(d) The Company shall have paid the statement for reasonable fees and disbursements of Bingham Dana LLP, your special counsel, presented to the Company on or prior to the effective date of this Sixth Amendment.

(e) The Company's legal counsel shall have delivered an opinion, dated the effective date of this Sixth Amendment, substantially in the form attached as Attachment 5 to this Sixth Amendment.

(f) The holders of Notes shall have received from the Company a certificate of a Senior Officer, dated the effective date of this Sixth Amendment, certifying as to the resolutions attached thereto and other corporate proceedings relating to the authorization, execution and delivery of this Sixth Amendment and the transactions contemplated hereby.

3.9 AMENDMENT FEE. The Company shall pay a fee to all holders of Notes, in consideration of the amendment set forth herein, in an amount equal to 0.20% of the outstanding principal amount of the Notes held by such holder as of the date hereof. Such fee shall be paid no later than the fifth business day after all of the Required Holders have executed this Sixth Amendment.

3.10 COMMITMENT TO SELL NOTES. Each of the holders listed on Attachment 6 to this Sixth Amendment hereby irrevocably commits to sell the Repurchased Notes held by such holder upon payment therefor by the Company on or before January 15, 2000 in accordance with, and in the amount provided in, Section 6.15(b) of the Agreement (as amended by this Sixth Amendment) and such Attachment 6.

3.11 WAIVER OF DELIVERY REQUIREMENT. In order to facilitate the Company's prompt compliance with its obligations under Section 6.15(b) of the Agreement (as amended by this Sixth

Amendment), each of the Note holders hereby waives, with respect to the Securitization Transaction to be consummated in connection with the fulfillment of the Company's obligations under Section 6.15(b), the requirement in the definition of Permitted Securitization that certain deliveries be made by the Company not less than ten Business Days prior to the date of the consummation of a Permitted Securitization; provided, however, that the Company shall make such deliveries as promptly as reasonably practicable and, in any event, not less than five Business Days prior to the consummation of such Securitization Transaction.

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ACCEPTED:

ALLSTATE LIFE INSURANCE CO.

By /S/ Jerry D. Zinkula

Name: Jerry D. Zinkula
Title: Authorized Signatory

By /S/ Patricia W. Wilson

Name: Patricia W. Wilson
Title: Authorized Signatory

[Signature Page to Sixth Amendment to Note Purchase Agreement in respect of 9.12% Senior Notes Due November 1, 2001 of Credit Acceptance Corporation]

ACCEPTED:

THE OHIO CASUALTY INSURANCE COMPANY

By /S/ Bret Parrish

Name: Bret Parrish
Title: Portfolio Manager

THE OHIO LIFE INSURANCE COMPANY

By /S/ Bret Parrish

Name: Bret Parrish
Title: Portfolio Manager

[Signature Page to Sixth Amendment to Note Purchase Agreement in respect of 9.12% Senior Notes Due November 1, 2001 of Credit Acceptance Corporation]

ACCEPTED:

WILLIAM BLAIR & COMPANY, LLC

By William Blair & Company, LLC, Attorney-in-Fact

By /S/ James McKinney

Name: James D. McKinney
Title: Principle and Manager
Fixed Income Department

[Signature Page to Sixth Amendment to Note Purchase Agreement in respect of 9.12% Senior Notes Due November 1, 2001 of Credit Acceptance Corporation]

ACCEPTED:

CONNECTICUT GENERAL LIFE
INSURANCE COMPANY
BY CIGNA INVESTMENTS, INC. (authorized agent)

By /S/ James R. Kuzemchak

Name: James R. Kuzemchak
Title: Managing Director

CONNECTICUT GENERAL LIFE
INSURANCE COMPANY,
ON BEHALF OF ONE OR MORE SEPARATE ACCOUNTS
BY CIGNA INVESTMENTS, INC. (authorized agent)

By /S/ James R. Kuzemchak

Name: James R. Kuzemchak
Title: Managing Director

ACE PROPERTY AND CASUALTY
INSURANCE COMPANY (F.K.A. CIGNA
PROPERTY AND CASUALTY INSURANCE COMPANY)
BY CIGNA INVESTMENTS, INC. (authorized agent)

By /S/ James R. Kuzemchak

Name: James R. Kuzemchak
Title: Managing Director

[Signature Page to Sixth Amendment to Note Purchase Agreement in respect of 9.12% Senior Notes Due November 1, 2001 of Credit Acceptance Corporation]

ACCEPTED:

WESTERN FARM BUREAU LIFE
INSURANCE COMPANY

By /S/ Robert J. Rummelhart

Name: Robert J. Rummelhart
Title: Fixed Income-Vice President

FARM BUREAU LIFE INSURANCE COMPANY

By /S/ Robert J. Rummelhart

Name: Robert J. Rummelhart
Title: Fixed Income-Vice President

[Signature Page to Sixth Amendment to Note Purchase Agreement in respect of 9.12% Senior Notes Due November 1, 2001 of Credit Acceptance Corporation]

ACCEPTED:

WASHINGTON NATIONAL INSURANCE
COMPANY

By /S/ Michael R. Glick

Name: Michael R. Glick
Title:

[Signature Page to Sixth Amendment to Note Purchase Agreement in respect of 9.12% Senior Notes Due November 1, 2001 of Credit Acceptance Corporation]

ACCEPTED:

LINCOLN LIFE & ANNUITY COMPANY OF
NEW YORK

By /S/ Chom S. Rectanus

Name: Chom S. Rectanus
Title: Vice President

[Signature Page to Sixth Amendment to Note Purchase Agreement in respect of 9.12% Senior Notes Due November 1, 2001 of Credit Acceptance Corporation]

ACCEPTED:

PHOENIX HOME LIFE MUTUAL
INSURANCE COMPANY
BY: PHOENIX INVESTMENT COUNSEL, INC.

By /S/ Rosemary T. Strekel

Name: Rosemary T. Strekel
Title: Senior Managing Director

[Signature Page to Sixth Amendment to Note Purchase Agreement in respect of 9.12% Senior Notes Due November 1, 2001 of Credit Acceptance Corporation]

ATTACHMENT 4

EXHIBIT A

[FORM OF NOTE]

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). ANY RESALE OR TRANSFER OF THIS NOTE WITHOUT REGISTRATION UNDER THE SECURITIES ACT MAY ONLY BE MADE IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

CREDIT ACCEPTANCE CORPORATION

SECOND AMENDED AND RESTATED 9.87% SENIOR NOTE DUE NOVEMBER 1, 2001
[FROM AND INCLUDING DECEMBER 1, 1999 TO, BUT NOT INCLUDING, JANUARY 15, 2000]

SECOND AMENDED AND RESTATED 10.37% SENIOR NOTE DUE NOVEMBER 1, 2001
[FROM AND AFTER JANUARY 15, 2000]

NO. R-

$

PPN: 225310 A* 2 [DATE]

CREDIT ACCEPTANCE CORPORATION, a Michigan corporation (the "Company"), for value received, hereby promises to pay to or registered assigns the principal sum of DOLLARS ($) on November 1, 2001 and to pay interest (computed on the basis of a 360-day year of twelve 30-day months) on the unpaid principal balance thereof from the date of this Note (i) at the rate of eight and eighty-seven one-hundredths percent (8.87%) per annum through (but not including) July 1, 1998, (ii) at the rate of nine and twelve one-hundredths percent (9.12%) per annum from and after July 1, 1998 through (but not including) December 1, 1999, (iii) at the rate of nine and eighty-seven one-hundredths percent (9.87%) per annum from (and including) and after December 1, 1999 through (but not including) January 15, 2000, and (iv) at the rate of ten and thirty-seven one-hundredths percent (10.37%) per annum from and after January 15, 2000, payable semi-annually on the first (1st) day of November and May in each year, commencing on the payment date next succeeding the date hereof, until the principal amount hereof shall become due and payable; and to pay on demand interest on any overdue principal (including any overdue prepayment of principal) and Make-Whole Amount, if any, and (to the extent permitted by applicable law) on any overdue installment of interest, at a rate equal to the lesser of (a) the highest rate allowed by applicable law or (b) ten and eighty-seven one-hundredths percent (10.87%) per annum if such time is prior

to July 1, 1998, eleven and twelve one-hundredths percent (11.12%) per annum if such time is on or after July 1, 1998 but prior to December 1, 1999, eleven and eighty-seven one-hundredths percent (11.87%) per annum if such time is on or after December 1, 1999 but prior to January 15, 2000 and twelve and thirty-seven one-hundredths percent (12.37%) per annum if such time is on or after January 15, 2000.

Payments of principal, Make-Whole Amount, if any, and interest shall be made in such coin or currency of the United States of America as at the time of payment is legal tender for the payment of public and private debts to the registered holder hereof at the address shown in the register maintained by the Company for such purpose, in the manner provided in the Note Purchase Agreement (defined below).

This Note is one of an issue of Notes of the Company issued in an aggregate principal amount limited to Sixty Million Dollars ($60,000,000) pursuant to the Company's separate Note Purchase Agreements, each dated as of October 1, 1994 (collectively, as may be amended from time to time, the "Note Purchase Agreement"), with the purchasers listed on Annex 1 thereto. This Note is entitled to the benefits of the Note Purchase Agreement and the terms thereof are incorporated herein by reference. Capitalized terms used herein and not otherwise defined herein have the meanings specified in the Note Purchase Agreement. As provided in the Note Purchase Agreement, this Note is subject to prepayment, in whole or in part, in certain cases without a Make-Whole Amount and in other cases with a Make-Whole Amount. The Company agrees to make required prepayments on account of such Notes in accordance with the provisions of the Note Purchase Agreement.

This Note is a registered Note and is transferable only by surrender hereof at the principal office of the Company as specified in the Note Purchase Agreement, duly endorsed or accompanied by a written instrument of transfer duly executed by the registered holder of this Note or its attorney duly authorized in writing.

Under certain circumstances, as specified in the Note Purchase Agreement, the principal of this Note (in certain cases together with any applicable Make-Whole Amount) may be declared due and payable in the manner and with the effect provided in the Note Purchase Agreement.

The Company's Second Amended and Restated [9.87%] [10.37%] Senior Notes due November 1, 2001 (the "Second Amended and Restated Notes") amend and restate the Company's First Amended and Restated 9.12% Senior Notes due November 1, 2001 (the "First Amended and Restated Notes") and its 8.87% Senior Notes due November 1, 2001 (the "Original Notes"). The obligations formerly evidenced by the First Amended and Restated Notes and the Original Notes are continuing obligations which are evidenced by the Second Amended and Restated Notes and nothing contained in the Second Amended and Restated Notes shall be deemed to constitute payment, settlement or a novation of such obligations.

THIS NOTE AND THE NOTE PURCHASE AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH, INTERNAL CONNECTICUT LAW.

CREDIT ACCEPTANCE CORPORATION

By

Name:
Title:

ATTACHMENT 5

[FORM OF COMPANY COUNSEL LEGAL OPINION]
December 1, 1999

To each of the Persons
listed on Annex 1 hereto

Re: Credit Acceptance Corporation, a Michigan corporation (the "Company")

Ladies and Gentlemen:

We have acted as special counsel to the Company and have provided this opinion pursuant to the Sixth Amendment to Note Purchase Agreement, dated as of December 1, 1999 (the "Sixth Amendment"), among the Company and the Persons listed on Annex 1 thereto (the "Holders"), in respect of the separate Note Purchase Agreements, each dated as of October 1, 1994 (collectively, as amended by the First Amendment to Note Purchase Agreement dated as of November 15, 1995, the Second Amendment to Note Purchase Agreement dated as of August 29, 1996, the Third Amendment to Note Purchase Agreement dated as of December 12, 1997, the Fourth Amendment to Note Purchase Agreement dated as of July 1, 1998 and the Fifth Amendment to Note Purchase Agreement dated as of April 13, 1999, the "Existing Note Agreement", and as further amended by the Sixth Amendment, the "Amended Note Agreement"), between the Company and each of the Persons listed on Annex 1 thereto (the "Purchasers"), pursuant to which the Company sold to the Purchasers the Original Notes in the aggregate principal amount of $60,000,000. The capitalized terms used herein and not defined herein have the meanings specified in the Amended Note Agreement.

The law covered by the opinions expressed herein is limited to the federal law of the United States and the laws of the State of Michigan. In rendering the opinion in paragraph (2) below, we have assumed that the laws of the State of Connecticut as to the enforceability of the Amended Note Agreement and the Notes are not different from the State of Michigan (excluding the choice of law rules).

In our examination, we have assumed the genuineness of all signatures (other than signatures of officers of the Company), the legal capacity of natural persons, the authenticity of all documents submitted to us as originals or copies, the conformity with originals of all documents submitted to us as copies and, as to documents executed by the Holders and Persons other than the Company, that each such Person executing documents had the power to enter into and perform its obligations under such documents, and that such documents have been duly

authorized, executed and delivered by, and are binding upon and enforceable against, such Persons.

In rendering our opinion, we have relied, without further investigation or analysis, upon certificates of officers of the Company attached hereto; warranties and representations as to certain factual matters made by the Company and by the Holders in the Amended Note Agreement and in the certificate delivered to the Holders pursuant to the Sixth Amendment.

In acting as such counsel, we have examined (a) the Existing Note Agreement, (b) the Sixth Amendment, including the form of the Company's Second Amended and Restated 9.87% Senior Note due November 1, 2001 attached to the Sixth Amendment as Attachment 4, (c) the bylaws of the Company, (d) the records of proceedings of the board of directors of the Company, (e) a certified copy of the articles of incorporation of the Company, as in effect on the date hereof, and (f) originals, or copies certified or otherwise identified to our satisfaction, of such other documents, records, instruments and certificates of public officials as we have deemed necessary or appropriate to enable us to render this opinion. The First Amended and Restated Notes held by the Holders, as amended and restated pursuant to the Sixth Amendment, are referred to herein as the "Notes".

Based upon and subject to the foregoing and to the additional assumptions, qualifications and limitations set forth herein, we are of the opinion that:

1. The Sixth Amendment has been duly authorized by all necessary corporate action on the part of the Company and has been executed and delivered by a duly authorized officer of the Company.

2. Each of the Amended Note Agreement and the Notes constitute a legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except as (a) the enforceability thereof may be limited by or subject to bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium or similar laws now or hereafter affecting creditors' rights generally, and (b) rights or remedies (including, without limitation, acceleration, specific performance and injunctive relief) may be limited by equitable principles of general applicability (including, without limitation, standards of materiality, good faith, fair dealing and reasonableness) whether such principles are considered in a proceeding in equity or at law, and may be subject to the discretion of the court before which any proceedings therefor may be brought.

3. All consents, approvals and authorizations of Governmental Authorities required on the part of the Company have been obtained in connection with the execution and delivery of the Sixth Amendment.

4. The execution and delivery of the Amended Note Agreement in accordance with, and subject to the terms and conditions of, the Amended Note Agreement, by the Company and

the performance by the Company of its obligations thereunder and under the Notes do not violate any applicable statute, rule or regulation to which the Company is subject.

5. Under existing law, the amendment of the First Amended and Restated Notes under the circumstances contemplated by the Sixth Amendment is an exempt transaction under the Securities Act and neither the registration of the Notes under the Securities Act, nor the qualification of an indenture with respect thereto under the Trust Indenture Act of 1939, as amended, is required in connection with such transaction.

In rendering this opinion, we assume no obligation to revise or supplement this opinion should any law now in effect be changed by legislative action, judicial decision or otherwise.

We acknowledge that this opinion is being issued at the request of the Company pursuant to the Sixth Amendment and we agree that the parties listed on Annex 1 thereto are relying hereon. Future holders of the Notes may rely on this opinion as if it were addressed to them. Except as otherwise provided in this paragraph, no one is entitled to rely on this opinion.

This opinion is solely for the information of the addressees hereof, and is not to be quoted in whole or in part or otherwise referred to, nor is it to be filed with any governmental agency or other person without our prior written consent (except that you may furnish a copy hereof (i) to any one or more of your employees, officers, directors, agents, attorneys, accountants or professional consultants, (ii) to any state or federal authority or independent insurance board or body having regulatory jurisdiction over any holder of a Note, (iii) pursuant to order or legal process of any court or governmental agency, (iv) in connection with any legal action in which you are a party arising out of or in respect of the transactions contemplated under the Amended Note Agreement, and (v) for informational and due diligence purposes only, to prospective transferees of the Notes).

Very truly yours,

ATTACHMENT 6

LIST OF HOLDERS OF NOTES WHOSE NOTES WILL BE PURCHASED
BY COMPANY PURSUANT TO SECTION 6.15(B)

1997 Series	Reg. No.	Principal Outstanding
The Guardian Life Insurance Company of America	R-1	$ 10,210,452.96
Massachusetts Mutual Life Insurance Company	R-2	$ 5,105,226.48
Nationwide Life Insurance Company	R-3	$ 5,105,226.48
Farm Bureau Life Insurance Company	R-6	$ 1,531,567.95
Farm Bureau Mutual Insurance Company	R-7	$ 1,021,045.30
American Bankers Insurance Company of Florida	R-8	$ 1,531,567.95
Voyager Property & Casualty Insurance Co.	R-9	$ 1,021,045.30
Subtotal		$ 25,526,132.42
1996 Series		
Massachusetts Mutual Life Insurance Company	R-1	$ 3,764,285.71
	R-3	$ 1,217,857.14
	R-4	$ 332,142.86
	R-30	$ 1,328,571.43
Nationwide Life Insurance Company	R-5	$ 5,535,714.29
Security Benefit Life Insurance Company	R-17	$ 2,657,142.86
Combined Insurance Company of America	R-29	$ 2,214,285.71
Subtotal		$ 17,050,000.00
1994 Series		
Western Farm Bureau Life Insurance	R-12	$ 1,095,833.34
FBL Insurance Company	R-13	$ 2,410,833.34
Ohio Casualty Insurance Co.	R-17	$ 1,315,000.00
Ohio Life Insurance Company	R-18	$ 876,666.66
Washington National Insurance Company	R-39	$ 258,497.17
William Blair & Company, L.L.C.	R-40	$ 500,000.00*
Lincoln Life & Annuity Company of New York	R-44	$ 317,951.52
	R-45	$ 206,797.74
Subtotal		$ 6,981,579.77
TOTAL		$49,557,712.19

*Represents a portion of Note which has a total of $646,242.92 principal amount outstanding.

EXHIBIT 4(B)(5)

FOURTH AMENDMENT TO NOTE PURCHASE AGREEMENT
RE:
CREDIT ACCEPTANCE CORPORATION
FIRST AMENDED AND RESTATED 8.24% SENIOR NOTES DUE JULY 1, 2001

Dated as of December 1, 1999

To the Noteholders listed on Annex I hereto

Ladies and Gentlemen:

Credit Acceptance Corporation, a Michigan corporation (together with its successors and assigns, the "Company"), hereby agrees with you as follows:

SECTION 1. INTRODUCTORY MATTERS.

1.1 DESCRIPTION OF OUTSTANDING NOTES. The Company currently has outstanding $27,235,714.01 in aggregate unpaid principal amount of its First Amended and Restated 8.24% Senior Notes due July 1, 2001 (collectively, the "Notes") which it issued pursuant to the separate Note Purchase Agreements, each dated as of August 1, 1996 (collectively, as amended by the First Amendment to Note Purchase Agreement, dated as of December 12, 1997, the Second Amendment to Note Purchase Agreement, dated as of July 1, 1998, and the Third Amendment to Note Purchase Agreement, dated as of April 13, 1999, the "Agreement"), entered into by the Company with each of the original holders of the Notes listed on Annex 1 thereto, respectively. Terms used herein but not otherwise defined herein shall have the meanings assigned thereto in the Agreement, as amended hereby.

1.2 PURPOSE OF AMENDMENT. The Company and you desire to amend the Agreement as set forth in Section 2 hereof.

SECTION 2. AMENDMENT TO THE AGREEMENT.

Pursuant to Section 10.5 of the Agreement, the Company hereby agrees with you that the Agreement shall be amended by this Fourth Amendment to Note Purchase Agreement (this "Fourth Amendment") in the following respects:

2.1 SECTION 1.1. Section 1.1 is hereby amended and restated in its entirety as set forth below.

"1.1 Authorization of Notes.

(a) On August 29, 1996, the Company issued Seventy Million Dollars ($70,000,000) in aggregate principal amount of its 7.99% Senior Notes due August 1, 2001 (the "Original Notes," such term to include each Original Note delivered from time to time prior to the effectiveness of the Second Amendment in accordance with any of the Note Purchase Agreements), each:

(i) bearing interest (computed on the basis of a 360-day year of twelve 30-day months) on the unpaid principal balance thereof from the date of such Original Note at the rate of seven and ninety-nine one-hundredths percent (7.99%) per annum, payable semi-annually on the first (1st) day of January and the first (1st) day of July in each year commencing on the later of January 1, 1997 or the payment date next succeeding the date of such Original Note;

(ii) bearing interest, payable on demand, on any overdue principal (including any overdue prepayment of principal) and Make-Whole Amount, if any, and (to the extent permitted by applicable law) on any overdue installment of interest, at a rate equal to the lesser of

(A) the highest rate allowed by applicable law, or

(B) nine and ninety-nine one-hundredths percent (9.99%) per annum;

(iii) maturing on July 1, 2001; and

(iv) in the form of the Original Note set out in Exhibit A, as in effect on the Closing Date.

(b) Pursuant to the Second Amendment, the Company and the holders of the Original Notes have agreed to amend and restate in full the Original Notes substantially in the form attached to the Second Amendment as Attachment 1 thereto (the "First Amended and Restated Notes," such term to include each Original Note, as amended and restated pursuant to the Second Amendment, and each First Amended and Restated Note delivered from time to time on or after the effectiveness of the Second Amendment in accordance with any of the Note Purchase Agreements). Each First Amended and Restated Note will:

(i) be designated a "First Amended and Restated 8.24% Senior Note Due July 1, 2001";

(ii) bear interest (computed on the basis of a 360-day year of twelve 30-day months) on the unpaid principal balance thereof from the date

of such Note at the rate of seven and ninety-nine one-hundredths percent (7.99%) per annum through (but not including) July 1, 1998, and at the rate of eight and twenty-four one-hundredths percent (8.24%) per annum from and after July 1, 1998 through, but not including, December 1, 1999, payable semi-annually on the first (1st) day of January and the first (1st) day of July in each year commencing on the payment date next succeeding the date of such First Amended and Restated Note;

(iii) bear interest, payable on demand, on any overdue principal (including any overdue prepayment of principal) and Make-Whole Amount, if any, and (to the extent permitted by applicable law) on any overdue installment of interest, at a rate equal to the lesser of

(A) the highest rate allowed by applicable law, or

(B) (I) nine and ninety-nine one-hundredths percent (9.99%) per annum if such time is prior to July 1, 1998, or (II) ten and twenty-four one-hundredths percent (10.24%) per annum if such time is on or after July 1, 1998 and prior to December 1, 1999;

(iv) mature on July 1, 2001; and

(v) be in the form of the First Amended and Restated Note set out in Exhibit A (as in effect upon the effectiveness of the Second Amendment).

(c) Pursuant to the Fourth Amendment, the Company and the holders of the Notes have agreed to amend and restate in full the First Amended and Restated Notes which remain outstanding at and after December 1, 1999 substantially in the form attached to the Fourth Amendment as Attachment 4 thereto (the "Second Amended and Restated Notes," such term to include each Original Note, as amended and restated pursuant to the Second Amendment, each First Amended and Restated Note delivered from time to time on or after the effectiveness of the Second Amendment in accordance with any of the Note Purchase Agreements, and each Second Amended and Restated Note delivered from time to time on or after December 1, 1999 in accordance with any of the Note Purchase Agreements). Each Second Amended and Restated Note will:

(i) (A) from and including December 1, 1999 through, but not including, January 15, 2000 be designated a "Second Amended and Restated 8.99% Senior Note Due July 1, 2001" and (B) from and after January 15, 2000 be designated a "Second Amended and Restated 9.49% Senior Note Due July 1, 2001";

(ii) bear interest (computed on the basis of a 360-day year of twelve 30-day months) on the unpaid principal balance thereof from the date of such Note at the rate of eight and ninety-nine one-hundredths percent (8.99%) per annum from and including December 1, 1999 through, but not including, January 15, 2000, and at the rate of nine and forty-nine one-hundredths percent (9.49%) per annum from and after January 15, 2000 to and including the date of maturity thereof, payable semi-annually on the first (1st) day of January and the first (1st) day of July in each year commencing on the payment date next succeeding the date of such Second Amended and Restated Note;

(iii) bear interest, payable on demand, on any overdue principal (including any overdue prepayment of principal) and Make-Whole Amount, if any, and (to the extent permitted by applicable law) on any overdue installment of interest, at a rate equal to the lesser of

(A) the highest rate allowed by applicable law, or

(B) (I) ten and ninety-nine one-hundredths percent (10.99%) per annum if such time is from and including December 1, 1999 through, but not including, January 15, 2000, or (II) eleven and forty-nine one-hundredths percent (11.49%) per annum if such time is on or after January 15, 2000;

(iv) mature on July 1, 2001; and

(v) be in the form of the Second Amended and Restated Note set out in Exhibit A (as in effect upon the effectiveness of the Fourth Amendment).

(d) The Original Notes, the First Amended and Restated Notes and the Second Amended and Restated Notes are referred to herein, collectively, as the "Notes". The term "Notes" as used herein shall include each Note delivered pursuant to the Note Purchase Agreements and each Note delivered in substitution or exchange for any such Note pursuant to Section 5.2 or Section 5.3, and shall be deemed (i) when reference is made to a date prior to the effective date of the Second Amendment, to be a reference to the Original Notes, (ii) when reference is made to a date on or after the effective date of the Second Amendment, to be a reference to the First Amended and Restated Notes, and (iii) when reference is made to a date on or after December 1, 1999, to be a reference to the Second Amended and Restated Notes."

2.2 ARTICLE 6. Article 6 is hereby amended and restated in its entirety as set forth below.

"6. COVENANTS

The Company covenants that on and after the Closing Date and so long as any of the Notes shall be outstanding:

6.1 DEBT AND ADVANCES.

(A) TOTAL DEBT. The Company will not at any time permit Consolidated Total Debt to exceed any of the following:

(i)(A) two hundred seventy-five percent (275%) of Consolidated Tangible Net Worth prior to the effective date of the Second Amendment, and (B) two hundred percent (200%) of Consolidated Tangible Net Worth from the effective date of the Second Amendment until such time (but in no event prior to December 31, 1998) as the Company has maintained a ratio of (A) Consolidated Income Available for Fixed Charges for the four consecutive fiscal quarters of the Company most recently ended at such time to (B) Consolidated Fixed Charges for such period of not less than 2.25 to 1.0 for two consecutive fiscal quarters, then two hundred seventy-five percent (275%) of Consolidated Tangible Net Worth, provided however, that for the purposes of this test, Consolidated Total Debt shall be calculated by including all Debt incurred by a Special Purpose Subsidiary, whether or not included therein under GAAP;

(ii) Seventy-Five Percent (75%) of the sum of (A) Advances and (B) Leased Vehicles; and

(iii) Sixty Percent (60%) of the sum of (A) Gross Current Installment Contract Receivables and (B) Gross Current Leased Vehicles.

(B) SENIOR FUNDED DEBT. The Company will not at any time permit Consolidated Senior Funded Debt to exceed either

(i) two hundred percent (200%) of Consolidated Tangible Net Worth at such time, or

(ii) (A) the sum of (I) Net Installment Contract Receivables less Net Dealer Holdbacks and (II) Leased Vehicles less Net Leased Vehicle Dealer Holdbacks, in each case at such time, divided by

(B) 1.10.

(C) SUBORDINATED FUNDED DEBT. The Company will not at any time permit Consolidated Subordinated Funded Debt to exceed one hundred fifty percent (150%) of Consolidated Tangible Net Worth at such time.

(D) RESTRICTED SUBSIDIARY DEBT. The Company will not at any time permit the sum of (i) Total Restricted Subsidiary Debt at such time plus, without duplication, (ii) the aggregate amount of all Debt and other obligations outstanding at such time secured by Liens permitted by clause (v), clause (vi) and clause (vii) of Section 6.6(a) to exceed (A) on or before July 31, 1997, fifteen percent (15%) of Consolidated Tangible Net Worth or (B) on or after August 1, 1997, twenty percent (20%) of Consolidated Tangible Net Worth.

(E) COMMERCIAL PAPER. The Company will not, and will not permit any Restricted Subsidiary to, issue commercial paper unless the obligations of the Company or such Restricted Subsidiary with respect to such commercial paper are backed by a Letter of Credit Facility.

(F) GROSS ADVANCES. The Company will not at any time permit Gross Advances to exceed seventy percent (70%) of Net Installment Contract Receivables; provided, however, that at any time at which the Credit Agreement (as from time to time amended, restated, refinanced, replaced or supplemented) does not permit the amount of Gross Advances to exceed 65% of Net Installment Contract Receivables, the Company shall not permit Gross Advances to exceed sixty-five percent (65%) of Net Installment Contract Receivables.

6.2 FIXED CHARGE COVERAGE.

The Company will not at any time permit the ratio of

(a) Consolidated Income Available for Fixed Charges for the period of four (4) consecutive fiscal quarters of the Company most recently ended at such time to

(b) Consolidated Fixed Charges for such period

to be less than (i) 2.5 to 1.0 for any period of four fiscal quarters ended on or prior to September 30, 1997, (ii) 1.9 to 1.0 for the four fiscal quarters ended December 31, 1997, (iii) 1.7 to 1.0 for the four fiscal quarters ended March 31, 1998, (iv) 1.6 to 1.0 for the four fiscal quarters ended June 30, 1998, (v) 2.0 to 1.0 for the four fiscal quarters ended September 30, 1998 and (vi) 2.25 to 1.0 for any four fiscal quarters ended on or after December 31, 1998.

6.3 CONSOLIDATED TANGIBLE NET WORTH.

The Company will not at any time permit Consolidated Tangible Net Worth, determined at such time, to be less than the result of

(a) Two Hundred Eighteen Million Seven Hundred Twenty Five Thousand Dollars ($218,725,000), plus

(b) the sum of (i) seventy-five percent (75%) of Consolidated Net Income for each fiscal year ended during the period beginning on January 1, 1999 and ending on such date (unless Consolidated Net Income shall be a loss in any such fiscal year, in which event the amount determined pursuant to this clause (b)(i) for such fiscal year shall be zero) and (ii) 100% of the proceeds of each Equity Offering conducted on and after July 1, 1998 by the Company or any of its Restricted Subsidiaries, net of related costs of issuance payable to third parties, on a cumulative basis.

6.4 SALE AND LEASEBACK TRANSACTIONS.

The Company will not, and will not permit any Restricted Subsidiary to, enter into, at any time, any Sale and Leaseback Transaction unless,

(a) after giving effect thereto,

(i) the sale of Property in connection with such Sale and Leaseback Transaction is permitted pursuant to Section 6.8 and

(ii) the Debt to be secured by a Lien on the Property to be leased in connection with such Sale and Leaseback Transaction is permitted pursuant to the provisions of Section 6.1 and Section 6.6, and

(b) the lease of such Property constitutes a Capital Lease.

6.5 RESTRICTED INVESTMENTS.

The Company will not, and will not permit any Restricted Subsidiary to, make any Restricted Investment.

6.6 LIENS.

(A) NEGATIVE PLEDGE. The Company will not, and will not permit any Restricted Subsidiary to, cause or permit to exist, or agree or consent to cause or permit to exist in the future (upon the happening of a contingency or otherwise), any of their Property, whether now owned or hereafter acquired, to be subject to any Lien except:

(i) (A) Liens securing Property taxes, assessments or governmental charges or levies or the claims or demands of materialmen, mechanics, carriers, warehousemen, vendors, landlords and other like Persons, provided that the payment thereof is not at the time required by Section 6.12, (B) any Lien encumbering Securitization Property which is the subject of a Transfer pursuant to a Permitted Securitization, and (C) any Lien granted in favor of the "Collateral Agent" (as defined in the Intercreditor Agreement) for the benefit of the Banks, the holders of Notes and "Future Debt Holders" (as defined in the Intercreditor Agreement) and subject to the Intercreditor Agreement;

(ii) Liens

(A) arising from judicial attachments and judgments,

(B) securing appeal bonds or supersedeas bonds, and

(C) arising in connection with court proceedings (including, without limitation, surety bonds and letters of credit or any other instrument serving a similar purpose),

provided that (1) the execution or other enforcement of such Liens is effectively stayed, (2) the claims secured thereby are being contested in good faith and by appropriate proceedings, (3) adequate book reserves in accordance with GAAP shall have been established and maintained and shall exist with respect thereto, (4) such Liens do not in the aggregate detract from the value of such Property and (5) the title of the Company or the Restricted Subsidiary, as the case may be, to, and its right to use, such Property, is not materially adversely affected thereby;

(iii) Liens incurred or deposits made in the ordinary course of business

(A) in connection with workers' compensation, unemployment insurance, social security and other like laws, and

(B) to secure the performance of letters of credit, bids, tenders, sales contracts, leases, statutory obligations, surety and performance bonds (of a type other than set forth in Section 6.6(a)(ii)) and other similar obligations not incurred in connection with the borrowing of money, the obtaining of advances or the payment of the deferred purchase price of Property;

(iv) Liens in the nature of reservations, exceptions, encroachments, easements, rights-of-way, covenants, conditions, restrictions, leases and other similar title exceptions or encumbrances affecting real Property, provided that (1) such

exceptions and encumbrances do not in the aggregate materially detract from the value of such Property and (2) title of the Company or the Restricted Subsidiary, as the case may be, to, and the right to use, such Property, is not materially adversely affected thereby;

(v) Liens in existence on the Closing Date securing Debt, provided that such Liens are described in Part 6.6(a)(v) of Annex 3;

(vi) Purchase Money Liens, if, after giving effect thereto and to any concurrent transactions:

(A) each such Purchase Money Lien secures Debt in an amount not exceeding the cost of acquisition or construction of the particular Property to which such Debt relates; and

(B) immediately after giving effect thereto, no Default or Event of Default would exist; and

(vii) Liens on Property not otherwise permitted under clause (i) through clause (vi) of this Section 6.6(a) if the obligations secured by such Liens, when added to (A) the obligations secured by Liens pursuant to clause (v) and clause (vi) of this Section 6.6(a) plus, without duplication, (B) Total Restricted Subsidiary Debt at such time, do not exceed (1) on or before July 31, 1997, fifteen percent (15%) of Consolidated Tangible Net Worth or (2) on or after August 1, 1997, twenty percent (20%) of Consolidated Tangible Net Worth.

(B) EQUAL AND RATABLE LIEN; EQUITABLE LIEN. In case any Property shall be subjected to a Lien in violation of this Section 6.6, the Company will immediately make or cause to be made, to the fullest extent permitted by applicable law, provision whereby the Notes will be secured equally and ratably with all other obligations secured thereby pursuant to such agreements and instruments as shall be approved by the Required Holders, and the Company will cause to be delivered to each holder of a Note an opinion, satisfactory in form and substance to the Required Holders, of independent counsel to the effect that such agreements and instruments are enforceable in accordance with their terms, and in any such case the Notes shall have the benefit, to the fullest extent that, and with such priority as, the holders of Notes may be entitled thereto under applicable law, of an equitable Lien on such Property securing the Notes (provided that, notwithstanding the foregoing, each holder of Notes shall have the right to elect at any time, by delivery of written notice of such election to the Company, to cause the Notes held by such holder not to be secured by such Lien or such equitable Lien). A violation of this Section 6.6 will constitute an Event of Default, whether or not any such provision is made pursuant to this Section 6.6(b).

(C) FINANCING STATEMENTS. The Company will not, and will not permit any Restricted Subsidiary to, sign or file a financing statement under the Uniform Commercial Code of any jurisdiction that names the Company or such Restricted Subsidiary as debtor, or sign any security agreement authorizing any secured party thereunder to file any such financing statement, except, in any such case, a financing statement filed or to be filed to perfect or protect a security interest that the Company or such Restricted Subsidiary is permitted to create, assume or incur, or permit to exist, under the foregoing provisions of this Section 6.6 or to evidence for informational purposes a lessor's interest in Property leased to the Company or any such Restricted Subsidiary.

6.7 MERGER AND CONSOLIDATION; COVENANT TO MERGE CAC INTERNATIONAL.

(A) MERGER AND CONSOLIDATION. The Company will not, and will not permit any Restricted Subsidiary to, merge or consolidate with or into, or sell, lease, transfer or otherwise dispose of all or substantially all of its Property to, any other Person or permit any other Person to merge or consolidate with or into it (the Company, the Restricted Subsidiary or such other Person that is the surviving corporation or transferee being herein referred to as the "Surviving Corporation"), provided that the foregoing restrictions shall not apply to:

(i) the merger or consolidation of the Company with or into, or the sale of all or substantially all of the Property of the Company to, another corporation, if:

(A) the Surviving Corporation is solvent and is organized under the laws of the United States of America or any state thereof;

(B) the due and punctual payment of the principal of and Make-Whole Amount, if any, and interest on all of the Notes, according to their tenor, and the due and punctual performance and observance of all the covenants in the Notes and this Agreement to be performed or observed by the Company, are expressly assumed or acknowledged by the Surviving Corporation in a manner satisfactory to the Required Holders, and the Company causes to be delivered to each holder of Notes an opinion of independent counsel, in form, scope and substance satisfactory to the Required Holders, to the effect that such assumption or acknowledgment is enforceable in accordance with its terms; and

(C) immediately prior to, and immediately after the consummation of the transaction, and after giving effect thereto, no Default or Event of Default exists or would exist;

(ii) the merger or consolidation of a Restricted Subsidiary with or into, or the sale of all or substantially all of the Property of such Restricted Subsidiary to, the

Company, another Restricted Subsidiary or any other Person that concurrently with such merger, consolidation or sale becomes a Restricted Subsidiary, if:

(A) the Surviving Corporation is organized under the laws of the United States of America or any state thereof; and

(B) immediately prior to, and immediately after the consummation of the transaction, and after giving effect thereto, no Default or Event of Default exists or would exist;

(iii) the Transfer of Securitization Property to any Special Purpose Subsidiary in connection with a Permitted Securitization; and

(iv) a merger, consolidation or Transfer of a Restricted Subsidiary or Restricted Subsidiaries pursuant to the Montana Disposition or the Arlington Disposition.

(B) COVENANT TO MERGE CAC INTERNATIONAL. The Company covenants and agrees that it shall merge CAC International with and into the Company (with the Company being the survivor) on or before May 15, 1997, in accordance with Section 6.7(a).

6.8 TRANSFERS OF PROPERTY; SUBSIDIARY STOCK.

(A) TRANSFERS OF PROPERTY. Except as permitted under Section 6.7(a), the Company will not, and will not permit any Restricted Subsidiary to, sell, lease as lessor, transfer or otherwise dispose of any Property (including, without limitation, Restricted Subsidiary Stock) (collectively, "Transfers"), except:

(i) Transfers from a Restricted Subsidiary to the Company or to a Wholly-Owned Restricted Subsidiary;

(ii) any other Transfer at any time of any Property to a Person, other than an Affiliate, for an Acceptable Consideration, if each of the following conditions would be satisfied with respect to such Transfer:

(A) the result of

(1) the sum of

(aa) the current book value of such Property, plus

(bb) the aggregate book value of all other Property of the Company and the Restricted Subsidiaries, determined

on a consolidated basis, Transferred (other than in Transfers referred to in clauses (i), (iii), (iv), (v) and (vi) of this Section 6.8(a) (the "Excluded Transfers"), but including Transfers pursuant to Section 6.8(b) other than in connection with the Montana Disposition or the Arlington Disposition) during the twelve (12) month period ended immediately prior to the date of such Transfer, minus

(2) the aggregate cost of all Capital Assets acquired by the Company and the Restricted Subsidiaries, determined on a consolidated basis, during such twelve (12) month period,

would not exceed ten percent (10%) of Consolidated Net Tangible Assets determined as at the end of the most recently ended fiscal year of the Company prior to giving effect to such Transfer, and

(B) immediately before and after the consummation of such Transfer, and after giving effect thereto, no Default or Event of Default would exist;

(iii) Transfers of Securitization Property to a Restricted Subsidiary or a Special Purpose Subsidiary pursuant to a Permitted Securitization if, immediately before and after the consummation of such Transfer, and after giving effect thereto, no Default or Event of Default would exist;

(iv) Transfers of the capital stock of a Special Purpose Subsidiary to the Company or a Restricted Subsidiary if, immediately before and after the consummation of such Transfer, and after giving effect thereto, no Default or Event of Default would exist;

(v) any Transfer made pursuant to the Montana Disposition (including without limitation the transfer by the Company of its intellectual property rights to the name Tele-Track, Inc.) or the Arlington Disposition if, immediately before and after the consummation of such Transfer, and after giving effect thereto, no Default or Event of Default would exist; and

(vi) any Transfer of Installment Contracts or Leases made to a Dealer due to the termination of a Dealer Agreement, for which Transfer the Company or any of its Restricted Subsidiaries receives an Acceptable Consideration.

(B) TRANSFERS OF SUBSIDIARY STOCK. The Company will not, and will not permit any Restricted Subsidiary to, Transfer any shares of the stock (or any warrants, rights or options to purchase stock or other Securities exchangeable for or convertible into stock) of a

Restricted Subsidiary (such stock, warrants, rights, options and other Securities herein called "Restricted Subsidiary Stock"), nor will any Restricted Subsidiary issue, sell or otherwise dispose of any shares of its own Restricted Subsidiary Stock, provided that the foregoing restrictions do not apply to:

(i) the issuance by a Restricted Subsidiary of shares of its own Restricted Subsidiary Stock to the Company or a Wholly-Owned Restricted Subsidiary;

(ii) Transfers by the Company or a Restricted Subsidiary of shares of Restricted Subsidiary Stock to the Company or a Wholly-Owned Restricted Subsidiary;

(iii) the issuance by a Restricted Subsidiary of directors' qualifying shares; and

(iv) the Transfer of all of the Restricted Subsidiary Stock of a Restricted Subsidiary owned by the Company and the other Restricted Subsidiaries pursuant to the Montana Disposition or the Arlington Disposition or if:

(A) such Transfer satisfies the requirements of Section 6.8(a)(ii);

(B) in connection with such Transfer the entire Investment (whether represented by stock, Debt, claims or otherwise) of the Company and the other Restricted Subsidiaries in such Restricted Subsidiary is Transferred to a Person other than the Company or a Restricted Subsidiary not simultaneously being disposed of;

(C) the Restricted Subsidiary being disposed of has no continuing Investment in any other Restricted Subsidiary not simultaneously being disposed of or in the Company; and

(D) immediately before and after the consummation of such Transfer, and after giving effect thereto, no Default or Event of Default would exist.

For purposes of determining the book value of Property constituting Restricted Subsidiary Stock being Transferred as provided in clause (iv) above, such book value shall be deemed to be the aggregate book value of all assets of the Restricted Subsidiary that shall have issued such Restricted Subsidiary Stock. Any Transfer of Restricted Subsidiary Stock pursuant to clause (iv) above shall be deemed to be a Transfer of the accounts receivable of such Restricted Subsidiary which must satisfy the requirements of Section 6.8(c).

(C) ACCOUNTS RECEIVABLE. Notwithstanding the provisions of Section 6.8(a), except in connection with a Permitted Securitization or in connection with the Montana Disposition or the Arlington Disposition, neither the Company nor any Restricted Subsidiary will Transfer any accounts receivable if the sum of

(i) the face value of the accounts receivable proposed to be Transferred, plus

(ii) the face value of accounts receivable Transferred by the Company and all Restricted Subsidiaries during the then current fiscal year of the Company,

would exceed five percent (5%) of the face value of the accounts receivable of the Company and the Restricted Subsidiaries determined on a consolidated basis as at the end of the most recently ended fiscal year of the Company prior to giving effect to such Transfer (but excluding for purposes of such calculation accounts receivable attributable to assets the title to which is held by a Special Purpose Subsidiary pursuant to a Permitted Securitization).

6.9 LINE OF BUSINESS.

The Company will not, and will not permit any Restricted Subsidiary to, engage in, or make any Investment in any business engaged in, the provision of property and casualty insurance unless the Company or such Restricted Subsidiary shall maintain reinsurance of its underwriting risk, with one or more reinsurers rated "A-" or better by Standard & Poor's Ratings Group or (A3) or better by Moody's Investors Service, Inc., for all of the Company's or such Restricted Subsidiary's exposure in excess of one hundred percent (100%) of the premiums written by the Company or such Restricted Subsidiary. In addition to the foregoing, the Company will not, and will not permit any Restricted Subsidiary to, engage in any business if, after giving effect thereto, the general nature of the businesses of the Company and the Restricted Subsidiaries, taken as a whole, would no longer be the provision of financing programs for the purchase or lease of used motor vehicles, motor vehicle service protection programs, credit life, accident and health insurance programs and other programs related to the foregoing (it being understood that, in the course of the provision of such programs, the Company may be obligated to remit monies held by it in connection with dealer holdbacks, claims or refunds under insurance policies, claims or refunds under service contracts, and to make deposits in trust or otherwise as required under reinsurance agreements or pursuant to state regulatory requirements). The Company shall manage and operate such businesses in substantially the same manner that they are managed and operated as of the date hereof.

6.10 TRANSACTIONS WITH AFFILIATES.

The Company will not, and will not permit any Restricted Subsidiary to, enter into any transaction, including, without limitation, the purchase, sale or exchange of Property or the rendering of any service, with any Affiliate, except (a) a Permitted Securitization or (b) in the ordinary course of and pursuant to the reasonable requirements of the Company's or such Restricted Subsidiary's

business and upon fair and reasonable terms no less favorable to the Company or such Restricted Subsidiary than would obtain in a comparable arm's-length transaction with a Person not an Affiliate.

6.11 MAINTENANCE OF PROPERTIES; CORPORATE EXISTENCE; ETC.

The Company will, and will cause each Restricted Subsidiary to:

(A) PROPERTY -- maintain, preserve and keep its Property in good condition and working order, ordinary wear and tear excepted, and make all necessary repairs, renewals, replacements, additions, betterments and improvements thereto, except where the failure to do so could not reasonably be expected to have a Material Adverse Effect;

(B) INSURANCE -- maintain, with financially sound and reputable insurers, insurance with respect to its Property and business against such casualties and contingencies, of such types (including, without limitation, insurance with respect to losses arising out of Property loss or damage, public liability, business interruption, larceny, workers' compensation, embezzlement or other criminal misappropriation) and in such amounts as is customary in the case of corporations of established reputations engaged in the same or a similar business and similarly situated, provided that such insurance is commercially available, it being understood that the Company and the Restricted Subsidiaries may self-insure against hazards and risks with respect to which, and in such amounts as, the Company in good faith determines to be prudent and consistent with sound financial and business practice;

(C) FINANCIAL RECORDS -- keep accurate and complete books of records and accounts in which accurate and complete entries shall be made of all its business transactions and that will permit the provision of accurate and complete financial statements in accordance with GAAP;

(D) CORPORATE EXISTENCE AND RIGHTS --

(i) do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence, rights (charter and statutory) and franchises, except where the failure to do so, in the aggregate, could not reasonably be expected to have a Material Adverse Effect, and

(ii) to maintain each Subsidiary as a Subsidiary,

in each case except as permitted or required by Section 6.7(a) and Section 6.8(b); and

(E) COMPLIANCE WITH LAW -- not be in violation of any law, ordinance or governmental rule or regulation to which it is subject (including, without limitation, any Environmental Protection Law and OSHA) and not fail to obtain any license, certificate,

permit, franchise or other governmental authorization necessary to the ownership of its Properties or to the conduct of its business if such violations or failures to obtain, in the aggregate, could reasonably be expected to have a Material Adverse Effect.

6.12 PAYMENT OF TAXES AND CLAIMS.

The Company will, and will cause each Subsidiary to, pay before they become delinquent:

(a) all taxes, assessments and governmental charges or levies imposed upon it or its Property; and

(b) all claims or demands of materialmen, mechanics, carriers, warehousemen, vendors, landlords and other like Persons that, if unpaid, might result in the creation of a Lien upon its Property;

provided, that items of the foregoing description need not be paid

(i) while being contested in good faith and by appropriate proceedings as long as adequate book reserves have been established and maintained and exist with respect thereto, and

(ii) so long as the title of the Company or the Subsidiary, as the case may be, to, and its right to use, such Property, is not materially adversely affected thereby.

6.13 PAYMENT OF NOTES AND MAINTENANCE OF OFFICE.

The Company will punctually pay, or cause to be paid, the principal of and interest (and Make-Whole Amount, if any) on, the Notes, as and when the same shall become due according to the terms hereof and of the Notes, and will maintain an office at the address of the Company set forth in Section 10.1 where notices, presentations and demands in respect hereof or of the Notes may be made upon it. Such office will be maintained at such address until such time as the Company shall notify the holders of the Notes in writing of any change of location of such office, which will in any event be located within the United States of America.

6.14 PENSION PLANS.

(A) COMPLIANCE. The Company will, and will cause each ERISA Affiliate to, at all times with respect to each Pension Plan, make timely payment of contributions required to meet the minimum funding standard set forth in ERISA or the IRC with respect thereto, and to comply with all other applicable provisions of ERISA and the IRC.

(B) RELATIONSHIP OF VESTED BENEFITS TO PENSION PLAN ASSETS. The Company will not at any time permit the present value of all employee benefits vested under each Pension

Plan to exceed the assets of such Pension Plan allocable to such vested benefits at such time, in each case determined pursuant to Section 6.14(c).

(C) VALUATIONS. All assumptions and methods used to determine the actuarial valuation of vested employee benefits under Pension Plans and the present value of assets of Pension Plans will be reasonable in the good faith judgment of the Company and will comply with all requirements of law.

(D) PROHIBITED ACTIONS. The Company will not, and will not permit any ERISA Affiliate to:

(i) engage in any "prohibited transaction" (as defined in section 406 of ERISA or section 4975 of the IRC) that would result in the imposition of a material tax or penalty;

(ii) incur with respect to any Pension Plan any "accumulated funding deficiency" (as defined in section 302 of ERISA), whether or not waived;

(iii) terminate any Pension Plan in a manner that could result in the imposition of a Lien on the Property of the Company or any Subsidiary pursuant to section 4068 of ERISA or the creation of any liability under section 4062 of ERISA;

(iv) fail to make any payment required by section 515 of ERISA; or

(v) at any time be an "employer" (as defined in section 3(5) of ERISA) required to contribute to any Multiemployer Plan or a "substantial employer" (as defined in section 4001 of ERISA) required to contribute to any Multiple Employer Pension Plan if, at such time, it could reasonably be expected that the Company or any Subsidiary will incur withdrawal liability in respect of such Multiemployer Plan or Multiple Employer Pension Plan and such liability, if incurred, together with the aggregate amount of all other withdrawal liability as to which there is a reasonable expectation of incurrence by the Company or any Subsidiary under any one or more Multiemployer Plans or Multiple Employer Pension Plans, could reasonably be expected to have a Material Adverse Effect.

6.15 PRO-RATA OFFERS; MANDATORY PURCHASE.

(A) GENERAL. Except as provided in Section 6.15(b), the Company will not, and will not permit any Subsidiary or any Affiliate to, directly or indirectly, acquire or make any offer to acquire any Notes unless the Company or such Subsidiary or Affiliate shall have offered to acquire Notes, pro rata, from all holders of the Notes and upon the same terms. In case the Company acquires any Notes pursuant to this Section 6.15, such Notes will immediately thereafter be canceled and no Notes will be issued in substitution therefor. Each

purchase of the Notes pursuant to this Section 6.15 shall be applied to reduce ratably each of the Mandatory Principal Amortization Payments remaining after the date of such purchase.

(B) MANDATORY PURCHASE OF NOTES. The Company shall, on or before January 15, 2000, acquire from the holders thereof the Notes listed on Attachment 6 to the Fourth Amendment (the "Repurchased Notes") for a price equal to the outstanding principal amount of such Repurchased Notes at such time as set forth on Attachment 6, plus interest accrued but unpaid to, but not including, the date of such purchase. The Company shall give written notice to the holders of the Repurchased Notes, no later than the second Business Day prior to such payment, of the date on which such payment is to be made. It is understood and acknowledged by the parties to this Agreement that (i) compliance by the Company with the obligations in this Section 6.15(b) shall not be deemed a breach of any of the Company's obligations under Section 4 of this Agreement; (ii) upon payment of the price provided in this Section 6.15(b) to the holders of the Repurchased Notes, the Company shall immediately cancel the Repurchased Notes and no Notes will be issued in substitution therefor (except that a substitute Note shall be issued for the balance outstanding if less than the full amount of the Note is to be repurchased pursuant hereto); and (iii) the Company's failure to comply with the obligation to make any payment required by this Section 6.15(b) on or before the required payment date shall be considered a failure to make a principal payment when due for purposes of Section 8.1(a) of this Agreement. The purchase of Repurchased Notes pursuant to this Section 6.15(b) shall be applied to reduce ratably each of the Mandatory Principal Amortization Payments remaining after the date of such purchase.

6.16 PRIVATE OFFERING.

The Company will not, and will not permit any Person acting on its behalf to, offer the Notes or any part thereof or any similar Securities for issuance or sale to, or solicit any offer to acquire any of the same from, any Person so as to bring the issuance and sale of the Notes within the provisions of section 5 of the Securities Act.

6.17 DESIGNATION OF SUBSIDIARIES.

(A) RIGHT OF DESIGNATION. Subject to the satisfaction of the requirements of Section 6.17(c), the Company shall have the right to designate any newly acquired or formed Subsidiary as an Unrestricted Subsidiary by delivering to each holder of Notes a writing, signed by a Vice President or the President of the Company, so designating such Subsidiary within thirty (30) days of the acquisition or formation of such Subsidiary by the Company or any Restricted Subsidiary. Any such Subsidiary so designated within such thirty (30) day period shall be deemed to have been an Unrestricted Subsidiary as of the date of such acquisition or formation and any such Subsidiary not so designated within such thirty (30) day period shall be deemed to have been a Restricted Subsidiary as of the date of such acquisition or formation. For all purposes of this Agreement, each Subsidiary designated as an Unrestricted Subsidiary in Part 6.17(a) of Annex 3 shall, subject to Section 6.17(b), be an

Unrestricted Subsidiary and all other Subsidiaries, if any, listed in Part 2.3 of Annex 3 shall be Restricted Subsidiaries.

(B) RIGHT OF REDESIGNATION. No Restricted Subsidiary shall be redesignated as an Unrestricted Subsidiary. Subject to the satisfaction of the requirements of Section 6.17(c), the Company may at any time designate any Unrestricted Subsidiary as a Restricted Subsidiary by delivering a written notice to such effect, signed by a Vice President or the Chairman, President or Treasurer of the Company, to each holder of Notes.

(C) DESIGNATION CRITERIA.

(i) No corporation acquired or formed after the Closing Date shall be designated as a Restricted Subsidiary (including deemed designation pursuant to Section 6.17(a)) unless:

(A) such Subsidiary at such time meets all of the requirements of a "Restricted Subsidiary" as set forth in the definition thereof; and

(B) immediately before and after, and after giving effect to such designation, no Default or Event of Default exists or would exist.

(ii) No Subsidiary shall at any time after the Closing Date be designated as an Unrestricted Subsidiary pursuant to Section 6.17(a) unless:

(A) immediately before and after, and after giving effect to such designation, no Default or Event of Default exists or would exist; and

(B) such Subsidiary does not own, directly or indirectly, any Funded Debt or capital stock of any Restricted Subsidiary.

(D) EFFECTIVENESS. Any designation under Section 6.17(b) that satisfies all of the conditions set forth in Section 6.17(c) shall become effective, for purposes of this Agreement, on the day that notice thereof shall have been mailed (postage prepaid, by registered or certified mail, return receipt requested) by the Company to each holder of Notes at the addresses as provided in Section 10.1.

6.18 AMENDMENT OF BANK TERM DEBT OR SUBORDINATED DEBT DOCUMENTS; TERMINATION OF RESTRICTION ON BANK TERM DEBT AMENDMENTS; NO FURTHER RESTRICTIONS ON AMENDMENTS OF THIS AGREEMENT.

(A) AMENDMENT OF BANK TERM DEBT OR SUBORDINATED DEBT DOCUMENTS. The Company will not amend, modify or otherwise alter (or suffer to be amended, modified or

altered), or waive (or permit to be waived), in any material respect, any of the terms or provisions of any document or instrument:

(i) evidencing or otherwise relating to any Bank Term Debt so as to shorten the maturity or original amortization of such Bank Term Debt, or

(ii) evidencing or otherwise relating to any Subordinated Debt so as to increase the original interest rate on, or the principal amount of, such Subordinated Debt, shorten the original amortization of such Subordinated Debt, change any other repayment terms or any default or remedial provisions in any such document or instrument, or change the subordination provisions contained in any such document or instrument,

in each case without the prior written approval of the Required Holders.

(B) TERMINATION OF RESTRICTION ON BANK TERM DEBT AMENDMENTS. Subject to Section 6.18(c), the provisions of Section 6.18(a), insofar as such provisions relate to amendments, modifications, alterations or waivers of Bank Term Debt, will terminate and be of no further force or effect at such time as the Company causes to be delivered to each holder of Notes a duly executed copy of an amendment or modification of the Credit Agreement (or any new agreement contemplated by Section 6.18(c)(ii) below) deleting Section 8.13 of the Credit Agreement (or the comparable provision in such new agreement) effective on or prior to the date of such delivery.

(C) NO FURTHER RESTRICTIONS ON AMENDMENTS OF THIS AGREEMENT. The Company will not:

(i) amend, modify or otherwise alter (or suffer to be amended, modified or altered) the Credit Agreement (including, without limitation, Section 8.13 thereof) or any document or instrument relating thereto to include any covenant or other provision (other than Section 8.13 of the Credit Agreement as in effect on the Closing Date) that requires, as a condition to the amendment of any term or provision of this Agreement, or the waiver of any term or provision herein, the approval or consent of any other creditor of the Company; or

(ii) enter into any other agreement (or suffer to be amended, modified or altered any other agreement to which the Company is a party) that requires, as a condition to the amendment of any term or provision of this Agreement, or the waiver of any term or provision herein, the approval or consent of any other creditor of the Company; provided that if (A) any such agreement is entered into to replace, refinance or supplement the Credit Agreement and (B) Section 8.13 of the Credit Agreement (as in effect on the Closing Date) shall not have been deleted from the Credit Agreement as of the time such new agreement is to be entered into, such new

agreement may include a covenant substantially the same as (and not more onerous on the Company than) Section 8.13 of the Credit Agreement (as in effect on the Closing Date).

6.19 AMENDMENT OF SECURITIZATION DOCUMENTS. Once executed and delivered pursuant to a Permitted Securitization, the Company covenants that it will not permit the "pertinent terms, conditions or provisions" of the Securitization Documents to be waived, amended, modified or otherwise altered in any material respect adverse to the Company or any Restricted Subsidiary or Special Purpose Subsidiary without the prior written approval of the Required Holders. For purposes of the Securitization Documents, the "pertinent terms, conditions or provisions" thereof shall be deemed solely those terms, conditions or provisions with respect to servicer fees, servicer expenses, defaults, events of default, recourse to the Company or any Restricted Subsidiary, Cleanup Calls or conditions contained therein which are required under or necessary for compliance with this Agreement.

6.20 RESTRICTED PAYMENTS.

(A) The Company shall not, and shall not permit any Restricted Subsidiary to, directly or indirectly, declare, make, set apart any funds or other property for, or incur any liability to make any Restricted Payment unless, at the time of such action, at least two of the following four organizations shall have assigned an Investment Grade Rating to the Company, the Notes or any other senior unsecured debt obligation of the Company: Moody's Investors Service, Inc., Standard & Poor's Ratings Group, the National Association of Insurance Commissioners (the "NAIC"), or Fitch Investors Services, Inc.

(B) The parties hereto specifically acknowledge that the NAIC is not in any way a rating agency with functions such as those performed by Moody's Investors Service, Inc., Standard & Poor's Ratings Group, or Fitch Investors Services, Inc. Further, the parties hereto specifically acknowledge that any rating given to the Notes by the NAIC is not to be interpreted as an expression by the NAIC with respect to the suitability of an investment in the Notes or the likelihood of any payment in respect thereof. In addition, the signatories hereto specifically affirm that the holders of the Notes will not obtain any benefit from satisfaction of the requirement set forth in Section 6.20(a).

(C) If the NAIC makes specific reference to Section 6.20(a) and states that it will withdraw any rating or designation of the Notes, or will take any other action adverse to any one or more of the holders of the Notes, as a result of the agreement set forth in Section 6.20(a), the parties hereto hereby agree that:

(i) Section 6.20(a) shall, in lieu of the requirement set forth therein, be deemed to require an Investment Grade Rating from at least two of the following three organizations: Moody's Investors Service, Inc., Standard & Poor's Ratings Group, or Fitch Investors Services, Inc.; and

(ii) Clause (iii) of the definition of "Investment Grade Rating" shall be deemed to have been deleted.

Such changes shall take effect upon delivery of written notice to the Company by the Required Holders referring to such proposed withdrawal or other action and stating that the condition set forth in this Section 6.20(c) has occurred.

6.21 NO SECURITIZATIONS OTHER THAN PERMITTED SECURITIZATIONS. The Company will not, and will not permit any Restricted Subsidiary to, engage in any Securitization Transaction other than a Permitted Securitization."

2.3 SECTION 7.1. Section 7.1 is hereby amended and restated in its entirety as set forth below.

"7.1 Financial and Business Information.

The Company will deliver to each holder of Notes:

(A) QUARTERLY STATEMENTS -- as soon as practicable after the end of each quarterly fiscal period in each fiscal year of the Company (other than the last quarterly fiscal period of each such fiscal year), and in any event within sixty (60) days thereafter, duplicate copies of

(i) a consolidated balance sheet of the Company and its consolidated subsidiaries and consolidated and consolidating balance sheets of the Company and the Restricted Subsidiaries, as at the end of such quarter, and

(ii) consolidated statements of income and cash flows of the Company and its consolidated subsidiaries and consolidated and consolidating statements of income and cash flows of the Company and the Restricted Subsidiaries, for such quarter and (in the case of the second and third quarters) for the portion of the fiscal year ending with such quarter,

setting forth in each case in comparative form the figures for the corresponding periods in the immediately preceding fiscal year, all in reasonable detail, prepared in accordance with GAAP applicable to quarterly financial statements generally, and accompanied by the certificate required by Section 7.2, and, in the case of the financial statements relating to the Company and its Restricted Subsidiaries, certified as complete and correct, subject to changes resulting from year-end adjustments, by a Senior Financial Officer, and, in the case of the financial statements relating to the Company and its consolidated subsidiaries at any time when a Quarterly Report on Form 10-Q is not filed by the Company with the Securities and Exchange Commission and delivered to the holders of the Notes pursuant to clause (d) of

this Section 7.1, certified as complete and correct, subject to changes resulting from year-end adjustments, by a Senior Financial Officer;

(B) ANNUAL STATEMENTS -- as soon as practicable after the end of each fiscal year of the Company, and in any event within one hundred twenty (120) days thereafter, duplicate copies of

(i) a consolidated balance sheet of the Company and its consolidated subsidiaries and consolidated and consolidating balance sheets of the Company and the Restricted Subsidiaries, as at the end of such year, and

(ii) consolidated statements of income, shareholders' equity and cash flows of the Company and its consolidated subsidiaries and consolidated and consolidating statements of income, shareholders' equity and cash flows of the Company and the Restricted Subsidiaries, for such year,

setting forth in each case in comparative form the figures for the immediately preceding fiscal year, all in reasonable detail, prepared in accordance with GAAP, and accompanied by

(A) in the case of the financial statements relating to the Company and its consolidated subsidiaries, an opinion of independent certified public accountants of recognized national standing, which opinion shall, without qualification, state that such financial statements present fairly, in all material respects, the financial position of the companies being reported upon and their results of operations and cash flows and have been prepared in conformity with GAAP, and that the examination of such accountants in connection with such financial statements has been made in accordance with generally accepted auditing standards, and that such audit provides a reasonable basis for such opinion in the circumstances, and

(B) in the case of the financial statements relating to the Company and its Restricted Subsidiaries, certified as complete and correct by a Senior Financial Officer, and

(C) the certificate required by Section 7.2 and, in the case of the financial statements relating to the Company and its consolidated subsidiaries, the certificate required by Section 7.3;

(C) AUDIT REPORTS -- promptly upon receipt thereof, a copy of each other report submitted to the Company or any Restricted Subsidiary by independent accountants in connection with any management report, special audit report or comparable analysis prepared by them with respect to the books of the Company or any Restricted Subsidiary;

(D) SEC AND OTHER REPORTS -- promptly upon their becoming available, a copy of each financial statement, report (including, without limitation, each Quarterly Report on Form 10-Q, each Annual Report on Form 10-K and each Current Report on Form 8-K), notice or proxy statement sent by the Company or any Subsidiary to stockholders generally and of each regular or periodic report and any registration statement, prospectus or written communication (other than transmittal letters), and each amendment thereto, in respect thereof filed by the Company or any Subsidiary with, or received by, such Person in connection therewith from, the National Association of Securities Dealers, any securities exchange or the Securities and Exchange Commission or any successor agency;

(E) ERISA --

(i) immediately upon becoming aware of the occurrence of any

(A) "reportable event" (as defined in section 4043 of ERISA), excluding, however, such events as to which the PBGC by regulation shall have waived the requirement of section 4043(a) of ERISA that it be notified within thirty (30) days of the occurrence of such event (provided that a failure to meet the minimum funding standard of section 412 of the IRC and of section 302 of ERISA shall not be so excluded regardless of the issuance of any such waiver of the notice requirement in accordance with either section 4043(a) of ERISA or section 412(d) of the IRC), or

(B) "prohibited transaction" (as defined in section 406 of ERISA or section 4975 of the IRC),

in connection with any Pension Plan or any trust created thereunder, a written notice specifying the nature thereof, what action the Company is taking or proposes to take with respect thereto and, when known, any action taken by the IRS, the DOL or the PBGC with respect thereto, and

(ii) prompt written notice of and, where applicable, a description of

(A) any notice from the PBGC in respect of the commencement of any proceedings pursuant to section 4042 of ERISA to terminate any Pension Plan or for the appointment of a trustee to administer any Pension Plan,

(B) any distress termination notice delivered to the PBGC under section 4041 of ERISA in respect of any Pension Plan, and any determination of the PBGC in respect thereof,

(C) the placement of any Multiemployer Plan in reorganization status under Title IV of ERISA,

(D) any Multiemployer Plan becoming "insolvent" (as defined in section 4245 of ERISA) under Title IV of ERISA, and

(E) the whole or partial withdrawal of the Company or any ERISA Affiliate from any Multiemployer Plan or Multiple Employer Pension Plan and the withdrawal liability incurred in connection therewith;

(F) ACTIONS, PROCEEDINGS -- promptly after the commencement thereof, notice of any action or proceeding relating to the Company or any Subsidiary in any court or before any Governmental Authority or arbitration board or tribunal as to which there is a reasonable possibility of an adverse determination and that, if adversely determined, would have a Material Adverse Effect;

(G) CERTAIN ENVIRONMENTAL MATTERS -- prompt written notice of and a description of any event or circumstance that, had such event or circumstance occurred or existed immediately prior to the Closing Date, would have been required to be disclosed as an exception to any statement set forth in Section 2.13;

(H) NOTICE OF DEFAULT OR EVENT OF DEFAULT -- immediately upon becoming aware of the existence of any condition or event that constitutes a Default or an Event of Default, a written notice specifying the nature and period of existence thereof and what action the Company is taking or proposes to take with respect thereto;

(I) NOTICE OF CLAIMED DEFAULT -- immediately upon becoming aware that the holder of any Note, or of any Debt or any Security of the Company or any Subsidiary, shall have given notice or taken any other action with respect to a claimed Default, Event of Default, default or event of default, a written notice specifying the notice given or action taken by such holder and the nature of the claimed Default, Event of Default, default or event of default and what action the Company is taking or proposes to take with respect thereto; and

(J) REQUESTED INFORMATION -- with reasonable promptness, such other data and information as from time to time may be reasonably requested by any holder of Notes, including, without limitation,

(i) copies of any statement, report or certificate furnished to any holder of any Debt or any Security of the Company or any Subsidiary,

(ii) information requested to comply with any request of the National Association of Insurance Commissioners in respect of the designation of the Notes, and

(iii) information requested to comply with 17 C.F.R. ss.230.144A, as amended from time to time;

provided that any such request with respect to any of the data and information referred to in the foregoing clauses (i), (ii) and (iii) shall be deemed to be reasonable for purposes of this Section 7.1(j).

In addition to the foregoing, the Company will also deliver to each holder of Notes:

(1) as soon as available, and in any event within sixty (60) days of the end of each fiscal quarter, (A) a "static pool analysis" substantially in the form of Exhibit F attached hereto and in any event satisfactory in form and substance to the Required Holders, which analyzes the performance of the Company's and each Restricted Subsidiary's Installment Contracts (segregated between the Company's North American operations and its UK operations) on a quarterly basis, and (B) for quarters beginning with the quarter ended September 30, 1999, a comparable "static pool analysis" which analyzes the performance of the Company's and each Restricted Subsidiary's Leases on a quarterly basis (segregated between the Company's North American operations and its UK operations), in each case, with respect to clauses (A) and (B) above, certified by an authorized officer of the Company as to consistency with prior such analyses, accuracy and fairness of presentation;

(2) promptly upon the request of the Required Holders from time to time (but no more often than semi-annually), a "static pool analysis" which analyzes the performance of any Installment Contracts or Leases transferred or encumbered pursuant to a Permitted Securitization comparable to the static pool analysis required to be delivered pursuant to clause (1) of this Section 7.1(j); and

(3) within five (5) Business Days after the execution and delivery thereof, a copy of any amendment to, or waiver of any provisions of, the Credit Agreement or Securitization Documents (in each case, as from time to time amended, restated, refinanced, replaced or supplemented)."

2.4 SECTION 9.1. Section 9.1 is hereby amended and restated in its entirety as set forth below.

"9.1 TERMS DEFINED.

As used herein, the following terms have the respective meanings set forth below or set forth in the Section hereof following such term:

ACCEPTABLE CONSIDERATION -- means, with respect to any Transfer of any Property of the Company or a Restricted Subsidiary, cash consideration, promissory notes or such other

consideration (or any combination of the foregoing) received by such Person in connection with such Transfer as is, in each case, determined by the Board of Directors, in its good faith opinion, to be in the best interests of the Company and to reflect the Fair Market Value of such Property. It is understood that the Company's or such Restricted Subsidiary's acceptance of any such consideration in connection with such Transfer will constitute an Investment and may, depending upon the form of such consideration, constitute a Restricted Investment made by the Company or such Restricted Subsidiary.

ADVANCES -- means, at any time, the dollar amount of advances in respect of Installment Contracts, as such amount would appear in the footnotes to the financial statements of the Company and the Restricted Subsidiaries prepared in accordance with GAAP (if such amount would not appear net of reserves, then net of any reserves established by the Company as an allowance for credit losses related to such advances not expected to be recovered), provided that Advances shall not include (a) any such advances (and the related Installment Contracts) transferred or encumbered pursuant to a Permitted Securitization (whether or not attributable to the Company under GAAP) unless and until such advances (and the related Installment Contracts) are reassigned to the Company or a Restricted Subsidiary or such encumbrances are discharged, or (b) Charged-Off Advances to the extent that such Charged-Off Advances exceed the portion of the Company's allowance for credit losses related to reserves against such advances not expected to be recovered, as such allowance would appear in the footnotes to the financial statements of the Company and the Restricted Subsidiaries prepared in accordance with GAAP.

AFFILIATE -- means, at any time, a Person (other than a Restricted Subsidiary):

(a) that directly or indirectly through one or more intermediaries Controls, or is Controlled by, or is under common Control with, the Company;

(b) that beneficially owns or holds five percent (5%) or more of any class of the Voting Stock of the Company;

(c) five percent (5%) or more of the Voting Stock (or in the case of a Person that is not a corporation, five percent (5%) or more of the equity interest) of which is beneficially owned or held by the Company or a Subsidiary; or

(d) that is an officer or director (or a member of the immediate family of an officer or director) of the Company or any Subsidiary; at such time.

As used in this definition:

CONTROL -- means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

AGREEMENT, THIS -- means this agreement, as it may be amended and restated from time to time.

ALLOWANCES FOR CREDIT LOSSES -- means those allowances or reserves established by the Company or its Restricted Subsidiaries in arriving at installment contracts receivable, net or Leased Vehicles, as the case may be, on its Consolidated balance sheets, as specifically identified in such financial statements or as disclosed in the footnotes thereto, provided that Allowances for Credit Losses shall not include allowances or reserves attributable to retail installment contracts or leases which are not at such time "Installment Contracts" or "Leases", as the case may be, due to the proviso in the definition of such terms in this Agreement.

ARLINGTON DISPOSITION -- means the sale of the business of Arlington Investment Company and/or any of its subsidiaries for net proceeds totaling at least $4,000,000 in cash (all of which net proceeds are used to reduce Debt outstanding under the Credit Agreement), pursuant to (i) the sale of all or substantially all of the assets of Arlington Investment Company and/or any of its subsidiaries or divisions, (ii) the sale of all of the capital stock of Arlington Investment Company and/or any of its subsidiaries or (iii) the merger of Arlington Investment Company and/or any of its subsidiaries with and into any Person other than the Company or a Restricted Subsidiary; in each case, immediately prior to and immediately after the consummation of which, and after giving effect thereto, no Default or Event of Default would exist.

BACK-END DEALER AGREEMENT(S) -- means Dealer Agreements referred to in clause (a) of the definition of Dealer Agreements.

BANK TERM DEBT -- means term Debt of the Company or any Restricted Subsidiary owed to banks and having an initial maturity of more than one (1) year and a fixed amortization schedule, but in any event excluding any Debt which by its terms is permitted to be readvanced or reborrowed, whether or not subject to mandatory reductions or stepdowns in the availability thereof.

BANKS -- means the Banks that are parties to the Credit Agreement.

BOARD OF DIRECTORS -- means the board of directors of the Company or any committee thereof that, in the instance, shall have the lawful power to exercise the power and authority of such board of directors.

BUSINESS DAY -- means, at any time, a day other than a Saturday, a Sunday or a day on which the bank designated by the holder of a Note to receive (for such holder's account) payments on such Note is required by law (other than a general banking moratorium or holiday for a period exceeding four (4) consecutive days) to be closed.

CAC INTERNATIONAL -- means CAC International, Inc., a wholly-owned Subsidiary of the Company.

CAC LIFE -- means Credit Acceptance Corporation Life Insurance Company, a Wholly-Owned Restricted Subsidiary of the Company.

CAC UK -- means Credit Acceptance Corporation UK Limited, a wholly-owned Subsidiary of the Company incorporated under the laws of England for the purpose of acquiring substantially all of the assets of CAC International.

CAPITAL ASSETS -- means all assets of a Person other than Intangible Assets, inventories, accounts receivable and Investments (as defined in clause (a) of the definition of such term) in and Securities of any other Person.

CAPITAL LEASE -- means, at any time, a lease with respect to which the lessee is required by GAAP to recognize the acquisition of an asset and the incurrence of a liability at such time.

CHANGE IN CONTROL -- means, at any time, either

(a) the failure of Donald A. Foss, his wife and children, or trusts for his or their benefit, to beneficially own, in the aggregate, at least thirty-five percent (35%) (by number of votes) of the Voting Stock of the Company outstanding at such time (excluding for such purpose Persons who own shares through any employee benefit plan of the Company or any trust established in connection therewith), or

(b) except for the individuals and trusts identified in the foregoing clause (a), the acquisition, holding or control (whether directly or indirectly) by

(i) any "person" (as such term is used in section 13(d) and section 14(d)(2) of the Exchange Act as in effect on the Closing Date), or

(ii) related Persons constituting a "group" (as such term is used in Rule 13d-5 under the Exchange Act as in effect on the Closing Date),

of beneficial ownership of more than twenty-five percent (25%) (by number of votes) of the Voting Stock of the Company outstanding at such time (excluding for such purpose Persons who own shares through any employee benefit plan of the Company or any trust established in connection therewith), or

(c) all or substantially all of the assets of the Company are sold or otherwise transferred, in a single transaction or in a series of related transactions, to any "person" or "group of persons" (as such terms are used in section 13(d)(3) of the Exchange Act as in effect on the Closing Date).

CHARGED-OFF ADVANCES -- means those Advances which the Company or any of its Restricted Subsidiaries has determined, based on the application of a static pool analysis or otherwise are completely or partially impaired, to the extent of such impairment.

CHARGED-OFF LEASE ADVANCES -- means those Leased Vehicles which the Company or any of its Subsidiaries has determined, based on the application of a static pool or comparable analysis or otherwise, are completely or partially impaired, to the extent of such impairment.

CLEANUP CALL(S) -- means

(a) in the case of an optional cleanup call, a cleanup call to be exercised at the option of the Company or a Special Purpose Subsidiary under the terms of the applicable Permitted Securitization (provided that, both before and after giving effect thereto, no Default or Event of Default has occurred and is continuing when such option is exercised), in an amount not in excess of (i) Fifteen Percent (15%) of the initial amount received by the Company or the Special Purpose Subsidiary pursuant to such Permitted Securitization (before fees and other deductions), it being understood that, for purposes of this clause (a)(i) of this definition, each tranche of a multi-tranche Permitted Securitization shall be considered a separate Permitted Securitization or (ii) in the case of any Securitization Transaction structured on a revolving basis, Fifteen Percent (15%) of the maximum aggregate availability at any time to the Company or a Special Purpose Subsidiary, and

(b) in the case of a mandatory cleanup call, a mandatory cleanup call to be exercised at the option of the investors under the terms of the applicable Permitted Securitization(s), in an amount not in excess of (i) Two and One-Half Percent (2 1/2%) of the aggregate amount received by the Company or the Special Purpose Subsidiary pursuant to the Permitted Securitization (before fees and other deductions), it being understood that, for purposes of this clause (b)(i) of this definition, all tranches of a multi-tranche Permitted Securitization shall be together be considered one Permitted Securitization, or (ii) in the case of any Securitization Transaction structured on a revolving basis, Two and One-Half Percent (2 1/2%) of the maximum aggregate availability at any time to the Company or a Special Purpose Subsidiary,

in either case, such Cleanup Call being accompanied by the repurchase of or release of encumbrances on Advances, Leased Vehicles, Installment Contracts (whether assigned outright or related to Advances) or Leases (whether assigned outright or related to Leased Vehicles), as the case may be, previously transferred or encumbered pursuant to such Permitted Securitization in at least the amount of such cleanup call.

CLOSING -- Section 1.2(b).

CLOSING DATE -- Section 1.2(b).

COMPANY -- introductory paragraph hereof.

CONSOLIDATED CURRENT LIABILITIES -- means, at any time, the aggregate amount of current liabilities of the Company and the Restricted Subsidiaries, determined at such time after eliminating inter-company transactions among the Company and the Restricted Subsidiaries and liabilities incurred solely by a Special Purpose Subsidiary pursuant to a Permitted Securitization but attributable to the Company or a Restricted Subsidiary under GAAP.

CONSOLIDATED FIXED CHARGES -- means, for any period, the sum of

(a) Consolidated Interest Expense for such period, plus

(b) the amount payable in respect of such period with respect to Operating Rentals payable by the Company and the Restricted Subsidiaries, determined after eliminating intercompany transactions among the Company and the Restricted Subsidiaries.

CONSOLIDATED INCOME AVAILABLE FOR FIXED CHARGES -- means, for any period, the sum of

(a) Consolidated Net Income, plus

(b) the aggregate amount of income taxes, depreciation, amortization (including the amortization of any excess servicing asset) and Consolidated Fixed Charges (to the extent, and only to the extent, that such aggregate amount was reflected in the computation of Consolidated Net Income for such period), plus

(c) with respect to the periods ending September 30, 1997, December 31, 1997, March 31, 1998 and June 30, 1998, $30,000,000 representing the portion of the non-cash charge recorded by the Company during the period ended September 30, 1997 attributable to the present valuing of future cash flows consistent with Statement of Financial Accounting Standards No. 114 `Accounting by Creditors for Impairment of a Loan', plus

(d) with respect to the periods ending September 30, 1999, December 31, 1999, March 31, 2000 and June 30, 2000, $47,300,000 representing the accounting adjustment to the Company's reserve against advances recorded by the Company during the period ended September 30, 1999,

in each case accrued for such period by the Company and the Restricted Subsidiaries, determined on a consolidated basis for such Persons.

CONSOLIDATED INTEREST EXPENSE -- means, for any period, the amount of interest accrued or capitalized on, or with respect to, Consolidated Total Debt for such period, including, without limitation, amortization of debt discount, imputed interest on Capital Leases and interest on the Notes.

CONSOLIDATED NET INCOME -- means, for any period, net earnings (or loss) after income taxes of the Company and the Restricted Subsidiaries, determined on a consolidated basis for such Persons, but excluding:

(a) net earnings (or loss) of any Restricted Subsidiary accrued prior to the date it became a Restricted Subsidiary;

(b) any gain or loss (net of tax effects applicable thereto) resulting from the sale, conversion or other disposition of Capital Assets other than in the ordinary course of business;

(c) any extraordinary or nonrecurring gains or losses (including, without limitation, any gain on sale generated by a Permitted Securitization, except to the extent the Company has received a cash benefit therefrom in the applicable reporting period); and any interest income generated by a Permitted Securitization, except to the extent the Company has received a cash benefit therefrom in the applicable reporting period;

(d) any gain arising from any reappraisal or write-up of assets;

(e) any portion of the net earnings of any Restricted Subsidiary that for any reason is unavailable for payment of dividends to the Company or a Restricted Subsidiary, provided that the net earnings of CAC Life that are unavailable (due to regulatory requirements applicable to CAC Life) for the payment of dividends to the Company may be included in the determination of Consolidated Net Income, to the extent that such unavailable net earnings do not exceed five percent (5%) of Consolidated Net Income (determined without giving effect to this proviso), and provided, further that so long as the net earnings of CAC Life shall be included in Consolidated Net Income pursuant to the preceding proviso, CAC Life shall not have outstanding any Debt, regardless of whether any other Restricted Subsidiary may be permitted to have Debt outstanding at such time by reason of a waiver of or an amendment to Section 6.1(d);

(f) any gain or loss (net of tax effects applicable thereto) during such period resulting from the receipt of any proceeds of any insurance policy;

(g) any earnings of any Person acquired by the Company or any Restricted Subsidiary through purchase, merger or consolidation or otherwise, or earnings of any Person substantially all of whose assets have been acquired by the Company or any Restricted Subsidiary, for any period prior to the date of acquisition;

(h) net earnings of any Person (other than a Restricted Subsidiary) in which the Company or any Restricted Subsidiary shall have an ownership interest unless such net earnings shall have actually been received by the Company or such Restricted Subsidiary in the form of cash distributions; and

(i) any restoration during such period to income of any contingency reserve, except to the extent that provision for such reserve

(i) was made during such period out of income accrued during such period,

(ii) was made in connection with the Company's program of financing Installment Contracts or Leases

(A) to provide for warranty claims for which the Company may be responsible, or

(B) to cover credit losses in connection with Advances, Installment Contracts, Leased Vehicles or Leases,

or

(iii) is required by applicable law with respect to reserves for claims related to the operation of CAC Life,

provided that the aggregate restoration to income during any period from reserves described in clause (ii) and clause (iii) above shall not exceed ten percent (10%) of Consolidated Net Income for such period, prior to giving effect to such restoration.

CONSOLIDATED NET TANGIBLE ASSETS -- means, at any time, the remainder of

(a) Consolidated Total Assets at such time minus

(b) the sum of

(i) Consolidated Current Liabilities at such time, plus

(ii) Intangible Assets of the Company and the Restricted Subsidiaries as would be reflected on a consolidated balance sheet of such Persons at such time.

CONSOLIDATED SENIOR FUNDED DEBT -- means, at any time, Funded Debt of the Company and the Restricted Subsidiaries, other than Subordinated Funded Debt, determined on a consolidated basis for such Persons at such time.

CONSOLIDATED SUBORDINATED FUNDED DEBT -- means, at any time, the aggregate amount of Subordinated Funded Debt of the Company and the Restricted Subsidiaries, determined on a consolidated basis for such Persons at such time.

CONSOLIDATED TANGIBLE NET WORTH -- means, at any time, the result of

(a) the shareholders' equity of the Company and its Subsidiaries, minus

(b) the retained earnings of the Unrestricted Subsidiaries, minus

(c) all Intangible Assets of the Company and the Subsidiaries, minus

(d) without duplication, (i) any excess servicing asset resulting from the Transfer, pursuant to a Permitted Securitization, of Advances, Leased Vehicles, Installment Contracts (whether assigned outright or related to Advances) or Leases (whether assigned outright or related to Leased Vehicles) and (ii) the equity interest in any Special Purpose Subsidiary to the extent such equity interest is included in Consolidated Net Worth,

in each case as would be reflected on a consolidated balance sheet of such Persons at such time. As used in this definition, "Consolidated Net Worth" means, at any time, the amount of "consolidated total assets" less the amount of "consolidated total liabilities", as each would be reflected on a consolidated balance sheet of the Company and its Subsidiaries at such time, prepared in accordance with GAAP.

CONSOLIDATED TOTAL ASSETS -- means, at any time, all assets of the Company and the Restricted Subsidiaries, determined on a consolidated basis for such Persons at such time (but excluding from the determination thereof, without duplication, (a) any excess servicing asset resulting from the Transfer, pursuant to a Permitted Securitization, of Advances, Leased Vehicles, Installment Contracts (whether assigned outright or related to Advances) or Leases (whether assigned outright or related to Leased Vehicles) and (b) the equity interest in any Special Purpose Subsidiary to the extent such equity interest is included in the assets of the Company and the Restricted Subsidiaries, determined on a consolidated basis in accordance with GAAP for such Persons at such time).

CONSOLIDATED TOTAL DEBT -- means, at any time, the aggregate amount of Funded Debt and Current Debt of the Company and the Restricted Subsidiaries, determined on a consolidated basis for such Persons at such time.

CONTROL EVENT -- means the execution of any written agreement that, when fully performed by the parties thereto, would result in a Change in Control.

CONTROL PREPAYMENT DATE -- Section 4.3(a).

CREDIT AGREEMENT -- means the Credit Agreement described in Part 2.2(b) of Annex 3, as may be amended, restated, refinanced, replaced, supplemented or otherwise modified from time to time.

CURRENT DEBT -- means, with respect to any Person, at any time, all Debt of such Person other than Funded Debt.

DEALER -- means a Person engaged in the business of the retail sale or lease of new or used motor vehicles, including businesses exclusively selling or leasing used motor vehicles and businesses principally selling or leasing new motor vehicles, but having a used vehicle department, including any such Person which constitutes an Affiliate of the Company.

DEALER AGREEMENTS -- means the sales and/or servicing agreements between the Company or its Subsidiaries and a participating Dealer which sets forth the terms and conditions under which the Company or its Subsidiaries (a) accepts, as nominee for such Dealer, the assignment of Installment Contracts or Leases for purposes of administration, servicing and collection and under which the Company or its Subsidiary may make advances to such Dealers included in Advances or Leased Vehicles and (b) accepts outright assignments of Installment Contracts or Leases from Dealers or funds Installment Contracts or Leases originated by such Dealer in the name of the Company or any of its Subsidiaries, in each case as such agreements may be in effect from time to time.

DEBT -- means, with respect to any Person, without duplication:

(a) its liabilities for borrowed money (whether or not evidenced by a Security);

(b) any liabilities secured by any Lien existing on Property owned by such Person (whether or not such liabilities have been assumed);

(c) its liabilities in respect of Capital Leases;

(d) the present value of all payments due under any arrangement for retention of title or any conditional sale agreement (other than a Capital Lease) discounted at the implicit rate, if known, with respect thereto or, if unknown, at eight and eighty-seven one-hundredths percent (8.87%) per annum; and

(e) its Guaranties of any liabilities of another Person constituting liabilities of a type set forth above.

Except as provided in Section 6.1(a)(i), neither Debt of any Special Purpose Subsidiary which is an Unrestricted Subsidiary incurred pursuant to a Permitted Securitization (whether or not such Debt is reflected on the consolidated balance sheet of the Company and its Restricted Subsidiaries prepared in accordance with GAAP) nor dealer holdbacks shall be considered Debt of the Company or any Restricted Subsidiary.

DEFAULT -- means an event or condition the occurrence of which would, with the lapse of time or the giving of notice or both, become an Event of Default.

DOL -- means the Department of Labor and any successor agency.

DOLLARS or $ -- means United States of America dollars.

ENVIRONMENTAL PROTECTION LAWS -- means any federal, state, county, regional or local law, statute or regulation (including, without limitation, CERCLA, RCRA and SARA) enacted in connection with or relating to the protection or regulation of the environment, including, without limitation, those laws, statutes and regulations regulating the disposal, removal, production, storing, refining, handling, transferring, processing or transporting of Hazardous Substances, and any regulations issued or promulgated in connection with such statutes by any Governmental Authority, and any orders, decrees or judgments issued by any court of competent jurisdiction in connection with any of the foregoing.

As used in this definition:

CERCLA -- means the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended from time to time (by SARA or otherwise), and all rules and regulations promulgated in connection therewith.

RCRA -- means the Resource Conservation and Recovery Act of 1976, as amended from time to time, and all rules and regulations promulgated in connection therewith.

SARA -- means the Superfund Amendments and Reauthorization Act of 1986, as amended from time to time, and all rules and regulations promulgated in connection therewith.

EQUITY OFFERING -- means the issuance and sale for cash by the Company or any of its Restricted Subsidiaries of additional capital stock or other equity interests, other than upon the exercise of employee and dealer stock options pursuant to stock option plans maintained or offered by the Company or its Restricted Subsidiaries in the ordinary course of business and not in anticipation of any sale of capital stock or equity interests to the general public.

ERISA -- means the Employee Retirement Income Security Act of 1974, as amended from time to time.

ERISA AFFILIATE -- means any corporation or trade or business that:

(a) is a member of the same controlled group of corporations (within the meaning of section 414(b) of the IRC) as the Company; or

(b) is under common control (within the meaning of section 414(c) of the IRC) with the Company.

EVENT OF DEFAULT -- Section 8.1.

EXCHANGE ACT -- means the Securities Exchange Act of 1934, as amended.

EXCLUDED TRANSFERS -- Section 6.8(a).

FAIR MARKET VALUE -- means, at any time, with respect to any Property, the sale value of such Property that would be realized in an arm's-length sale at such time between an informed and willing buyer and an informed and willing seller under no compulsion to buy or sell, respectively.

FIRST AMENDED AND RESTATED NOTES -- Section 1.1(b).

FOREIGN PENSION PLAN -- means any plan, fund or other similar program

(a) established or maintained outside of the United States of America by any one or more of the Company or the Subsidiaries primarily for the benefit of the employees (substantially all of whom are aliens not residing in the United States of America) of the Company or such Subsidiaries which plan, fund or other similar program provides for retirement income for such employees or results in a deferral of income for such employees in contemplation of retirement, and

(b) not otherwise subject to ERISA.

401(K) PLAN -- Section 2.12(a).

FOURTH AMENDMENT -- means the Fourth Amendment, dated as of December 1, 1999, to this Agreement.

FUNDED DEBT -- means, at any time of determination, with respect to any borrower, all Debt of such borrower that is expressed to mature more than one (1) year from the date of the creation thereof or that is extendible or renewable at the option of such borrower to a time more than one (1) year after the date of the creation thereof (whether or not at such time of determination such Debt is payable within one (1) year).

GAAP -- means accounting principles as promulgated from time to time in statements, opinions and pronouncements by the American Institute of Certified Public Accountants and the Financial Accounting Standards Board and in such statements, opinions and pronouncements of such other entities with respect to financial accounting of for-profit entities as shall be accepted by a substantial segment of the accounting profession in the United States.

GOVERNMENTAL AUTHORITY -- means:

(a) the government of

(i) the United States of America and any state or other political subdivision thereof, or

(ii) any other jurisdiction (y) in which the Company or any Subsidiary conducts all or any part of its business or (z) that asserts jurisdiction over the conduct of the affairs or Properties of the Company or any Subsidiary; and

(b) any entity exercising executive, legislative, judicial, regulatory or administrative functions of, or pertaining to, any such government.

GROSS ADVANCES -- means, as of any applicable date of determination, the dollar amount of Advances, plus any reserves established by the Company as an allowance for credit losses related to such advances not expected to be recovered, plus Charged-Off Advances to the extent such Charged-Off Advances exceed the amount of such reserves.

GROSS CURRENT INSTALLMENT CONTRACT RECEIVABLES -- means, as of any applicable date of determination, the aggregate amount of Gross Installment Contract Receivables, less the amount of such receivables which are classified as being on "non-accrual" in the financial statements of the Company and its Restricted Subsidiaries prepared in accordance with GAAP.

GROSS CURRENT LEASED VEHICLES -- means, as of any applicable date of determination, the aggregate amount of Gross Leased Vehicles, less the amount of Leased Vehicles in respect of which the underlying Leases are classified as being on "non-accrual" in the financial statements of the Company and its Restricted Subsidiaries prepared in accordance with GAAP.

GROSS DEALER HOLDBACKS -- means the aggregate amount, as of any applicable date of determination, of dealer holdbacks utilized in arriving at "Dealer holdbacks, net" on the consolidated balance sheet of the Company and its Restricted Subsidiaries, as disclosed in the footnotes thereto, provided that Gross Dealer Holdbacks shall not include the amount of dealer holdbacks attributable to retail installment contracts which are not at such time "Installment Contracts" due to the proviso in the definition of such term in this Agreement.

GROSS INSTALLMENT CONTRACT RECEIVABLES -- means, as of any applicable date of determination, the aggregate amount of installment contract receivables utilized in arriving at "Installment contract receivables, net" on the consolidated balance sheet of the Company and its Restricted Subsidiaries, as determined in the footnotes thereto, provided that Gross Installment Contract Receivables shall not include receivables attributable to retail installment contracts which are not at such time "Installment Contracts" due to the proviso in the definition of such term in this Agreement.

GROSS LEASED VEHICLES -- means, as of any applicable date of determination, the dollar amount of Leased Vehicles, plus any reserves established by the Company as an allowance for credit

losses related to such Leased Vehicles not expected to be recovered, plus Charged-Off Lease Advances to the extent such Charged-Off Lease Advances exceed the amount of such reserves, provided that Gross Leased Vehicles shall not include the dollar amount of Leased Vehicles attributable to leases which are not at such time "Leases" due to the proviso in the definition of such term in this Agreement.

GUARANTY -- means, with respect to any Person (for the purposes of this definition, the "Guarantor"), any obligation (except the endorsement in the ordinary course of business of negotiable instruments for deposit or collection) of the Guarantor guaranteeing or in effect guaranteeing (including, without limitation, by means of a surety bond, letter of credit or other similar instrument, whether or not designated as a "guaranty") any indebtedness, dividend or other obligation of any other Person (the "Primary Obligor") in any manner, whether directly or indirectly, including, without limitation, obligations incurred through an agreement, contingent or otherwise, by the Guarantor:

(a) to purchase such indebtedness or obligation or any Property constituting security therefor;

(b) to advance or supply funds

(i) for the purpose of payment of such indebtedness or obligation, or

(ii) to maintain working capital or other balance sheet (or statement of financial condition) condition or any income statement condition of the Primary Obligor or otherwise to advance or make available funds for the purchase or payment of such indebtedness or obligation;

(c) to lease Property or to purchase Securities or other Property or services primarily for the purpose of assuring the owner of such indebtedness or obligation of the ability of the Primary Obligor to make payment of the indebtedness or obligation; or

(d) otherwise to assure the owner of the indebtedness or obligation of the Primary Obligor against loss in respect thereof.

For purposes of computing the amount of any Guaranty in connection with any computation of indebtedness or other liability, it shall be assumed that the indebtedness or other liabilities that are the subject of such Guaranty are direct obligations of the issuer of such Guaranty. Without limiting the generality of the foregoing, it is agreed and understood that each general partner of a partnership shall be deemed to be a Guarantor of all indebtedness and other obligations of such partnership and such partnership shall be deemed to be the Primary Obligor in respect of such indebtedness and other obligations. For purposes of the immediately preceding sentence, a Person shall be deemed to be a general partner of any so-called "joint venture" or other arrangement (whether or not constituting a partnership), and such joint venture or other arrangement shall be deemed to be a partnership, if,

pursuant to applicable law, by contract or otherwise, such Person is liable, directly or indirectly, contingently or otherwise, either individually or jointly with one or more other Persons, for the indebtedness or other obligations of such joint venture or other arrangement.

HAZARDOUS SUBSTANCES -- means any and all pollutants, contaminants, toxic or hazardous wastes and any other substances that might pose a hazard to health or safety, the removal of which may be required or the generation, manufacture, refining, production, processing, treatment, storage, handling, transportation, transfer, use, disposal, release, discharge, spillage, seepage or filtration of which is or shall be, in each of the foregoing cases, restricted, prohibited or penalized by any applicable law.

INSTALLMENT CONTRACTS -- means retail installment contracts for the sale of new or used motor vehicles assigned outright by Dealers to the Company or a Restricted Subsidiary or written by Dealers in the name of the Company or a Restricted Subsidiary (and funded by the Company or such Restricted Subsidiary) or assigned by Dealers to the Company or a Restricted Subsidiary, as nominee for the Dealer, for administration, servicing and collection, in each case pursuant to an applicable Dealer Agreement; provided, however, that to the extent the Company or any Restricted Subsidiary transfers or encumbers its interest in any Installment Contracts (or any Advances related thereto) pursuant to a Permitted Securitization, such Installment Contracts shall, from and after the date of such transfer or encumbrance, cease to be considered Installment Contracts under this Agreement (reducing the amount of Advances by the outstanding amount of such advances, if any, attributable to such Installment Contracts) unless and until such installment contracts are reassigned to the Company or a Restricted Subsidiary or such encumbrances are discharged.

INSTITUTIONAL INVESTOR -- means the Purchasers, any affiliate of any of the Purchasers and any holder or beneficial owner of Notes that is an "accredited investor" as defined in section 2(15) of the Securities Act or a "qualified institutional buyer" as defined in 17 C.F.R. ss.230.144A, as amended from time to time.

INTANGIBLE ASSETS -- means any assets of a Person that would be classified as "intangible assets" under GAAP, including, without limitation, goodwill, trademarks, trade names, patents, copyrights, franchises and other intangible assets of such Person.

INTERCREDITOR AGREEMENT -- means the Intercreditor Agreement, dated as of December 15, 1998, by and among the Banks, the holders of Notes, the holders of "Future Debt" (as defined in such agreement) and Comerica Bank, as collateral agent, as such agreement may be amended from time to time.

INVESTMENT -- means any investment, made in cash or by delivery of Property, by the Company or any Restricted Subsidiary:

(a) in any Person, whether by acquisition of stock, indebtedness or other obligation or Security, or by loan, Guaranty, advance, capital contribution or otherwise; or

(b) in any Property.

Investments shall be valued at cost less any net return of capital through the sale or liquidation thereof or other return of capital thereon. Any designation of a Subsidiary as an Unrestricted Subsidiary pursuant to Section 6.17 shall be deemed to be an Investment, in an amount equal to the net worth of such Subsidiary, at the time of such designation and any Investments of a Person existing at the time it shall become a Restricted Subsidiary shall be deemed to have been made immediately after such time.

INVESTMENT GRADE RATING -- means a rating of at least, but not lower than:

(i) "Baa3" by Moody's Investors Service, Inc.,

(ii) "BBB-" by Standard & Poor's Ratings Group,

(iii) a category "1" or category "2" designation from the National Association of Insurance Commissioners, and

(iv) "BBB-" by Fitch Investors Services, Inc.

IRC -- means the Internal Revenue Code of 1986, together with all rules and regulations promulgated pursuant thereto, as amended from time to time.

IRS -- means the Internal Revenue Service and any successor agency.

LEASED VEHICLES -- means, as of any applicable date of determination, the dollar amount of advances in respect of Leases, as such amount would appear in the footnotes to the financial statements of the Company and its Restricted Subsidiaries prepared in accordance with GAAP or, if specifically identified, elsewhere in such financial statements, net of depreciation on the motor vehicles which are covered by Leases with respect to which such Leased Vehicles are attributable (and if such amount is not shown net of such reserves, then net of any reserves established by the Company as an allowance for credit losses related to such advances not expected to be recovered), provided that Leased Vehicles shall not include (a) the amount of any such advances attributable to any Leases transferred or encumbered pursuant to a Permitted Securitization (whether or not attributable to the Company under GAAP) unless and until such advances (and the related Leases) are reassigned to the Company or a Restricted Subsidiary or such encumbrances are discharged, or (b) Charged-Off Lease Advances, to the extent that such Charged-Off Lease Advances (i) exceed the portion of the allowance for credit losses related to reserves against such advances not expected to be recovered, as such allowance would appear in the footnotes to the financial statements of the Company and its Restricted Subsidiaries prepared in accordance with GAAP at such time or if specifically identified, elsewhere in such financial statements and (ii) have not already been eliminated in the determination of Leased Vehicles.

LEASE(S) -- means the retail agreements for the lease of motor vehicles assigned outright by Dealers to the Company or a Restricted Subsidiary or written by a Dealer in the name of the Company or a Restricted Subsidiary (and funded by the Company or such Restricted Subsidiary) or assigned by Dealers to the Company or a Restricted Subsidiary, as nominee for the Dealer, for administration, servicing and collection, in each case pursuant to an applicable Dealer Agreement; provided, however, that to the extent the Company or any Restricted Subsidiary transfers or encumbers its interest in any Leases pursuant to a Permitted Securitization, such Leases shall, from and after the date of such transfer or encumbrance, cease to be considered Leases under this Agreement (reducing the amount of Leased Vehicles by the outstanding amount of Leased Vehicles attributable to such Leases) unless and until such Leases are reassigned to the Company or a Restricted Subsidiary or such encumbrances have been discharged.

LETTER OF CREDIT FACILITY -- means a letter of credit issued by a commercial bank for the account of the Company or a Restricted Subsidiary, solely in support of the Company's or such Restricted Subsidiary's obligations in respect of commercial paper issued by the Company or such Restricted Subsidiary.

LIEN -- means any interest in Property securing an obligation owed to, or a claim by, a Person other than the owner of the Property, whether such interest is based on the common law, statute or contract, and including, but not limited to, the security interest lien arising from a mortgage, encumbrance, pledge, conditional sale, sale with recourse or a trust receipt, or a lease, consignment or bailment for security purposes. The term "Lien" includes, without limitation, reservations, exceptions, encroachments, easements, rights-of-way, covenants, conditions, restrictions, leases and other title exceptions and encumbrances affecting real Property and includes, without limitation, with respect to stock, stockholder agreements, voting trust agreements, buy-back agreements and all similar arrangements. For the purposes hereof, the Company and each Subsidiary shall be deemed to be the owner of any Property that it shall have acquired or holds subject to a conditional sale agreement, Capital Lease or other arrangement pursuant to which title to the Property has been retained by or vested in some other Person for security purposes, and such retention or vesting is deemed a Lien. The term "Lien" does not include negative pledge clauses in agreements relating to the borrowing of money or the obligation of the Company (a) to remit monies held by it in connection with dealer holdbacks (including, without limitation, with respect to Leases or Installment Contracts), claims or refunds under insurance policies, or claims or refunds under service contracts or (b) to make deposits in trust or otherwise as required under reinsurance agreements or pursuant to state regulatory requirements, unless the Company has encumbered its interest in such monies or deposits or in other Property of the Company to secure such obligations. The term "Lien" also does not include the rights of the "Agent" (as defined in the Credit Agreement) and the Banks to money, consisting either of net proceeds of any "Permitted Securitization" (as defined in the Credit Agreement) or net proceeds from the issuance of "Future Debt" (as defined in the Credit Agreement) deposited by the Company or any Restricted Subsidiary in a cash collateral account, in lieu of the Company's reduction of indebtedness outstanding under the Credit Agreement, for the purpose of avoiding breakage charges in connection with "Eurocurrency-based Advances" (as defined in the

Credit Agreement) under the Credit Agreement, all in accordance with clause (d) of the definition of "Permitted Securitization" and clause (d) of the definition of "Funding Conditions" in the Credit Agreement, as applicable; it being also understood and agreed that the holders of Notes shall have no rights to a security interest in or Lien on the money so deposited.

MAKE-WHOLE AMOUNT -- means, with respect to any date (a "Prepayment Date") and any principal amount ("Prepaid Principal") of Notes required for any reason to be paid prior to the regularly scheduled maturity thereof on such Prepayment Date, the greater of

(a) Zero Dollars ($0), and

(b) (i) the sum of the present values of the then remaining scheduled payments of principal and interest that would be payable in respect of such Prepaid Principal but for such prepayment or acceleration, minus

(ii) the sum of

(1) the amount of such Prepaid Principal, plus

(2) the amount of interest accrued on such Prepaid Principal since the scheduled interest payment date immediately preceding such Prepayment Date.

In determining such present values, a discount rate equal to the Make-Whole Discount Rate with respect to such Prepayment Date and Prepaid Principal divided by two (2), and a discount period of six (6) months of thirty (30) days each, shall be used.

As used in this definition:

Make-Whole Discount Rate -- means, with respect to any Prepayment Date and Prepaid Principal, the sum of

(a) the per annum percentage rate (rounded to the nearest three (3) decimal places) equal to the bond equivalent yield to maturity derived from the Bloomberg Rate with respect to such Prepaid Principal, or if such Bloomberg Rate is not then available, the Applicable H.15 Rate, in either case, determined as of the date that is two (2) Business Days prior to such Payment Date, plus

(b) fifty one-hundredths percent (0.50%) per annum.

For purposes of clause (a) of the preceding sentence, if no United States Treasury obligation with a Treasury Constant Maturity corresponding exactly to the Weighted Average Life to Maturity of such Prepaid Principal is listed, the yields for the two (2) published United States

Treasury obligations with Treasury Constant Maturities most closely corresponding to such Weighted Average Life to Maturity (one (1) with a longer maturity and one (1) with a shorter maturity, if available) shall be calculated pursuant to the immediately preceding sentence and the Make-Whole Discount Rate shall be interpolated or extrapolated from such yields on a straight-line basis.

Applicable H.15 -- means, at any time, United States Federal Reserve Statistical Release H.15(519) or its successor publication then most recently published and available to the public or, if no such successor publication is available, then any other source of current information in respect of interest rates on securities of the United States of America that is generally available and, in the judgment of the Required Holders, provides information reasonably comparable to the H.15(519) report.

Applicable H.15 Rate -- means, at any time with respect to any Prepaid Principal, the then most current annual yield to maturity of the hypothetical United States Treasury obligation listed in the Applicable H.15 for the then most recently available day in such Applicable H.15 with a Treasury Constant Maturity (as defined in such Applicable H.15) equal to the Weighted Average Life to Maturity of such Prepaid Principal determined as of such Prepayment Date. If no such United States Treasury obligation with a Treasury Constant Maturity corresponding exactly to such Weighted Average Life to Maturity is listed, then the yields for the two (2) published United States Treasury obligations with Treasury Constant Maturities most closely corresponding to such Weighted Average Life to Maturity (one (1) with a longer maturity and one (1) with a shorter maturity, if available) shall be calculated pursuant to the immediately preceding sentence and the Make-Whole Discount Rate shall be interpolated or extrapolated from such yields on a straight-line basis.

Bloomberg Rate -- means, on any date, with respect to any Prepaid Principal, the yields reported, as of 10:00 A.M. (New York City time) on such date with respect to such Prepaid Principal, on the display designated as "USD" on the Bloomberg Financial Market Service (or such other display as may replace Page USD on the Bloomberg Financial Market Service) for actively traded U.S. Treasury securities having a maturity equal to the Weighted Average Life to Maturity of such Prepaid Principal as of such date. If no such U.S. Treasury security with a maturity corresponding exactly to the Weighted Average Life to Maturity of such Prepaid Principal is reported, then the yields for the two (2) U.S. Treasury securities with maturities most closely corresponding to the Weighted Average Life to Maturity of such Prepaid Principal (one (1) with a longer maturity and one (1) with a shorter maturity, if available) shall be calculated pursuant to the immediately preceding sentence and the Make-Whole Discount Rate shall be interpolated or extrapolated from such yields on a straight-line basis.

Weighted Average Life to Maturity -- means, with respect to any Prepayment Date and Prepaid Principal, the number of years obtained by dividing the Remaining Dollar-Years of such Prepaid Principal determined on such Prepayment Date by such Prepaid Principal.

Remaining Dollar-Years -- means, with respect to any Prepayment Date and Prepaid Principal, the result obtained by

(a) multiplying, in the case of each required payment of principal (including payment at maturity) that would be payable in respect of such Prepaid Principal but for such prepayment,

(i) an amount equal to such required payment of principal, by

(ii) the number of years (calculated to the nearest one-twelfth (1/12)) that will elapse between such Prepayment Date and the date such required principal payment would be due if such Prepaid Principal had not been so prepaid, and

(b) calculating the sum of each of the products obtained in the preceding subsection (a).

MANDATORY PRINCIPAL AMORTIZATION PAYMENT -- Section 4.1.

MARGIN SECURITY -- means "margin stock" within the meaning of Regulations G, T, U and X of the Board of Governors of the Federal Reserve System, 12 C.F.R., Chapter II, as amended from time to time.

MATERIAL ADVERSE EFFECT -- means a material adverse effect on the business, profits, Properties or financial condition of the Company and the Restricted Subsidiaries, taken as a whole, or on the ability of the Company to perform its obligations set forth herein and in the Notes.

MONTANA DISPOSITION -- means the sale of Montana Investment Group, Inc. and/or any of its subsidiaries for net proceeds totaling at least $16,000,000 in cash (all of which net proceeds are used to reduce Debt outstanding under the Credit Agreement), pursuant to (i) the sale of all or substantially all of the assets of Montana Investment Group, Inc. and/or any of its subsidiaries, (ii) the sale of all of the capital stock of Montana Investment Group, Inc. or (iii) the merger of Montana Investment Group, Inc. with and into any Person other than the Company or a Restricted Subsidiary; in each case, immediately prior to and immediately after the consummation of which, and after giving effect thereto, no Default or Event of Default would exist.

MULTIEMPLOYER PLAN -- means any "multiemployer plan" (as defined in section 3 of ERISA) in respect of which the Company or any ERISA Affiliate is an "employer" (as defined in section 3 of ERISA).

MULTIPLE EMPLOYER PENSION PLAN -- means any "employee benefit plan" within the meaning of section 3(3) of ERISA (other than a Multiemployer Plan), subject to Title IV of ERISA,

constituting a "single-employer plan" (as defined in section 4001 of ERISA) which has two (2) or more "contributing sponsors" (as defined in section 4001 of ERISA), at least two (2) of which are not under "common control" (as defined in section 4001 of ERISA) and to which the Company or any ERISA Affiliate contribute.

NET DEALER HOLDBACKS -- means, at any time, (a) Gross Dealer Holdbacks minus (b) Advances at such time.

NET INSTALLMENT CONTRACT RECEIVABLES -- means, at any time, the amount computed as the result of (a) Gross Installment Contract Receivables minus (b) Unearned Finance Charges minus (c) Allowances for Credit Losses relating to Installment Contracts (but excluding any such allowances which are related to Leases), at such time.

NET LEASED VEHICLE DEALER HOLDBACKS -- means, at any time, with respect to Dealer Agreements relating to Leases, amounts due to Dealers at such time from collections of Leased Vehicles by the Company or any Restricted Subsidiary (other than with respect to Leases which have been transferred or encumbered pursuant to a Permitted Securitization and (x) have not been reassigned to the Company or a Restricted Subsidiary or (y) with respect to which such encumbrances have not been discharged) pursuant to the applicable Dealer Agreements.

NON-RECOURSE DEBT -- means Debt of a partnership, joint venture or similar entity in which the Company or a Restricted Subsidiary is a participant, so long as the holder or holders of such Debt shall have no rights or recourse against any Property of the Company or any Restricted Subsidiary, other than Property used solely in connection with such partnership, joint venture or similar entity.

NOTE PURCHASE AGREEMENTS -- Section 1.2(c).

NOTES -- Section 1.1.

OPERATING LEASE -- means, with respect to any Person, any lease other than a Capital Lease.

OPERATING RENTALS -- means all fixed payments that the lessee is required to make by the terms of any Operating Lease.

ORIGINAL NOTES -- Section 1.1(a).

OSHA -- means the Occupational Safety and Health Act of 1970, together with all rules, regulations and standards promulgated pursuant thereto, all as amended from time to time.

OTHER PURCHASERS -- Section 1.2(c).

OUTRIGHT DEALER AGREEMENT(S) -- means Dealer Agreements referred to in clause (b) of the definition of Dealer Agreements.

PBGC -- means the Pension Benefit Guaranty Corporation and any successor corporation or governmental agency.

PENSION PLAN -- means, at any time, any "employee pension benefit plan" (as defined in section 3 of ERISA) maintained at such time by the Company or any ERISA Affiliate for employees of the Company or such ERISA Affiliate, excluding any Multiemployer Plan, but including any Multiple Employer Pension Plan.

PERMITTED SECURITIZATION(S) -- means each transfer or encumbrance (each a "disposition") of specific Advances 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, in each case by the Company or one or more Restricted Subsidiaries to a Special Purpose Subsidiary conducted in accordance with the following requirements:

(a) Each disposition shall identify with reasonable certainty the specific Advances, Leased Vehicles, Installment Contracts or Leases covered by such disposition; and such Advances or Leased Vehicles (and the Installment Contracts, Leases, motor vehicles or other rights relating thereto) and the Installment Contracts and Leases shall have performance and other characteristics so that the quality of such Advances, Leased 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, Leased Vehicles, Installment Contracts or Leases, as applicable, as a whole, as determined in good faith by the Company in its reasonable discretion;

(b) (i) The disposition of Advances, Leased Vehicles, Installment Contracts or Leases will not result in the aggregate principal amount of Debt at any time outstanding, and (without duplication) of similar securities at any time issued and outstanding (other than subordinated securities issued to and held by the Company or a Subsidiary), of any Special Purpose Subsidiary pursuant to Permitted Securitizations exceeding $100,000,000, which amount may be readvanced and reborrowed and (ii) the Company or the Restricted Subsidiary disposing of Advances, Leased Vehicles, Installment Contracts or Leases to a Special Purpose Subsidiary pursuant to such Permitted Securitization shall itself actually receive (substantially contemporaneously with such disposition) cash from each disposition of such financial assets in connection with any such Securitization Transaction in an amount not less than Seventy-Five Percent (75%) of the sum of (A) the amount of such Advances, (B) the amount of Net Installment Contract Receivables in respect of Installment Contracts arising under Outright Dealer Agreements, and (C)

the amount of Leased Vehicles, in each case determined on the date of such Securitization Transaction;

(c) Each such disposition 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, without limitation, Cleanup Call provisions;

(d) Each such Securitization Transaction shall be structured on the basis of the issuance of non-recourse Debt or other similar securities by the Special Purpose Subsidiary; and

(e) Both immediately before and after giving effect to such disposition, no Default or Event of Default (whether or not related to such disposition) exists or would exist.

In connection with each Permitted Securitization conducted hereunder, not less than ten (10) Business Days prior to the date of consummation thereof, the Company shall provide to each holder of a Note (i) a schedule in the form attached hereto as Exhibit E identifying the specific Installment Contracts or Leases or the Advances or Leased Vehicles (and providing collection information regarding the related Installment Contracts or Leases) proposed to be covered by such transaction (with evidence supporting its determination under subparagraph (a) of this definition, including without limitation a "static pool analysis" comparable to the static pool analysis required to be delivered under Section 7.1(j)(1) hereof with respect to such Installment Contracts or Leases) and (ii) proposed drafts of the material Securitization Documents covering the applicable securitization (and the term sheet or commitment relating thereto). Within five (5) Business Days following the consummation thereof, the Company shall have provided to each holder of Notes copies of the material Securitization Documents, as executed, including an updated schedule, substantially in the form of the schedule delivered under clause (i) above, identifying the financial assets actually covered by such transaction (and, if such financial assets are materially different, as reasonably determined by the Company, from those shown in the schedule delivered under clause (i) above, collection information and evidence supporting its determination under subparagraph (a) of this definition, including a comparable "static pool analysis," as aforesaid, with respect to such financial assets).

PERSON -- means an individual, sole proprietorship, partnership, corporation, limited liability company, trust, joint venture, unincorporated organization, or a government or agency or political subdivision thereof.

PLACEMENT AGENT -- means William Blair & Company, L.L.C.

PLACEMENT MEMORANDUM -- Section 2.1.

PROPERTY -- means any interest in any kind of property or asset, whether real, personal or mixed, and whether tangible or intangible.

PURCHASE MONEY LIEN -- means a Lien held by any Person (whether or not the seller of such Property) on tangible Property (or a group of related items of Property the substantial portion of which is tangible) acquired or constructed by the Company or any Restricted Subsidiary, which Lien secures all or a portion of the related purchase price or construction costs of such Property, provided that such Lien

(a) is created contemporaneously with, or within thirty (30) days of, such acquisition or construction,

(b) encumbers only Property purchased or constructed after the Closing Date and acquired with the proceeds of the Debt secured thereby, and

(c) is not thereafter extended to any other Property.

PURCHASERS -- means you and the Other Purchasers.

REQUIRED HOLDERS -- means, at any time, the holders of at least sixty-six and two-thirds percent (66-_%) in principal amount of the Notes at the time outstanding (exclusive of Notes then owned by any one or more of the Company, any Restricted Subsidiary and any Affiliate).

RESTRICTED INVESTMENT -- means, at any time, all Investments except the following:

(a) Investments in Property to be used in the ordinary course of business of the Company and the Restricted Subsidiaries;

(b) subject to clause (k) of this definition, Investments in receivables, advances, Leases and Leased Vehicles arising from the sale or lease of goods and services, in each case in the ordinary course of business of the Company and the Restricted Subsidiaries;

(c) Investments by the Company or any Restricted Subsidiary in the ordinary course of its business in one or more Restricted Subsidiaries or any corporation that concurrently with such Investment becomes a Restricted Subsidiary, provided that the aggregate amount of all Investments made pursuant to this paragraph (c) and paragraph (d) of this definition (excluding Guaranties by the Company of Debt of Restricted Subsidiaries) does not at any time exceed twenty-five percent (25%) of Consolidated Tangible Net Worth

(it being understood that loans and advances to any Restricted Subsidiary by any Person other than the Company or any other Restricted Subsidiary, regardless of whether such loans and advances are guaranteed by the Company or any other Restricted Subsidiary, shall not be taken into account in determining the aggregate amount of Investments made pursuant to this paragraph (c) and paragraph (d) of this definition);

(d) Investments consisting of loans by the Company or any Restricted Subsidiary, and advances from the Company or any Restricted Subsidiary, in each case to the Company or any Restricted Subsidiary in the ordinary course of business of the Company and the Restricted Subsidiaries, provided that the aggregate amount of all Investments made pursuant to paragraph (c) of this definition and this paragraph (d) (excluding Guarantees by the Company of Debt of Restricted Subsidiaries) does not at any time exceed twenty-five percent (25%) of Consolidated Tangible Net Worth (it being understood that loans and advances to any Restricted Subsidiary by any Person other than the Company or any other Restricted Subsidiary, regardless of whether such loans and advances are guaranteed by the Company or any other Restricted Subsidiary, shall not be taken into account in determining the aggregate amount of Investments made pursuant to this paragraph (d) and paragraph (c) of this definition);

(e) Investments in direct obligations of, or obligations guarantied by, the United States of America or any agency of the United States of America the obligations of which agency carry the full faith and credit of the United States of America, provided that such obligations (other than Investments by CAC Life in such obligations made to match liabilities incurred in the ordinary course of business) mature within one (1) year from the date of acquisition thereof;

(f) Investments in any obligation of any state or municipality thereof that at the time of acquisition thereof have an assigned rating of "A" or higher by Standard & Poor's Ratings Group (or an equivalent or higher rating by another credit rating agency of recognized national standing in the United States of America), provided that such obligations (other than Investments by CAC Life in such obligations made to match liabilities incurred in the ordinary course of business) mature within one (1) year from the date of acquisition thereof;

(g) Investments in negotiable certificates of deposit issued by commercial banks organized under the laws of the United States of America or any state thereof, having capital, surplus and undivided profits aggregating at least Fifty Million Dollars ($50,000,000) and the long-term unsecured debt obligations of which are rated "A" or higher by Standard & Poor's Ratings Group (or an equivalent or higher rating by another credit rating agency of recognized national standing in the United States of America), provided that such certificates of deposit (other than Investments by CAC Life in such certificates of deposit made to match liabilities incurred in the ordinary course of business) mature within one (1) year from the date of acquisition thereof;

(h) Investments in corporate debt obligations of corporations organized under the laws of the United States of America or any state thereof that at the time of acquisition thereof have an assigned rating of "A" or higher by Standard & Poor's Ratings Group (or an equivalent or higher rating by another credit rating agency of recognized national standing in the United States of America);

(i) Investments in preferred stock of corporations organized under the laws of the United States of America or any state thereof that have an assigned rating of "A" or higher by Standard & Poor's Ratings Group (or an equivalent or higher rating by another credit rating agency of recognized national standing in the United States of America);

(j) Investments in loans or advances, in the ordinary course of business and necessary to carrying on the business of the Company or any Restricted Subsidiary, to officers, directors and employees of the Company and the Restricted Subsidiaries, provided that the aggregate amount of all such Investments does not at any time exceed One Million Dollars ($1,000,000);

(k) Investments in receivables arising from floor plan receivables and note receivables due from dealers in the ordinary course of business of the Company and the Restricted Subsidiaries, provided that the aggregate amount of all such Investments does not at any time exceed ten percent (10%) of Consolidated Total Assets;

(l) Investments by the Company or any Restricted Subsidiary in the Company, any Restricted Subsidiary or any Special Purpose Subsidiary from and after the effective date of the Second Amendment, consisting of (i) dispositions of specific Advances, Leased Vehicles, Installment Contracts (whether assigned outright or related to Advances) or Leases (whether assigned outright or related to Leased Vehicles) made pursuant to a Permitted Securitization and the resultant Debt issued by a Special Purpose Subsidiary to another Subsidiary as part of a Permitted Securitization, in each case to the extent constituting Investments, (ii) advances by the Company, as servicer of the Installment Contracts or Leases covered by a Permitted Securitization, in an aggregate amount not to exceed $1,500,000 outstanding at any time, to cover the interest component of obligations issued as part of a Permitted Securitization and payable from collections on such Installment Contracts (such advances to be repayable to the Company on a priority basis from such collections), (iii) the repurchase or replacement from and after the date of the effectiveness of the Second Amendment of an aggregate amount not to exceed $5,000,000 in Advances, Leased Vehicles, Installment Contracts (whether assigned outright or related to Advances) or Leases (whether assigned outright or related to Leased Vehicles) subsequently determined not to satisfy the eligibility standards contained in the applicable Securitization Documents relating to a Permitted Securitization, so long as (x) such replacement is accompanied by the repurchase of or release of encumbrances on such financial assets previously transferred or encumbered pursuant to such securitization and in the amount thereof, (y) any replacement

Advances, Leased Vehicles, Installment Contracts (whether assigned outright or related to Advances) or Leases (whether assigned outright or related to Leased Vehicles) are selected by the Company according to the requirements set forth in clause (a) of the definition of Permitted Securitization and (z) such replacements are made at a time when (both before and after giving effect thereto) no Default or Event of Default exists or would exist, (iv) amounts required to fund any Cleanup Call under the terms of such Permitted Securitization, and (v) the disposition of the capital stock of a Special Purpose Subsidiary; and

(m) Investments not otherwise included in clause (a) through clause (l) of this definition, provided that the aggregate amount of all such Investments does not at any time exceed Two Million Five Hundred Thousand Dollars ($2,500,000).

RESTRICTED PAYMENT -- means (x) any dividend or other distribution, direct or indirect and whether payable in cash or property, on account of any capital stock or other equity interest of the Company or any of its Restricted Subsidiaries and (y) any redemption, retirement, purchase, or other acquisition, direct or indirect, of any capital stock or other equity interests of the Company or any of its Restricted Subsidiaries now or hereafter outstanding, or of any warrants, rights or options to acquire any such capital stock or other equity interests or any securities convertible into such capital stock or other equity interests, except to the extent that any such dividend or distribution, or any such redemption, retirement, purchase or other acquisition (i) is payable to the Company or any of its Restricted Subsidiaries or (ii) is payable solely in capital stock or other equity interests of the Company or any such Restricted Subsidiary.

RESTRICTED SUBSIDIARY -- means any Subsidiary (a) in respect of which the Company owns, directly or indirectly, (i) at least eighty percent (80%) (by number of votes) of each class of such Subsidiary's Voting Stock, or (ii) in the case of CAC Insurance Agency of Ohio, Inc., at least 99% of the shares of capital stock issued and outstanding of all classes in the aggregate, (b) that is organized under the laws of the United States of America or any jurisdiction thereof, the United Kingdom or any jurisdiction thereof (including, without limitation, England, Scotland and Wales), Canada or any jurisdiction thereof or the Republic of Ireland or any jurisdiction thereof, and that conducts all of its business in, and has all of its Property located in, the United States of America, the United Kingdom, Canada and/or the Republic of Ireland and (c) that is not an Unrestricted Subsidiary. Any Restricted Subsidiary in compliance with the requirements set forth in the first sentence of this definition and designated as a Restricted Subsidiary on the Closing Date shall be deemed to have been a Restricted Subsidiary for all periods prior to the Closing Date. Notwithstanding any provision in Section 6.17 to the contrary, CAC International and CAC UK shall be deemed Restricted Subsidiaries as of October 1, 1995 and CAC of Canada Limited and any Subsidiary formed by the Company to provide property and casualty insurance shall each be deemed a Restricted Subsidiary as of the date of its formation.

RESTRICTED SUBSIDIARY STOCK -- Section 6.8(b).

SALE AND LEASEBACK TRANSACTION -- means any transaction or series of related transactions in which the Company or a Restricted Subsidiary sells or transfers any of its Property to any Person (other than to the Company or to a Restricted Subsidiary) and concurrently with such sale or transfer, or thereafter, rents or leases such transferred Property or substantially similar Property from any Person.

SECOND AMENDMENT -- means the Second Amendment, dated as of July 1, 1998, to this Agreement.

SECURITIES ACT -- means the Securities Act of 1933, as amended.

SECURITIZATION DOCUMENTS -- means any note purchase agreement (and any notes issued thereunder), transfer or security documents, master trust or other trust agreements, servicing agreement, indenture, pooling agreement, contribution or sale agreement or other documents, instruments and certificates executed and delivered, subject to the terms of this Agreement, to evidence or secure (or otherwise relating to) a Permitted Securitization, as the same may be amended from time to time (subject to the terms hereof) and any and all other documents executed in connection therewith or replacement or renewal thereof.

SECURITIZATION PROPERTY -- means (i) amounts advanced by the Company or a Restricted Subsidiary 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 and all monies due or to become due, and all monies received, with respect thereto ("Loans"); (ii) all proceeds (including "proceeds" as defined in the Uniform Commercial Code) thereof; (iii) all of the Company's or a Restricted Subsidiary's interest in the Dealer Agreements and Installment Contracts securing payment of Loans, all security interests or liens purporting to secure payment of Loans and all other property obtained upon foreclosure of any security interest securing payment of Loans or any related Installment Contract and all guarantees, insurance (including insurance insuring the priority or perfection of any lien) or other agreements or arrangements of any kind from time to time supporting or securing payment of such Installment Contract whether pursuant to such Installment Contract or otherwise; (iv) all records with respect to Loans, (v) the Company's or a Restricted Subsidiary's right, title and interest in and to business interruption insurance, and (vi) all payments received by the Company in respect of Transferred Loans in the form of cash, checks, wire transfers or other form of payment.

SECURITIZATION TRANSACTION -- means a Transfer of, or grant of a Lien on, Advances, Installment Contracts, Leased Vehicles, Leases, accounts receivable and/or other financial assets by the Company or any Restricted Subsidiary to a Special Purpose Subsidiary or other special purpose or limited purpose entity and the issuance (whether by such Special Purpose Subsidiary or other special purpose or limited purpose entity or any other Person) of Debt or of any Securities secured directly or indirectly by interests in, or of trust certificates or other Securities directly or indirectly evidencing interests in, such Advances, Installment Contracts, Leased Vehicles, Leases, accounts receivable and/or other financial assets.

SECURITY -- means "security" as defined in section 2(1) of the Securities Act.

SENIOR FINANCIAL OFFICER -- means the chief financial officer, the principal accounting officer, the controller or the treasurer of the Company.

SENIOR OFFICER -- means the chief executive officer, the president or the chief financial officer of the Company.

SPECIAL PURPOSE SUBSIDIARY -- means any Unrestricted Subsidiary of the Company, all of the capital stock of which is owned by the Company or a Restricted Subsidiary, which Unrestricted Subsidiary is formed for the sole purpose of conducting one or more Permitted Securitizations and is operated for such purpose in accordance with customary industry practices.

STANDARD & POOR'S RATINGS GROUP -- means Standard & Poor's Ratings Group, a division of McGraw-Hill, Inc.

SUBORDINATED DEBT -- means, at any time, unsecured Debt of the Company that is junior and subordinate in right of payment to the Notes on terms and conditions satisfactory to the Required Holders, as evidenced by their written consent.

SUBORDINATED FUNDED DEBT -- means, at any time, Funded Debt of the Company or any Restricted Subsidiary that is:

(a) junior and subordinate in right of payment to the Notes on terms and conditions satisfactory to the Required Holders, as evidenced by their written consent thereto,

(b) not subject to any sinking fund or required prepayment provisions that would result in its having at any time an average life to maturity, computed in accordance with accepted financial practice, shorter than the Weighted Average Life to Maturity (as defined in the definition of "Make-Whole Amount") of the Notes at such time or a final maturity earlier than the stated final maturity of the Notes, and

(c) not secured by a Lien on the Property of the Company or any Restricted Subsidiary (whether or not such Funded Debt is recourse to the Company or any Restricted Subsidiary).

SUBSIDIARY -- means, at any time, a corporation of which the Company owns, directly or indirectly, more than fifty percent (50%) (by number of votes) of each class of the Voting Stock at such time.

SURVIVING CORPORATION -- Section 6.7(a).

TOTAL RESTRICTED SUBSIDIARY DEBT -- means, at any time, the aggregate amount of Debt of all Restricted Subsidiaries determined at such time after eliminating intercompany transactions among the Company and the Restricted Subsidiaries. For the avoidance of doubt, the Company hereby acknowledges that Total Restricted Subsidiary Debt includes the amount of Debt of any Restricted Subsidiary attributable to its Guaranty of any liabilities of another Person (including the Company or any Subsidiary) made in favor of any Person other than the Company or another Restricted Subsidiary. Notwithstanding the foregoing, (i) Total Restricted Subsidiary Debt does not include the amount of Debt of any Restricted Subsidiary attributable to its Guaranty of obligations under the Credit Agreement (and any related notes, letters of credit and other agreements) of any Person (including the Company or any Subsidiary) made in favor of the Banks if, concurrently with the giving of any such Guaranty, the holders of the Notes at such time are given the benefit of an equal and ratable Guaranty on substantially similar terms; and (ii) the term "Total Restricted Subsidiary Debt" shall not, at any time prior to May 15, 1997 (but shall, at all times from and after May 15, 1997), be deemed to include any Debt of CAC International attributable to its Guaranty, for the benefit of the Banks, of the liabilities of the Company and certain Subsidiaries under the Credit Agreement.

TRANSFERS -- Section 6.8(a).

UNEARNED FINANCE CHARGES -- means, as of any applicable date of determination, the unearned finance charges utilized in deriving installment contract receivables, net on the consolidated balance sheet of the Company and its Restricted Subsidiaries, as disclosed in the footnotes thereto, provided that Unearned Finance Charges shall not include unearned finance charges attributable to retail installment contracts which are not at such time "Installment Contracts" due to the proviso in the definition of such term in this Agreement.

UNRESTRICTED SUBSIDIARY -- means any Subsidiary that, as of the date of this Agreement, is designated in Part 6.17(a) of Annex 3 as an Unrestricted Subsidiary or, after the date of this Agreement, has been designated as an Unrestricted Subsidiary as provided in Section 6.17.

VOTING STOCK -- means capital stock of any class or classes of a corporation the holders of which are ordinarily, in the absence of contingencies, entitled to elect corporate directors (or Persons performing similar functions).

WHOLLY-OWNED RESTRICTED SUBSIDIARY -- means, at any time, any Restricted Subsidiary one hundred percent (100%) of all of the equity Securities (except directors' qualifying shares) and voting Securities of which are owned by, and all of the Debt of which is held by, any one or more of the Company and the other Wholly-Owned Restricted Subsidiaries at such time."

2.5 AMENDMENT AND RESTATEMENT OF EXHIBIT A. The form of First Amended and Restated Note set forth as Exhibit A to the Agreement is hereby amended and restated, in its entirety, to be in the form of Attachment 4 attached to this Fourth Amendment. All references to "Exhibit A" in the Note Purchase Agreements shall, if in reference to a date on or after the date of the Fourth

Amendment, refer to the form of Second Amended and Restated 8.99% (or 9.49%, if on or after January 15, 2000) Senior Note Due July 1, 2001, as amended and restated hereby.

2.6 AMENDMENT OF FIRST AMENDED AND RESTATED NOTES. The forms of the respective First Amended and Restated Notes are hereby amended in their entirety to conform to the form of Second Amended and Restated Note attached to this Fourth Amendment as Attachment 4. On the date of this Fourth Amendment, each of the terms of each outstanding First Amended and Restated Note shall be deemed to be amended to conform with such form, without any further action on the part of the Company or any holder of any First Amended and Restated Note (including, without limitation, any requirement that any holder surrender its outstanding First Amended and Restated Notes to the Company). Upon surrender of any outstanding First Amended and Restated Note, the Company shall deliver to the registered holder thereof a Second Amended and Restated Note in the form attached hereto as Attachment 4, dated the date of the last interest payment on such surrendered First Amended and Restated Note and in an aggregate principal amount equal to the unpaid principal amount of such surrendered First Amended and Restated Note, all in accordance with the provisions of Section 5.2 of the Agreement. Without limitation of the foregoing, the amendment and restatement of the First Amended and Restated Notes provided for herein, including, without limitation, the increase in the interest rate applicable to the Notes, shall be effective with respect to any and all of the Notes irrespective of whether any such Notes are surrendered to the Company for reissuance in the form attached to this Fourth Amendment as Attachment 4.

SECTION 3. MISCELLANEOUS

3.1 COUNTERPARTS. This Fourth Amendment may be executed in any number of counterparts, each executed counterpart constituting an original, but all together only one Fourth Amendment.

3.2 HEADINGS. The headings of the sections of this Fourth Amendment are for purposes of convenience only and shall not be construed to affect the meaning or construction of any of the provisions hereof.

3.3 GOVERNING LAW. This Fourth Amendment shall be governed by and construed in accordance with the internal laws of the State of Connecticut.

3.4 EFFECT OF AMENDMENT. Except as expressly provided herein (a) no other terms and provisions of the Agreement shall be modified or changed by this Fourth Amendment and (b) the terms and provisions of the Agreement, as amended by this Fourth Amendment, shall continue in full force and effect. The Company hereby acknowledges and reaffirms all of its obligations and duties under the Agreement, as modified by this Fourth Amendment, and the Notes.

3.5 REFERENCES TO THE AGREEMENT. Any and all notices, requests, certificates and other instruments executed and delivered concurrently with or after the execution of the Fourth Amendment may refer to the Agreement without making specific reference to this Fourth

Amendment but nevertheless all such references shall be deemed to include, to the extent applicable, this Fourth Amendment unless the context shall otherwise require.

3.6 COMPLIANCE. The Company certifies that immediately before and after giving effect to this Fourth Amendment, no Default or Event of Default exists or would exist after giving effect hereto; provided that the Company may not be in compliance with the covenant contained in Section 6.2 before giving effect to this Fourth Amendment.

3.7 FULL DISCLOSURE. The Company warrants and represents to you that, as of the effective date hereof, none of the written statements, documents or other written materials furnished by, or on behalf of, the Company to you in connection with the negotiation, execution and delivery of this Fourth Amendment contain any untrue statement of a material fact or omit a material fact necessary to make the statements contained therein or herein not misleading in light of the circumstances in which they were made. There is no fact of which any of the Company's executive officers has actual knowledge which the Company has not disclosed to you which materially affects adversely or, so far as the Company can now reasonably foresee, will materially affect adversely the business, prospects, profits, Properties or condition (financial or otherwise) of the Company and the Subsidiaries, taken as a whole, or the ability of the Company to perform its obligations set forth in the Agreement (after giving effect to this Fourth Amendment) and the Notes.

3.8 EFFECTIVENESS OF AMENDMENTS. The amendments to the Agreement contemplated by Section 2 hereof shall (in accordance with Section 10.5(a) of the Agreement) become effective (retroactive to September 30, 1999), if at all, at such time as the Company and the Required Holders of the Notes shall have indicated their written consent to such amendments by executing and delivering the applicable counterparts of this Fourth Amendment. It is understood that any holder of Notes may withhold its consent for any reason, including, without limitation, any failure of the Company to satisfy all of the following conditions:

(a) This Fourth Amendment shall have been executed and delivered by the Company and each of the Required Holders of the Notes.

(b) The execution, delivery and effectiveness of an agreement, signed by the Company and the requisite holders of the Company's First Amended and Restated 9.12% Senior Notes due November 1, 2001 issued under Note Purchase Agreements dated as of October 1, 1994, containing amendments to such Note Purchase Agreements identical in substance to the amendments set forth in Section 2 hereof.

(c) The execution, delivery and effectiveness of an agreement, signed by the Company and the requisite holders of the Company's First Amended and Restated 8.02% Senior Notes due October 1, 2001 issued under Note Purchase Agreements dated as of March 25, 1997, containing amendments to such Note Purchase Agreements identical in substance to the amendments set forth in Section 2 hereof.

(d) The Company shall have paid the statement for reasonable fees and disbursements of Bingham Dana LLP, your special counsel, presented to the Company on or prior to the effective date of this Fourth Amendment.

(e) The Company's legal counsel shall have delivered an opinion, dated the effective date of this Fourth Amendment, substantially in the form attached as Attachment 5 to this Fourth Amendment.

(f) The holders of Notes shall have received from the Company a certificate of a Senior Officer, dated the effective date of this Fourth Amendment, certifying as to the resolutions attached thereto and other corporate proceedings relating to the authorization, execution and delivery of this Fourth Amendment and the transactions contemplated hereby.

3.9 AMENDMENT FEE. The Company shall pay a fee to all holders of Notes, in consideration of the amendment set forth herein, in an amount equal to 0.20% of the outstanding principal amount of the Notes held by such holder as of the date hereof. Such fee shall be paid no later than the fifth business day after all of the Required Holders have executed this Fourth Amendment.

3.10 COMMITMENT TO SELL NOTES. Each of the holders listed on Attachment 6 to this Fourth Amendment hereby irrevocably commits to sell the Repurchased Notes held by such holder upon payment therefor by the Company on or before January 15, 2000 in accordance with, and in the amount provided in, Section 6.15(b) of the Agreement (as amended by this Fourth Amendment) and such Attachment 6.

3.11 WAIVER OF DELIVERY REQUIREMENT. In order to facilitate the Company's prompt compliance with its obligations under Section 6.15(b) of the Agreement (as amended by this Fourth

Amendment), each of the Note holders hereby waives, with respect to the Securitization Transaction to be consummated in connection with the fulfillment of the Company's obligations under Section 6.15(b), the requirement in the definition of Permitted Securitization that certain deliveries be made by the Company not less than ten Business Days prior to the date of the consummation of a Permitted Securitization; provided, however, that the Company shall make such deliveries as promptly as reasonably practicable and, in any event, not less than five Business Days prior to the consummation of such Securitization Transaction.

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ACCEPTED:

ASSET ALLOCATION & MANAGEMENT
COMPANY AS AGENT FOR CENTRAL
STATES HEALTH & LIFE COMPANY OF
OMAHA

By /S/ K. Lange

Name: Kathy Lange
Title: Portfolio Manager

ASSET ALLOCATION & MANAGEMENT
COMPANY AS AGENT FOR THE CHARLES
SCHWAB TRUST COMPANY FBO
GUARANTY INCOME LIFE INSURANCE
COMPANY

By /S/ K. Lange

Name: Kathy Lange
Title: Portfolio Manager

ASSET ALLOCATION & MANAGEMENT
COMPANY AS AGENT FOR AMERICAN
COMMUNITY MUTUAL INSURANCE

By /S/ K. Lange

Name: Kathy Lange
Title: Portfolio Manger

ASSET ALLOCATION & MANAGEMENT
COMPANY AS AGENT FOR CENTRAL RE
CORP. & PHOENIX

By /S/ K. Lange

Name: Kathy Lange
Title: Portfolio Manager

[Signature Page to Fourth Amendment to Note Purchase Agreement in respect of 8.24% Senior Notes Due July 1, 2001 of Credit Acceptance Corporation]

ASSET ALLOCATION & MANAGEMENT
COMPANY AS AGENT FOR OLD GUARD
MUTUAL INSURANCE COMPANY

By /S/ K. Lange

Name: Kathy Lange
Title: Portfolio Manager

ASSET ALLOCATION & MANAGEMENT
COMPANY AS AGENT FOR OZARK
NATIONAL LIFE INSURANCE COMPANY

By /S/ K. Lange

Name: Kathy Lange
Title: Portfolio Manager

ASSET ALLOCATION & MANAGEMENT
COMPANY AS AGENT FOR CSA
FRATERNAL LIFE

By /S/ K. Lange

Name: Kathy Lange
Title: Portfolio Manager

ASSET ALLOCATION & MANAGEMENT
COMPANY AS AGENT FOR KANAWHA
INSURANCE COMPANY

By /S/ K Lange

Name: Kathy Lange
Title: Portfolio Manager

[Signature Page to Fourth Amendment to Note Purchase Agreement in respect of 8.24% Senior Notes Due July 1, 2001 of Credit Acceptance Corporation]

ACCEPTED:

COMBINED INSURANCE COMPANY OF AMERICA
BY: AON ADVISORS, INC.

By /S/ Keith Lemmer

Name: Keith Lemmer
Title: Senior Portfolio Manager

[Signature Page to Fourth Amendment to Note Purchase Agreement in respect of 8.24% Senior Notes Due July 1, 2001 of Credit Acceptance Corporation]

ACCEPTED:

CONNECTICUT GENERAL LIFE
INSURANCE COMPANY
BY CIGNA INVESTMENTS, INC. (authorized agent)

By /S/ James R. Kuzemchak

Name: James R. Kuzemchak
Title: Managing Director

CONNECTICUT GENERAL LIFE
INSURANCE COMPANY,
ON BEHALF OF ONE OR MORE SEPARATE ACCOUNTS
BY CIGNA INVESTMENTS, INC. (authorized agent)

By /S/ James R. Kuzemchak

Name: James R. Kuzemchak
Title: Managing Director

[Signature Page to Fourth Amendment to Note Purchase Agreement in respect of 8.24% Senior Notes Due July 1, 2001 of Credit Acceptance Corporation]

ACCEPTED:

MASSACHUSETTS MUTUAL LIFE
INSURANCE COMPANY

By /S/ Richard E Spencer II

Name: Richard E Spencer II
Title:

CM LIFE INSURANCE COMPANY

By /S/ Richard E Spencer II

Name: Richard E Spencer II
Title:

[Signature Page to Fourth Amendment to Note Purchase Agreement in respect of 8.24% Senior Notes Due July 1, 2001 of Credit Acceptance Corporation]

ACCEPTED:

NATIONWIDE LIFE INSURANCE
COMPANY

By /S/ Mark Poeppelman

Name: Mark W. Poeppelman
Title: Authorized Signatory

[Signature Page to Fourth Amendment to Note Purchase Agreement in respect of 8.24% Senior Notes Due July 1, 2001 of Credit Acceptance Corporation]

ACCEPTED:

PAN AMERICAN LIFE INSURANCE
COMPANY

By /S/ F. A Stone

Name: F. Anderson Stone
Title: Vice President Corporate Securities

[Signature Page to Fourth Amendment to Note Purchase Agreement in respect of 8.24% Senior Notes Due July 1, 2001 of Credit Acceptance Corporation]

ACCEPTED:

PHOENIX HOME LIFE MUTUAL
INSURANCE COMPANY
BY: PHOENIX INVESTMENT COUNSEL, INC.

By /S/ Rosemary T. Strekel

Name: Rosemary T. Strekel
Title: Senior Managing Director

[Signature Page to Fourth Amendment to Note Purchase Agreement in respect of 8.24% Senior Notes Due July 1, 2001 of Credit Acceptance Corporation]

ACCEPTED:

SECURITY BENEFIT LIFE INSURANCE
COMPANY

By /S/ Steven M. Bowser

Name: Steven M. Bowser
Title: Vice President - Sr. Portfolio Mgr.

[Signature Page to Fourth Amendment to Note Purchase Agreement in respect of 8.24% Senior Notes Due July 1, 2001 of Credit Acceptance Corporation]

ATTACHMENT 4

EXHIBIT A

[FORM OF NOTE]

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). ANY RESALE OR TRANSFER OF THIS NOTE WITHOUT REGISTRATION UNDER THE SECURITIES ACT MAY ONLY BE MADE IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

CREDIT ACCEPTANCE CORPORATION

SECOND AMENDED AND RESTATED 8.99% SENIOR NOTE DUE JULY 1, 2001
[FROM AND INCLUDING DECEMBER 1, 1999 TO, BUT NOT INCLUDING, JANUARY 15, 2000]

SECOND AMENDED AND RESTATED 9.49% SENIOR NOTE DUE JULY 1, 2001
[FROM AND AFTER JANUARY 15, 2000]

NO. R-___
$_____
PPN: 225310 A@ 0 [DATE]

CREDIT ACCEPTANCE CORPORATION, a Michigan corporation (the "Company"), for value received, hereby promises to pay to _____ or registered assigns the principal sum of _____ DOLLARS ($_____) on July 1, 2001 and to pay interest (computed on the basis of a 360-day year of twelve 30-day months) on the unpaid principal balance thereof from the date of this Note (i) at the rate of seven and ninety-nine one-hundredths percent (7.99%) per annum through (but not including) July 1, 1998, (ii) at the rate of eight and twenty-four one-hundredths percent (8.24%) per annum from and after July 1, 1998 through (but not including) December 1, 1999, (iii) at the rate of eight and ninety-nine one-hundredths percent (8.99%) per annum from (and including) and after December 1, 1999 through (but not including) January 15, 2000, and (iv) at the rate of nine and forty-nine one-hundredths percent (9.49%) per annum from and after January 15, 2000, payable semi-annually on the first (1st) day of January and July in each year, commencing on the payment date next succeeding the date hereof, until the principal amount hereof shall become due and payable; and to pay on demand interest on any overdue principal (including any overdue prepayment of principal) and Make-Whole Amount, if any, and (to the extent permitted by applicable law) on any overdue installment of interest, at a rate equal to the lesser of (a) the highest rate allowed by applicable law or (b) nine and ninety-nine one-hundredths percent (9.99%) per annum if such time is prior

to July 1, 1998, ten and twenty-four one-hundredths percent (10.24%) per annum if such time is on or after July 1, 1998 but prior to December 1, 1999, ten and ninety-nine one-hundredths percent (10.99%) per annum if such time is on or after December 1, 1999 but prior to January 15, 2000 and eleven and forty-nine one-hundredths percent (11.49%) per annum if such time is on or after January 15, 2000.

Payments of principal, Make-Whole Amount, if any, and interest shall be made in such coin or currency of the United States of America as at the time of payment is legal tender for the payment of public and private debts to the registered holder hereof at the address shown in the register maintained by the Company for such purpose, in the manner provided in the Note Purchase Agreement (defined below).

This Note is one of an issue of Notes of the Company issued in an aggregate principal amount limited to Seventy Million Dollars ($70,000,000) pursuant to the Company's separate Note Purchase Agreements, each dated as of August 1, 1996 (collectively, as may be amended from time to time, the "Note Purchase Agreement"), with the purchasers listed on Annex 1 thereto. This Note is entitled to the benefits of the Note Purchase Agreement and the terms thereof are incorporated herein by reference. Capitalized terms used herein and not otherwise defined herein have the meanings specified in the Note Purchase Agreement. As provided in the Note Purchase Agreement, this Note is subject to prepayment, in whole or in part, in certain cases without a Make-Whole Amount and in other cases with a Make-Whole Amount. The Company agrees to make required prepayments on account of such Notes in accordance with the provisions of the Note Purchase Agreement.

This Note is a registered Note and is transferable only by surrender hereof at the principal office of the Company as specified in the Note Purchase Agreement, duly endorsed or accompanied by a written instrument of transfer duly executed by the registered holder of this Note or its attorney duly authorized in writing.

Under certain circumstances, as specified in the Note Purchase Agreement, the principal of this Note (in certain cases together with any applicable Make-Whole Amount) may be declared due and payable in the manner and with the effect provided in the Note Purchase Agreement.

The Company's Second Amended and Restated [8.99%] [9.49%] Senior Notes due July 1, 2001 (the "Second Amended and Restated Notes") amend and restate the Company's First Amended and Restated 8.24% Senior Notes due July 1, 2001 (the "First Amended and Restated Notes") and its 7.99% Senior Notes due July 1, 2001 (the "Original Notes"). The obligations formerly evidenced by the First Amended and Restated Notes and the Original Notes are continuing obligations which are evidenced by the Second Amended and Restated Notes and nothing contained in the Second Amended and Restated Notes shall be deemed to constitute payment, settlement or a novation of such obligations.

THIS NOTE AND THE NOTE PURCHASE AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH, INTERNAL CONNECTICUT LAW.

CREDIT ACCEPTANCE CORPORATION

By

Name:
Title:

ATTACHMENT 5

[FORM OF COMPANY COUNSEL LEGAL OPINION]
December 1, 1999

To each of the Persons
listed on Annex 1 hereto

Re: Credit Acceptance Corporation, a Michigan corporation (the "Company")

Ladies and Gentlemen:

We have acted as special counsel to the Company and have provided this opinion pursuant to the Fourth Amendment to Note Purchase Agreement, dated as of December 1, 1999 (the "Fourth Amendment"), among the Company and the Persons listed on Annex 1 thereto (the "Holders"), in respect of the separate Note Purchase Agreements, each dated as of August 1, 1996 (collectively, as amended by the First Amendment to Note Purchase Agreement dated as of December 12, 1997, the Second Amendment to Note Purchase Agreement dated as of July 1, 1998 and the Third Amendment to Note Purchase Agreement dated as of April 13, 1999, the "Existing Note Agreement", and as further amended by the Fourth Amendment, the "Amended Note Agreement"), between the Company and each of the Persons listed on Annex 1 thereto (the "Purchasers"), pursuant to which the Company sold to the Purchasers the Original Notes in the aggregate principal amount of $70,000,000. The capitalized terms used herein and not defined herein have the meanings specified in the Amended Note Agreement.

The law covered by the opinions expressed herein is limited to the federal law of the United States and the laws of the State of Michigan. In rendering the opinion in paragraph (2) below, we have assumed that the laws of the State of Connecticut as to the enforceability of the Amended Note Agreement and the Notes are not different from the State of Michigan (excluding the choice of law rules).

In our examination, we have assumed the genuineness of all signatures (other than signatures of officers of the Company), the legal capacity of natural persons, the authenticity of all documents submitted to us as originals or copies, the conformity with originals of all documents submitted to us as copies and, as to documents executed by the Holders and Persons other than the Company, that each such Person executing documents had the power to enter into and perform its obligations under such documents, and that such documents have been duly authorized, executed and delivered by, and are binding upon and enforceable against, such Persons.

In rendering our opinion, we have relied, without further investigation or analysis, upon certificates of officers of the Company attached hereto; warranties and representations as to certain factual matters made by the Company and by the Holders in the Amended Note Agreement and in the certificate delivered to the Holders pursuant to the Fourth Amendment.

In acting as such counsel, we have examined (a) the Existing Note Agreement, (b) the Fourth Amendment, including the form of the Company's Second Amended and Restated 8.99% Senior Note due July 1, 2001 attached to the Fourth Amendment as Attachment 4, (c) the bylaws of the Company, (d) the records of proceedings of the board of directors of the Company, (e) a certified copy of the articles of incorporation of the Company, as in effect on the date hereof, and (f) originals, or copies certified or otherwise identified to our satisfaction, of such other documents, records, instruments and certificates of public officials as we have deemed necessary or appropriate to enable us to render this opinion. The First Amended and Restated Notes held by the Holders, as amended and restated pursuant to the Fourth Amendment, are referred to herein as the "Notes".

Based upon and subject to the foregoing and to the additional assumptions, qualifications and limitations set forth herein, we are of the opinion that:

1. The Fourth Amendment has been duly authorized by all necessary corporate action on the part of the Company and has been executed and delivered by a duly authorized officer of the Company.

2. Each of the Amended Note Agreement and the Notes constitute a legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except as (a) the enforceability thereof may be limited by or subject to bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium or similar laws now or hereafter affecting creditors' rights generally, and (b) rights or remedies (including, without limitation, acceleration, specific performance and injunctive relief) may be limited by equitable principles of general applicability (including, without limitation, standards of materiality, good faith, fair dealing and reasonableness) whether such principles are considered in a proceeding in equity or at law, and may be subject to the discretion of the court before which any proceedings therefor may be brought.

3. All consents, approvals and authorizations of Governmental Authorities required on the part of the Company have been obtained in connection with the execution and delivery of the Fourth Amendment.

4. The execution and delivery of the Amended Note Agreement in accordance with, and subject to the terms and conditions of, the Amended Note Agreement, by the Company and the performance by the Company of its obligations thereunder and under the Notes do not violate any applicable statute, rule or regulation to which the Company is subject.

5. Under existing law, the amendment of the First Amended and Restated Notes under the circumstances contemplated by the Fourth Amendment is an exempt transaction under the Securities Act and neither the registration of the Notes under the Securities Act, nor the qualification of an indenture with respect thereto under the Trust Indenture Act of 1939, as amended, is required in connection with such transaction.

In rendering this opinion, we assume no obligation to revise or supplement this opinion should any law now in effect be changed by legislative action, judicial decision or otherwise.

We acknowledge that this opinion is being issued at the request of the Company pursuant to the Fourth Amendment and we agree that the parties listed on Annex 1 thereto are relying hereon. Future holders of the Notes may rely on this opinion as if it were addressed to them. Except as otherwise provided in this paragraph, no one is entitled to rely on this opinion.

This opinion is solely for the information of the addressees hereof, and is not to be quoted in whole or in part or otherwise referred to, nor is it to be filed with any governmental agency or other person without our prior written consent (except that you may furnish a copy hereof (i) to any one or more of your employees, officers, directors, agents, attorneys, accountants or professional consultants, (ii) to any state or federal authority or independent insurance board or body having regulatory jurisdiction over any holder of a Note, (iii) pursuant to order or legal process of any court or governmental agency, (iv) in connection with any legal action in which you are a party arising out of or in respect of the transactions contemplated under the Amended Note Agreement, and (v) for informational and due diligence purposes only, to prospective transferees of the Notes).

Very truly yours,

ATTACHMENT 6

LIST OF HOLDERS OF NOTES WHOSE NOTES WILL BE PURCHASED
BY COMPANY PURSUANT TO SECTION 6.15(B)

1997 Series	Reg. No.	Principal Outstanding
The Guardian Life Insurance Company of America	R-1	$10,210,452.96
Massachusetts Mutual Life Insurance Company	R-2	$ 5,105,226.48
Nationwide Life Insurance Company	R-3	$ 5,105,226.48
Farm Bureau Life Insurance Company	R-6	$ 1,531,567.95
Farm Bureau Mutual Insurance Company	R-7	$ 1,021,045.30
American Bankers Insurance Company of Florida	R-8	$ 1,531,567.95
Voyager Property & Casualty Insurance Co.	R-9	$ 1,021,045.30
Subtotal		$25,526,132.42
1996 Series		
Massachusetts Mutual Life Insurance Company	R-1	$ 3,764,285.71
	R-3	$ 1,217,857.14
	R-4	$ 332,142.86
	R-30	$ 1,328,571.43
Nationwide Life Insurance Company	R-5	$ 5,535,714.29
Security Benefit Life Insurance Company	R-17	$ 2,657,142.86
Combined Insurance Company of America	R-29	$ 2,214,285.71
Subtotal		$17,050,000.00
1994 Series		
Western Farm Bureau Life Insurance	R-12	$ 1,095,833.34
FBL Insurance Company	R-13	$ 2,410,833.34
Ohio Casualty Insurance Co.	R-17	$ 1,315,000.00
Ohio Life Insurance Company	R-18	$ 876,666.66
Washington National Insurance Company	R-39	$ 258,497.17
William Blair & Company, L.L.C.	R-40	$ 500,000.00*
Lincoln Life & Annuity Company of New York	R-44	$ 317,951.52
	R-45	$ 206,797.74
Subtotal		$ 6,981,579.77
TOTAL		$49,557,712.19

*Represents a portion of Note which has a total of $646,242.92 principal amount outstanding.

EXHIBIT 4 (C) (06)

FIRST AMENDMENT
TO
THIRD AMENDED AND RESTATED CREDIT AGREEMENT

This FIRST AMENDMENT TO THIRD AMENDED AND RESTATED CREDIT AGREEMENT ("First Amendment") is made as of this 10th day of December, 1999 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 Third Amended and Restated Credit Agreement dated as of June 15, 1999 (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 make 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. Section 1 of the Credit Agreement is hereby amended and restated in its entirety as set forth in Attachment 2 marked "Selected Sections - Section 1", which Attachment 2 is marked (for the convenience of the parties), to show the changes from Section 1 of the Credit Agreement.

2. Sections 2.13 and 2.15 and of the Credit Agreement are hereby amended and restated in their entirety as set forth in Attachment 3 marked "Selected Sections - Sections 2.13 and 2.15", which Attachment 3 is marked (for the convenience of the parties), to show the changes from Sections 2.13 and 2.15 of the Credit Agreement.

3. Section 7 of the Credit Agreement is hereby amended and restated in its entirety as set forth in Attachment 4 marked "Selected Sections - Section 7", which Attachment

4 is marked (for the convenience of the parties), to show the changes from Section 7 of the Credit Agreement.

4. Section 8 of the Credit Agreement is hereby amended and restated in its entirety as set forth in Attachment 5 marked "Selected Sections - Section 8", which Attachment 5 is marked (for the convenience of the parties), to show the changes from Section 8 of the Credit Agreement; provided, however, that the amendment in Section 8.11 of the Credit Agreement shall be given retroactive effect to July 1, 1998.

5. In order to facilitate the Company's Permitted Senior Note Prepayment described in Section 1 of the Credit Agreement (as amended by this First Amendment), the Banks hereby waive, with respect to the Permitted Securitization to be consummated in connection with the Permitted Senior Note Prepayment, the requirement in the definition of Permitted Securitization that certain deliveries be made by the Company not less than ten Business Days prior to the date of the consummation of a Permitted Securitization; provided, however, that the Company shall make such deliveries as promptly as reasonably practicable and, in any event, not less than five Business Days prior to the consummation of such Permitted Securitization.

6. Subject to the terms and conditions of this First Amendment, this First Amendment will confirm that (a) the Waiver (issued pursuant to the Waiver Letter dated as of October 20, 1999, as extended) continues in full force, except that the restriction on Permitted Repurchases set forth therein and the provisions concerning the expiration of such Waiver shall no longer apply and (b) for the avoidance of doubt, the Banks hereby consent to amendments to the Securitization Documents substantially in form and substance as the draft Amendment No. 3 to Security Agreement dated December 7, 1999 and draft Amendment No. 2 to Note Purchase Agreement dated December 6, 1999 previously distributed to the Agent and the Banks.

7. Replacement Schedules 1.1 (Pricing Grid) and 6.15 (Litigation) to the Credit Agreement set forth on Attachments 1A and 1B shall replace in their entirety, existing Schedules 1.1 and 6.15 respectively to the Credit Agreement.

8. 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, on or before December 10, 1999, 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;

(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;

(c) Agent shall have received, with a copy for each of the Banks, amendments to the Senior Debt Documents executed and delivered by the Company and the requisite holders of the Senior Debt, such amendments to be in form and substance satisfactory to the Agent and the Majority Banks; and

(d) Company shall have paid (directly, or through the Agent) to those Banks which have executed and delivered this First Amendment (subject to the terms and conditions hereof) on or before the close of business on December 10, 1999 an amendment fee in the amount of twenty (20) basis points on the aggregate commitment of each such Bank under the Revolving Credit as of the date of the First Amendment.

If the foregoing conditions have not been satisfied or waived on or before December 10, 1999, this First Amendment shall lapse and be of no further force and effect.

9. 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 6.22, 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.

10. 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.

11. 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.

12. This First Amendment may be executed in counterpart in accordance with Section 13.10 of the Credit Agreement.

13. 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.

14. 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

By: /S/ Scottie S. Knight

Its: Vice President

One Detroit Center
500 Woodward Avenue
Detroit, Michigan 48226
Attention: Michael P. Stapleton

COMERICA BANK - CANADA

By: /S/ Philip Buxton

Its:/S/ Managing Director

And Chief Executive Officer

CREDIT ACCEPTANCE CORPORATION

By: /S/ Douglas W. Busk

Its: Treasurer

CREDIT ACCEPTANCE CORPORATION
UK LIMITED

By:/S/ Douglas W. Busk

Its: Treasurer

CAC OF CANADA LIMITED

By: /S/ Douglas W. Busk

Its: Treasurer

CREDIT ACCEPTANCE CORPORATION
IRELAND LIMITED

By: /S/ Douglas W. Busk

Its: Treasurer

BANKS: COMERICA BANK

By: /S/ Scottie S. Knight

Its: Vice President

LASALLE BANK NATIONAL ASSOCIATION

By: /S/ Lisa Man

Its: Assistant Vice President

HARRIS TRUST AND SAVINGS BANK

By: /S/ Michael A Cameli

Its: Vice President

NATIONAL CITY BANK OF MINNEAPOLIS

By: /S/ Steven Berglund

Its: Assistant Vice President

BANK OF AMERICA, N.A.

By: /S/ Elizabeth Kurilecz

Its: Managing Director

THE BANK OF NOVA SCOTIA

By: /S/ F.C.H. Ashby

Its: Senior Manager Loan Operations

UNION BANK OF CALIFORNIA, N.A.

By: /S/ Robert C Nagel

Its: Vice President

Signature Page For
CAC First Amendment

ATTACHMENT 1

"REPLACEMENT SCHEDULE 1.1 - Pricing Grid"

Attachment 1

SCHEDULE 1.1*/

PRICING MATRIX

NOTWITHSTANDING THE COMPANY'S RATING LEVEL:	THE APPLICABLE MARGIN FOR ADVANCES AT THE PRIME-BASED RATE SHALL BE	THE APPLICABLE MARGIN FOR ADVANCES OF THE REVOLVING CREDIT CARRIED AT THE EUROCURRENCY-BASED RATE SHALL BE	THE APPLICABLE MARGIN FOR ADVANCES OF THE TERM LOAN CARRIED AT THE EUROCURRENCY-BASED RATE SHALL BE	APPLICABLE FEE PERCENTAGE FOR REVOLVING CREDIT FACILITY FEE	APPLICABLE FEE PERCENTAGE FOR LETTER OF CREDIT FEE
	0%	1.40%	2.00%	.6000%	1.525% (inclusive of facing fee)
APPLICABLE FEE PERCENTAGE FOR UTILIZATION FEE	If Utilization is < 50% of RCMA,**/ 0% If Utilization is > 50%, 0.25%				

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*/ All terms as defined in the Agreement.

**/ "RCMA" shall mean the Revolving Credit Maximum Amount as determined hereunder, or, in the event the Company has elected to convert the outstandings under the Revolving Credit to a Term Loan pursuant to Section 4.1, "RCMA" shall mean the Revolving Credit Maximum Amount as in effect immediately prior to such conversion. All other capitalized terms shall be defined as in the Agreement.

ATTACHMENT 2

"SELECTED SECTIONS -- Section 1"

1. DEFINITIONS

For the purposes of this Agreement the following terms will have the following meanings:

"Account Party(ies)" shall mean, with respect to any Letter of Credit, the account party or parties (which shall be Company and/or any Permitted Borrower) as named in an application to the Agent for the issuance of such Letter of Credit.

"Advance(s)" shall mean, as the context may indicate, a borrowing requested by Company or by a Permitted Borrower, and made by Banks under Section 2.1 or 4.1 of this Agreement, as the case may be, or requested by the Company or by a Permitted Borrower and made by the Swing Line Bank under Section 2.5 hereof (including without limitation any readvance, refunding or conversion of such borrowing pursuant to Section 2.3, 2.5(c) or 4.4 hereof) and any advance in respect of a Letter of Credit under Section 3.6 hereof (including without limitation the unreimbursed amount of any draws under Letters of Credit), and shall include, as applicable, a Eurocurrency-based Advance, a Quoted Rate Advance, a Prime-based Advance and a Swing Line Advance.

"Advances to Dealers" shall mean, as of any applicable date of determination, the Dollar Amount of advances in respect of Installment Contracts, as such amount would appear in the footnotes to the financial statements of the Company and its Subsidiaries prepared in accordance with GAAP (and if such amount is not shown net of such reserves, then net of any reserves established by the Company as an allowance for credit losses related to such advances not expected to be recovered), provided that Advances to Dealers shall not include (a) any such advances (and the related Installment Contracts) transferred or encumbered pursuant to a Permitted Securitization (whether or not attributable to the company under GAAP), unless and until such advances (and the related installment contracts) are reassigned to the Company or a subsidiary of the Company or such encumbrances are discharged or (b) Charged-Off Advances, to the extent that such Charged-Off Advances exceed the portion of the Company's allowance for credit losses related to reserves against such advances not expected to be recovered, as such allowance would appear in the footnotes to the financial statements of the Company and its Subsidiaries prepared in accordance with GAAP at such time. For purposes of this definition, "Charged-Off Advances" shall mean those Advances to Dealers which the Company or any of its Subsidiaries has determined, based on the application of a static pool analysis or otherwise, are completely or partially impaired, to the extent of such impairment.

"Affiliate" shall mean, at any time, a Person (other than a Subsidiary) (a) that directly or indirectly through one or more intermediaries Controls, or is Controlled by, or is under common Control with, the Company; (b) that beneficially owns or holds five percent (5%) or more of any class of the voting stock of the Company; (c) five percent (5%) or more of the voting stock (or in the case of a Person that is not a corporation, five percent (5%) or more of the equity interest) of which is beneficially owned or held by the Company or a Subsidiary; or (d) that is an officer or director (or a member of the immediate family of an officer or director) of the Company or any Subsidiary; in

each case, at such time. As used in this definition, "Control" shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

"Agent" shall mean Comerica Bank, a Michigan banking corporation, or any successor appointed in accordance with Section 12.4 hereof.

"Agent's Correspondent" shall mean:

(a) for Advances in Sterling, Midland Bank plc., London, Great Britain;

(b) for Advances in C$, Comerica Bank - Canada, Agent's Canadian Affiliate, or such other bank or banks as Agent may from time to time designate by written notice to Company, the Permitted Borrowers and the Lenders;

(c) for Advances in Irish Punts, Ulster Bank Limited, Ireland; and

(d) for Advances in Eurodollars, Agent's Grand Cayman Branch (or for the account of said branch office, at Agent's main office in Detroit, Michigan, United States);

or at such other bank or banks as Agent may from time to time designate by written notice to Company, the Permitted Borrowers and the Banks.

"Agent's Fees" shall mean those fees and expenses required to be paid by Company to Agent under Section 12.8 hereof.

"Aggregate Commitment" shall mean the Revolving Credit Maximum Amount, as in effect from time to time.

"Aggregate Sublimit" shall mean, as of any applicable date of determination, that amount equal to twenty percent (20%), of Company's Consolidated Tangible Net Worth, determined as of the end of each fiscal quarter based upon the financial statements required to be delivered under Section 7.3(b) or 7.3(c) hereof, as the case may be, or (subject to the terms hereof) determined on a monthly basis at the request of the Company based on monthly financial statements to be delivered pursuant to Sections 2.13(b) and 2.14(b) hereof, (and giving effect to any changes in net worth shown in the applicable financial statements on the required date of delivery thereof).

"Allowances for Credit Losses" shall mean those allowances or reserves established by Company or its Subsidiaries in arriving at installment contracts receivable, net or Leased Vehicles, as the case may be, on its Consolidated balance sheets, as specifically identified in such financial statements or as disclosed in the footnotes thereto; provided that Allowances for Credit Losses shall not include allowances or reserves attributable to retail installment contracts or leases

which are not at such time "Installment Contracts" or "Leases," as the case may be, due to the proviso in the definition of such terms in this Agreement.

"Alternate Base Rate" shall mean, for any day, an interest rate per annum equal to the Federal Funds Effective Rate in effect on such day, plus one percent (1%).

"Alternative Currency" shall mean British Pounds Sterling ("Sterling"), Canadian Dollars ("C$"), Irish Punts ("Irish Punts"), and, subject to the prior written approval of Agent and each of the Banks and to the terms and conditions of this Agreement, such other freely convertible foreign currencies including (subject to the terms hereof) the "Euro", as requested by the Company or a Permitted Borrower and acceptable to Agent and the Banks, in their reasonable discretion. Any reference to a National Currency Unit of a Participating Member State in this definition of "Alternative Currency" shall be deemed to also include a reference to the Euro Unit.

"Applicable Fee Percentage" shall mean, as of any date of determination thereof, the applicable percentage used to calculate certain of the fees due and payable hereunder, determined by reference to the appropriate columns in the Pricing Matrix attached to this Agreement as Schedule

"Applicable Interest Rate" shall mean the Eurocurrency-based Rate, the Prime-based Rate or, with respect to Swing Line Advances, the Quoted Rate, as selected by Company or a Permitted Borrower from time to time subject to the terms and conditions of this Agreement.

"Applicable Margin" shall mean, as of any date of determination thereof, the applicable interest rate margin, determined by reference to the appropriate columns in the Pricing Matrix attached to this Agreement as Schedule 1.1.

"Applicable Sublimit" shall mean the Canadian Sublimit, the Irish Sublimit or the Aggregate Sublimit, as the context may require.

"Assignment Agreement" shall have the meaning ascribed to such term in Section 13.8(c) hereof.

"Back-End Dealer Agreement(s)" shall mean Dealer Agreements referred to in clause (i) of the definition of Dealer Agreements.

"Banks" shall mean the Banks signatory hereto (including the New Banks) and any assignee which becomes a Bank pursuant to Section 13.8(c) hereof.

"Business Day" shall mean any day on which commercial banks are open for domestic and international business (including dealings in foreign exchange) in Detroit, London (except with respect to any Prime-based Advances), and New York and if funds are to be paid or made available in any Alternative Currency, on such day in the place where such funds are to be paid or made available and, if the applicable Business Day relates to the borrowing or payment of a

Eurocurrency-based Advance denominated in Euros, on which banks and foreign exchange markets are open for business in the city where disbursements of or payments on such Advance are to be made which is a Trans-European Business Day.

"CAC Canada" is defined in the Preamble.

"CAC Ireland" is defined in the Preamble.

"CAC Leasing" shall mean CAC Leasing, Inc., a Michigan corporation and a wholly-owned Subsidiary of Company.

"CAC Life" shall mean Credit Acceptance Corporation Life Insurance Company, an Arizona corporation and a wholly-owned Subsidiary of Company.

"CAC UK" is defined in the Preamble.

"Canadian BA Rate" shall mean, with respect to the relevant Advance of C$ to CAC Canada, the rate per annum quoted by Agent's Correspondent as the Agent's bid rate for C$ bankers' acceptances having a comparable face value as the amount of such Advance and a tenor identical to the applicable Eurocurrency-Interest Period as of 10:00 a.m. (Toronto time) on the first day of such Interest Period.

"Canadian BA Period" shall mean, for Advances of C$ to CAC Canada, an interest Period of 30 days, 60 days, 90 days or with the consent of the Agent 180 days.

"Canadian Prime Rate" shall mean, for any day, the per annum rate of interest in effect for such day as announced from time to time by the Agent's Canadian Affiliate in Toronto, Ontario as its "prime rate." (The "prime rate" is a rate set by such Canadian Affiliate based upon various factors including such Canadian Affiliate's costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above or below such announced rate.) Any change in the prime rate by such Canadian Affiliate shall take effect at the opening of business on such day.

"Canadian Prime-based Rate" shall mean, for any day, that rate of interest which is equal to the sum of the Applicable Margin plus the greater of (i) the Canadian Prime Rate and (ii) an interest rate per annum equal to the Canadian BA Rate in effect on such day, plus one percent (1%).

"Canadian Sublimit" shall mean, as of any applicable date of determination, that amount equal to the lesser of

(a) five percent (5%) of Company's Consolidated Tangible Net Worth, determined as of the end of each fiscal quarter based upon the financial statements required

to be delivered under Section 7.3(b) or 7.3(c) hereof, as the case may be, or (subject to the terms hereof) determined on a monthly basis at the request of the Company based on monthly financial statements to be delivered pursuant to Section 2.14(b) hereof, (and giving effect to any changes in net worth shown in such financial statements on the required date of delivery thereof); and

(b) the Aggregate Sublimit minus the sum of the aggregate principal amount of Advances outstanding to the Permitted Borrowers, including CAC Canada, (after giving effect to any such Advances being requested by any Permitted Borrower, including CAC Canada, on such date, using the Current Dollar Equivalent of any such Advances outstanding or requested in any Alternative Currency, determined pursuant to the terms hereof as of the date of such requested Advance), plus the aggregate undrawn portion of any Letters of Credit issued for the account of the Permitted Borrowers (including CAC Canada) which shall be outstanding as of the date of such requested Advance (based on the Dollar Amount of the undrawn portion of any Letters of Credit denominated in Dollars and the Current Dollar Equivalent of the undrawn portion of any Letters of Credit denominated in any Alternative Currency), the aggregate face amount of Letters of Credit requested but not yet issued for the account of such Permitted Borrowers (determined as aforesaid) and the aggregate amount of all drawings made under any Letter of Credit for which the Agent has not received full reimbursement from such Permitted Borrowers (using the Current Dollar Equivalent thereof for any Letters of Credit denominated in any Alternative Currency).

"Capital Assets" shall mean all assets of a Person other than intangible assets (so classified in accordance with GAAP), inventories, accounts receivable and Investments in and securities of any other Person.

"Cleanup Call(s)" shall mean

(a) in the case of an optional cleanup call, a cleanup call to be exercised at the option of the Company or a Special Purpose Subsidiary under the terms of the applicable Permitted Securitization (provided that, both before and after giving effect thereto, no Default or Event of Default has occurred and is continuing when such option is exercised), in an amount not in excess of (i) Fifteen Percent (15%) of the initial amount received by the Company or a Special Purpose Subsidiary pursuant to such Permitted Securitization (before fees and other deductions), it being understood that, for purposes of clause (a)(i) of this definition, each tranche of a multi-tranche Permitted Securitization shall be considered a separate Permitted Securitization or (ii) in the case of any Securitization Transaction structured on a revolving basis, fifteen percent (15%) of the maximum aggregate availability at any time to Company or a Special Purpose Subsidiary, and (b) in the case of a mandatory cleanup call, a mandatory cleanup call to be exercised at the option of the investors under the terms of the applicable Permitted Securitization, in an amount not in excess of (i) Two and One-Half Percent (2 1/2%) of the

aggregate amount received by the Company or a Special Purpose Subsidiary pursuant to the Permitted Securitization to which such mandatory cleanup call relates (before fees and other deductions), it being understood that, for purposes of clause (b)(i) of this definition, all tranches of a multi-tranche Permitted Securitization shall be considered one Permitted Securitization or (ii) in the case of any Securitization Transaction structured on a revolving basis, Two and One-Half Percent (2 1/2%) of the maximum aggregate availability at any time to Company or a Special Purpose Subsidiary,

in either case, such Cleanup Call being accompanied by the repurchase of or release of encumbrances on Advances to Dealers, Leased Vehicles, Installment Contracts (whether assigned outright or related to Advances to Dealers) or Leases (whether assigned outright or related to Leased Vehicles), as the case may be, previously transferred or encumbered pursuant to such Permitted Securitization in at least the amount of such cleanup call.

"Closing Fee" shall mean the closing fee payable by Company to Agent, for distribution to the Banks, in the amounts previously agreed to between Agent and each of the Banks.

"Collateral" shall mean (x) all right, title and interest of each of the Company and each of its Significant Domestic Subsidiaries in, to and under its accounts, inventory, machinery, equipment, contract rights, chattel paper, general intangibles, including without limitation Advances to Dealers, Leased Vehicles, Dealer Agreements (and any amounts advanced to or liens granted by Dealers thereunder), Installment Contracts, Leases and related financial property (such Dealer Agreements, Advances to Dealers and the Installment Contracts, Leases, accounts, contract rights, chattel paper and general intangibles relating to such Dealer Agreements, Advances to Dealers and Leased Vehicles, being subject to the rights, if any, of Dealers under Dealer Agreements), and computer records and software relating thereto, whether now owned or hereafter acquired by such Person, (y) one hundred percent (100%) of the share capital of each Significant Domestic Subsidiary of the Company (whether direct or indirect) and (z) not less than sixty-five percent (65%) of the share capital of CAC UK, and all proceeds and products of the foregoing.

"Collateral Documents" shall mean that certain Security Agreement and that certain English Share Charge, each dated as of December 15, 1998 and executed and delivered by Company in favor of the Agent, as Collateral Agent pursuant to the Intercreditor Agreement, and encumbering the property described therein, and all other security documents (including, without limitation, financing statements, stock powers, acknowledgments, registrations, joinders and the like) executed by the Company or any of its Subsidiaries and delivered to the Agent, as Collateral Agent (as aforesaid), as of the date thereof or, from time to time, subsequent thereto in connection with such security documents, this Agreement or the other Loan Documents, as such security documents may be in each case amended (subject to the Intercreditor Agreement) from time to time.

"Company" is defined in the Preamble.

"Company Guaranty" shall mean that certain amended and restated guaranty of all of the Indebtedness outstanding from the Permitted Borrowers hereunder, executed and delivered by the Company to the Agent, on behalf of the Banks, in connection with the Prior Credit Agreement, as amended from time to time.

"Consolidated" or "Consolidating" shall, when used with reference to any financial information pertaining to (or when used as a part of any defined term or statement pertaining to the financial condition of) Company and its Subsidiaries, mean the accounts of Company and its Subsidiaries determined on a consolidated or consolidating basis, as the case may be, all determined as to principles of consolidation and, except as otherwise specifically required by the definition of such term or by such statements, as to such accounts, in accordance with GAAP applied on a consistent basis and consistent with the financial statements as at and for the fiscal year ended December 31, 1998.

"Consolidated Current Debt" shall mean, as of any applicable date of determination, all Current Debt of the Company and its Subsidiaries, determined on a Consolidated basis in accordance with GAAP as of such date.

"Consolidated Fixed Charges" shall mean, for any period, the sum of (a) Consolidated Interest Expense for such period, plus (b) Operating Rentals payable by the Company and its Subsidiaries in respect of such period under Operating Leases, determined after eliminating intercompany transactions among the Company and its Subsidiaries.

"Consolidated Income Available for Fixed Charges" shall mean, for any period, the sum of (a) Consolidated Net Income, plus (b) the aggregate amount of income taxes, depreciation, amortization (including the amortization of any excess servicing asset) and Consolidated Fixed Charges (to the extent, and only to the extent, that such aggregate amount was reflected in the computation of Consolidated Net Income for such period), determined on a Consolidated basis for such Persons in accordance with GAAP, plus (c) for the next succeeding four fiscal quarters of the Company (commencing with the fiscal quarter ending september 30, 1999), the after-tax effect of the non-cash charge in the amount of $47,300,000 taken by the Company in its financial statements for its fiscal quarter ending September 30, 1999 relating to the accounting adjustment to its reserves against advances resulting from the downward revision in the Company's collection forecasts.

"Consolidated Interest Expense" shall mean, for any period, the amount of interest charged or chargeable to the Consolidated Statement of Operations of Company and its Subsidiaries in respect of such period, as determined in accordance with GAAP.

"Consolidated Net Income" shall mean, for any period, net earnings (or loss) after income taxes of Company and its Subsidiaries, determined on a Consolidated basis for such Persons, as defined according to GAAP, but excluding:

(a) net earnings (or loss) of any Subsidiary accrued prior to the date it became a Subsidiary;

(b) any gain or loss (net of tax effects applicable thereto) resulting from the sale, conversion or other disposition of Capital Assets other than in the ordinary course of business;

(c) any extraordinary or non-recurring gains or losses (including, without limitation, any gain on sale generated by a Permitted Securitization, except to the extent the Company has received a cash benefit therefrom in the applicable reporting period); and any interest income generated by a Permitted Securitization, except to the extent the Company has received a cash benefit therefrom in the applicable reporting period;

(d) any gain arising from any reappraisal or write-up of assets;

(e) any portion of the net earnings of any Subsidiary that for any reason is unavailable for payment of dividends to the Company or any other Subsidiary, provided that the net earnings of CAC Life that are unavailable (due to regulatory requirements applicable to CAC Life) for the payment of dividends to the Company may be included in the determination of Consolidated Net Income, to the extent that such unavailable net earnings do not exceed five percent (5%) of Consolidated Net Income (determined without giving effect to this proviso), and provided, further that so long as the net earnings of CAC Life shall be included in Consolidated Net Income pursuant to the preceding proviso, CAC Life shall not have outstanding any debt, regardless of whether any other Subsidiary may be permitted to have debt outstanding at such time by reason of a waiver of or an amendment to this Agreement;

(f) any gain or loss (net of tax effects applicable thereto) during such period resulting from the receipt of any proceeds of any insurance policy;

(g) except as set forth herein, any earnings of any Person acquired by Company or any Subsidiary through the purchase, merger or consolidation or otherwise, or earnings of any Person substantially all of the assets of which have been acquired by Company or any Subsidiary, for any period prior to the date of acquisition;

(h) net earnings of any Person (other than a Subsidiary) in which Company or any Subsidiary shall have an ownership interest unless such net earnings shall actually have been received by the Company or such Subsidiary in the form of cash distributions; and

(i) any restoration during such period to income of any contingency reserve, except to the extent that provision for such reserve

(i) was made during such period out of income accrued during such period,

(ii) was made in connection with the Company's program of financing Installment Contracts or Leases

(A) to provide for warranty claims for which the Company may be responsible, or

(B) to cover credit losses in connection with Advances to Dealers, Installment Contracts, Leased Vehicles or Leases, or

(iii) is required by applicable law with respect to reserve for claims related to the operation of CAC Life,

provided that the aggregate restoration to income during any period from reserves described in clause (ii) and clause (iii) above shall not exceed ten percent (10%) of Consolidated Net Income for such period, prior to giving effect to such restoration.

"Consolidated Senior Funded Debt" shall mean, as of any applicable date of determination, the aggregate amount of Funded Debt of the Company and its Subsidiaries, other than Subordinated Funded Debt, determined on a Consolidated basis according to GAAP as of such date.

"Consolidated Subordinated Funded Debt" shall mean, as of any applicable date of determination, the aggregate amount of Subordinated Funded Debt of the Company and its Subsidiaries, determined on a Consolidated basis according to GAAP as of such date.

"Consolidated Tangible Net Worth" shall mean the total preferred shareholders' investment and common shareholders' investment (common stock, paid in capital and retained earnings) as computed under GAAP, less assets properly classified as intangible assets according to GAAP, but excluding from the determination thereof, without duplication, (a) any excess servicing asset resulting from the transfer, pursuant to a Permitted Securitization, of Advances to Dealers, Leased Vehicles, Installment Contracts (whether assigned outright or related to Advances to Dealers) or Leases (whether assigned outright or related to Leased Vehicles) and (b) the equity interest in any Special Purpose Subsidiary, to the extent such equity interest is included in the determination of the total preferred shareholders' investment and common shareholders' investment (common stock, paid in capital and retained earnings) of the Company and its Subsidiaries computed in accordance with GAAP.

"Consolidated Total Assets" shall mean the Consolidated total assets of Company and its Subsidiaries as determined according to GAAP, but excluding from the determination thereof, without duplication, (a) any excess servicing asset resulting from the transfer, pursuant to a Permitted Securitization, of Advances to Dealers, Leased Vehicles, Installment Contracts (whether assigned outright or related to Advances to Dealers) or Leases (whether assigned outright or related to Advances to Dealers) and (b) the equity interest in any Special Purpose Subsidiary, to the extent such equity interest is included in the determination of the Consolidated Total Assets of the Company and its Subsidiaries computed in accordance with GAAP.

"Consolidated Total Debt" shall mean, as of any applicable date of determination, the aggregate amount of Funded Debt and Current Debt of the Company and its Subsidiaries, determined on a Consolidated basis according to GAAP as of such date.

"Covenant Compliance Report" shall mean the report to be furnished by the Company to the Agent, in substantially the form attached to this Agreement as Exhibit H and certified by the chief financial officer of the Company pursuant to Section 7.3(c) hereof, as to whether the Company and its Subsidiaries are in compliance with the financial covenants contained in Sections 7.4 through 7.9, inclusive, of this Agreement, in which report the Company shall set forth its calculations and the resultant ratios or financial tests determined thereunder, and certifying that no Default or Event of Default has occurred and is continuing.

"Current Debt" shall mean, with respect to any Person (as of any applicable date of determination), all Debt of such Person, other than Funded Debt, determined as of such date according to GAAP.

"Current Dollar Equivalent" shall mean, as of any applicable date of determination, with respect to any Advance or Letter of Credit in an Alternative Currency, the amount of Dollars which is equivalent to the then outstanding principal amount of such Advance or Letter of Credit at the most favorable spot exchange rate determined by the Agent to be available to it for the sale of Dollars for such Alternative Currency for delivery at approximately 11:00 A.M. (Detroit time) two (2) Business Days after such date. Alternative Currency equivalents of Advances or Letters of Credit in Dollars (to the extent used herein) shall be determined by Agent in a manner consistent herewith.

"Dealer(s)" shall mean a Person engaged in the business of the retail sale or lease of new or used motor vehicles, including both businesses exclusively selling or leasing used motor vehicles and businesses principally selling or leasing new motor vehicles, but having a used vehicle department, including any such Person which constitutes an Affiliate of Company.

"Dealer Agreement(s)" shall mean the sales and/or servicing agreements between the Company or its Subsidiaries and a participating Dealer which sets forth the terms and conditions under which the Company or its Subsidiaries (i) accepts, as nominee for such Dealer, the assignment of Installment Contracts or Leases for purposes of administration, servicing and collection and under

which the Company or its Subsidiary may make advances to such Dealers included in Advances to Dealers or Leased Vehicles and (ii) accepts outright assignments of Installments Contracts or Leases from Dealers or funds Installments Contracts or Leases originated by such Dealer in the name of Company or any of its Subsidiaries, in each case as such agreements may be in effect from time to time.

"Debt" shall mean, with respect to any Person, without duplication, (a) its liabilities for borrowed money (whether or not evidenced by a security), (b) any liabilities secured by any Lien existing on property owned by such Person (whether or not such liabilities have been assumed), (c) its liabilities consisting of Capital Lease Obligations, (d) the present value of all payments due under any arrangement for retention of title or any conditional sale agreement (other than a Capital Lease) discounted at the implicit rate, if known, with respect thereto or, if unknown, at eight and eighty-seven one-hundredths percent (8.87%) per annum, and (e) its guaranties of any liabilities of another Person constituting liabilities of a type set forth above; provided however that dealer holdbacks shall not be considered Debt of the Company or its Subsidiaries; and provided further that, solely for purposes of Section 8.5 hereof, "Debt" shall also include reimbursement obligations (contingent or otherwise) in respect of letters of credit, obligations in respect of bankers acceptances, and payment obligations, if any, under interest rate protection agreements (including without limitation interest rate swaps and similar agreements) and currency swaps and hedges and similar agreements.

"Debt Rating" shall mean the debt rating of Company's long-term non-credit enhanced senior debt by Fitch.

"Default" shall mean any event which, with the giving of notice or the passage of time, or both, would constitute an Event of Default.

"Dollar Amount" shall mean (a) with respect to Dollars or an amount denominated in Dollars, such amount and (b) with respect to an amount of any other Alternative Currency or an amount denominated in such Alternative Currency, the amount of Dollars that may be purchased with such amount of Alternative Currency in the interbank foreign exchange market, at the most favorable spot rate of exchange (including all related costs of conversion) applicable to the relevant transaction determined by the Agent to be available to it at or about 11:00 a.m. Detroit time (i) on the date on which such calculation would be necessary for the delivery of Dollars on the applicable date contemplated in this Agreement or (ii) for interest rate setting purposes only, on the date which is two Business Days prior to the commencement of an Interest Period (or such other number of days as shall be reasonably deemed necessary by Agent, for purposes of this Agreement). Alternative Currency amounts of Advances or Letters of Credit made, issued, carried or expressed in Dollars (to the extent used herein) shall be determined by Agent in a manner consistent herewith.

"Dollars" and the sign "$" shall mean lawful money of the United States of America.

"Domestic Advance" shall mean any Advance other than a Eurocurrency-based Advance or any other Advance denominated in an Alternative Currency.

"Domestic Guaranty" shall mean that certain guaranty of all Indebtedness outstanding from the Company and the Permitted Borrowers hereunder, executed and delivered (or to be executed and delivered) by each of the Significant Domestic Subsidiaries (whether by execution thereof, or by execution of the Joinder Agreement attached as "Exhibit A" to the form of such Guaranty), to the Agent, on behalf of the Banks, in the form annexed hereto as Exhibit J-2, as amended from time to time.

"Domestic Subsidiaries" shall mean those Subsidiaries of the Company incorporated under the laws of the United States of America, or any state thereof.

"Effective Date" shall mean the date on which the conditions precedent to the effectiveness of this Agreement set forth in Sections 5.1 through 5.9 shall have been satisfied, amended or waived.

"EMU" shall mean Economic and Monetary Union as contemplated in the Treaty on European Union.

"EMU Legislation" shall mean legislative measures of the European Council (including European Council regulations) for the introduction of, changeover to or operation of a single or unified European currency (whether known as the euro or otherwise), being in part the implementation of the third stage of EMU.

"Equity Offering" shall mean the issuance and sale for cash, on or after the Effective Date by Company or any of its Subsidiaries of additional capital stock or other equity interests, other than upon the exercise of employee and dealer stock options pursuant to stock option plans maintained or offered by the Company or its Subsidiaries in the ordinary course of business and not in anticipation of any sale of capital stock or equity interests to the general public.

"Equity Offering Adjustment" shall mean that amount to be added to the minimum Consolidated Tangible Net Worth required to be maintained under Section 7.7 hereof consisting of an amount equal to one hundred percent (100%) of each Equity Offering conducted by the Company or any of its subsidiaries, net of related costs of issuance payable to third parties, on and after July 1, 1998, on a cumulative basis.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended, or any successor act or code, and the regulations in effect from time to time thereunder.

"ERISA Affiliate" shall mean any trade or business (whether or not incorporated) which is under common control with the Company within the meaning of Section 4001 of ERISA or is part of

a group which includes the Company and would be treated as a single employer under Section 414 of the Internal Revenue Code, and any Domestic Subsidiary.

"Euro" or "Euro Unit" shall mean the currency unit of the euro as defined in the EMU Legislation.

"Eurocurrency-based Advance" shall mean any Advance (including a Swing Line Advance) which bears interest at the Eurocurrency-based Rate.

"Eurocurrency-based Rate" shall mean a per annum interest rate which is equal to the sum of (a) the Applicable Margin (subject, if applicable, to adjustment under Section 11.11 hereof), plus

(b)(i) in the case of any Eurocurrency-based Advance other than an Advance of C$ to CAC Canada described in clause (b)(ii) below, the quotient of:

(A) the per annum interest rate at which deposits in the relevant eurocurrency are offered to Agent's Eurocurrency Lending Office by other prime banks in the relevant eurocurrency market in an amount comparable to the relevant Eurocurrency-based Advance and for a period equal to the relevant Eurocurrency-Interest Period at approximately 11:00 a.m. Detroit time two (2) Business Days (or, in the case of a Eurocurrency-based Advance in Euros, on such other date as is customary in the relevant offshore interbank market) prior to the first day of such Eurocurrency-Interest Period, divided by

(B) a percentage equal to 100% minus the maximum rate on such date at which Agent is required to maintain reserves on `eurocurrency liabilities' as defined in and pursuant to Regulation D of the Board of Governors of the Federal Reserve System or, if such regulation or definition is modified, and as long as Agent is required to maintain reserves against a category of liabilities which includes eurocurrency deposits or includes a category of assets which includes eurocurrency loans, the rate at which such reserves are required to be maintained on such category,

such sum to be rounded upward, if necessary, to the nearest whole multiple of 1/16th of 1%; or

(b)(ii) in the case of any Advances of C$ to CAC Canada, the greater of the Eurocurrency-based Rate determined in the manner set forth in clause (A) above and the Canadian BA Rate.

"Eurocurrency-Interest Period" shall mean, (a) for Swing Line Advances carried at the Eurocurrency-based Rate, an interest period of seven days, one month (or any lesser number of days agreed to in advance by Company or a Permitted Borrower, Agent and the Swing Line Bank), (b) for Eurocurrency-based Advances of C$ to CAC Canada, a Canadian BA Rate Period and (c) for all other Eurocurrency-based Advances, an interest period of one, two, three or six months (or any lesser or greater number of days agreed to in advance by Agent and the Banks), in each case as selected by Company or such Permitted Borrower, as applicable, for a Eurocurrency-based Advance pursuant to Section 2.3, 2.5, or 4.4 hereof, as the case may be.

"Eurocurrency Lending Office" shall mean, (a) with respect to the Agent, Agent's office located at its Grand Caymans Branch or such other branch of Agent, domestic or foreign, as it may hereafter designate as its Eurocurrency Lending Office by notice to Company, the Permitted Borrowers and the Banks and (b) as to each of the Banks, its office, branch or affiliate located at its address set forth on the signature pages hereof (or identified thereon as its Eurocurrency Lending Office), or at such other office, branch or affiliate of such Bank as it may hereafter designate as its Eurocurrency Lending Office by notice to Company and Agent.

"Event of Default" shall mean any of the events specified in Section 9.1 hereof.

"Existing Letter of Credit" shall mean a letter of credit issued under the Prior Credit Agreement which is outstanding on the effective date hereof.

"Federal Funds Effective Rate" shall mean, for any day, a fluctuating interest rate per annum equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average of the quotations for such day on such transactions received by Agent from three Federal funds brokers of recognized standing selected by it.

"Fees" shall mean the Agent's Fees, the Revolving Credit Facility Fee, the Utilization Fee and the Letter of Credit Fees.

"Fitch" shall mean Fitch Investor Services, Inc. or its successors.

"Fixed Charge Coverage Ratio" shall mean, as of any applicable date of determination, the ratio of (a) Consolidated Income Available for Fixed Charges for the period of four (4) consecutive fiscal quarters of the Company most recently ended at such time to (b) Consolidated Fixed Charges for such period.

"Floor Plan Receivables" shall mean, as of any applicable date of determination, the aggregate amount outstanding from Dealers pursuant to financing extended to such Dealers by

Company or any of its Subsidiaries for used motor vehicle inventories, such financing to be secured by the related motor vehicle inventories and any future cash collections owed by Company or its Subsidiaries to the Dealer under the applicable Dealer Agreement in respect of outstanding Advances to Dealers (and the related Installment Contracts) or Leased Vehicles (and the related Leases)

"Foreign Guaranty" shall mean that certain guaranty under the Prior Credit Agreement of all Indebtedness outstanding from the Permitted Borrowers hereunder, executed and delivered (or to be executed and delivered by joinder) by each of the Significant Foreign Subsidiaries, as amended from time to time.

"Foreign Subsidiaries" shall mean all of the Company's Subsidiaries other than its Domestic Subsidiaries.

"Funded Debt" shall mean, with respect to any Person (as of any applicable date of determination), all Debt of a Person which matures, or which at the election of such Person may mature, more than one (1) year after the date as of which such computation was made, determined as of such date according to GAAP.

"Funding Conditions" shall mean those conditions required to be satisfied prior to or concurrently with the funding of any Future Debt, as follows:

(a) within a period of one hundred eighty (180) days prior to the date any such Debt is incurred, Company shall have provided to the Agent and the Banks a Consolidated plan and financial projections meeting the requirements therefor as set forth in Section 7.3(h) of this Agreement;

(b) both immediately before and immediately after such additional Debt is incurred, no Default or Event of Default (whether or not related to such additional Debt, and taking into account the incurring of such additional Debt) has occurred and is continuing;

(c) if such additional Debt shall be issued pursuant to loan documents containing covenants which are more restrictive than the covenants contained in this Agreement, Company shall, upon the written request of the Majority Banks, enter into amendments to this Agreement to extend the benefit of such covenants to the Banks; and

(d) concurrently with the incurring of such additional Debt, (i) the proceeds of such Debt, net of third party expenses incurred by the Company in connection with the issuance of such Debt, shall be applied to reduce the principal balance outstanding under the Senior Debt or the Future Debt or (ii) 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 and the aggregate amount of drawings made under any Letter of Credit for which the Agent has not received full payment) shall be reduced by the amount of Debt so incurred, net of third party expenses incurred by Company in connection with the issuance of such Debt, 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 Eurocurrency-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 (subject to the right to reborrow, as aforesaid).

"Future Debt" shall mean (i) Debt evidenced by Medium Term Notes and (ii) Debt evidenced by Long Term Notes; provided that the aggregate principal amount of all such Debt incurred from and after the date hereof shall not exceed Three Hundred Million Dollars ($300,000,000); and provided further that, at the time any such Debt is incurred, the Funding Conditions have been satisfied.

For the purposes of this definition of "Future Debt",

"(x) `Long Term Notes' shall mean unsecured or, subject to the terms hereof, secured promissory notes to be issued by the Company (other than Debt evidenced by Medium Term Notes) issued as part of a private placement or carrying a public debt rating by a Rating Agency and which Debt shall have a term extending at least beyond the Revolving Credit Maturity Date then in effect, with an amortization schedule not greater than level amortization to maturity (but with no principal payments required for a period of at least 24 months) and with no call option or other provision for mandatory early repayment except for acceleration on default or following a change in control; and

"(y) `Medium Term Notes' shall mean unsecured or, subject to the terms hereof, secured promissory notes to be issued by the Company pursuant to the registration statement to be filed with the Securities and Exchange Commission and carrying a public debt rating by a Rating Agency, with maturities of not less than two (2) or more than ten (10) years from the date of issuance, with amortization schedules not greater than level amortization to

maturity and with no call option or other provision for mandatory early repayment except for acceleration on default or following a change in control; provided, however, that notes in an aggregate principal amount of up to Fifty Million Dollars ($50,000,000) may be issued with maturities less than two (2) years or greater than ten (10) years and/or with a call option or other provision for mandatory early repayment, so long as such notes otherwise comply with the other limitations contained herein.

"Future Debt Documents" shall mean the promissory note(s), guaranty(ies), agreement(s) or other documents, instruments and certificates executed and delivered, subject to the terms of this Agreement, to evidence or secure (or otherwise relating to) Future Debt, as the same may be amended from time to time and any and all other documents executed in exchange therefor or replacement or renewal thereof.

"GAAP" shall mean generally accepted accounting principles in the United States of America as in effect on the date hereof, consistently applied.

"Gross Advances to Dealers" shall mean, as of any applicable date of determination, the Dollar Amount of Advances to Dealers, plus any reserves established by the Company as an allowance for credit losses related to such advances not expected to be recovered, plus Charged-off Advances (as defined in the definition of Advances to Dealers) to the extent such Charged-off Advances exceed the amount of such reserves.

"Gross Current Leased Vehicles" shall mean, as of any applicable date of determination, the aggregate amount of Gross Leased Vehicles, less the amount of Leased Vehicles in respect of which the underlying Leases are classified as being on "non-accrual" in the financial statements of the Company and its Subsidiaries in accordance with GAAP.

"Gross Current Installment Contract Receivables" shall mean, as of any applicable date of determination, the aggregate amount of Gross Installment Contract Receivables, less the amount of such receivables which are classified as being on "non-accrual" in the financial statements of the Company and its Subsidiaries in accordance with GAAP.

"Gross Dealer Holdbacks" shall mean the aggregate amount, as of any applicable date of determination, of dealer holdbacks under dealer agreements relating to installment contracts utilized in arriving at Dealer holdbacks, net on the Consolidated balance sheet of the Company and its Subsidiaries, as disclosed in the footnotes thereto; provided that Gross Dealer Holdbacks shall not include the amount of dealer holdbacks attributable to retail installment contracts which are not at such time "Installment Contracts" due to the proviso in the definition of such term in this Agreement.

"Gross Leased Vehicles " shall mean, as of any applicable date of determination, the Dollar Amount of Leased Vehicles, plus any reserves established by the Company as an allowance for

credit losses related to such Leased Vehicles not expected to be recovered, plus Charged-Off Advances (as defined in the definition of Leased Vehicles) to the extent such Charged-Off Advances exceed the amount of such reserves; provided that Gross Leased Vehicles shall not include the dollar amount of Leased Vehicles attributable to leases which are not at such time "Leases" due to the proviso in the definition of such term in this Agreement.

"Gross Installment Contract Receivables" shall mean, as of any applicable date of determination, the aggregate amount of Installment Contract receivables utilized in arriving at installment contract receivables, net on the Consolidated balance sheet of the Company and its Subsidiaries, as determined in the footnotes thereto; provided that Gross Installment Contract Receivables shall not include receivables attributable to retail installment contracts which are not at such time "Installment Contracts" due to the proviso in the definition of such term in this Agreement.

"Guaranties" shall mean the Company Guaranty, the Domestic Guaranty and the Foreign Guaranty.

"Guarantor(s)" shall mean each Significant Subsidiary which is required by the Banks to guarantee the obligations of the Company and/or the Permitted Borrowers hereunder and under the other Loan Documents.

"Hazardous Material" shall mean and include any hazardous, toxic or dangerous waste, substance or material defined as such in (or for purposes of) the Hazardous Material Laws.

"Hazardous Material Law(s)" shall mean all laws, codes, ordinances, rules, regulations, orders, decrees and directives issued by any federal, state, local, foreign or other governmental or quasi-governmental authority or body (or any agency, instrumentality or political subdivision thereof) pertaining to Hazardous Material on or about the Material Property or any portion thereof including, without limitation, those relating to soil, surface, subsurface ground water conditions and the condition of the ambient air; any so-called "superfund" or "superlien" law; and any other federal, state, foreign or local statute, law, ordinance, code, rule, regulation, order or decree regulating, relating to, or imposing liability or standards of conduct concerning, any hazardous, toxic or dangerous waste, substance or material, as now or at any time hereafter in effect. For the purposes of this definition "Material Property" shall mean any property, whether personal or real, owned, leased or otherwise used by the Company or any of the Subsidiaries which is material to the operations of the Company and the Subsidiaries, taken as a whole.

"Hereof", "hereto", "hereunder" and similar terms shall refer to this Agreement in its entirety and not to any particular paragraph or provision of this Agreement.

"Indebtedness" shall mean all indebtedness and liabilities, whether direct or indirect, absolute or contingent, owing by Company or any of the Permitted Borrowers to the Banks (or any of them)

or to the Agent, in any manner and at any time, under this Agreement or the other Loan Documents, whether evidenced by the Notes, the Guaranties, Letter of Credit Agreements or otherwise, due or hereafter to become due, now owing or that may hereafter be incurred by the Company, or any of the Permitted Borrowers to, or acquired by, the Banks or by Agent, and any judgments that may hereafter be rendered on such indebtedness or any part thereof, with interest according to the rates and terms specified, or as provided by law, and any and all consolidations, amendments, renewals, replacements or extensions of any of the foregoing.

"Installment Contract(s)" shall mean retail installment contracts for the sale of new or used motor vehicles assigned outright by Dealers to Company or a Subsidiary of Company or written by Dealers in the name of the Company or a Subsidiary of the Company (and funded by Company or such Subsidiary) or assigned by Dealers to Company or a Subsidiary of Company, as nominee for the Dealer, for administration, servicing, and collection, in each case pursuant to an applicable Dealer Agreement; provided, however, that to the extent the Company or any Subsidiary transfers or encumbers its interest in any Installment Contracts (or any Advances to Dealers related thereto) pursuant to a Permitted Securitization, such Installment Contracts shall, from and after the date of such transfer or encumbrance, cease to be considered Installment Contracts under this Agreement (reducing the amount of Advances to Dealers by the outstanding amount of such advances, if any, attributable to such Installment Contracts) unless and until such installment contracts are reassigned to the Company or a Subsidiary of the Company or such encumbrances are discharged.

"Intercreditor Agreement" shall mean that certain Intercreditor Agreement executed and delivered as of December 15, 1998 by and among the Banks, the Noteholders and the Agent, as Collateral Agent thereunder, and acknowledged and accepted by the Company and the Permitted Borrowers, as amended from time to time.

"Interest Period" shall mean

(a) with respect to a Eurocurrency-based Advance, a Eurocurrency-Interest Period commencing on the day a Eurocurrency-based Advance is made, or on the effective date of an election of the Eurocurrency-based Rate made under Section 2.3 or hereof, as the case may be, and

(b) with respect to a Swing Line Advance, a period of one (1) to thirty (30) days agreed to in advance by Company and the Swing Line Bank as selected by Company pursuant to Section 2.5(c),

provided that (i) any Interest Period which would otherwise end on a day which is not a Business Day shall end on the next succeeding Business Day, except that as to a Eurocurrency-Interest Period, if the next succeeding Business Day falls in another calendar month, such Eurocurrency-Interest Period shall end on the next preceding Business Day, and (ii) when a Eurocurrency-Interest Period begins on a day which has no numerically corresponding day in the calendar month during which

such Eurocurrency-Interest Period is to end, it shall end on the last Business Day of such calendar month, and (iii) no Interest Period shall extend beyond the maturity date set forth in the Note to which such Interest Period is to apply.

"Internal Revenue Code" shall mean the Internal Revenue Code of 1986, as amended from time to time, and the regulations promulgated thereunder.

"Investment" shall mean, in respect of any Person, any loan, advance, extension of credit, guaranty or contribution of capital or any investment in, or purchase or other acquisition of, stocks, notes, debentures or other securities of such Person.

"Irish Sublimit" shall mean, as of any applicable date of determination, that amount equal to the lesser of

(a) five percent (5%) of Company's Consolidated Tangible Net Worth, determined as of the end of each fiscal quarter based upon the financial statements required to be delivered under Section 7.3(b) or 7.3(c) hereof, as the case may be, or (subject to the terms hereof) determined on a monthly basis at the request of the Company based on monthly financial statements to be delivered pursuant to Section 2.14(b) hereof, (and giving effect to any changes in net worth shown in such financial statements on the required date of delivery thereof); and

(b) the Aggregate Sublimit minus the sum of the aggregate principal amount of Advances outstanding to the Permitted Borrowers, including CAC Ireland, (after giving effect to any such Advances being requested by any Permitted Borrower, including CAC Ireland, on such date, using the Current Dollar Equivalent of any such Advances outstanding or requested in any Alternative Currency, determined pursuant to the terms hereof as of the date of such requested Advance), plus the aggregate undrawn portion of any Letters of Credit issued for the account of the Permitted Borrowers (including CAC Ireland) which shall be outstanding as of the date of such requested Advance (based on the Dollar Amount of the undrawn portion of any such Letters of Credit denominated in Dollars and the Current Dollar Equivalent of the undrawn portion of any such Letters of Credit denominated in any Alternative Currency), the aggregate face amount of Letters of Credit requested but not yet issued (determined as aforesaid) and the aggregate amount of all drawings for the account of such Permitted Borrowers made under any Letter of Credit for which the Agent has not received full reimbursement from such Permitted Borrowers (using the Current Dollar Equivalent thereof for any such Letters of Credit denominated in any Alternative Currency).

"Issuing Office" shall mean Agent's office located at One Detroit Center, 500 Woodward Avenue, Detroit, Michigan 48275 or such other office as Agent shall designate as its Issuing Office.

"ITA" shall mean the Income Tax Act (Canada) as the same may, from time to time be in effect.

"Joinder Agreement (Guaranty)" shall mean a joinder agreement in the form attached as "Exhibit A" to the form of the Domestic Guaranty and to the form of the Foreign Guaranty, to be executed and delivered by any Person required to be a Guarantor pursuant to Section 7.22 of this Agreement.

"Leased Vehicles" shall mean, as of any applicable date of determination, the Dollar Amount of advances in respect of Leases, as such amount would appear in the footnotes to the financial statements of the Company and its Subsidiaries prepared in accordance with GAAP or, if specifically identified, elsewhere in such financial statements, net of depreciation on the motor vehicles which are covered by Leases with respect to which such Leased Vehicles are attributable (and if such amount is not shown net of such reserves, then net of any reserves established by the Company as an Allowance for Credit Losses related to such advances not expected to be recovered), provided that Leased Vehicles shall not include (a) the amount of any such advances attributable to any Leases transferred or encumbered pursuant to a Permitted Securitization (whether or not attributable to the Company under GAAP)unless and until such advances (and the related Leases) are reassigned to the Company or a Subsidiary of the Company or such encumbrances are discharged or (b) Charged-Off Advances, to the extent that such Charged-Off Advances (i) exceed the portion of the Company's Allowance for Credit Losses related to reserves against such advances not expected to be recovered, as such allowance would appear in the footnotes to the financial statements of the Company and its Subsidiaries prepared in accordance with GAAP at such time or if specifically identified, elsewhere in such financial statements and (ii) have not already been eliminated in the determination of Leased Vehicles. For purposes of this definition, "Charged-off Advances" shall mean those Leased Vehicles which the Company or any of its Subsidiaries has determined, based on the application of a static pool or comparable analysis or otherwise, are completely or partially impaired, to the extent of such impairment.

"Lease(s)" shall mean the retail agreements for the lease of motor vehicles assigned outright by Dealers to Company or a Subsidiary of Company or written by a Dealer in the name of the Company or a Subsidiary of Company (and funded by Company or such Subsidiary) or assigned by Dealers to Company or a Subsidiary of Company, as nominee for the Dealer, for administration, servicing and collection, in each case pursuant to an applicable Dealer Agreement; provided, however, that to the extent the Company or any Subsidiary transfers or encumbers its interest in any Leases pursuant to a Permitted Securitization, such Leases shall, from and after the date of such transfer or encumbrance, cease to be considered Leases under this Agreement (reducing the amount of Leased Vehicles by the outstanding amount of Leased Vehicles attributable to such Leases) unless and until such Leases are reassigned to Company or a Subsidiary of the Company or such encumbrances have been discharged.

"Lenders" shall mean the Banks, the Noteholders and the Future Debt Holders (as defined in the Intercreditor Agreement).

"Letter of Credit Agreement" shall mean, in respect of each Letter of Credit, the application and related documentation satisfactory to the Agent of an Account Party or Account Parties requesting Agent to issue such Letter of Credit, as amended from time to time.

"Letter of Credit Fees" shall mean the fees payable to Agent for the accounts of the Banks in connection with Letters of Credit pursuant to Section 3.4 hereof.

"Letter of Credit Maximum Amount" shall mean as of any date of determination the lesser of: (a) Ten Million Dollars ($10,000,000); or (b) the Revolving Credit Maximum Amount as of such date, minus the aggregate principal amount of Advances outstanding as of such date under the Revolving Credit Notes and the Swing Line Notes.

"Letter of Credit Obligation(s)" shall mean the obligation of an Account Party or Account Parties under this Agreement and each Letter of Credit Agreement to reimburse the Agent for each payment made by the Agent under the Letter of Credit issued pursuant to such Letter of Credit Agreement, together with all other sums, fees, charges and amounts which may be owing to the Agent under such Letter of Credit Agreement.

"Letter of Credit Payment" shall mean any amount paid or required to be paid by the Agent in its capacity hereunder as issuer of a Letter of Credit as a result of a draft or other demand for payment under any Letter of Credit.

"Letter(s) of Credit" shall mean any standby or documentary letters of credit issued by Agent at the request of or for the account of an Account Party or Account Parties pursuant to Article 3A hereof, including without limitation any Existing Letters of Credit.

"Lien" shall mean any pledge, assignment, hypothecation, mortgage, security interest, deposit arrangement, option, trust receipt, conditional sale or title retaining contract, sale and leaseback transaction, or any other type of lien, charge or encumbrance, whether based on common law, statute or contract; provided that the term "Lien" shall not include any negative pledge clauses in agreements relating to the borrowing of money or the obligation of Company or any of its Subsidiaries (a) to remit monies held by it in connection with dealer holdbacks (including, without limitation, with respect to Leases or Installment Contracts), claims or refunds under insurance policies or claims or refunds under service contracts or (b) to make deposits in trust or otherwise as required under re-insurance agreements and pursuant to state regulatory requirements, unless the Company or any of its Subsidiaries, as the case may be, has encumbered its interest in such monies or deposits or in other property of the Company to secure such obligations.

"Loan Documents" shall mean, collectively, this Agreement, the Notes, the Guaranties, the Letter of Credit Agreements, the Collateral Documents and any other documents, instruments or agreements executed pursuant to or in connection with any such document, or this Agreement, as such documents may be amended, renewed, replaced or extended from time to time.

"Majority Banks" shall mean at any time Banks holding 66-2/3% of the aggregate principal amount of the Indebtedness then outstanding under the Notes (provided that, for purposes of determining Majority Banks hereunder, Indebtedness outstanding under the Swing Line Notes shall be allocated among the Banks based on their respective Percentages of the Revolving Credit), or, if no Indebtedness is then outstanding, Banks holding 66-2/3% of the Percentages.

"Moody's" shall mean Moody's Investors Service, Inc., and its successors.

"Multiemployer Plan" shall mean any Pension Plan which is a multiemployer plan as defined in Section 4001(a)(3) of ERISA.

"National Currency Unit" shall mean a fraction or multiple of one Euro Unit expressed in units of the former national currency of a Participating Member State.

"Net Dealer Holdbacks" shall mean, as of any applicable date of determination, (a) Gross Dealer Holdbacks minus (b) Advances to Dealers.

"Net Installment Contract Receivables" shall mean, as of any date of determination thereof, Gross Installment Contract Receivables minus Unearned Finance Charges minus Allowances for Credit Losses related to Installment Contracts (but excluding any such allowances which are related to Leases).

"Net Leased Vehicle Dealer Holdbacks" shall mean, as of any date of determination thereof, with respect to Dealer Agreements relating to Leases, amounts due to Dealers at such time from collections of Leased Vehicles by the Company or any Subsidiary (other than with respect to Leases which have been transferred or encumbered pursuant to a Permitted Securitization and (x) have not been reassigned to the Company or a Subsidiary of the Company or (y) with respect to which such encumbrances have not been discharged) pursuant to the applicable Dealer Agreements.

"New Bank" is defined in clause (b) of Section 2.18.

"New Bank Addendum" shall mean an addendum, substantially in the form of Exhibit M hereto, to be executed and delivered by each Bank becoming a party to this Agreement pursuant to Section 2.18 hereof.

"Notes" shall mean the Term Notes, the Revolving Credit Notes or the Swing Line Notes, or any or all of the Term Notes, the Revolving Credit Notes, and the Swing Line Notes as the context indicates, and in the absence of such indication, all such notes.

"Notes Receivable" shall mean, as of any applicable date of determination, the aggregate amount outstanding under promissory notes issued by Dealers to Company or its Subsidiaries to evidence working capital loans by Company or any of its Subsidiaries to Dealers.

"Operating Lease" shall mean any lease other than a Capital Lease.

"Operating Rental" shall mean all rental payments that the Company or any of its Subsidiaries, as lessee, is required to make under the terms of any Operating Lease.

"Outright Dealer Agreement(s)" shall mean Dealer Agreements referred to in clause (ii) of the definition of Dealer Agreements.

"Participating Member State" shall mean such country so described in any EMU Legislation.

"PBGC" shall mean the Pension Benefit Guaranty Corporation under ERISA, or any successor corporation.

"Pension Plan(s)" shall mean all employee pension benefit plans of Company, any ERISA Affiliate or any Permitted Borrower, as defined in Section 3(2) of ERISA.

"Percentage" shall mean, with respect to any Bank, its percentage share, as set forth on Exhibit D hereto, of the Letters of Credit, the Term Loan, and/or the Revolving Credit, as the context indicates, as such Exhibit may be revised from time to time by Agent in accordance with Section 13.8(d) hereof.

"Permitted Acquisition" shall mean any acquisition by the Company or any of its Subsidiaries (other than any Special Purpose Subsidiary) of assets, businesses or business interests or shares of stock or other ownership interests of or in any Person conducted in accordance with the following requirements:

(a) not less than twenty (20) nor more than ninety (90) days prior to the commencement of each such proposed acquisition, the Company provides written notice thereof to Agent (with drafts of all material documents pertaining to such proposed acquisition to be furnished to Agent within not less than twenty (20) days prior to such proposed acquisition);

(b) on the date of any such acquisition, all necessary or appropriate governmental, quasi-governmental, agency, regulatory or similar approvals of applicable jurisdictions (or the respective agencies, instrumentalities or political subdivisions, as applicable, of such jurisdictions) and all necessary or appropriate non-governmental and other third-party approvals which, in each case, are material to such acquisition have been obtained and are in effect, and the Company and its

Subsidiaries are in full compliance therewith, and all necessary or appropriate declarations, registrations or other filings with any court, governmental or regulatory authority, securities exchange or any other person have been made;

(c) the aggregate value of all of such acquisitions, including the value of any proposed new acquisition, conducted while this Agreement remains in effect as Permitted Acquisitions (but excluding any acquisition conducted with the specific written approval of the Majority Banks, and not as a Permitted Acquisition hereunder) computed on the basis of total acquisition consideration paid or incurred, or to be paid or incurred, by the Company or its Subsidiaries with respect thereto, including all indebtedness which is assumed or to which such assets, businesses or business or ownership interests or shares, or any Person so acquired, is subject, shall not exceed Ten Million Dollars ($10,000,000) (or the Alternative Currency equivalent thereof, if applicable), determined as of the date of such acquisition;

(d) within thirty (30) days after any such acquisition has been completed the Company shall deliver to the Agent executed copies of all material documents pertaining to such acquisition, and the Company, its Subsidiaries and any of the corporate entities involved in such acquisition shall execute or cause to be executed, and provide or cause to be provided to Agent, for the Banks, such documents and instruments (including without limitation, the Guaranties as required by Section 7.22 hereof, and opinions of counsel, amendments, acknowledgments, consents and evidence of approvals or filings) as reasonably requested by Agent, if any; and

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

"Permitted Borrower" shall mean CAC UK, CAC Canada and/or CAC Ireland.

"Permitted CAC UK Debt" shall mean additional Debt of CAC UK issued as part of any short term, working capital or overdraft loan facility denominated in an Alternative Currency in an aggregate amount at any time outstanding (determined on the date any such Debt is incurred) not to exceed the greater of (a) twelve and one-half percent (12.5%) of Consolidated Tangible Net Worth or (b) the equivalent of Ten Million Dollars ($10,000,000) in such Alternative Currency, less the aggregate amount at any time outstanding of overdraft lines of credit or similar credit facilities in the name of CAC UK permitted under Section 8.5(d) hereof; provided that such Debt (i) is unsecured, except to extent of any Lien granted by CAC UK which is permitted under Section 8.6(d) hereof, (ii) is not guaranteed or otherwise supported by Company or any of its other Subsidiaries, and (iii) both immediately before and immediately after such additional Debt is incurred, no Default or Event of Default (whether or not related to such additional Debt, and taking into account the incurring of such additional Debt) has occurred and is continuing.

"Permitted Currencies" shall mean Dollars or any Alternative Currency.

"Permitted Guaranties" shall mean (i) any guaranties or other support provided by the Company, for the benefit of the Permitted Borrowers, covering any overdraft lines of credit or similar credit arrangements maintained by the Permitted Borrowers or Arlington Investment Company under Section 8.5(d) hereof, (ii) any guaranties provided by a Significant Subsidiary of the Company of the Debt outstanding to the Noteholders or the Future Debt Holders, provided that concurrently with the giving of any such guaranty, such Subsidiary shall enter into a Guaranty on substantially similar terms and providing an equal and ratable benefit to the Banks or (iii) any agreement or other undertaking by the Company, as servicer of the Installment Contracts or Leases covered by a Permitted Securitization, to advance funds to cover the interest component of obligations issued as part of such securitization and payable from collections on such Installment Contracts or Leases (such advances to be repayable to Company on a priority basis from such collections), provided that the aggregate amount of such advances under this clause (iii) at any time outstanding shall not exceed $1,500,000.

"Permitted Investments" shall mean:

(a) Investments in direct obligations of, or obligations guarantied by, the United States of America or any agency of the United States of America the obligations of which agency carry the full faith and credit of the United States of America, provided that such obligations (other than Investments by CAC Life in such obligations made to match liabilities incurred in the ordinary course of business) mature within one (1) year from the date of acquisition thereof;

(b) Investments in any obligation of any state or municipality thereof that at the time of acquisition thereof have an assigned rating of "A" or higher by S&P (or an equivalent or higher rating by another credit rating agency of recognized national standing in the United States of America), provided that such obligations (other than Investments by CAC Life in such obligations made to match liabilities incurred in the ordinary course of business) mature within one (1) year from the date of acquisition thereof;

(c) Investments in negotiable certificates of deposit issued by commercial banks organized under the laws of the United States of America or any state thereof, having capital, surplus and undivided profits aggregating at least Fifty Million Dollars ($50,000,000) and the long-term unsecured debt obligations of which are rated "A" or higher by S&P (or an equivalent or higher rating by another credit rating agency of recognized national standing in the United States of America), provided that such certificates of deposit (other than Investments by CAC Life in such certificates of deposit made to match liabilities incurred in the ordinary course of business) mature within one (1) year from the date of acquisition thereof;

(d) Investments in corporate debt obligations of corporations organized under the laws of the United States of America or any state thereof that at the time of acquisition thereof have an assigned rating of "A" or higher by S&P (or an equivalent or higher rating by another credit rating agency of recognized national standing in the United States of America); and

(e) Investments in preferred stock of corporations organized under the laws of the United States of America or any state thereof that have an assigned rating of "A" or higher by S&P (or an equivalent or higher rating by another credit rating agency of recognized national standing in the United States of America); and

(f) Investments by CAC UK in obligations similar in nature, term and credit quality to those enumerated in paragraphs (a) through (e) above except that the United Kingdom shall be substituted for the United States of America in each case.

"Permitted Liens" shall mean, with respect to any Person:

(a) any Liens granted under or established by this Agreement or the other Loan Documents;

(b) Liens for taxes not yet due and payable or which are being contested in good faith by appropriate proceedings diligently pursued, provided that such provision for the payment of all such taxes known to such Person has been made on the books of such Person as may be required by GAAP;

(c) mechanics', materialmen's, banker's, carriers', warehousemen's and similar Liens arising in the ordinary course of business and securing obligations of such Person that are not overdue for a period of more than 60 days or are being contested in good faith by appropriate proceedings diligently pursued, provided that in the case of any such contest (i) any proceedings commenced for the enforcement of such liens and encumbrances shall have been duly suspended; and (ii) such provision for the payment of such liens and encumbrances has been made on the books of such Person as may be required by GAAP;

(d) Liens arising in connection with worker's compensation, unemployment insurance, old age pensions (subject to the applicable provisions of this Agreement) and social security benefits which are not overdue or are being contested in good faith by appropriate proceedings diligently pursued, provided that in the case of any such contest (i) any proceedings commenced for the enforcement of such Liens shall have been duly suspended; and (ii) such provision for the payment of such Liens has been made on the books of such Person as may be required by GAAP;

(e) (i) Liens incurred in the ordinary course of business to secure the performance of statutory obligations arising in connection with progress payments or advance payments due under contracts with the United States or any foreign government or any agency thereof entered into in the ordinary course of business and (ii) liens incurred or deposits made in the ordinary course of business to secure the performance of statutory obligations, bids, leases, fee and expense arrangements with trustees and fiscal agents and other similar obligations (exclusive of obligations incurred in connection with the borrowing of money, any lease-purchase arrangements or the payment of the deferred purchase price of property), provided that full provision for the payment of all such obligations set forth in clauses (i) and (ii) has been made on the books of such Person as may be required by GAAP;

(f) Liens in the nature of any minor imperfections of title, including but not limited to easements, covenants, rights-of-way or other similar restrictions, which, either individually or in the aggregate, would not (i) materially adversely affect the present or future use of the property to which they relate, or (ii) have a material adverse effect on the sale or lease of such property, or (iii) render title thereto unmarketable;

(g) Liens (i) arising from judicial attachments and judgments, (ii) securing appeal bonds or supersedeas bonds, and (iii) arising in connection with court proceedings (including, without limitation, surety bonds and letters of credit or any other instrument serving a similar purpose), provided that (1) the execution or other enforcement of such Liens is effectively stayed, (2) the claims secured thereby are being contested in good faith and by appropriate proceedings, (3) adequate book reserves in accordance with GAAP shall have been established and maintained and shall exist with respect thereto, (4) such Liens do not in the aggregate detract from the value of such property and (5) the title of the Company or a Subsidiary, as the case may be, to, and its right to use, such property, is not materially adversely affected thereby; and

(h) those Liens of the Company or its Subsidiaries identified in Schedule 8.6 hereto.

"Permitted Merger(s)" shall mean any merger of (i) any Subsidiary (including, without limitation, a Permitted Borrower or Guarantor, excluding any Special Purpose Subsidiary) or any Person which is being acquired pursuant to a Permitted Acquisition into Company or any Permitted Borrower or (ii) the merger of any Subsidiary or any Person which is being acquired pursuant to a Permitted Acquisition (other than a Permitted Borrower or Guarantor) into any other Subsidiary (excluding any Special Purpose Subsidiary) or any Person which is being acquired pursuant to a Permitted Acquisition, which, in each case, satisfies and/or is conducted in accordance with the following requirements:

(a) not less than twenty (20) nor more than ninety (90) days prior to the commencement of such proposed merger, Company provides written notice thereof to Agent (with drafts of all material documents pertaining to such proposed merger to be furnished to Agent not less than twenty (20) days prior to such proposed merger);

(b) immediately following and as the direct result of any such merger, the surviving or successor entity has succeeded by operation of applicable law (as confirmed by an opinion(s) of counsel in form and substance satisfactory to the Majority Banks) to all of the obligations of the non-surviving entity under this Agreement and the other Loan Documents, and to all of the property rights of such non-surviving entity subject to the applicable Loan Documents;

(c) concurrently with such proposed merger, the surviving entity involved in such merger shall execute or cause to be executed, and provide or cause to be provided to Agent, for the Banks, such documents and instruments (including without limitation opinions of counsel, amendments, acknowledgments and consents), if any, as reasonably requested by the Majority Banks; and

(d) both immediately before and immediately after such merger, no Default or Event of Default (whether or not related to such merger), has occurred and is continuing.

"Permitted Prepayment" shall mean any prepayment of the Senior Debt or Future Debt which is funded solely with the proceeds of (x) new cash equity in the form of nonconvertible common shares, (y) Subordinated Debt, or (z) substitute long term Debt which satisfies the following conditions:

(a) such Debt shall have a term extending at least beyond the Revolving Credit Maturity Date then in effect, with an amortization schedule not greater than level amortization to maturity (but with no principal payments required for a period of at least 24 months) and with no call option or other provision for mandatory early repayment except for acceleration on default or following a Change in Control;

(b) such Debt shall be unsecured, or, subject to the Intercreditor Agreement, secured;

(c) both immediately before and immediately after such additional Debt is incurred, no Default or Event of Default (whether or not related to such additional Debt, and taking into account the incurring of such additional Debt) has occurred and is continuing; and

(d) if such additional Debt shall be issued pursuant to loan documents containing covenants which are more restrictive than the covenants contained in this Agreement, Company shall, upon the written request of the Majority Banks, enter into amendments to this Agreement to extend the benefit of such covenants to the Banks,

in each case, issued concurrently with such prepayment.

"Permitted Repurchase" shall mean any purchases by the Company of its capital stock during the period commencing on the Effective Date and ending on the Revolving Credit Maturity Date then in effect, in an aggregate amount for all such purchases not to exceed $30,000,000; provided that at the time of any such purchase no Default or Event of Default has occurred and is continuing or would occur after giving effect thereto.

"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, 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 such Advances to Dealers or Leased Vehicles (and the Installment Contracts, Leases, motor vehicles or other rights relating thereto) and the Installment Contracts and Leases 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;

(b) (i) The disposition of Advances to Dealers, Leased Vehicles, Installment Contracts or Leases will not result in the aggregate principal amount of Debt at any time outstanding, and (without duplication) of similar securities at any time issued and outstanding (other than subordinated securities issued to and held by the Company or a Subsidiary), of any Special Purpose Subsidiary pursuant to Permitted Securitizations before or after the Effective Date exceeding $100,000,000, which amount may be readvanced and reborrowed and (ii) the Company or the Subsidiary disposing of Advances to Dealers, Leased Vehicles, Installment Contracts or Leases to a Special Purpose Subsidiary pursuant to such Permitted Securitization shall itself actually receive (substantially contemporaneously with such

disposition) cash from each disposition of such financial assets in connection with any such Securitization Transaction in an amount not less than Seventy- Five Percent (75%) of the sum of (A) the amount of such Advances to Dealers, (B) the amount of Net Installment Contract Receivables in respect of Installment Contracts arising under Outright Dealer Agreements, and (C) the amount of Leased Vehicles, in each case determined on the date of such Securitization Transaction;

(c) Each such disposition 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;

(d) Concurrently with each such disposition, the aforesaid net proceeds 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;

(e) Each such Securitization Transaction shall be structured on the basis of the issuance of non-recourse Debt or other similar securities by the Special Purpose Subsidiary;

(f) Before conducting a Permitted Securitization, Agent shall have received, to the extent the applicable Senior Debt Documents require amendment or consent in order to effect such Permitted Securitization, copies of amendments to or consents under the Senior Debt Documents executed and delivered by the Company and the requisite holders of the Senior Debt reflecting such amendments or consents; and

(g) 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 conducted hereunder, not less than ten (10) Business Days prior to the date of consummation thereof, the Company shall provide to the Agent and each of the Banks (i) a schedule in the form attached hereto as Exhibit K identifying the specific Installment Contracts or Leases or the Advances to Dealers or Leased Vehicles (and providing collection information regarding the related Installment Contracts or Leases) proposed to be covered by such transaction (with evidence supporting its determination under subparagraph (a) of this definition, 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) and (ii) proposed drafts of the material Securitization Documents covering the applicable securitization (and the term sheet or commitment relating thereto) and within five (5) Business Days following the consummation thereof, the Company shall have provided to Agent and each Bank copies of the material Securitization Documents, as executed, including an updated schedule, substantially in the form of the schedule delivered under clause (i) above, identifying the financial assets actually covered by such transaction (and, if such financial assets are materially different, as reasonably determined by the Company, from those shown in the schedule delivered under clause (i), above, collection information and evidence supporting its determination under subparagraph (a) of this definition, including a comparable "static pool analysis," as aforesaid, with respect to such financial assets).

"Permitted Senior Note Prepayment" shall mean, in addition to the prepayment made by the Company on June 15, 1999 thereunder, any prepayment by the Company, on or before January 15, 2000 (as such date may be extended by the requisite holders of the Senior Debt, provided, however that such date shall not be extended to a date later than May 31, 2000 and such extension shall not be given in consideration for any further increase in the interest rate on the Senior Debt or any other material amendments to the applicable Senior Debt Documents) of Debt under the senior notes issued in connection with the Senior Debt Documents in an aggregate PRINCIPAL amount not to exceed $50,000,000; provided, however, that (i) at the time of such prepayment (both before and after giving effect thereto), no Default or Event of Default has occurred and is continuing and (ii) prior to each such prepayment conducted as a Permitted Senior Note Prepayment, the Company has received proceeds from Permitted Securitization(s) (net of any fees, costs and expenses) conducted on or after December 1, 1999 in an amount substantially equal to the aggregate amount of such prepayment(s).

"Permitted Transfer(s)" shall mean (i) any sale, assignment, transfer or other disposition of inventory or worn-out or obsolete machinery, equipment or other such personal property in the ordinary course of business, (ii) any transfer of property by a Subsidiary to the Company, (iii) the transfer of the Teletrack name (owned by the Company) in connection with the sale of Teletrack,

Inc., approved by the Banks under the Prior Credit Agreement, (iv) the sale of the business of Arlington Investment Company and/or any of its subsidiaries for net proceeds totaling at least $4,000,000 in cash (all of which net proceeds are used to reduce Debt outstanding under this Agreement), pursuant to (x) the sale of all or substantially all of the assets of Arlington Investment Company and/or any of its subsidiaries or divisions, (y) the sale of all of the capital stock of Arlington Investment Company and/or any of its subsidiaries or (z) the merger of Arlington Investment Company and/or any of its subsidiaries with and into any Person other than the Company or any Subsidiary; in each case, immediately prior to and immediately after the consummation of which, and after giving effect thereto, no Default or Event of Default would exist; and (v) any transfer of the stock of a Special Purpose Subsidiary to the Company or to any other Subsidiary which is not a Special Purpose Subsidiary.

"Person" shall mean an individual, corporation, partnership, limited liability company, trust, incorporated or unincorporated organization, joint venture, joint stock company, or a government or any agency or political subdivision thereof or other entity of any kind.

"Prime Rate" shall mean the per annum interest rate established by Agent as its prime rate for its borrowers as such rate may vary from time to time, which rate is not necessarily the lowest rate on loans made by Agent at any such time.

"Prime-based Advance" shall mean an Advance (including a Swing Line Advance) which bears interest at the Prime-based Rate.

"Prime-based Rate" shall mean (i) with respect to any Advances in Dollars, the U.S. Prime-based Rate and (ii) with respect to Swing Line Advances in Canadian Dollars to CAC Canada, the Canadian Prime-based Rate.

"Prior Credit Agreement" is defined in Recital A to this Agreement.

"Prohibited Transaction" shall mean any transaction involving a Pension Plan which constitutes a "prohibited transaction" under Section 406 of ERISA or Section 4975 of the Internal Revenue Code.

"Quoted Rate" shall mean the rate of interest per annum offered by the Swing Line Bank in its sole discretion with respect to a Swing Line Advance.

"Quoted Rate Advance" means any Swing Line Advance which bears interest at the Quoted Rate.

"Rating Agency" shall mean Fitch, or S&P, or Moody's, and "Rating Agencies" shall be the collective reference to any or all of the foregoing.

"Refunded Swing Line Advance" is defined in Section 2.5(e) hereof.

"Reportable Event" shall mean a "reportable event" within the meaning of Section 4043 of ERISA and the regulations promulgated thereunder, which is material to the Company and its Subsidiaries, taken as a whole.

"Request for Advance" shall mean a Request for Advance of the Revolving Credit issued by Company or by a Permitted Borrower and countersigned by the Company under Section 2.3 of this Agreement in the form annexed hereto as Exhibit A.

"Revolving Credit" shall mean the revolving credit loan to be advanced to the Company or a Permitted Borrower by the Banks pursuant to Section 2 hereof, in an amount not to exceed the Revolving Credit Maximum Amount.

"Revolving Credit Facility Fee" shall mean the facility fee payable to Agent for distribution to the Banks pursuant to Section 2.13, hereof.

"Revolving Credit Maturity Date" shall mean the earlier to occur of (i) June 13, 2000, as such date may be extended from time to time pursuant to Section 2.16 hereof, and (ii) the date on which the Revolving Credit Maximum Amount shall be terminated pursuant to Section 2.15 or 9.2 hereof.

"Revolving Credit Maximum Amount" shall mean One Hundred Ten Million Dollars ($110,000,000), 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 Notes" shall mean the Notes described in Section 2.1, hereof, made or to be made by Company or a Permitted Borrower to each of the Banks in the form annexed to this Agreement as Exhibit C-1 or C-2, as the case may be, as such Notes may be amended, renewed, replaced or extended from time to time.

"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.

"Securitization Documents" shall mean any note purchase agreement (and any notes issued thereunder), transfer or security document, master trust or other trust agreement, servicing agreement, indenture, pooling agreement, contribution or sale agreement or other document, instruments and certificates executed and delivered, subject to the terms of this Agreement, to evidence or secure (or otherwise relating to) a Permitted Securitization, as the same may be amended from time to time (subject to the terms hereof) and any and all other documents executed in connection therewith or replacement or renewal thereof.

"Securitization Transaction" shall mean a transfer of, or grant of a Lien on, Advances to Dealers, Leased Vehicles, Installment Contracts, Leases, accounts receivable and/or other financial assets by the Company or any Subsidiary to a Special Purpose Subsidiary or other special purpose or limited purpose entity and the issuance (whether by such Special Purpose Subsidiary or other special purpose or limited purpose entity or any other Person) of Debt or of any securities secured directly or indirectly by interests in, or of trust certificates or other securities directly or indirectly evidencing interests in, such Advances to Dealers, Leased Vehicles, Installment Contracts, Leases, accounts receivable and/or other financial assets.

"Senior Debt" shall mean the debt issued by the Company pursuant to the Senior Debt Documents in an aggregate principal amount of Two Hundred One Million Seven Hundred Fifty Thousand Dollars ($201,750,000).

"Senior Debt Documents" shall mean (i) the several Credit Acceptance Corporation Note Purchase Agreements dated as of October 1, 1994 ($60,000,000 9.87%/10.37% (formerly 8.87%) Senior Notes due November 1, 2001), as amended to the date hereof and (ii) the several Credit Acceptance Corporation Note Purchase Agreements dated as of August 1, 1996 ($70,000,000 8.99%/9.49% (formerly 7.99%) Senior Notes due July 1, 2001), as amended to the dated hereof, and (iii) the several Credit Acceptance Corporation Note Purchase Agreements dated as of March 25, 1997 ($71,750,000 8.77%/9.27% (formerly 7.77%) Senior Notes due October 1, 2001), as amended to the date hereof; and, in each case, the senior notes issued thereunder, together with any and all other documents, instruments and certificates executed and delivered pursuant thereto, as the same may be amended (subject to the terms hereof) from time to time and any and all other documents executed in exchange therefor or replacement or renewal thereof.

"Senior Funded Debt" shall mean Funded Debt, other than Subordinated Funded Debt.

"Shares", "share capital", "capital stock", "stock" and words of similar import shall mean and refer to the equity capital interest under applicable law of any Person in a corporation, howsoever such interest is created or arises, whether such capital consists of common stock, preferred stock or preference shares, or other stock, and whether such capital is evidenced by a certificate, share register entry or otherwise.

"Significant Subsidiary(ies)" shall mean, as of any date of determination, any Subsidiary other than any Special Purpose Subsidiary which is a Permitted Borrower or which has total assets (but excluding in the calculation of total assets, for any Domestic Subsidiary, any assets which constitute intercompany loans, advances, or extensions of credit by such Subsidiary to Company outstanding from time to time and any assets which are acquired or arise pursuant to a Permitted Securitization, including any equity interest in a Special Purpose Subsidiary) [this change retroactive to March 31, 1997] in excess of five percent (5%) of Company's Consolidated Tangible Net Worth, determined as of the end of each fiscal quarter based upon the financial statements required to be

delivered under Section 7.3(b) or 7.3(c) hereof, as the case may be (and giving effect to any changes in net worth shown in such financial statements on the required date of delivery thereof).

"Significant Domestic Subsidiaries" shall mean those Domestic Subsidiaries identified as such on Schedule 6.6 hereto, and any Domestic Subsidiaries which become Significant Subsidiaries subsequent to the date hereof.

"Significant Foreign Subsidiaries" shall mean those Foreign Subsidiaries identified as such on Schedule 6.6 hereto, and any Foreign Subsidiaries which become Significant Subsidiaries subsequent to the date hereof.

"Single Employer Plan" shall mean any Pension Plan which does not constitute a Multiemployer Plan.

"Special Purpose Subsidiary" shall mean any wholly-owned direct or indirect subsidiary of the Company established for the sole purpose of conducting one or more Permitted Securitizations and otherwise established and operated in accordance with customary industry practices.

"Subordinated Debt" shall mean any unsecured Debt subordinated to the prior payment and discharge in full of the Indebtedness, on written terms and conditions approved by and acceptable to each of the Banks, in their sole discretion.

"Subordinated Funded Debt" shall mean any unsecured Funded Debt which is subordinate in right of payment and priority to the Indebtedness and which has an average life and final maturity extending beyond the average life and final maturity of the Indebtedness.

"Subsidiary(ies)" shall mean any other corporation or other entity, of which more than fifty percent (50%) of the outstanding voting stock or interests is owned either directly or indirectly by Company or one or more of its Subsidiaries or by Company and one or more of its Subsidiaries. "100% Subsidiary(ies)" shall mean any Subsidiary whose stock (other than directors' or qualifying shares to the extent required under applicable law) is owned directly or indirectly entirely by the Company and/or any of the Permitted Borrowers.

"Swing Line" shall mean the revolving credit loan to be advanced to the Company or a Permitted Borrower by the Swing Line Bank pursuant to Section 2.5 hereof, in an aggregate amount (subject to the terms hereof) not to exceed, at any one time outstanding, the Swing Line Maximum Amount.

"Swing Line Advance" shall mean an Advance made by Swing Line Bank to Company or a Permitted Borrower pursuant to Section 2.5 hereof.

"Swing Line Bank" shall mean Comerica Bank, in its capacity as lender under Section 2.5 of this Agreement, and its successors and assigns.

"Swing Line Maximum Amount" shall mean Seven Million Five Hundred Thousand Dollars ($7,500,000).

"Swing Line Notes" shall mean the swing line notes described in Section 2.5 hereof, made by Company or a Permitted Borrower to Swing Line Bank in the form annexed hereto as Exhibit E, as such Notes may be amended or supplemented from time to time, and any notes issued in substitution, replacement or renewal thereof from time to time.

"Syndications Agent" shall mean Bank of America, N.A. (formerly known as NationsBank, N.A., "Bank of AMERICA") or such successor syndication agent as appointed by the Company under Section 12.15 hereof.

"S&P" shall mean Standard & Poor's Ratings Group, and its successors.

"Trans-European Business Day" shall mean a day when the Trans-European Settlement System is open for business.

"Trans-European Settlement System" shall mean the Trans-European Automated Real-time Gross Settlement Express Transfer System or any successor.

"Treaty on European Union" shall mean the Treaty of Rome of March 25, 1957, as amended by the Single European Act 1986 and the Maastricht Treaty (which was signed at Maastricht on February 7, 1992 and came into force on November 1, 1993), as amended from time to time.

"Term Loan" shall mean the term loan funded by the Banks at the election of the Company, by conversion, pursuant to Section 4.1 hereof.

"Term Loan Conversion Date" is defined in Section 4.1.

"Term Loan Maturity Date" shall mean the one-year anniversary of the Term Loan Conversion Date.

"Term Loan Rate Request" shall mean the Term Loan Rate Request issued by the Company and the Permitted Borrowers under this Agreement in the form attached to this Agreement as Exhibit K.

"Term Notes" shall mean the Term Notes described in Section 4.1 made or to be made by the Company to each of the Banks in the form attached to this Agreement as Exhibit B, as such Notes may be amended, renewed, replaced or extended from time to time.

"Unearned Finance Charges" shall mean, as of any applicable date of determination, the unearned finance charges utilized in deriving Installment Contract receivables, net on the Consolidated balance sheet of the Company and its Subsidiaries, as disclosed in the footnotes thereto; provided that Unearned Finance Charges shall not include unearned finance charges attributable to retail installment contracts which are not at such time "Installment Contracts", due to the proviso in the definition of such term in this Agreement.

"U.S. Prime-based Rate" shall mean, for any day, that rate of interest which is equal to the sum of the Applicable Margin plus the greater of (i) the U.S. Prime Rate, and (ii) the Alternate Base Rate.

"U.S. Prime Rate" shall mean the per annum rate of interest announced by the Agent, at its main office from time to time as its "prime rate" (it being acknowledged that such announced rate may not necessarily be the lowest rate charged by the Agent to any of its customers), which U.S. Prime Rate shall change simultaneously with any change in such announced rate.

"Utilization" shall mean (a) on or before the Revolving Credit Maturity Date, the aggregate amount outstanding under the Revolving Credit including all Letter of Credit Obligations and all Swing Line Advances, determined in the manner set forth under Sections 2.13 or 3.4, as the case may be, and (b) after the Revolving Credit Maturity Date, in the event the Company elects to convert the aggregate principal amount outstanding under the Revolving Credit to a Term Loan, the aggregate amount outstanding under the Term Loan.

"Utilization Fee" shall mean the fees payable to Agent for distribution to the Banks pursuant to Section 2.13 hereof.

1.2 Euro.

(a) Redenomination of Eurocurrency-based Advances and other Advances into Euro Units.

(i) From and after January 1, 1999, each obligation under this Agreement of a party hereto which (A) was originally denominated in the former national currency of a Participating Member State, or (B) would otherwise have been denominated in such former national currency prior to such date shall be denominated in, or redenominated into, as applicable, the Euro Unit in accordance with EMU Legislation and applicable state law, provided that, if and to the extent that any EMU Legislation provides that amounts denominated in the euro unit or the National Currency Unit of a Participating Member State, that are payable by crediting an account of the creditor within that country, may be made in either Euro or National Currency Units, each party to this Agreement shall be entitled to

pay or repay any such amounts in either the Euro Unit or such National Currency Unit.

(ii) Any Eurocurrency-based Advances denominated in a National Currency Unit of a Participating Member State which were made prior to January 1, 1999 but which have Interest Periods ending after January 1, 1999 shall, for purposes of this Agreement, remain denominated in such National Currency Unit provided that such Advances may be repaid either in the Euro or in such National Currency Unit after January 1, 1999; provided, further, that from and after January 1, 2002 all such amounts shall be deemed to be in Euro Units.

(iii) Subject to any EMU Legislation, references in this Agreement to a minimum amount (or an integral multiple thereof) in a National Currency Unit to be paid to or by a party hereto shall be deemed to be a reference to such reasonably comparable and convenient amount (or an integral multiple thereof) in the Euro Unit as the Agent may from time to time specify.

(b) Payments.

(i) All payments by any of the Company or a Permitted Borrower or any Bank of amounts denominated in the Euro or a National Currency Unit of a Participating Member State, shall be made in immediately available, freely transferable, cleared funds to the account of the Agent in the principal financial center in such Participating Member State, as from time to time designated by the Agent for such purpose.

(ii) All amounts payable by the Agent to any party under this Agreement in the National Currency Unit of a Participating Member State shall instead be paid in the Euro Unit.

(iii) The Agent shall not be liable to any party to this Agreement in any way whatsoever for any delay, or the consequences of any delay, in the crediting to any account of any amount denominated in the Euro or a National Currency Unit of a Participating Member State.

(iv) All references herein to the London interbank or other national market with respect to any National Currency Unit of a Participating Member State shall be deemed a reference to the applicable markets and locations referred to in the definition of "Business Day" in Section 1.1.

(c) If the basis of accrual of interest or fees expressed in this Agreement with respect to the currency of any state that becomes a Participating Member State shall be inconsistent

with any convention or practice in the London interbank market for the basis of accrual of interest or fees in respect of Euros, such convention or practice shall replace such expressed basis effective as of and from the date on which such state becomes a Participating Member State; provided, that if any Advance in the currency of such state is outstanding immediately prior to such date, such replacement shall take effect, with respect to such Advance, at the end of the then current Interest Period.

(d) Increased Costs. The Company and the Permitted Borrowers shall, from time to time upon demand of any Bank (with a copy to the Agent), pay to such Bank the amount of any cost or increased cost incurred by, or of any reduction in any amount payable to or in the effective return on its capital to, or of interest or other return foregone by, such Bank or any holding company of such Bank as a result of the introduction of, changeover to or operation of the Euro in a Participating Member State, other than any such cost or reduction or amount foregone reflected in any interest rate hereunder.

(e) Unavailability of Euro. If the Agent at any time determines that: (i) the Euro has ceased to be utilized as the basic accounting unit of the European Community; (ii) for reasons affecting the market in Euros generally, Euros are not freely traded between banks internationally; or (iii) it is illegal, impossible or impracticable for payments to be made hereunder in Euro, then the Agent may, in its discretion declare (such declaration to be binding on all the parties hereto) that any payment made or to be made thereafter which, but for this provision, would have been payable in the Euro shall be made in a component currency of the Euro or Dollars (as selected by the Agent (the "Selected Currency") and the amount to be so paid shall be calculated on the basis of the equivalent of the Euro in the Selected Currency).

(f) Additional Changes at Agent's Discretion. This section and other provisions of this Agreement relating to Euros and the National Currency Units of Participating Member States shall be subject to such further changes (including changes in interpretation or construction) as the Agent may from time to time in its reasonable discretion notify to the Company and the Permitted Borrowers and the Banks to be necessary or appropriate to reflect the changeover to the Euro in Participating Member States.

1.3 Interest Act (Canada). For the purposes of disclosure under the ITA, if and to the extent applicable, whenever interest is to be paid hereunder and such interest is to be calculated on the basis of a period of less than a calendar year, the yearly rate of interest to which the rate determined pursuant to such calculation is equivalent is the rate so determined multiplied by the actual number of days in the calendar year in which the same is to be ascertained and divided by the number of days in such period.

ATTACHMENT 3

"Selected Sections -- Section 2"

2.13 Revolving Credit Facility Fee And Utilization Fee.

(a) Revolving Credit Facility Fee. From the date hereof to the Revolving Credit Maturity Date, the Company shall pay to the Agent, for distribution to the Banks (as set forth below), a Revolving Credit Facility Fee determined by multiplying the Applicable Fee Percentage per annum times the Revolving Credit Maximum Amount then applicable under Section 2.15 hereof (whether used or unused), computed on a daily basis. The Revolving Credit Facility Fee shall be payable quarterly in arrears commencing July 1, 1999 (in respect of the prior calendar quarter or portion thereof), and on the first day of each calendar quarter thereafter and on the Revolving Credit Maturity Date, and shall be computed on the basis of a year of three hundred sixty (360) days and assessed for the actual number of days elapsed. Whenever any payment of the Revolving Credit Facility Fee shall be due on a day which is not a Business Day, the date for payment thereof shall be extended to the next Business Day. Upon receipt of such payment Agent shall make prompt payment to each Bank of its share of the Revolving Credit Facility Fee based upon its respective Percentage.

(b) Utilization Fee. For each day from and after December 1, 1999 that the Utilization equals or exceeds 50% of (x) the Revolving Credit Maximum Amount in effect on such day, if such day is before the Revolving Credit Maturity Date or (y) the Revolving Credit Maximum Amount in effect on the Revolving Credit Maturity Date, if such day is on or after the Revolving Credit Maturity Date and the Company elects the "term out" option under Section 4.1 hereof (in either case until the Indebtedness has been paid and discharged in full and all commitments terminated), the Company shall pay to the Agent, for distribution to the Banks pro rata in accordance with their respective Percentages, a Utilization Fee, which fee shall be determined and payable in accordance with this Section 2.13. The Utilization Fee shall be equal to the Utilization on such day times the applicable Fee Percentage computed on a daily basis. The Utilization Fee shall be computed on the basis of a year of three hundred sixty (360) days and assessed for the actual number of days elapsed, and shall be payable quarterly in arrears commencing January 1, 2000 (in respect to the prior fiscal quarter or portion thereof) and on the first day of each fiscal quarter thereafter and on the Revolving Credit Maturity Date (or, if the company elects the "term out" option under Section 4.1 hereof, the Term Loan Maturity Date). whenever any payment of the Utilization Fee shall be due on a day which is not a Business Day, the day for payment thereof shall be extended to the next Business Day. Upon receipt of such payment, Agent shall make prompt payment to each Bank of its share of the Utilization Fee based upon its respective Percentage. It is expressly understood that the Utilization Fee described in this Section shall not be refundable under any circumstances.

2.15 Optional Reduction or Termination of Revolving Credit Maximum Amount. Provided that no Default or Event of Default has occurred and is continuing, the Company may upon at least five Business Days' prior written notice to the Agent, permanently reduce the Revolving Credit Maximum Amount in whole at any time, or in part from time to time, without premium or penalty, provided that: (i) each partial reduction of the Revolving Credit Maximum Amount shall be

in an aggregate amount equal to Ten Million Dollars ($10,000,000) or a larger integral multiple of One Million Dollars ($1,000,000); (ii) each reduction shall be accompanied by the payment of the Revolving Credit Facility Fee and Utilization Fee, if any, accrued to the date of such reduction; (iii) the Company or any Permitted Borrower, as applicable, shall prepay in accordance with the terms hereof the amount, if any, by which the aggregate unpaid principal amount of Advances (using the Current Dollar Equivalent of any such Advance outstanding in any Alternative Currency) of the Revolving Credit, plus the aggregate principal amount of Swing Line Advances outstanding hereunder (using the Current Dollar Equivalent of any such Advance outstanding in an Alternative Currency), plus the aggregate undrawn amount of outstanding Letters of Credit (using the Current Dollar Equivalent thereof for any Letters of Credit denominated in any Alternative Currency), plus the unreimbursed amount of any draws under any Letters of Credit (determined as aforesaid), exceeds the amount of the Revolving Credit Maximum Amount as so reduced, together with interest thereon to the date of prepayment; (iv) if the termination or reduction of the Revolving Credit Maximum Amount requires the prepayment of a Eurocurrency-based Advance or a Quoted Rate Advance, the termination or reduction may be made only on the last Business Day of the then current Interest Period applicable to such Eurocurrency-based Advance or such Quoted Rate Advance; and (v) no reduction shall reduce the Revolving Credit Maximum Amount to an amount which is less than the aggregate undrawn amount of any Letters of Credit outstanding at such time. Reductions of the Revolving Credit Maximum Amount and any accompanying prepayments of the Revolving Credit Notes shall be distributed by Agent to each Bank in accordance with such Bank's Percentage thereof, and will not be available for reinstatement by or readvance to the Company or any Permitted Borrower, and any accompanying prepayments of the Swing Line Note shall be distributed by Agent to the Swing Line Bank and will not be available for reinstatement by or readvance to the Company. Any reductions of the Revolving Credit Maximum Amount hereunder shall reduce each Bank's portion thereof proportionately (based on the applicable Percentages), and shall be permanent and irrevocable. Any payments made pursuant to this Section shall be applied first to outstanding Prime-based Advances under the Revolving Credit, next to Swing Line Advances carried at the Prime-based Rate, next to Eurocurrency-based Advances of the Revolving Credit and then to Swing Line Advances carried at the Eurocurrency-based Rate or the Quoted Rate.

ATTACHMENT 4

"Selected Sections -- Section 7"

7. AFFIRMATIVE COVENANTS

Company and each of the Permitted Borrowers covenants and agrees that it will, and, as applicable, it will cause its Subsidiaries (but excluding, for purposes of Sections 7.3 through 7.10, 7.19, 7.20 and 7.22 hereof, any Special Purpose Subsidiary) to, so long as any of the Banks are committed to make any Advances under this Agreement and thereafter so long as any Indebtedness remains outstanding under this Agreement:

7.1 Preservation of Existence, Etc. Subject to the terms of this Agreement: (i) preserve and maintain its existence and such of its rights, licenses, and privileges as are material to the business and operations conducted by it; (ii) qualify and remain qualified to do business in each jurisdiction in which such qualification is material to its business and operations or ownership of its properties; (iii) continue to conduct and operate its businesses substantially as conducted and operated during the present and preceding fiscal years; (iv) at all times maintain, preserve and protect all of its franchises and trade names and preserve all the remainder of its property and keep the same in good repair, working order and condition; and (v) from time to time make, or cause to be made, all necessary or appropriate repairs, replacements, betterments and improvements thereto such that the businesses carried on in connection therewith may be properly and advantageously conducted at all times.

7.2 Keeping of Books. Keep proper books of record and account in which full and correct entries shall be made of all of its financial transactions and its assets and businesses so as to permit the presentation of financial statements prepared in accordance with GAAP.

7.3 Reporting Requirements. Furnish Agent with:

(a) as soon as possible, and in any event within three calendar days after becoming aware of the occurrence of each Default or Event of Default, a written statement of the chief financial officer of the Company (or in his absence, a responsible senior officer) setting forth details of such Default or Event of Default and the action which the Company or such Permitted Borrower has taken or has caused to be taken or proposes to take or cause to be taken with respect thereto;

(b) as soon as available, and in any event within one hundred twenty (120) days after and as of the end of each of Company's fiscal years, (i) a detailed Consolidated audit report of Company certified to by independent certified public accountants satisfactory to Banks together with an unaudited Consolidating report of Company and its Subsidiaries certified by an authorized officer of Company as to consistency (with prior financial reports and accounting periods), accuracy and fairness of presentation; and (ii) a Covenant Compliance Report;

(c) as soon as available, and in any event within sixty (60) days after and as of the end of each quarter, excluding the last quarter, of each fiscal year, (i) a Consolidated and

Consolidating balance sheet, income statement, statement of cash flows and statement of shareholder's equity of Company and its Subsidiaries certified by an authorized officer of Company as to consistency (with prior financial reports and accounting periods), accuracy and fairness of presentation; (ii) a Covenant Compliance Report; and (iii) a "static pool analysis" substantially in the form of Exhibit L attached hereto and in any event satisfactory in form and substance to the Majority Banks, which analyzes the performance of Company's and each Permitted Borrower's Installment Contracts (segregated between the Company's North American operations and its UK operations) on a quarterly basis, and, for quarters beginning with the quarter ended September 30, 1999, a "static pool analysis" substantially in the form of Exhibit L attached hereto and in any event and satisfactory in form and substance to the Majority Banks, which analyzes the performance of the Company's and each Permitted Borrower's Leases on a quarterly basis (segregated between the Company's North American operations and its UK operations), in each case certified by an authorized officer of the Company as to consistency with prior such analyses, accuracy and fairness of presentation;

(d) as soon as possible, and in any event within three calendar days after becoming aware (i) of any material adverse change in the financial condition of the Company, any of its Subsidiaries or any of the Permitted Borrowers, a certificate of the chief financial officer of Company (or in his absence, a responsible senior officer) setting forth the details of such change, (ii) of the taking by the Internal Revenue Service or any foreign taxing jurisdiction of a tax position (verbal or written) which could have a materially adverse effect upon the Company, any of its Subsidiaries or any of the Permitted Borrowers (or any such tax position taken by the Company or any of its Subsidiaries or any of the Permitted Borrowers) setting forth the details of such position and the financial impact thereof or (iii) of any change in the Rating Level of which Company has actual knowledge;

(e) as soon as available (and with copies for each of the Banks), the Company's 8-K, 10-Q and 10-K Reports filed with the federal Securities and Exchange Commission, and in any event, with respect to the 10-Q Report, within sixty (60) days of the end of each of the first three fiscal quarters of each of Company's fiscal years, and with respect to the 10-K Report, within one hundred twenty (120) days after and as of the end of each of Company's fiscal years; and as soon as available, copies of all filings, reports or other documents filed by the Company or any of its Subsidiaries with the federal Securities and Exchange Commission or other federal regulatory or taxing agencies or authorities in the United States, or comparable agencies or authorities in foreign jurisdictions, or any stock exchanges in such jurisdictions;

(f) promptly as issued (and with copies for each of the Banks), all press releases, notices to shareholders and all other material communications transmitted by the Company or any of its Subsidiaries; and, concurrently with each incurrence thereof written notice that new Future Debt has been incurred, accompanied by copies of the material documents governing such Debt and a certification that, both before and after giving effect thereto, no Default or Event of Default shall have occurred and be continuing and the Company is otherwise in compliance with this Agreement;

(g) on not less than an annual basis, a copy of the standard form of Company's Dealer Agreement then in effect;

(h) on or before ninety (90) days after the commencement of each fiscal year, a Consolidated plan and financial projections and which shall reflect any Future Debt or Permitted Securitizations contemplated to be incurred or made for the succeeding two years of the Company and its Significant Subsidiaries including, without limitation, a Consolidated and Consolidating balance sheet and a Consolidated and Consolidating statement of projected income and cash flow of the Company for each of the succeeding two fiscal years and including a statement in reasonable detail specifying all material assumptions underlying the projections;

(i) promptly upon the request of Agent or the Majority Banks (acting through Agent) from time to time, a "static pool analysis" which analyzes the performance of any Installment Contracts or Leases transferred or encumbered pursuant to a Permitted Securitization comparable to the static pool analysis required to be delivered pursuant to subparagraph (c) of this Section 7.3; and

(j) promptly, and in form to be satisfactory to Agent and the requesting Bank or Banks, such other information as Agent or any of the Banks (acting through Agent) may reasonably request from time to time.

7.4 Maintain Total Debt Level. On a Consolidated basis, maintain as of the end of each fiscal quarter, Consolidated Total Debt at a level equal to or less than each of the following tests:

(a) Two Hundred Seventy-Five Percent (275%) of Company's Consolidated Tangible Net Worth; provided, however, that for the purposes of this subparagraph (a), Consolidated Total Debt shall be calculated by including all Debt incurred by a Special Purpose Subsidiary, whether or not included therein under GAAP;

(b) Seventy Five Percent (75%) of the sum of (i) Advances to Dealers and (ii) Leased Vehicles; provided, however, that for the purposes of this subparagraph (b), Consolidated Total Debt shall be calculated by excluding all Debt incurred by a Special Purpose Subsidiary, whether or not included therein under GAAP; and

(c) Sixty Percent (60%) of the sum of (i) Gross Current Installment Contract Receivables and (ii) Gross Current Leased Vehicles; provided, however, that for the purposes of this subparagraph (c), Consolidated Total Debt shall be calculated by excluding all Debt incurred by a Special Purpose Subsidiary, whether or not included therein under GAAP.

7.5 Maintain Senior Funded Debt Level. On a Consolidated basis, maintain as of the end of each fiscal quarter Consolidated Senior Funded Debt (excluding in the calculation thereof, for purposes of this Section 7.5, all Debt incurred by a Special Purpose Subsidiary, whether or not included therein under GAAP) at a level equal to or less than Two Hundred Percent (200%) of

the Company's Consolidated Tangible Net Worth and in an amount not in excess of the sum of (i) Net Installment Contract Receivables less Net Dealer Holdbacks and (ii) Leased Vehicles less Net Leased Vehicle Dealer Holdbacks, divided by 1.10.

7.6 Maintain Subordinated Funded Debt Level. On a Consolidated basis, maintain as of the end of each fiscal quarter the Consolidated Subordinated Funded Debt (excluding in the calculation thereof, for purposes of this Section 7.6, all Debt incurred by a Special Purpose Subsidiary, whether or not included therein under GAAP) at a level equal to or less than One Hundred Fifty Percent (150%) of the Company's Consolidated Tangible Net Worth.

7.7 Minimum Tangible Net Worth. On a Consolidated basis, maintain Consolidated Tangible Net Worth of not less than Two Hundred Eighteen Million Seven Hundred Twenty Five Thousand Dollars ($218,725,000.00), plus the sum of (i) seventy-five percent (75%) of Consolidated Net Income for each fiscal quarter of the Company (A) beginning on or after January 1, 1999, (B) ending on or before the applicable date of determination thereof, and (C) for which Consolidated Net Income as determined above is a positive amount and (ii) the Equity Offering Adjustment.

7.8 Maintain Gross Dealer Advances to Net Installment Contract Receivables Level. On a Consolidated Basis, maintain as of the end of each fiscal quarter Gross Advances to Dealers at a level not to exceed Seventy Percent (70%) of Net Installment Contract Receivables.

7.9 Maintain Fixed Charge Coverage Ratio. On a Consolidated basis, maintain as of the end of each fiscal quarter a Fixed Charge Coverage Ratio of not less than 2.25 to 1.0.

7.10 Inspections. Permit Agent and each Bank, through their authorized attorneys, accountants and representatives to examine (and make copies of) Company's and each of the Subsidiaries' books, accounts, records, ledgers and assets and properties (including without limitation, any Collateral) of every kind and description including, without limitation, all promissory notes, security agreements, customer applications, vehicle title certificates, chattel paper, Uniform Commercial Code filings, wherever located at all reasonable times during normal business hours, upon oral or written request of Agent or such Bank; and permit Agent and each Bank or their authorized representatives, at reasonable times and intervals, to visit all of its offices, discuss its financial matters with its officers and independent certified public accountants, and by this provision Company authorizes such accountants to discuss the finances and affairs of Company and its Subsidiaries (provided that Company is given an opportunity to participate in such discussions) and examine any of its or their books and other corporate records. An examination of the records or properties of Company or any of its Subsidiaries may require revealment of proprietary and/or confidential data and information, and the Agent and each of the Banks agrees upon request of the inspected party to execute a confidentiality agreement (satisfactory to Agent or the inspecting Bank, as the case may be, and such party) on behalf of the Agent or such inspecting Bank and all parties making such inspections or examinations under its authorization; provided however that such

confidentiality agreement shall not prohibit Agent from revealing such information to Banks or prohibit the inspecting Bank from revealing such information to Agent or another Bank. Notwithstanding the foregoing, all information furnished to the Banks hereunder shall be subject to the undertaking of the Banks set forth in Section 13.13 hereof.

7.11 Taxes. Pay and discharge all taxes and other governmental charges, and all material contractual obligations calling for the payment of money, before the same shall become overdue, unless and to the extent only that such payment is being contested in good faith by appropriate proceedings and is reserved for, as required by GAAP on its balance sheet, or where the failure to pay any such matter could not have a material adverse effect on the Company and its Subsidiaries, taken as a whole.

7.12 Further Assurances. Execute and deliver or cause to be executed and delivered to Agent within a reasonable time following Agent's request, and at the Company's and the Permitted Borrowers' expense, such other documents or instruments as Agent may reasonably require to effectuate more fully the purposes of this Agreement or the other Loan Documents, including without limitation any Collateral Documents required under Section 7.23 hereof.

7.13 Insurance. Maintain, with financially sound and reputable insurers, insurance with respect to its material property and business against such casualties and contingencies, of such types (including, without limitation, insurance with respect to losses arising out of such property loss or damage, public liability, business interruption, larceny, workers' compensation, embezzlement or other criminal misappropriation) and in such amounts as is customary in the case of corporations of established reputations engaged in the same or similar business and similarly situated (and including such lender loss payee clauses and/or endorsements as Agent or the Majority Banks may request following the delivery of the Collateral Documents under Section 7.23 hereof), provided that such insurance is commercially available, it being understood that the Company and its Subsidiaries may self-insure against hazards and risks with respect to which, and in such amounts as, the Company in good faith determines to be prudent and consistent with sound financial and business practice.

7.14 Indemnification. With respect to the Company, indemnify and save Agent and each of the Banks harmless from all reasonable loss, cost, damage, liability or expenses, including reasonable attorneys' fees and disbursements, incurred by Agent and each of the Banks by reason of an Event of Default or enforcing the obligations of the Company or the Permitted Borrowers under this Agreement or the other Loan Documents, or in the prosecution or defense of any action or proceeding concerning any matter growing out of or connected with this Agreement or any of the other Loan Documents other than resulting from the gross negligence or willful misconduct of Agent or such Bank or Banks, as the case may be; and, with respect to each of the Permitted Borrowers, indemnify and save Agent and each of the Banks harmless from all reasonable loss, cost, damage, liability or expenses, including reasonable attorneys' fees and disbursements, incurred by Agent and each of the Banks with respect to such Permitted Borrower by reason of an Event of Default or enforcing the obligations of such Permitted Borrower under this Agreement or the other Loan

Documents or in the prosecution or defense of any action or proceeding concerning any matter growing out of or connected with this Agreement or any of the other Loan Documents, other than resulting from the gross negligence or willful misconduct of Agent or such Bank or Banks, as the case may be.

7.15 Governmental and Other Approvals. Apply for, obtain and/or maintain in effect, as applicable, all material authorizations, consents, approvals, licenses, qualifications, exemptions, filings, declarations and registrations (whether with any court, governmental agency, regulatory authority, securities exchange or otherwise) which are necessary in connection with the execution, delivery and performance of this Agreement, the other Loan Documents, or any other documents or instruments to be executed and/or delivered by the Company or any of the Permitted Borrowers or Guarantors, as the case may be, in connection therewith or herewith.

7.16 Compliance with Contractual Obligations and Laws.

(a) Comply in all material respects with all Contractual Obligations, and with all applicable laws, rules, regulations and orders of any governmental authority, whether federal, state, local or foreign (including without limitation Hazardous Materials Laws and any consumer protection, truth in lending, disclosure and other similar laws and regulations governing the provision of financing to consumers), in effect from time to time, except to the extent that failure to comply therewith could not reasonably be expected to have, individually or in the aggregate, a material adverse effect on the business, operations, property or financial or other condition of the Company or any of the Permitted Borrowers and their respective Subsidiaries, taken as a whole, and could not reasonably be expected to materially adversely affect the ability of the Company or any of the Permitted Borrowers or Guarantors to perform their respective obligations under any of the Loan Documents to which they are a party.

(b) Comply in all material respects with all applicable federal, state and/or foreign laws and regulations in effect from time to time governing the due and proper creation of installment sales contracts, motor vehicle leases or similar indebtedness or obligations and of the creation, perfection and/or protection, as applicable, of first priority security interests or lessor's interests in motor vehicles being financed and/or sold and/or leased pursuant thereto, as applicable.

7.17 ERISA. Comply in all material respects with all requirements imposed by ERISA as presently in effect or hereafter promulgated or the Internal Revenue Code (or comparable laws in applicable jurisdictions outside the United States of America relating to foreign Pension Plans) and promptly notify Banks upon the occurrence of any of the following events:

(a) the termination of any Pension Plan pursuant to Subtitle C of Title IV of ERISA or otherwise (other than any defined contribution plan not subject to Section 412 of the Internal Revenue Code and any Multiemployer Plan);

(b) the appointment of a trustee by a United States District Court to administer any Pension Plan pursuant to ERISA;

(c) the commencement by the PBGC, or any successor thereto, of any proceeding to terminate any Pension Plan;

(d) the failure of the Company or any ERISA Affiliate to make any payment in respect of any Pension Plan required under Section 412 of the Internal Revenue Code;

(e) the withdrawal of the Company or any ERISA Affiliate from any Multiemployer Plan;

(f) the occurrence of an accumulated funding deficiency (as defined in Section 6.18 hereof) or a Reportable Event; or

(g) the occurrence of a Prohibited Transaction which could have a material adverse effect upon the Company and its Subsidiaries, taken as a whole.

7.18 Environmental Matters.

(a) Conduct and complete all investigations, studies, sampling and testing, and all remedial, removal and other actions necessary to clean up and remove all Hazardous Materials on or affecting any premises owned or occupied by Company or any of its Subsidiaries, whether resulting from conduct of Company or any of its Subsidiaries or any other Person, if required by Hazardous Material Laws, all such actions to be taken in accordance with such laws, and the orders and directives of all applicable federal, state and local governmental authorities; and

(b) Defend, indemnify and hold harmless Agent and each of the Banks, and their respective employees, agents, officers and directors from and against any and all claims, demands, penalties, fines, liabilities, settlements, damages, costs or expenses of whatever kind or nature arising out of or related to (i) the presence, disposal, release or threatened release of any Hazardous Materials on, from or affecting any premises owned or occupied by Company or any of its Subsidiaries, (ii) any personal injury (including wrongful death) or property damage (real or personal) arising out of or related to such Hazardous Materials, (iii) any lawsuit or other proceeding brought or threatened, settlement reached or governmental order or decree relating to such Hazardous Materials, (iv) the cost of removal of all Hazardous Materials from all or any portion of any premises owned by Company or its Subsidiaries, (v) the taking of necessary precautions to protect against the release of Hazardous Materials on or affecting any premises owned by Company or any of its Subsidiaries, (vi) complying with all Hazardous Material Laws and/or (vii) any violation by Company or any of its Subsidiaries of Hazardous Material Laws, including without limitation, reasonable attorneys and consultants fees, investigation and laboratory fees, environmental studies required by Agent or any Bank (whether before or after the occurrence of any Default or Event of

Default), court costs and litigation expenses; and, if so requested by Agent or any Bank, Company shall execute, and shall cause the Permitted Borrowers to execute, separate indemnities covering the foregoing matters. The obligations of Company and Permitted Borrowers under this Section 7.18 shall be in addition to any and all other obligations and liabilities the Company or any of the Permitted Borrowers may have to Agent or any of the Banks at common law or pursuant to any other agreement.

7.19 Maintain Debt Rating. Cause Fitch on an ongoing basis, but not less than once during each calendar year, to maintain a Debt Rating for Company's long term, non-credit enhanced senior debt.

7.20 Installment Contract Standards. (a) Cause each Installment Contract included in Gross Installment Contract Receivables and each Lease purchased and/or entered into by or on behalf of Company or any Subsidiary to satisfy the following requirements:

(i) Such Installment Contract or Lease (and the interest of Company or its Subsidiaries thereunder) has not been sold, transferred or otherwise assigned or encumbered by the Company or its Subsidiaries to any Person, other than to the Lenders pursuant to the Collateral Documents;

(ii) The Installment Contract obligor or lessee under such Lease thereunder is not an Affiliate of the Company; and

(iii) It is owned by Company or a Subsidiary, or Company or a Subsidiary has a valid first priority perfected security interest therein; and

(b) Exercise its best efforts to enforce the provisions of its Dealer Agreements relating to the eligibility criteria for Installment Contracts included in Gross Installment Contract Receivables and for Leases, including without limitation:

(i) it has not been rescinded and it is a valid, binding and enforceable obligation of the applicable Installment Contract obligor or lessee under such Lease;

(ii) it is enforceable against the applicable Installment Contract obligor or lessee under such Lease for the amount shown as owing in the contract and in any related records;

(iii) it complied at the time it was originated or made, and is currently in compliance in all respects, with all requirements of applicable federal, state and local laws, and regulations thereunder, including, usury laws, the Federal Truth-in-Lending Act, the Equal Credit Opportunity Act, the Fair Credit Billing

Act, the Fair Credit Reporting Act, the Fair Debt Collection Practices Act, the Federal Trade Commission Act, the Magnuson-Moss Warranty Act, Federal Reserve Board Regulations B, M and Z, state adaptations of the National Consumer Act and of the Uniform Consumer Credit Code and any other consumer credit or equal opportunity disclosure;

(iv) it is not subject to any material offset, credit, allowance or adjustment;

(v) the Company or a Subsidiary has a first and prior perfected security interest or ownership interest (subject only to the applicable Lease) (received directly or by assignment) in the financed or leased vehicle securing the performance of the applicable Installment Contract obligor or lessee under such Lease;

(vi) the financed vehicle has been delivered to the applicable Installment Contract obligor or lessee under such Lease and, on the date of delivery, satisfied all warranties, expressed or implied, made to such Installment Contract obligor or lessee under such Lease; and

(vii) the applicable Installment Contract obligor or lessee under such Lease owns or leases the motor vehicle free of all liens or encumbrances, except the security interest granted to Company or a Subsidiary or the lessor's interest held by Company or a Subsidiary (received in each case directly or by assignment) in the applicable Installment Contract or Lease.

7.21 Financial Covenant Amendments. In the event that, at any time while this Agreement is in effect, the Company shall issue any indebtedness for borrowed money which is not by its terms subordinate and junior to other indebtedness of Company for borrowed money and such indebtedness shall include, or be issued pursuant to a trust indenture or other agreement which includes, financial covenants which are not substantially identical to the financial covenants set forth in this Agreement, the Company shall so advise the Agent in writing. Such notice shall be accompanied by a copy of the applicable agreement containing such financial covenants. The Agent shall promptly furnish a copy of such notice and the applicable agreement to each of the Banks. If the Majority Banks determine in their sole discretion that some or all of the financial covenants set forth in such agreement are more favorable to the lender thereunder than the financial covenants set forth in this Agreement ("More Favorable Terms") and that the Majority Banks desire that this Agreement be amended to incorporate the More Favorable Terms, then the Agent shall give written notice of such determination to the Company. Thereupon, and in any event within thirty (30) days following the date of notice by Agent to the Company, Company and the Banks shall enter into an amendment to this Agreement incorporating, on terms and conditions acceptable to the Majority Banks, the More Favorable Terms.

7.22 Subsidiaries; Guaranties. With respect to each Person which becomes a Significant Subsidiary of the Company subsequent to the effective date hereof, within thirty days of the date of Company's delivery of the financial statements required under Section 7.3(b) or 7.3(c) which establish that such Person is or has become a Significant Subsidiary (but in any event, in the case of a Permitted Borrower, prior to the time such Permitted Borrower shall be entitled to request any Advances hereunder), cause such Subsidiary to execute and deliver to Agent, for and on behalf of each of the Banks, a Joinder Agreement whereby such Significant Subsidiary becomes obligated as a Guarantor under the Domestic Guaranty or the Foreign Guaranty, as applicable, together with such supporting documentation, including without limitation corporate authority items, certificates and opinions of counsel, as reasonably required by Agent and the Majority Banks.

7.23 Special Covenants for Leasing Program and Other Covenants. (a) on or before November 30, 1999, enter into (i) amendments to the Note Purchase Agreements, if then outstanding, on substantially the terms set forth herein with respect to the funding and/or securitization of Leased Vehicles, and (ii) amendments to the Collateral Documents necessary (in the reasonable determination of the Agent, acting in its capacity as collateral agent under the Intercreditor Agreement) to confirm the encumbrance thereunder of Leases and, to the extent applicable, Leased Vehicles; and

(b) Other than (i) Leases with respect to motor vehicles located outside the United States of America and its territories and possessions or (ii) Leases originated by CAC Leasing prior to the date hereof or (iii) Leases originated by AutoNet.net Finance Company to the extent applicable state law prohibits the Company from originating Leases in such state using an assumed name, the Company will originate and hold all Leases in its own name or by using the assumed name, CAC Leasing; and

(c) Promptly upon the Company's creation or acquisition of any Significant Domestic Subsidiary, (i) grant a security interest and lien to the Agent, for the benefit of the Banks, in the Collateral owned by such Significant Domestic Subsidiary substantially on the terms set forth in the Security Agreement, and (ii) pledge to the Agent, for the benefit of the Banks, all of the outstanding capital stock of such Significant Domestic Subsidiary which is owned by the Company or its Subsidiaries in a form satisfactory to the Agent, acting in its capacity as collateral agent under the Intercreditor Agreement, in its reasonable discretion, all to secure the Indebtedness.

7.24 Year 2000 Requirement. The Company and its Subsidiaries shall review the areas in their business and operations which could be materially adversely affected by, and develop a program to address on a timely basis the risk that, computer applications used by the Company and its Subsidiaries may be unable to recognize and perform properly date-sensitive functions involving certain dates prior to and any date after December 31, 1999. Any reprogramming required to permit the proper functioning, in and following the year 2000, computer systems and equipment containing embedded microchips owned or leased by the Company or any of its Subsidiaries and the testing of all such systems and equipment, as so reprogrammed, will be completed by June 30, 1999. The cost to the Company and its Subsidiaries of such reprogramming and testing and of the reasonably foreseeable consequences of year 2000 to the Company and its Subsidiaries (including, without limitation, reprogramming errors and the failure of others' systems or equipment) will not result in a Default or have a material adverse effect on the Company and its Subsidiaries, taken as a whole.

ATTACHMENT 5

"Selected Sections -- Section 8"

8. NEGATIVE COVENANTS

Company and each of the Permitted Borrowers covenant and agree that, so long as any of the Banks are committed to make any Advances under this Agreement and thereafter so long as any Indebtedness remains outstanding, it will not, and it will not allow its Subsidiaries (but excluding, for purposes of Sections 8.10, 8.13, 8.14 hereof, any Special Purpose Subsidiary), without the prior written consent of the Majority Banks, to:

8.1 Capital Structure and Redemptions. Purchase, acquire or redeem any of its capital stock, except for a Permitted Repurchase; or make any material change in its capital structure, provided however that the issuance of (i) additional common stock or (ii) (if issued as part of or in connection with an underwritten public offering) shares of other classes of capital stock of Company or its Subsidiaries, or (iii) securities issued by a Special Purpose Subsidiary pursuant to a Permitted Securitization, shall not constitute material changes in capital structure.

8.2 Business Purposes. Engage in, or make any investment in any business engaged in, the provision of property and casualty insurance unless the Company or such Subsidiary shall maintain reinsurance of its underwriting risk with a third party(ies) rated "A-" or better by S&P or "A3" or better by Moody's for all of the Company's or such Subsidiary's exposure in excess of one hundred percent (100%) of the premiums written by the Company or such Subsidiary; or engage in any business if, after giving effect thereto, the general nature of the businesses of the Company and its Subsidiaries, taken as a whole, would no longer be the provision of financing programs for the purchase or lease of used motor vehicles, motor vehicle service protection programs, credit life, accident and health insurance programs and other programs related to the foregoing (it being understood that, in the course of the provision of such programs, the Company may be obligated to remit monies held by it in connection with dealer holdbacks, claims or refunds under insurance policies, or claims or refunds under service contracts, and to make deposits in trust or otherwise as required under reinsurance agreements or pursuant to state regulatory requirements); provided however that the Company and its Subsidiaries shall manage and operate such businesses in substantially the same manner that they are managed and operated as of the date hereof.

8.3 Mergers or Dispositions. Enter into any merger or consolidation, except for any Permitted Merger OR Permitted Transfer under clause (iv)(z) of the definition thereof, or sell, lease, transfer, relocate or dispose of all, substantially all, or any material part of its assets, except for Permitted Transfers and Permitted Securitization(s).

8.4 Guaranties. Guarantee, endorse, or otherwise become liable for or upon the obligations of others, except by endorsement of cash items for deposit in the ordinary course of business and except for the Guaranties and the Permitted Guaranties.

8.5 Debt. Become or remain obligated for any indebtedness for borrowed money, or for any indebtedness incurred in connection with the acquisition of any property, real or personal, tangible or intangible, or for any other Debt, except for:

(a) Indebtedness to Banks hereunder;

(b) current unsecured trade, utility or non-extraordinary accounts payable arising in the ordinary course of Company's or any Subsidiary's businesses;

(c) purchase money debt for fixed assets (including capitalized leases or other non-cancelable leases having a term of twelve months or longer) not to exceed an aggregate amount, for the Company and its Subsidiaries incurred while in compliance with this Agreement and the other Loan Documents, of Three Million Dollars ($3,000,000) (or the Alternative Currency equivalent thereof) at any one time outstanding and mortgage debt incurred (by assumption or otherwise) by Arlington Investment Company, a Subsidiary of the Company, in an aggregate principal amount not to exceed $1,000,000.00 at any time outstanding;

(d) the Senior Debt, Future Debt, Permitted CAC UK Debt, the Subordinated Debt, unsecured overdraft lines of credit or similar credit arrangements maintained by the Permitted Borrowers in the ordinary course of business in the countries of their formation, in an amount not to exceed, in the case of CAC UK, (pound)2,000,000 and in the case of each of the other Permitted Borrowers, $1,500,000, or the equivalent thereof in an Alternative Currency, lines of credit maintained by Arlington Investment Company, in the ordinary course of business, in an aggregate amount not to exceed $5,000,000.00 at any time outstanding, and such other debt set forth in Schedule 8.5 attached hereto, if any (in addition to any other matters set forth in this Section 8.5), and any renewals or refinancing of such indebtedness in amounts not exceeding the scheduled amounts (less any required amortization according to the terms thereof) on substantially the same terms and otherwise in compliance with this Agreement;

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

(f) debt consisting of interest rate protection agreements (including interest rate caps, collars or swaps) or foreign currency exchange agreements (including foreign currency hedges and swaps) entered into by the Company and/or a Permitted Borrower, to manage existing or anticipated interest rate or foreign exchange rate risk and not for speculative purposes (copies of which shall be provided to the Agent promptly upon the execution thereof), and other Debt for borrowed money in an amount not to exceed in the aggregate for the Company and its Subsidiaries at any time outstanding, the sum of Five Million Dollars ($5,000,000) (or the Alternative Currency equivalent thereof), which Debt shall be unsecured except to the extent of any Lien permitted under Section 8.6(d) hereof.

8.6 Liens. Permit or suffer any Lien to exist on any of its properties, real, personal or mixed, tangible or intangible, whether now owned or hereafter acquired, except:

(a) in favor of Agent, as security for the Indebtedness and any Liens granted to the holders of Senior Debt (and, to the extent applicable, Future Debt under clause (x) of the definition thereof) pursuant to Collateral Documents, on an equal and ratable basis with comparable Liens granted to Agent, for and on behalf of the Banks;

(b) purchase money security interests in fixed assets to secure the purchase money indebtedness permitted in Section 8.5(c) hereof, provided that each such security interest is created substantially contemporaneously with the acquisition of such fixed assets and does not extend to any property other than the fixed asset so financed and provided further that the sum of all such purchase money indebtedness outstanding at any time shall not exceed the aggregate amount set forth in Section 8.5(c) hereof and mortgage debt identified in Section 8.5(c) encumbering that certain land and building currently leased to Arlington Investment Company by MP Developers;

(c) Permitted Liens and any Lien encumbering property interests, rights or proceeds which are the subject of a transfer or encumbrance pursuant to a Permitted Securitization; and

(d) Liens on the property of Company or any of its Subsidiaries other than Advances to Dealers, Leased Vehicles, Installment Contracts, Leases or property related thereto, not otherwise permitted under subparagraphs (a) through (c) of this Section 8.6 if the obligations secured by such Liens do not exceed, in an aggregate amount from time to time outstanding, the difference between (i) Twenty Percent (20%) of Consolidated Tangible Net Worth of Company and (ii) the sum of (w) the aggregate obligations secured by Liens permitted under subparagraph (b) of this Section 8.6, (x) the aggregate obligations secured by Permitted Liens disclosed on Schedule 8.6 attached hereto, and (y) the aggregate amount of Debt of the Subsidiaries of Company (other than Special Purpose Subsidiaries), all as of the applicable date of determination.

8.7 Acquisitions. Other than any Permitted Acquisition or any acquisition of any rights or property pursuant to a Permitted Securitization, purchase or otherwise acquire or become obligated for the purchase of all or substantially all of the assets or business interests of any Person, firm or corporation, or any shares of stock (or other ownership interests) of any corporation, trusteeship or association, or any business or going concern, or in any other manner effectuate or attempt to effectuate an expansion of present business by acquisition.

8.8 Investments. Make or allow to remain outstanding any Investment in, or any loans or advances to, any Person, firm, corporation or other entity or association, other than:

(a) any loan or other advance by Company or a Subsidiary, as the case may be, to any and all of its officers or employees, as the case may be, in the normal course of business, so

long as the aggregate of all such loans or advances by the Company and its Subsidiaries does not exceed One Million Five Hundred Thousand Dollars ($1,500,000) (or the equivalent thereof in an Alternative Currency) at any time outstanding, plus reasonable, reimbursable business and travel expenses;

(b) Permitted Investments at any time outstanding or in effect;

(c) Investments in Company's Subsidiaries existing as of the date of this Agreement;

(d) Investments from and after the date hereof in any Subsidiary or any Person that concurrently with such Investment becomes a Subsidiary, in an aggregate amount for all such Investments at any time outstanding, not to exceed in the aggregate twenty five percent (25%) of Company's Consolidated Tangible Net Worth (it being understood that loans and advances to any Subsidiary by any Person other than the Company or any other Subsidiary, regardless of whether such loans and advances are guaranteed by the Company or any other Subsidiary, shall not be taken into account in determining the aggregate amount of investments made pursuant to this clause (d));

(e) Floor Plan Receivables and Notes Receivable in an aggregate amount at any time outstanding not to exceed ten percent (10%) of Consolidated Total Assets;

(f) Advances to Dealers, Leased Vehicles and, subject to the limitation contained in subparagraph (e) of this Section 8.8, receivables arising from the sale or lease of goods and services by the Company or its Subsidiaries, in each case in the ordinary course of business of Company and its Subsidiaries;

(g) Permitted Acquisition(s), to the extent any such acquisition shall be deemed to constitute an Investment;

(h) Those Investments set forth on the attached Schedule 8.8;

(i) Investments in any Subsidiary (including, without limitation, any Special Purpose Subsidiary) from and after the date hereof, consisting of (w) dispositions of specific Advances to Dealers, Leased Vehicles, Installment Contracts (whether assigned outright or related to Advances to Dealers) or Leases (whether assigned outright or related to Leased Vehicles) made pursuant to a Permitted Securitization and the resultant Debt issued by a Special Purpose Subsidiary to another Subsidiary as part of a Permitted Securitization, in each case to the extent constituting Investments hereunder; (x) advances by Company (as servicer) which are permitted under the definition of Permitted Guaranties; (y) the repurchase or replacement from and after the date hereof of an aggregate amount not to exceed $5,000,000 in Advances to Dealers, Leased Vehicles, Installment Contracts (whether assigned outright or related to Advances to Dealers) or Leases (whether assigned outright or related to Leased Vehicles) subsequently determined not to satisfy the

eligibility standards contained in the applicable Securitization Documents relating to a Permitted Securitization, so long as (i) such replacement is accompanied by the repurchase of or release of encumbrances on such financial assets previously transferred or encumbered pursuant to such securitization and in the amount thereof, (ii) any replacement Advances to Dealers, Leased Vehicles, Installment Contracts (whether assigned outright or related to Advances to Dealers) or Leases (whether assigned outright or related to Leased Vehicles) are selected by Company according to the requirements set forth in clause (a) of the definition of Permitted Securitization and (iii) such replacements are made at a time when (both before and after giving effect thereto) no Default or Event of Default has occurred and is continuing; (z) amounts required to fund any Cleanup Call under the terms of such Permitted Securitization, and (zz) the disposition to the Company or any Subsidiary (other than a Special Purpose Subsidiary) of the capital stock of any Special Purpose Subsidiary; and

(j) Investments, other than those set forth in subparagraphs (a) through (h) above, in an aggregate amount at any time outstanding not to exceed Two Million Five Hundred Thousand Dollars ($2,500,000), or the equivalent thereof in an Alternative Currency.

In valuing any Investments for the purpose of applying the limitations set forth in this Section 8.8 (except as otherwise expressly provided herein), such Investment shall be taken at the original cost thereof, without allowance for any subsequent write-offs or appreciation or depreciation, but less any amount repaid or recovered on account of capital or principal.

8.9 Accounts Receivable. Except to Agent on behalf of the Banks or pursuant to a Permitted Securitization, sell or assign any account, note or trade acceptance receivable, if the sum of (i) the face value of the account, note or trade acceptance receivables proposed to be transferred, plus (ii) the face value of account, note or trade acceptance receivables transferred by the Company and its Subsidiaries during the then current fiscal year of the Company would exceed five percent (5%) of the face value of the account, note and trade acceptance receivables of the Company and its Subsidiaries determined on a Consolidated basis as of the end of the most recently concluded fiscal year of the Company prior to giving effect to any such transfer.

8.10 Transactions with Affiliates. Enter into any transaction with any of its stockholders or officers or its Affiliates (including without limitation affiliated Dealers), except in the ordinary course of business and on terms not materially less favorable than would be usual and customary in similar transactions between Persons dealing at arm's length.

8.11 No Further Negative Pledges. Enter into or become subject to any agreement (other than loan documents evidencing or otherwise related to the Senior Debt, the Future Debt, the Permitted CAC UK Debt, lines of credit maintained by Arlington Investment Company and permitted under Section 8.5(d) hereof (but limited to Arlington Investment Company or the property and assets of Arlington Investment Company) or unsecured overdraft lines of credit or similar credit arrangements maintained by the Permitted Borrowers in the ordinary course of

business in the countries of their formation (but limited to the applicable Permitted Borrower or the property and assets of the applicable Permitted Borrower)or any purchase money Debt permitted under this Agreement or the other Loan Documents, but only to the extent of the property acquired with the proceeds of such purchase money Debt, and other than pursuant to any of the Securitization Documents, but only to the extent of the Advances to Dealers, Leased Vehicles, Installment Contracts or Leases, and the other rights and property transferred or encumbered in connection with the Permitted Securitization covered by such Securitization Documents) (i) prohibiting the guaranteeing by the Company or any Subsidiary of any obligations, (ii) prohibiting the creation or assumption of any lien or encumbrance upon the properties or assets of the Company or any Subsidiary, whether now owned or hereafter acquired, or (iii) requiring an obligation to become secured (or further secured) if another obligation is secured or further secured. [Changes in this Section to be given retroactive effect to 7/1/98].

8.12 Prepayment of Debts. Except for Permitted Prepayments and the Permitted Senior Note Prepayment, prepay, purchase, redeem or defease any Debt for money borrowed, excluding, subject to the terms hereof, the Indebtedness, and excluding paydowns from time to time of permitted working capital facilities or other revolving debt and mandatory payments, prepayments or redemptions for which Company or any Subsidiary is obligated as of the date hereof or, with respect only to the Senior Debt or for any Future Debt, for which Company or any Subsidiary becomes obligated after the date hereof or, with respect only to Permitted Securitizations, any payment pursuant to a Cleanup Call.

8.13 Amendment of Senior Debt or Future Debt Documents. Except with the prior written approval of Agent and the Majority Banks, amend, modify or otherwise alter (or suffer to be amended, modified or altered) or waive (or permit to be waived) in any material respect, any documents or instruments evidencing or otherwise related to Senior Debt or Future Debt so as to shorten the original maturity date or amortization schedule thereof, or amend, modify or otherwise alter (or suffer to be amended, modified or altered) any documents or instruments evidencing or otherwise related to Senior Debt or Future Debt to include (or enter into any Future Debt Documents which include) any covenants or other provisions, other than a provision not more onerous to the Company than Section 6.18 of the note purchase agreements governing the Senior Debt as in effect on the date hereof, that require, for the amendment of any term or provision of this Agreement, or the waiver of any term or provision hereof, the approval or consent of any other creditor of the Company.

8.14 Amendment of Subordinated Debt Documents. Amend, modify or otherwise alter (or suffer to be amended, modified or altered) any of the material terms and conditions of those documents or instruments evidencing or otherwise related to Subordinated Debt or waive (or permit to be waived) any such provision thereof in any material respect, without the prior written approval of Agent and the Majority Banks. For purposes of those documents and instruments evidencing or otherwise related to the Subordinated Debt, any increase in the original interest rate or principal amount, any shortening of the original amortization, any change in any default, remedial or other

repayment terms, any change in or waiver of conditions contained therein which are required under or necessary for compliance with this Agreement or the other Loan Documents or any change in the subordination provisions contained therein, shall (without reducing the scope of this Section 8.14) be deemed to be material.

8.15 Limitation on Dividends. Declare, make or otherwise set apart, directly or indirectly, any funds or other property for, or incur any liability to make any dividend or other distribution, direct or indirect and whether payable in cash or property, on account of any capital stock or other equity interest of the Company or any of its Subsidiaries, except to the extent that any such dividend or distribution (i) is payable to the Company or any of its Subsidiaries or (ii) is payable solely in capital stock or other equity interests of the Company or any such Subsidiary (other than any Special Purpose Subsidiary), unless, at the time of such action (and giving effect thereto) such dividend or distribution is permitted under Section 2.5 of each of the amendments to the note agreements which constitute Senior Debt Documents executed concurrently with the execution of the Second Amendment to this Agreement (the "December 1997 Note Agreement Amendments"), as such note agreements are presently in effect (after giving effect to the December 1997 Note Agreement Amendments) without giving effect to any subsequent amendments, modifications or waivers thereof, except to the extent expressly provided in Section 2.6 of the December 1997 Note Agreement Amendments.

8.16 Securitization Transaction; Amendments to Securitization Documents. Engage in a Securitization Transaction, other than a Permitted Securitization 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 such documents and instruments, "material" and "materially" shall be deemed to relate solely to recourse, Cleanup Calls or any change in or waiver of conditions contained therein which are required under or necessary for compliance with this Agreement. 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.

EXHIBIT 4(E)(5)

FOURTH AMENDMENT TO NOTE PURCHASE AGREEMENT
RE:
CREDIT ACCEPTANCE CORPORATION
FIRST AMENDED AND RESTATED 8.02% SENIOR NOTES DUE OCTOBER 1, 2001

Dated as of December 1, 1999

To the Noteholders listed on Annex I hereto

Ladies and Gentlemen:

Credit Acceptance Corporation, a Michigan corporation (together with its successors and assigns, the "Company"), hereby agrees with you as follows:

SECTION 1. INTRODUCTORY MATTERS.

1.1 DESCRIPTION OF OUTSTANDING NOTES. The Company currently has outstanding $30,792,613.68 in aggregate unpaid principal amount of its First Amended and Restated 8.02% Senior Notes due October 1, 2001 (collectively, the "Notes") which it issued pursuant to the separate Note Purchase Agreements, each dated as of March 25, 1997 (collectively, as amended by the First Amendment to Note Purchase Agreement, dated as of December 12, 1997, the Second Amendment to Note Purchase Agreement, dated as of July 1, 1998, and the Third Amendment to Note Purchase Agreement, dated as of April 13, 1999, the "Agreement"), entered into by the Company with each of the original holders of the Notes listed on Annex 1 thereto, respectively. Terms used herein but not otherwise defined herein shall have the meanings assigned thereto in the Agreement, as amended hereby.

1.2 PURPOSE OF AMENDMENT. The Company and you desire to amend the Agreement as set forth in Section 2 hereof.

SECTION 2. AMENDMENT TO THE AGREEMENT.

Pursuant to Section 10.5 of the Agreement, the Company hereby agrees with you that the Agreement shall be amended by this Fourth Amendment to Note Purchase Agreement (this "Fourth Amendment") in the following respects:

2.1 SECTION 1.1. Section 1.1 is hereby amended and restated in its entirety as set forth below.

"1.1 AUTHORIZATION OF NOTES.

(a) On March 28, 1997, the Company issued Seventy-One Million Seven Hundred Fifty Thousand Dollars ($71,750,000) in aggregate principal amount of its 7.77% Senior Notes due October 1, 2001 (the "Original Notes," such term to include each Original Note delivered from time to time prior to the effectiveness of the Second Amendment in accordance with any of the Note Purchase Agreements), each:

(i) bearing interest (computed on the basis of a 360-day year of twelve 30-day months) on the unpaid principal balance thereof from the date of such Original Note at the rate of seven and seventy-seven one-hundredths percent (7.77%) per annum, payable semi-annually on the first (1st) day of April and the first (1st) day of October in each year commencing on the later of October 1, 1997 or the payment date next succeeding the date of such Original Note;

(ii) bearing interest, payable on demand, on any overdue principal (including any overdue prepayment of principal) and Make-Whole Amount, if any, and (to the extent permitted by applicable law) on any overdue installment of interest, at a rate equal to the lesser of

(A) the highest rate allowed by applicable law, or

(B) nine and seventy-seven one-hundredths percent (9.77%) per annum;

(iii) maturing on October 1, 2001; and

(iv) in the form of the Original Note set out in Exhibit A, as in effect on the Closing Date.

(b) Pursuant to the Second Amendment, the Company and the holders of the Original Notes have agreed to amend and restate in full the Original Notes substantially in the form attached to the Second Amendment as Attachment 1 thereto (the "First Amended and Restated Notes," such term to include each Original Note, as amended and restated pursuant to the Second Amendment, and each First Amended and Restated Note delivered from time to time on or after the effectiveness of the Second Amendment in accordance with any of the Note Purchase Agreements). Each First Amended and Restated Note will:

(i) be designated a "First Amended and Restated 8.02% Senior Note Due October 1, 2001";

(ii) bear interest (computed on the basis of a 360-day year of twelve 30-day months) on the unpaid principal balance thereof from the date

of such Note at the rate of seven and seventy-seven one-hundredths percent (7.77%) per annum through (but not including) July 1, 1998, and at the rate of eight and two one-hundredths percent (8.02%) per annum from and after July 1, 1998 through, but not including, December 1, 1999, payable semi-annually on the first (1st) day of April and the first (1st) day of October in each year commencing on the payment date next succeeding the date of such First Amended and Restated Note;

(iii) bear interest, payable on demand, on any overdue principal (including any overdue prepayment of principal) and Make-Whole Amount, if any, and (to the extent permitted by applicable law) on any overdue installment of interest, at a rate equal to the lesser of

(A) the highest rate allowed by applicable law, or

(B) (I) nine and seventy-seven one-hundredths percent (9.77%) per annum if such time is prior to July 1, 1998, or (II) ten and two one-hundredths percent (10.02%) per annum if such time is on or after July 1, 1998 and prior to December 1, 1999;

(iv) mature on October 1, 2001; and

(v) be in the form of the First Amended and Restated Note set out in Exhibit A (as in effect upon the effectiveness of the Second Amendment).

(c) Pursuant to the Fourth Amendment, the Company and the holders of the Notes have agreed to amend and restate in full the First Amended and Restated Notes which remain outstanding at and after December 1, 1999 substantially in the form attached to the Fourth Amendment as Attachment 4 thereto (the "Second Amended and Restated Notes," such term to include each Original Note, as amended and restated pursuant to the Second Amendment, each First Amended and Restated Note delivered from time to time on or after the effectiveness of the Second Amendment in accordance with any of the Note Purchase Agreements, and each Second Amended and Restated Note delivered from time to time on or after December 1, 1999 in accordance with any of the Note Purchase Agreements). Each Second Amended and Restated Note will:

(i) (A) from and including December 1, 1999 through, but not including, January 15, 2000 be designated a "Second Amended and Restated 8.77% Senior Note Due October 1, 2001" and (B) from and after January 15, 2000 be designated a "Second Amended and Restated 9.27% Senior Note Due October 1, 2001";

(ii) bear interest (computed on the basis of a 360-day year of twelve 30-day months) on the unpaid principal balance thereof from the date of such Note at the rate of eight and seventy-seven one-hundredths percent (8.77%) per annum from and including December 1, 1999 through, but not including, January 15, 2000, and at the rate of nine and twenty-seven one-hundredths percent (9.27%) per annum from and after January 15, 2000 to and including the date of maturity thereof, payable semi-annually on the first (1st) day of April and the first (1st) day of October in each year commencing on the payment date next succeeding the date of such Second Amended and Restated Note;

(iii) bear interest, payable on demand, on any overdue principal (including any overdue prepayment of principal) and Make-Whole Amount, if any, and (to the extent permitted by applicable law) on any overdue installment of interest, at a rate equal to the lesser of

(A) the highest rate allowed by applicable law, or

(B) (I) ten and seventy-seven one-hundredths percent (10.77%) per annum if such time is from and including December 1, 1999 through, but not including, January 15, 2000, or (II) eleven and twenty-seven one-hundredths percent (11.27%) per annum if such time is on or after January 15, 2000;

(iv) mature on October 1, 2001; and

(v) be in the form of the Second Amended and Restated Note set out in Exhibit A (as in effect upon the effectiveness of the Fourth Amendment).

(d) The Original Notes, the First Amended and Restated Notes and the Second Amended and Restated Notes are referred to herein, collectively, as the "Notes". The term "Notes" as used herein shall include each Note delivered pursuant to the Note Purchase Agreements and each Note delivered in substitution or exchange for any such Note pursuant to Section 5.2 or Section 5.3, and shall be deemed (i) when reference is made to a date prior to the effective date of the Second Amendment, to be a reference to the Original Notes, (ii) when reference is made to a date on or after the effective date of the Second Amendment, to be a reference to the First Amended and Restated Notes, and (iii) when reference is made to a date on or after December 1, 1999, to be a reference to the Second Amended and Restated Notes."

2.2 ARTICLE 6. Article 6 is hereby amended and restated in its entirety as set forth below.

"6. COVENANTS

The Company covenants that on and after the Closing Date and so long as any of the Notes shall be outstanding:

6.1 DEBT AND ADVANCES.

(A) TOTAL DEBT. The Company will not at any time permit Consolidated Total Debt to exceed any of the following:

(i)(A) two hundred seventy-five percent (275%) of Consolidated Tangible Net Worth prior to the effective date of the Second Amendment, and (B) two hundred percent (200%) of Consolidated Tangible Net Worth from the effective date of the Second Amendment until such time (but in no event prior to December 31, 1998) as the Company has maintained a ratio of (A) Consolidated Income Available for Fixed Charges for the four consecutive fiscal quarters of the Company most recently ended at such time to (B) Consolidated Fixed Charges for such period of not less than 2.25 to 1.0 for two consecutive fiscal quarters, then two hundred seventy-five percent (275%) of Consolidated Tangible Net Worth, provided however, that for the purposes of this test, Consolidated Total Debt shall be calculated by including all Debt incurred by a Special Purpose Subsidiary, whether or not included therein under GAAP;

(ii) Seventy-Five Percent (75%) of the sum of (A) Advances and (B) Leased Vehicles; and

(iii) Sixty Percent (60%) of the sum of (A) Gross Current Installment Contract Receivables and (B) Gross Current Leased Vehicles.

(B) SENIOR FUNDED DEBT. The Company will not at any time permit Consolidated Senior Funded Debt to exceed either

(i) two hundred percent (200%) of Consolidated Tangible Net Worth at such time, or

(ii) (A) the sum of (I) Net Installment Contract Receivables less Net Dealer Holdbacks and (II) Leased Vehicles less Net Leased Vehicle Dealer Holdbacks, in each case at such time, divided by

(B) 1.10.

(C) SUBORDINATED FUNDED DEBT. The Company will not at any time permit Consolidated Subordinated Funded Debt to exceed one hundred fifty percent (150%) of Consolidated Tangible Net Worth at such time.

(D) RESTRICTED SUBSIDIARY DEBT. The Company will not at any time permit the sum of (i) Total Restricted Subsidiary Debt at such time plus, without duplication, (ii) the aggregate amount of all Debt and other obligations outstanding at such time secured by Liens permitted by clause (v), clause (vi) and clause (vii) of Section 6.6(a) to exceed (A) on or before July 31, 1997, fifteen percent (15%) of Consolidated Tangible Net Worth or (B) on or after August 1, 1997, twenty percent (20%) of Consolidated Tangible Net Worth.

(E) COMMERCIAL PAPER. The Company will not, and will not permit any Restricted Subsidiary to, issue commercial paper unless the obligations of the Company or such Restricted Subsidiary with respect to such commercial paper are backed by a Letter of Credit Facility.

(F) GROSS ADVANCES. The Company will not at any time permit Gross Advances to exceed seventy percent (70%) of Net Installment Contract Receivables; provided, however, that at any time at which the Credit Agreement (as from time to time amended, restated, refinanced, replaced or supplemented) does not permit the amount of Gross Advances to exceed 65% of Net Installment Contract Receivables, the Company shall not permit Gross Advances to exceed sixty-five percent (65%) of Net Installment Contract Receivables.

6.2 FIXED CHARGE COVERAGE.

The Company will not at any time permit the ratio of

(a) Consolidated Income Available for Fixed Charges for the period of four (4) consecutive fiscal quarters of the Company most recently ended at such time to

(b) Consolidated Fixed Charges for such period

to be less than (i) 2.5 to 1.0 for any period of four fiscal quarters ended on or prior to September 30, 1997, (ii) 1.9 to 1.0 for the four fiscal quarters ended December 31, 1997, (iii) 1.7 to 1.0 for the four fiscal quarters ended March 31, 1998, (iv) 1.6 to 1.0 for the four fiscal quarters ended June 30, 1998, (v) 2.0 to 1.0 for the four fiscal quarters ended September 30, 1998 and (vi) 2.25 to 1.0 for any four fiscal quarters ended on or after December 31, 1998.

6.3 CONSOLIDATED TANGIBLE NET WORTH.

The Company will not at any time permit Consolidated Tangible Net Worth, determined at such time, to be less than the result of

(a) Two Hundred Eighteen Million Seven Hundred Twenty Five Thousand Dollars ($218,725,000), plus

(b) the sum of (i) seventy-five percent (75%) of Consolidated Net Income for each fiscal year ended during the period beginning on January 1, 1999 and ending on such date (unless Consolidated Net Income shall be a loss in any such fiscal year, in which event the amount determined pursuant to this clause (b)(i) for such fiscal year shall be zero) and (ii) 100% of the proceeds of each Equity Offering conducted on and after July 1, 1998 by the Company or any of its Restricted Subsidiaries, net of related costs of issuance payable to third parties, on a cumulative basis.

6.4 SALE AND LEASEBACK TRANSACTIONS.

The Company will not, and will not permit any Restricted Subsidiary to, enter into, at any time, any Sale and Leaseback Transaction unless,

(a) after giving effect thereto,

(i) the sale of Property in connection with such Sale and Leaseback Transaction is permitted pursuant to Section 6.8 and

(ii) the Debt to be secured by a Lien on the Property to be leased in connection with such Sale and Leaseback Transaction is permitted pursuant to the provisions of Section 6.1 and Section 6.6, and

(b) the lease of such Property constitutes a Capital Lease.

6.5 RESTRICTED INVESTMENTS.

The Company will not, and will not permit any Restricted Subsidiary to, make any Restricted Investment.

6.6 LIENS.

(A) NEGATIVE PLEDGE. The Company will not, and will not permit any Restricted Subsidiary to, cause or permit to exist, or agree or consent to cause or permit to exist in the future (upon the happening of a contingency or otherwise), any of their Property, whether now owned or hereafter acquired, to be subject to any Lien except:

(i) (A) Liens securing Property taxes, assessments or governmental charges or levies or the claims or demands of materialmen, mechanics, carriers, warehousemen, vendors, landlords and other like Persons, provided that the payment thereof is not at the time required by Section 6.12, (B) any Lien encumbering Securitization Property which is the subject of a Transfer pursuant to a Permitted Securitization, and (C) any Lien granted in favor of the "Collateral Agent" (as defined in the Intercreditor Agreement) for the benefit of the Banks, the holders of Notes and "Future Debt Holders" (as defined in the Intercreditor Agreement) and subject to the Intercreditor Agreement;

(ii) Liens

(A) arising from judicial attachments and judgments,

(B) securing appeal bonds or supersedeas bonds, and

(C) arising in connection with court proceedings (including, without limitation, surety bonds and letters of credit or any other instrument serving a similar purpose),

provided that (1) the execution or other enforcement of such Liens is effectively stayed, (2) the claims secured thereby are being contested in good faith and by appropriate proceedings, (3) adequate book reserves in accordance with GAAP shall have been established and maintained and shall exist with respect thereto, (4) such Liens do not in the aggregate detract from the value of such Property and (5) the title of the Company or the Restricted Subsidiary, as the case may be, to, and its right to use, such Property, is not materially adversely affected thereby;

(iii) Liens incurred or deposits made in the ordinary course of business

(A) in connection with workers' compensation, unemployment insurance, social security and other like laws, and

(B) to secure the performance of letters of credit, bids, tenders, sales contracts, leases, statutory obligations, surety and performance bonds (of a type other than set forth in Section 6.6(a)(ii)) and other similar obligations not incurred in connection with the borrowing of money, the obtaining of advances or the payment of the deferred purchase price of Property;

(iv) Liens in the nature of reservations, exceptions, encroachments, easements, rights-of-way, covenants, conditions, restrictions, leases and other similar title exceptions or encumbrances affecting real Property, provided that (1) such

exceptions and encumbrances do not in the aggregate materially detract from the value of such Property and (2) title of the Company or the Restricted Subsidiary, as the case may be, to, and the right to use, such Property, is not materially adversely affected thereby;

(v) Liens in existence on the Closing Date securing Debt, provided that such Liens are described in Part 6.6(a)(v) of Annex 3;

(vi) Purchase Money Liens, if, after giving effect thereto and to any concurrent transactions:

(A) each such Purchase Money Lien secures Debt in an amount not exceeding the cost of acquisition or construction of the particular Property to which such Debt relates; and

(B) immediately after giving effect thereto, no Default or Event of Default would exist; and

(vii) Liens on Property not otherwise permitted under clause (i) through clause (vi) of this Section 6.6(a) if the obligations secured by such Liens, when added to (A) the obligations secured by Liens pursuant to clause (v) and clause (vi) of this Section 6.6(a) plus, without duplication, (B) Total Restricted Subsidiary Debt at such time, do not exceed (1) on or before July 31, 1997, fifteen percent (15%) of Consolidated Tangible Net Worth or (2) on or after August 1, 1997, twenty percent (20%) of Consolidated Tangible Net Worth.

(B) EQUAL AND RATABLE LIEN; EQUITABLE LIEN. In case any Property shall be subjected to a Lien in violation of this Section 6.6, the Company will immediately make or cause to be made, to the fullest extent permitted by applicable law, provision whereby the Notes will be secured equally and ratably with all other obligations secured thereby pursuant to such agreements and instruments as shall be approved by the Required Holders, and the Company will cause to be delivered to each holder of a Note an opinion, satisfactory in form and substance to the Required Holders, of independent counsel to the effect that such agreements and instruments are enforceable in accordance with their terms, and in any such case the Notes shall have the benefit, to the fullest extent that, and with such priority as, the holders of Notes may be entitled thereto under applicable law, of an equitable Lien on such Property securing the Notes (provided that, notwithstanding the foregoing, each holder of Notes shall have the right to elect at any time, by delivery of written notice of such election to the Company, to cause the Notes held by such holder not to be secured by such Lien or such equitable Lien). A violation of this Section 6.6 will constitute an Event of Default, whether or not any such provision is made pursuant to this Section 6.6(b).

(C) FINANCING STATEMENTS. The Company will not, and will not permit any Restricted Subsidiary to, sign or file a financing statement under the Uniform Commercial Code of any jurisdiction that names the Company or such Restricted Subsidiary as debtor, or sign any security agreement authorizing any secured party thereunder to file any such financing statement, except, in any such case, a financing statement filed or to be filed to perfect or protect a security interest that the Company or such Restricted Subsidiary is permitted to create, assume or incur, or permit to exist, under the foregoing provisions of this Section 6.6 or to evidence for informational purposes a lessor's interest in Property leased to the Company or any such Restricted Subsidiary.

6.7 MERGER AND CONSOLIDATION; COVENANT TO MERGE CAC INTERNATIONAL.

(A) MERGER AND CONSOLIDATION. The Company will not, and will not permit any Restricted Subsidiary to, merge or consolidate with or into, or sell, lease, transfer or otherwise dispose of all or substantially all of its Property to, any other Person or permit any other Person to merge or consolidate with or into it (the Company, the Restricted Subsidiary or such other Person that is the surviving corporation or transferee being herein referred to as the "Surviving Corporation"), provided that the foregoing restrictions shall not apply to:

(i) the merger or consolidation of the Company with or into, or the sale of all or substantially all of the Property of the Company to, another corporation, if:

(A) the Surviving Corporation is solvent and is organized under the laws of the United States of America or any state thereof;

(B) the due and punctual payment of the principal of and Make-Whole Amount, if any, and interest on all of the Notes, according to their tenor, and the due and punctual performance and observance of all the covenants in the Notes and this Agreement to be performed or observed by the Company, are expressly assumed or acknowledged by the Surviving Corporation in a manner satisfactory to the Required Holders, and the Company causes to be delivered to each holder of Notes an opinion of independent counsel, in form, scope and substance satisfactory to the Required Holders, to the effect that such assumption or acknowledgment is enforceable in accordance with its terms; and

(C) immediately prior to, and immediately after the consummation of the transaction, and after giving effect thereto, no Default or Event of Default exists or would exist;

(ii) the merger or consolidation of a Restricted Subsidiary with or into, or the sale of all or substantially all of the Property of such Restricted Subsidiary to, the

Company, another Restricted Subsidiary or any other Person that concurrently with such merger, consolidation or sale becomes a Restricted Subsidiary, if:

(A) the Surviving Corporation is organized under the laws of the United States of America or any state thereof; and

(B) immediately prior to, and immediately after the consummation of the transaction, and after giving effect thereto, no Default or Event of Default exists or would exist;

(iii) the Transfer of Securitization Property to any Special Purpose Subsidiary in connection with a Permitted Securitization; and

(iv) a merger, consolidation or Transfer of a Restricted Subsidiary or Restricted Subsidiaries pursuant to the Montana Disposition or the Arlington Disposition.

(B) COVENANT TO MERGE CAC INTERNATIONAL. The Company covenants and agrees that it shall merge CAC International with and into the Company (with the Company being the survivor) on or before May 15, 1997, in accordance with Section 6.7(a).

6.8 TRANSFERS OF PROPERTY; SUBSIDIARY STOCK.

(A) TRANSFERS OF PROPERTY. Except as permitted under Section 6.7(a), the Company will not, and will not permit any Restricted Subsidiary to, sell, lease as lessor, transfer or otherwise dispose of any Property (including, without limitation, Restricted Subsidiary Stock) (collectively, "Transfers"), except:

(i) Transfers from a Restricted Subsidiary to the Company or to a Wholly-Owned Restricted Subsidiary;

(ii) any other Transfer at any time of any Property to a Person, other than an Affiliate, for an Acceptable Consideration, if each of the following conditions would be satisfied with respect to such Transfer:

(A) the result of

(1) the sum of

(aa) the current book value of such Property, plus

(bb) the aggregate book value of all other Property of the Company and the Restricted Subsidiaries, determined

on a consolidated basis, Transferred (other than in Transfers referred to in clauses (i), (iii), (iv), (v) and (vi) of this Section 6.8(a) (the "Excluded Transfers"), but including Transfers pursuant to Section 6.8(b) other than in connection with the Montana Disposition or the Arlington Disposition) during the twelve (12) month period ended immediately prior to the date of such Transfer, minus

(2) the aggregate cost of all Capital Assets acquired by the Company and the Restricted Subsidiaries, determined on a consolidated basis, during such twelve (12) month period,

would not exceed ten percent (10%) of Consolidated Net Tangible Assets determined as at the end of the most recently ended fiscal year of the Company prior to giving effect to such Transfer, and

(B) immediately before and after the consummation of such Transfer, and after giving effect thereto, no Default or Event of Default would exist;

(iii) Transfers of Securitization Property to a Restricted Subsidiary or a Special Purpose Subsidiary pursuant to a Permitted Securitization if, immediately before and after the consummation of such Transfer, and after giving effect thereto, no Default or Event of Default would exist;

(iv) Transfers of the capital stock of a Special Purpose Subsidiary to the Company or a Restricted Subsidiary if, immediately before and after the consummation of such Transfer, and after giving effect thereto, no Default or Event of Default would exist;

(v) any Transfer made pursuant to the Montana Disposition (including without limitation the transfer by the Company of its intellectual property rights to the name Tele-Track, Inc.) or the Arlington Disposition if, immediately before and after the consummation of such Transfer, and after giving effect thereto, no Default or Event of Default would exist; and

(vi) any Transfer of Installment Contracts or Leases made to a Dealer due to the termination of a Dealer Agreement, for which Transfer the Company or any of its Restricted Subsidiaries receives an Acceptable Consideration.

(b) TRANSFERS OF SUBSIDIARY STOCK. The Company will not, and will not permit any Restricted Subsidiary to, Transfer any shares of the stock (or any warrants, rights or options to purchase stock or other Securities exchangeable for or convertible into stock) of a

Restricted Subsidiary (such stock, warrants, rights, options and other Securities herein called "Restricted Subsidiary Stock"), nor will any Restricted Subsidiary issue, sell or otherwise dispose of any shares of its own Restricted Subsidiary Stock, provided that the foregoing restrictions do not apply to:

(i) the issuance by a Restricted Subsidiary of shares of its own Restricted Subsidiary Stock to the Company or a Wholly-Owned Restricted Subsidiary;

(ii) Transfers by the Company or a Restricted Subsidiary of shares of Restricted Subsidiary Stock to the Company or a Wholly-Owned Restricted Subsidiary;

(iii) the issuance by a Restricted Subsidiary of directors' qualifying shares; and

(iv) the Transfer of all of the Restricted Subsidiary Stock of a Restricted Subsidiary owned by the Company and the other Restricted Subsidiaries pursuant to the Montana Disposition or the Arlington Disposition or if:

(A) such Transfer satisfies the requirements of Section 6.8(a)(ii);

(B) in connection with such Transfer the entire Investment (whether represented by stock, Debt, claims or otherwise) of the Company and the other Restricted Subsidiaries in such Restricted Subsidiary is Transferred to a Person other than the Company or a Restricted Subsidiary not simultaneously being disposed of;

(C) the Restricted Subsidiary being disposed of has no continuing Investment in any other Restricted Subsidiary not simultaneously being disposed of or in the Company; and

(D) immediately before and after the consummation of such Transfer, and after giving effect thereto, no Default or Event of Default would exist.

For purposes of determining the book value of Property constituting Restricted Subsidiary Stock being Transferred as provided in clause (iv) above, such book value shall be deemed to be the aggregate book value of all assets of the Restricted Subsidiary that shall have issued such Restricted Subsidiary Stock. Any Transfer of Restricted Subsidiary Stock pursuant to clause (iv) above shall be deemed to be a Transfer of the accounts receivable of such Restricted Subsidiary which must satisfy the requirements of Section 6.8(c).

(c) ACCOUNTS RECEIVABLE. Notwithstanding the provisions of Section 6.8(a), except in connection with a Permitted Securitization or in connection with the Montana Disposition or the Arlington Disposition, neither the Company nor any Restricted Subsidiary will Transfer any accounts receivable if the sum of

(i) the face value of the accounts receivable proposed to be Transferred, plus

(ii) the face value of accounts receivable Transferred by the Company and all Restricted Subsidiaries during the then current fiscal year of the Company,

would exceed five percent (5%) of the face value of the accounts receivable of the Company and the Restricted Subsidiaries determined on a consolidated basis as at the end of the most recently ended fiscal year of the Company prior to giving effect to such Transfer (but excluding for purposes of such calculation accounts receivable attributable to assets the title to which is held by a Special Purpose Subsidiary pursuant to a Permitted Securitization).

6.9 LINE OF BUSINESS.

The Company will not, and will not permit any Restricted Subsidiary to, engage in, or make any Investment in any business engaged in, the provision of property and casualty insurance unless the Company or such Restricted Subsidiary shall maintain reinsurance of its underwriting risk, with one or more reinsurers rated "A-" or better by Standard & Poor's Ratings Group or "A3" or better by Moody's Investors Service, Inc., for all of the Company's or such Restricted Subsidiary's exposure in excess of one hundred percent (100%) of the premiums written by the Company or such Restricted Subsidiary. In addition to the foregoing, the Company will not, and will not permit any Restricted Subsidiary to, engage in any business if, after giving effect thereto, the general nature of the businesses of the Company and the Restricted Subsidiaries, taken as a whole, would no longer be the provision of financing programs for the purchase or lease of used motor vehicles, motor vehicle service protection programs, credit life, accident and health insurance programs and other programs related to the foregoing (it being understood that, in the course of the provision of such programs, the Company may be obligated to remit monies held by it in connection with dealer holdbacks, claims or refunds under insurance policies, claims or refunds under service contracts, and to make deposits in trust or otherwise as required under reinsurance agreements or pursuant to state regulatory requirements). The Company shall manage and operate such businesses in substantially the same manner that they are managed and operated as of the date hereof.

6.10 TRANSACTIONS WITH AFFILIATES.

The Company will not, and will not permit any Restricted Subsidiary to, enter into any transaction, including, without limitation, the purchase, sale or exchange of Property or the rendering of any service, with any Affiliate, except (a) a Permitted Securitization or (b) in the ordinary course of and pursuant to the reasonable requirements of the Company's or such Restricted Subsidiary's

business and upon fair and reasonable terms no less favorable to the Company or such Restricted Subsidiary than would obtain in a comparable arm's-length transaction with a Person not an Affiliate.

6.11 MAINTENANCE OF PROPERTIES; CORPORATE EXISTENCE; ETC.

The Company will, and will cause each Restricted Subsidiary to:

(a) PROPERTY -- maintain, preserve and keep its Property in good condition and working order, ordinary wear and tear excepted, and make all necessary repairs, renewals, replacements, additions, betterments and improvements thereto, except where the failure to do so could not reasonably be expected to have a Material Adverse Effect;

(b) INSURANCE -- maintain, with financially sound and reputable insurers, insurance with respect to its Property and business against such casualties and contingencies, of such types (including, without limitation, insurance with respect to losses arising out of Property loss or damage, public liability, business interruption, larceny, workers' compensation, embezzlement or other criminal misappropriation) and in such amounts as is customary in the case of corporations of established reputations engaged in the same or a similar business and similarly situated, provided that such insurance is commercially available, it being understood that the Company and the Restricted Subsidiaries may self-insure against hazards and risks with respect to which, and in such amounts as, the Company in good faith determines to be prudent and consistent with sound financial and business practice;

(c) FINANCIAL RECORDS -- keep accurate and complete books of records and accounts in which accurate and complete entries shall be made of all its business transactions and that will permit the provision of accurate and complete financial statements in accordance with GAAP;

(d) CORPORATE EXISTENCE AND RIGHTS --

(i) do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence, rights (charter and statutory) and franchises, except where the failure to do so, in the aggregate, could not reasonably be expected to have a Material Adverse Effect, and

(ii) to maintain each Subsidiary as a Subsidiary,

in each case except as permitted or required by Section 6.7(a) and Section 6.8(b); and

(e) COMPLIANCE WITH LAW -- not be in violation of any law, ordinance or governmental rule or regulation to which it is subject (including, without limitation, any Environmental Protection Law and OSHA) and not fail to obtain any license, certificate,

permit, franchise or other governmental authorization necessary to the ownership of its Properties or to the conduct of its business if such violations or failures to obtain, in the aggregate, could reasonably be expected to have a Material Adverse Effect.

6.12 PAYMENT OF TAXES AND CLAIMS.

The Company will, and will cause each Subsidiary to, pay before they become delinquent:

(a) all taxes, assessments and governmental charges or levies imposed upon it or its Property; and

(b) all claims or demands of materialmen, mechanics, carriers, warehousemen, vendors, landlords and other like Persons that, if unpaid, might result in the creation of a Lien upon its Property;

provided, that items of the foregoing description need not be paid

(i) while being contested in good faith and by appropriate proceedings as long as adequate book reserves have been established and maintained and exist with respect thereto, and

(ii) so long as the title of the Company or the Subsidiary, as the case may be, to, and its right to use, such Property, is not materially adversely affected thereby.

6.13 PAYMENT OF NOTES AND MAINTENANCE OF OFFICE.

The Company will punctually pay, or cause to be paid, the principal of and interest (and Make-Whole Amount, if any) on, the Notes, as and when the same shall become due according to the terms hereof and of the Notes, and will maintain an office at the address of the Company set forth in Section 10.1 where notices, presentations and demands in respect hereof or of the Notes may be made upon it. Such office will be maintained at such address until such time as the Company shall notify the holders of the Notes in writing of any change of location of such office, which will in any event be located within the United States of America.

6.14 PENSION PLANS.

(a) COMPLIANCE. The Company will, and will cause each ERISA Affiliate to, at all times with respect to each Pension Plan, make timely payment of contributions required to meet the minimum funding standard set forth in ERISA or the IRC with respect thereto, and to comply with all other applicable provisions of ERISA and the IRC.

(b) RELATIONSHIP OF VESTED BENEFITS TO PENSION PLAN ASSETS. The Company will not at any time permit the present value of all employee benefits vested under each Pension

Plan to exceed the assets of such Pension Plan allocable to such vested benefits at such time, in each case determined pursuant to Section 6.14(c).

(c) VALUATIONS. All assumptions and methods used to determine the actuarial valuation of vested employee benefits under Pension Plans and the present value of assets of Pension Plans will be reasonable in the good faith judgment of the Company and will comply with all requirements of law.

(d) PROHIBITED ACTIONS. The Company will not, and will not permit any ERISA Affiliate to:

(i) engage in any "prohibited transaction" (as defined in section 406 of ERISA or section 4975 of the IRC) that would result in the imposition of a material tax or penalty;

(ii) incur with respect to any Pension Plan any "accumulated funding deficiency" (as defined in section 302 of ERISA), whether or not waived;

(iii) terminate any Pension Plan in a manner that could result in the imposition of a Lien on the Property of the Company or any Subsidiary pursuant to section 4068 of ERISA or the creation of any liability under section 4062 of ERISA;

(iv) fail to make any payment required by section 515 of ERISA; or

(v) at any time be an "employer" (as defined in section 3(5) of ERISA) required to contribute to any Multiemployer Plan or a "substantial employer" (as defined in section 4001 of ERISA) required to contribute to any Multiple Employer Pension Plan if, at such time, it could reasonably be expected that the Company or any Subsidiary will incur withdrawal liability in respect of such Multiemployer Plan or Multiple Employer Pension Plan and such liability, if incurred, together with the aggregate amount of all other withdrawal liability as to which there is a reasonable expectation of incurrence by the Company or any Subsidiary under any one or more Multiemployer Plans or Multiple Employer Pension Plans, could reasonably be expected to have a Material Adverse Effect.

6.15 PRO-RATA OFFERS; MANDATORY PURCHASE.

(a) GENERAL. Except as provided in Section 6.15(b), the Company will not, and will not permit any Subsidiary or any Affiliate to, directly or indirectly, acquire or make any offer to acquire any Notes unless the Company or such Subsidiary or Affiliate shall have offered to acquire Notes, pro rata, from all holders of the Notes and upon the same terms. In case the Company acquires any Notes pursuant to this Section 6.15, such Notes will immediately thereafter be canceled and no Notes will be issued in substitution therefor. Each

purchase of the Notes pursuant to this Section 6.15 shall be applied to reduce ratably each of the Mandatory Principal Amortization Payments remaining after the date of such purchase.

(b) MANDATORY PURCHASE OF NOTES. The Company shall, on or before January 15, 2000, acquire from the holders thereof the Notes listed on Attachment 6 to the Fourth Amendment (the "Repurchased Notes") for a price equal to the outstanding principal amount of such Repurchased Notes at such time as set forth on Attachment 6, plus interest accrued but unpaid to, but not including, the date of such purchase. The Company shall give written notice to the holders of the Repurchased Notes, no later than the second Business Day prior to such payment, of the date on which such payment is to be made. It is understood and acknowledged by the parties to this Agreement that (i) compliance by the Company with the obligations in this Section 6.15(b) shall not be deemed a breach of any of the Company's obligations under Section 4 of this Agreement; (ii) upon payment of the price provided in this Section 6.15(b) to the holders of the Repurchased Notes, the Company shall immediately cancel the Repurchased Notes and no Notes will be issued in substitution therefor (except that a substitute Note shall be issued for the balance outstanding if less than the full amount of the Note is to be repurchased pursuant hereto); and (iii) the Company's failure to comply with the obligation to make any payment required by this Section 6.15(b) on or before the required payment date shall be considered a failure to make a principal payment when due for purposes of Section 8.1(a) of this Agreement. The purchase of Repurchased Notes pursuant to this Section 6.15(b) shall be applied to reduce ratably each of the Mandatory Principal Amortization Payments remaining after the date of such purchase.

6.16 PRIVATE OFFERING.

The Company will not, and will not permit any Person acting on its behalf to, offer the Notes or any part thereof or any similar Securities for issuance or sale to, or solicit any offer to acquire any of the same from, any Person so as to bring the issuance and sale of the Notes within the provisions of section 5 of the Securities Act.

6.17 DESIGNATION OF SUBSIDIARIES.

(a) RIGHT OF DESIGNATION. Subject to the satisfaction of the requirements of Section 6.17(c), the Company shall have the right to designate any newly acquired or formed Subsidiary as an Unrestricted Subsidiary by delivering to each holder of Notes a writing, signed by a Vice President or the President of the Company, so designating such Subsidiary within thirty (30) days of the acquisition or formation of such Subsidiary by the Company or any Restricted Subsidiary. Any such Subsidiary so designated within such thirty (30) day period shall be deemed to have been an Unrestricted Subsidiary as of the date of such acquisition or formation and any such Subsidiary not so designated within such thirty (30) day period shall be deemed to have been a Restricted Subsidiary as of the date of such acquisition or formation. For all purposes of this Agreement, each Subsidiary designated as an Unrestricted Subsidiary in Part 6.17(a) of Annex 3 shall, subject to Section 6.17(b), be an

Unrestricted Subsidiary and all other Subsidiaries, if any, listed in Part 2.3 of Annex 3 shall be Restricted Subsidiaries.

(b) RIGHT OF REDESIGNATION. No Restricted Subsidiary shall be redesignated as an Unrestricted Subsidiary. Subject to the satisfaction of the requirements of Section 6.17(c), the Company may at any time designate any Unrestricted Subsidiary as a Restricted Subsidiary by delivering a written notice to such effect, signed by a Vice President or the Chairman, President or Treasurer of the Company, to each holder of Notes.

(c) DESIGNATION CRITERIA.

(i) No corporation acquired or formed after the Closing Date shall be designated as a Restricted Subsidiary (including deemed designation pursuant to Section 6.17(a)) unless:

(A) such Subsidiary at such time meets all of the requirements of a "Restricted Subsidiary" as set forth in the definition thereof; and

(B) immediately before and after, and after giving effect to such designation, no Default or Event of Default exists or would exist.

(ii) No Subsidiary shall at any time after the Closing Date be designated as an Unrestricted Subsidiary pursuant to Section 6.17(a) unless:

(A) immediately before and after, and after giving effect to such designation, no Default or Event of Default exists or would exist; and

(B) such Subsidiary does not own, directly or indirectly, any Funded Debt or capital stock of any Restricted Subsidiary.

(d) EFFECTIVENESS. Any designation under Section 6.17(b) that satisfies all of the conditions set forth in Section 6.17(c) shall become effective, for purposes of this Agreement, on the day that notice thereof shall have been mailed (postage prepaid, by registered or certified mail, return receipt requested) by the Company to each holder of Notes at the addresses as provided in Section 10.1.

6.18 AMENDMENT OF BANK TERM DEBT OR SUBORDINATED DEBT DOCUMENTS; TERMINATION OF RESTRICTION ON BANK TERM DEBT AMENDMENTS; NO FURTHER RESTRICTIONS ON AMENDMENTS OF THIS AGREEMENT.

(a) AMENDMENT OF BANK TERM DEBT OR SUBORDINATED DEBT DOCUMENTS. The Company will not amend, modify or otherwise alter (or suffer to be amended, modified or

altered), or waive (or permit to be waived), in any material respect, any of the terms or provisions of any document or instrument:

(i) evidencing or otherwise relating to any Bank Term Debt so as to shorten the maturity or original amortization of such Bank Term Debt, or

(ii) evidencing or otherwise relating to any Subordinated Debt so as to increase the original interest rate on, or the principal amount of, such Subordinated Debt, shorten the original amortization of such Subordinated Debt, change any other repayment terms or any default or remedial provisions in any such document or instrument, or change the subordination provisions contained in any such document or instrument,

in each case without the prior written approval of the Required Holders.

(b) TERMINATION OF RESTRICTION ON BANK TERM DEBT AMENDMENTS. Subject to Section 6.18(c), the provisions of Section 6.18(a), insofar as such provisions relate to amendments, modifications, alterations or waivers of Bank Term Debt, will terminate and be of no further force or effect at such time as the Company causes to be delivered to each holder of Notes a duly executed copy of an amendment or modification of the Credit Agreement (or any new agreement contemplated by Section 6.18(c)(ii) below) deleting Section 8.13 of the Credit Agreement (or the comparable provision in such new agreement) effective on or prior to the date of such delivery.

(c) NO FURTHER RESTRICTIONS ON AMENDMENTS OF THIS AGREEMENT. The Company will not:

(i) amend, modify or otherwise alter (or suffer to be amended, modified or altered) the Credit Agreement (including, without limitation, Section 8.13 thereof) or any document or instrument relating thereto to include any covenant or other provision (other than Section 8.13 of the Credit Agreement as in effect on the Closing Date) that requires, as a condition to the amendment of any term or provision of this Agreement, or the waiver of any term or provision herein, the approval or consent of any other creditor of the Company; or

(ii) enter into any other agreement (or suffer to be amended, modified or altered any other agreement to which the Company is a party) that requires, as a condition to the amendment of any term or provision of this Agreement, or the waiver of any term or provision herein, the approval or consent of any other creditor of the Company; provided that if (A) any such agreement is entered into to replace, refinance or supplement the Credit Agreement and (B) Section 8.13 of the Credit Agreement (as in effect on the Closing Date) shall not have been deleted from the Credit Agreement as of the time such new agreement is to be entered into, such new

agreement may include a covenant substantially the same as (and not more onerous on the Company than) Section 8.13 of the Credit Agreement (as in effect on the Closing Date).

6.19 AMENDMENT OF SECURITIZATION DOCUMENTS. Once executed and delivered pursuant to a Permitted Securitization, the Company covenants that it will not permit the "pertinent terms, conditions or provisions" of the Securitization Documents to be waived, amended, modified or otherwise altered in any material respect adverse to the Company or any Restricted Subsidiary or Special Purpose Subsidiary without the prior written approval of the Required Holders. For purposes of the Securitization Documents, the "pertinent terms, conditions or provisions" thereof shall be deemed solely those terms, conditions or provisions with respect to servicer fees, servicer expenses, defaults, events of default, recourse to the Company or any Restricted Subsidiary, Cleanup Calls or conditions contained therein which are required under or necessary for compliance with this Agreement.

6.20 RESTRICTED PAYMENTS.

(a) The Company shall not, and shall not permit any Restricted Subsidiary to, directly or indirectly, declare, make, set apart any funds or other property for, or incur any liability to make any Restricted Payment unless, at the time of such action, at least two of the following four organizations shall have assigned an Investment Grade Rating to the Company, the Notes or any other senior unsecured debt obligation of the Company: Moody's Investors Service, Inc., Standard & Poor's Ratings Group, the National Association of Insurance Commissioners (the "NAIC"), or Fitch Investors Services, Inc.

(b) The parties hereto specifically acknowledge that the NAIC is not in any way a rating agency with functions such as those performed by Moody's Investors Service, Inc., Standard & Poor's Ratings Group, or Fitch Investors Services, Inc. Further, the parties hereto specifically acknowledge that any rating given to the Notes by the NAIC is not to be interpreted as an expression by the NAIC with respect to the suitability of an investment in the Notes or the likelihood of any payment in respect thereof. In addition, the signatories hereto specifically affirm that the holders of the Notes will not obtain any benefit from satisfaction of the requirement set forth in Section 6.20(a).

(c) If the NAIC makes specific reference to Section 6.20(a) and states that it will withdraw any rating or designation of the Notes, or will take any other action adverse to any one or more of the holders of the Notes, as a result of the agreement set forth in Section 6.20(a), the parties hereto hereby agree that:

(i) Section 6.20(a) shall, in lieu of the requirement set forth therein, be deemed to require an Investment Grade Rating from at least two of the following three organizations: Moody's Investors Service, Inc., Standard & Poor's Ratings Group, or Fitch Investors Services, Inc.; and

(ii) Clause (iii) of the definition of "Investment Grade Rating" shall be deemed to have been deleted.

Such changes shall take effect upon delivery of written notice to the Company by the Required Holders referring to such proposed withdrawal or other action and stating that the condition set forth in this Section 6.20(c) has occurred.

6.21 NO SECURITIZATIONS OTHER THAN PERMITTED SECURITIZATIONS. The Company will not, and will not permit any Restricted Subsidiary to, engage in any Securitization Transaction other than a Permitted Securitization."

2.3 SECTION 7.1. Section 7.1 is hereby amended and restated in its entirety as set forth below.

"7.1 Financial and Business Information.

The Company will deliver to each holder of Notes:

(A) QUARTERLY STATEMENTS -- as soon as practicable after the end of each quarterly fiscal period in each fiscal year of the Company (other than the last quarterly fiscal period of each such fiscal year), and in any event within sixty (60) days thereafter, duplicate copies of

(i) a consolidated balance sheet of the Company and its consolidated subsidiaries and consolidated and consolidating balance sheets of the Company and the Restricted Subsidiaries, as at the end of such quarter, and

(ii) consolidated statements of income and cash flows of the Company and its consolidated subsidiaries and consolidated and consolidating statements of income and cash flows of the Company and the Restricted Subsidiaries, for such quarter and (in the case of the second and third quarters) for the portion of the fiscal year ending with such quarter,

setting forth in each case in comparative form the figures for the corresponding periods in the immediately preceding fiscal year, all in reasonable detail, prepared in accordance with GAAP applicable to quarterly financial statements generally, and accompanied by the certificate required by Section 7.2, and, in the case of the financial statements relating to the Company and its Restricted Subsidiaries, certified as complete and correct, subject to changes resulting from year-end adjustments, by a Senior Financial Officer, and, in the case of the financial statements relating to the Company and its consolidated subsidiaries at any time when a Quarterly Report on Form 10-Q is not filed by the Company with the Securities and Exchange Commission and delivered to the holders of the Notes pursuant to clause (d) of

this Section 7.1, certified as complete and correct, subject to changes resulting from year-end adjustments, by a Senior Financial Officer;

(B) ANNUAL STATEMENTS -- as soon as practicable after the end of each fiscal year of the Company, and in any event within one hundred twenty (120) days thereafter, duplicate copies of

(i) a consolidated balance sheet of the Company and its consolidated subsidiaries and consolidated and consolidating balance sheets of the Company and the Restricted Subsidiaries, as at the end of such year, and

(ii) consolidated statements of income, shareholders' equity and cash flows of the Company and its consolidated subsidiaries and consolidated and consolidating statements of income, shareholders' equity and cash flows of the Company and the Restricted Subsidiaries, for such year,

setting forth in each case in comparative form the figures for the immediately preceding fiscal year, all in reasonable detail, prepared in accordance with GAAP, and accompanied by

(A) in the case of the financial statements relating to the Company and its consolidated subsidiaries, an opinion of independent certified public accountants of recognized national standing, which opinion shall, without qualification, state that such financial statements present fairly, in all material respects, the financial position of the companies being reported upon and their results of operations and cash flows and have been prepared in conformity with GAAP, and that the examination of such accountants in connection with such financial statements has been made in accordance with generally accepted auditing standards, and that such audit provides a reasonable basis for such opinion in the circumstances, and

(B) in the case of the financial statements relating to the Company and its Restricted Subsidiaries, certified as complete and correct by a Senior Financial Officer, and

(C) the certificate required by Section 7.2 and, in the case of the financial statements relating to the Company and its consolidated subsidiaries, the certificate required by Section 7.3;

(C) AUDIT REPORTS -- promptly upon receipt thereof, a copy of each other report submitted to the Company or any Restricted Subsidiary by independent accountants in connection with any management report, special audit report or comparable analysis prepared by them with respect to the books of the Company or any Restricted Subsidiary;

(D) SEC AND OTHER REPORTS -- promptly upon their becoming available, a copy of each financial statement, report (including, without limitation, each Quarterly Report on Form 10-Q, each Annual Report on Form 10-K and each Current Report on Form 8-K), notice or proxy statement sent by the Company or any Subsidiary to stockholders generally and of each regular or periodic report and any registration statement, prospectus or written communication (other than transmittal letters), and each amendment thereto, in respect thereof filed by the Company or any Subsidiary with, or received by, such Person in connection therewith from, the National Association of Securities Dealers, any securities exchange or the Securities and Exchange Commission or any successor agency;

(E) ERISA --

(i) immediately upon becoming aware of the occurrence of any

(A) "reportable event" (as defined in section 4043 of ERISA), excluding, however, such events as to which the PBGC by regulation shall have waived the requirement of section 4043(a) of ERISA that it be notified within thirty (30) days of the occurrence of such event (provided that a failure to meet the minimum funding standard of section 412 of the IRC and of section 302 of ERISA shall not be so excluded regardless of the issuance of any such waiver of the notice requirement in accordance with either section 4043(a) of ERISA or section 412(d) of the IRC), or

(B) "prohibited transaction" (as defined in section 406 of ERISA or section 4975 of the IRC),

in connection with any Pension Plan or any trust created thereunder, a written notice specifying the nature thereof, what action the Company is taking or proposes to take with respect thereto and, when known, any action taken by the IRS, the DOL or the PBGC with respect thereto, and

(ii) prompt written notice of and, where applicable, a description of

(A) any notice from the PBGC in respect of the commencement of any proceedings pursuant to section 4042 of ERISA to terminate any Pension Plan or for the appointment of a trustee to administer any Pension Plan,

(B) any distress termination notice delivered to the PBGC under section 4041 of ERISA in respect of any Pension Plan, and any determination of the PBGC in respect thereof,

(C) the placement of any Multiemployer Plan in reorganization status under Title IV of ERISA,

(D) any Multiemployer Plan becoming "insolvent" (as defined in section 4245 of ERISA) under Title IV of ERISA, and

(E) the whole or partial withdrawal of the Company or any ERISA Affiliate from any Multiemployer Plan or Multiple Employer Pension Plan and the withdrawal liability incurred in connection therewith;

(F) ACTIONS, PROCEEDINGS -- promptly after the commencement thereof, notice of any action or proceeding relating to the Company or any Subsidiary in any court or before any Governmental Authority or arbitration board or tribunal as to which there is a reasonable possibility of an adverse determination and that, if adversely determined, would have a Material Adverse Effect;

(G) CERTAIN ENVIRONMENTAL MATTERS -- prompt written notice of and a description of any event or circumstance that, had such event or circumstance occurred or existed immediately prior to the Closing Date, would have been required to be disclosed as an exception to any statement set forth in Section 2.13;

(H) NOTICE OF DEFAULT OR EVENT OF DEFAULT -- immediately upon becoming aware of the existence of any condition or event that constitutes a Default or an Event of Default, a written notice specifying the nature and period of existence thereof and what action the Company is taking or proposes to take with respect thereto;

(I) NOTICE OF CLAIMED DEFAULT -- immediately upon becoming aware that the holder of any Note, or of any Debt or any Security of the Company or any Subsidiary, shall have given notice or taken any other action with respect to a claimed Default, Event of Default, default or event of default, a written notice specifying the notice given or action taken by such holder and the nature of the claimed Default, Event of Default, default or event of default and what action the Company is taking or proposes to take with respect thereto; and

(J) REQUESTED INFORMATION -- with reasonable promptness, such other data and information as from time to time may be reasonably requested by any holder of Notes, including, without limitation,

(i) copies of any statement, report or certificate furnished to any holder of any Debt or any Security of the Company or any Subsidiary,

(ii) information requested to comply with any request of the National Association of Insurance Commissioners in respect of the designation of the Notes, and

(iii) information requested to comply with 17 C.F.R. ss.230.144A, as amended from time to time;

provided that any such request with respect to any of the data and information referred to in the foregoing clauses (i), (ii) and (iii) shall be deemed to be reasonable for purposes of this Section 7.1(j).

In addition to the foregoing, the Company will also deliver to each holder of Notes:

(1) as soon as available, and in any event within sixty (60) days of the end of each fiscal quarter, (A) a "static pool analysis" substantially in the form of Exhibit F attached hereto and in any event satisfactory in form and substance to the Required Holders, which analyzes the performance of the Company's and each Restricted Subsidiary's Installment Contracts (segregated between the Company's North American operations and its UK operations) on a quarterly basis, and (B) for quarters beginning with the quarter ended September 30, 1999, a comparable "static pool analysis" which analyzes the performance of the Company's and each Restricted Subsidiary's Leases on a quarterly basis (segregated between the Company's North American operations and its UK operations), in each case, with respect to clauses (A) and (B) above, certified by an authorized officer of the Company as to consistency with prior such analyses, accuracy and fairness of presentation;

(2) promptly upon the request of the Required Holders from time to time (but no more often than semi-annually), a "static pool analysis" which analyzes the performance of any Installment Contracts or Leases transferred or encumbered pursuant to a Permitted Securitization comparable to the static pool analysis required to be delivered pursuant to clause (1) of this Section 7.1(j); and

(3) within five (5) Business Days after the execution and delivery thereof, a copy of any amendment to, or waiver of any provisions of, the Credit Agreement or Securitization Documents (in each case, as from time to time amended, restated, refinanced, replaced or supplemented)."

2.4 SECTION 9.1. Section 9.1 is hereby amended and restated in its entirety as set forth below.

"9.1 Terms Defined.

As used herein, the following terms have the respective meanings set forth below or set forth in the Section hereof following such term:

ACCEPTABLE CONSIDERATION -- means, with respect to any Transfer of any Property of the Company or a Restricted Subsidiary, cash consideration, promissory notes or such other

consideration (or any combination of the foregoing) received by such Person in connection with such Transfer as is, in each case, determined by the Board of Directors, in its good faith opinion, to be in the best interests of the Company and to reflect the Fair Market Value of such Property. It is understood that the Company's or such Restricted Subsidiary's acceptance of any such consideration in connection with such Transfer will constitute an Investment and may, depending upon the form of such consideration, constitute a Restricted Investment made by the Company or such Restricted Subsidiary.

ADVANCES -- means, at any time, the dollar amount of advances in respect of Installment Contracts, as such amount would appear in the footnotes to the financial statements of the Company and the Restricted Subsidiaries prepared in accordance with GAAP (if such amount would not appear net of reserves, then net of any reserves established by the Company as an allowance for credit losses related to such advances not expected to be recovered), provided that Advances shall not include (a) any such advances (and the related Installment Contracts) transferred or encumbered pursuant to a Permitted Securitization (whether or not attributable to the Company under GAAP) unless and until such advances (and the related Installment Contracts) are reassigned to the Company or a Restricted Subsidiary or such encumbrances are discharged, or (b) Charged-Off Advances to the extent that such Charged-Off Advances exceed the portion of the Company's allowance for credit losses related to reserves against such advances not expected to be recovered, as such allowance would appear in the footnotes to the financial statements of the Company and the Restricted Subsidiaries prepared in accordance with GAAP.

AFFILIATE -- means, at any time, a Person (other than a Restricted Subsidiary):

(a) that directly or indirectly through one or more intermediaries Controls, or is Controlled by, or is under common Control with, the Company;

(b) that beneficially owns or holds five percent (5%) or more of any class of the Voting Stock of the Company;

(c) five percent (5%) or more of the Voting Stock (or in the case of a Person that is not a corporation, five percent (5%) or more of the equity interest) of which is beneficially owned or held by the Company or a Subsidiary; or

(d) that is an officer or director (or a member of the immediate family of an officer or director) of the Company or any Subsidiary;

at such time.

As used in this definition:

CONTROL -- means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

AGREEMENT, THIS -- means this agreement, as it may be amended and restated from time to time.

ALLOWANCES FOR CREDIT LOSSES -- means those allowances or reserves established by the Company or its Restricted Subsidiaries in arriving at installment contracts receivable, net or Leased Vehicles, as the case may be, on its Consolidated balance sheets, as specifically identified in such financial statements or as disclosed in the footnotes thereto, provided that Allowances for Credit Losses shall not include allowances or reserves attributable to retail installment contracts or leases which are not at such time "Installment Contracts" or "Leases", as the case may be, due to the proviso in the definition of such terms in this Agreement.

ARLINGTON DISPOSITION -- means the sale of the business of Arlington Investment Company and/or any of its subsidiaries for net proceeds totaling at least $4,000,000 in cash (all of which net proceeds are used to reduce Debt outstanding under the Credit Agreement), pursuant to (i) the sale of all or substantially all of the assets of Arlington Investment Company and/or any of its subsidiaries or divisions, (ii) the sale of all of the capital stock of Arlington Investment Company and/or any of its subsidiaries or (iii) the merger of Arlington Investment Company and/or any of its subsidiaries with and into any Person other than the Company or a Restricted Subsidiary; in each case, immediately prior to and immediately after the consummation of which, and after giving effect thereto, no Default or Event of Default would exist.

BACK-END DEALER AGREEMENT(S) -- means Dealer Agreements referred to in clause (a) of the definition of Dealer Agreements.

BANK TERM DEBT -- means term Debt of the Company or any Restricted Subsidiary owed to banks and having an initial maturity of more than one (1) year and a fixed amortization schedule, but in any event excluding any Debt which by its terms is permitted to be readvanced or reborrowed, whether or not subject to mandatory reductions or stepdowns in the availability thereof.

BANKS -- means the Banks that are parties to the Credit Agreement.

BOARD OF DIRECTORS -- means the board of directors of the Company or any committee thereof that, in the instance, shall have the lawful power to exercise the power and authority of such board of directors.

BUSINESS DAY -- means, at any time, a day other than a Saturday, a Sunday or a day on which the bank designated by the holder of a Note to receive (for such holder's account) payments on such Note is required by law (other than a general banking moratorium or holiday for a period exceeding four (4) consecutive days) to be closed.

CACI GUARANTY -- Section 2.17(c).

CAC INTERNATIONAL -- means CAC International, Inc., a wholly-owned Subsidiary of the Company.

CAC LIFE -- means Credit Acceptance Corporation Life Insurance Company, a Wholly-Owned Restricted Subsidiary of the Company.

CAC UK -- means Credit Acceptance Corporation UK Limited, a wholly-owned Subsidiary of the Company incorporated under the laws of England for the purpose of acquiring substantially all of the assets of CAC International.

CAPITAL ASSETS -- means all assets of a Person other than Intangible Assets, inventories, accounts receivable and Investments (as defined in clause (a) of the definition of such term) in and Securities of any other Person.

CAPITAL LEASE -- means, at any time, a lease with respect to which the lessee is required by GAAP to recognize the acquisition of an asset and the incurrence of a liability at such time.

CHANGE IN CONTROL -- means, at any time, either

(a) the failure of Donald A. Foss, his wife and children, or trusts for his or their benefit, to beneficially own, in the aggregate, at least thirty-five percent (35%) (by number of votes) of the Voting Stock of the Company outstanding at such time (excluding for such purpose Persons who own shares through any employee benefit plan of the Company or any trust established in connection therewith), or

(b) except for the individuals and trusts identified in the foregoing clause (a), the acquisition, holding or control (whether directly or indirectly) by

(i) any "person" (as such term is used in section 13(d) and section 14(d)(2) of the Exchange Act as in effect on the Closing Date), or

(ii) related Persons constituting a "group" (as such term is used in Rule 13d-5 under the Exchange Act as in effect on the Closing Date),

of beneficial ownership of more than twenty-five percent (25%) (by number of votes) of the Voting Stock of the Company outstanding at such time (excluding for such purpose Persons who own shares through any employee benefit plan of the Company or any trust established in connection therewith), or

(c) all or substantially all of the assets of the Company are sold or otherwise transferred, in a single transaction or in a series of related transactions, to any "person" or "group of persons" (as such terms are used in section 13(d)(3) of the Exchange Act as in effect on the Closing Date).

CHARGED-OFF ADVANCES -- means those Advances which the Company or any of its Restricted Subsidiaries has determined, based on the application of a static pool analysis or otherwise are completely or partially impaired, to the extent of such impairment.

CHARGED-OFF LEASE ADVANCES -- means those Leased Vehicles which the Company or any of its Subsidiaries has determined, based on the application of a static pool or comparable analysis or otherwise, are completely or partially impaired, to the extent of such impairment.

CLEANUP CALL(S) -- means

(a) in the case of an optional cleanup call, a cleanup call to be exercised at the option of the Company or a Special Purpose Subsidiary under the terms of the applicable Permitted Securitization (provided that, both before and after giving effect thereto, no Default or Event of Default has occurred and is continuing when such option is exercised), in an amount not in excess of (i) Fifteen Percent (15%) of the initial amount received by the Company or the Special Purpose Subsidiary pursuant to such Permitted Securitization (before fees and other deductions), it being understood that, for purposes of this clause (a)(i) of this definition, each tranche of a multi-tranche Permitted Securitization shall be considered a separate Permitted Securitization or (ii) in the case of any Securitization Transaction structured on a revolving basis, Fifteen Percent (15%) of the maximum aggregate availability at any time to the Company or a Special Purpose Subsidiary, and

(b) in the case of a mandatory cleanup call, a mandatory cleanup call to be exercised at the option of the investors under the terms of the applicable Permitted Securitization(s), in an amount not in excess of (i) Two and One-Half Percent (2 1/2%) of the aggregate amount received by the Company or the Special Purpose Subsidiary pursuant to the Permitted Securitization (before fees and other deductions), it being understood that, for purposes of this clause (b)(i) of this definition, all tranches of a multi-tranche Permitted Securitization shall be together be considered one Permitted Securitization, or (ii) in the case of any Securitization Transaction structured on a revolving basis, Two and One-Half Percent (2 1/2%) of the maximum aggregate availability at any time to the Company or a Special Purpose Subsidiary,

in either case, such Cleanup Call being accompanied by the repurchase of or release of encumbrances on Advances, Leased Vehicles, Installment Contracts (whether assigned outright or related to Advances) or Leases (whether assigned outright or related to Leased Vehicles), as the case may be, previously transferred or encumbered pursuant to such Permitted Securitization in at least the amount of such cleanup call.

CLOSING -- Section 1.2(b).

CLOSING DATE -- Section 1.2(b).

COMPANY -- introductory paragraph hereof.

CONSOLIDATED CURRENT LIABILITIES -- means, at any time, the aggregate amount of current liabilities of the Company and the Restricted Subsidiaries, determined at such time after eliminating inter-company transactions among the Company and the Restricted Subsidiaries and liabilities incurred solely by a Special Purpose Subsidiary pursuant to a Permitted Securitization but attributable to the Company or a Restricted Subsidiary under GAAP.

CONSOLIDATED FIXED CHARGES -- means, for any period, the sum of

(a) Consolidated Interest Expense for such period, plus

(b) the amount payable in respect of such period with respect to Operating Rentals payable by the Company and the Restricted Subsidiaries, determined after eliminating intercompany transactions among the Company and the Restricted Subsidiaries.

CONSOLIDATED INCOME AVAILABLE FOR FIXED CHARGES -- means, for any period, the sum of

(a) Consolidated Net Income, plus

(b) the aggregate amount of income taxes, depreciation, amortization (including the amortization of any excess servicing asset) and Consolidated Fixed Charges (to the extent, and only to the extent, that such aggregate amount was reflected in the computation of Consolidated Net Income for such period), plus

(c) with respect to the periods ending September 30, 1997, December 31, 1997, March 31, 1998 and June 30, 1998, $30,000,000 representing the portion of the non-cash charge recorded by the Company during the period ended September 30, 1997 attributable to the present valuing of future cash flows consistent with Statement of Financial Accounting Standards No. 114 `Accounting by Creditors for Impairment of a Loan', plus

(d) with respect to the periods ending September 30, 1999, December 31, 1999, March 31, 2000 and June 30, 2000, $47,300,000 representing the accounting adjustment to the Company's reserve against advances recorded by the Company during the period ended September 30, 1999,

in each case accrued for such period by the Company and the Restricted Subsidiaries, determined on a consolidated basis for such Persons.

CONSOLIDATED INTEREST EXPENSE -- means, for any period, the amount of interest accrued or capitalized on, or with respect to, Consolidated Total Debt for such period, including, without limitation, amortization of debt discount, imputed interest on Capital Leases and interest on the Notes.

CONSOLIDATED NET INCOME -- means, for any period, net earnings (or loss) after income taxes of the Company and the Restricted Subsidiaries, determined on a consolidated basis for such Persons, but excluding:

(a) net earnings (or loss) of any Restricted Subsidiary accrued prior to the date it became a Restricted Subsidiary;

(b) any gain or loss (net of tax effects applicable thereto) resulting from the sale, conversion or other disposition of Capital Assets other than in the ordinary course of business;

(c) any extraordinary or nonrecurring gains or losses (including, without limitation, any gain on sale generated by a Permitted Securitization, except to the extent the Company has received a cash benefit therefrom in the applicable reporting period); and any interest income generated by a Permitted Securitization, except to the extent the Company has received a cash benefit therefrom in the applicable reporting period;

(d) any gain arising from any reappraisal or write-up of assets;

(e) any portion of the net earnings of any Restricted Subsidiary that for any reason is unavailable for payment of dividends to the Company or a Restricted Subsidiary, provided that the net earnings of CAC Life that are unavailable (due to regulatory requirements applicable to CAC Life) for the payment of dividends to the Company may be included in the determination of Consolidated Net Income, to the extent that such unavailable net earnings do not exceed five percent (5%) of Consolidated Net Income (determined without giving effect to this proviso), and provided, further that so long as the net earnings of CAC Life shall be included in Consolidated Net Income pursuant to the preceding proviso, CAC Life shall not have outstanding any Debt, regardless of whether any other Restricted Subsidiary may be permitted to have Debt outstanding at such time by reason of a waiver of or an amendment to Section 6.1(d);

(f) any gain or loss (net of tax effects applicable thereto) during such period resulting from the receipt of any proceeds of any insurance policy;

(g) any earnings of any Person acquired by the Company or any Restricted Subsidiary through purchase, merger or consolidation or otherwise, or earnings of any Person substantially all of whose assets have been acquired by the Company or any Restricted Subsidiary, for any period prior to the date of acquisition;

(h) net earnings of any Person (other than a Restricted Subsidiary) in which the Company or any Restricted Subsidiary shall have an ownership interest unless such net

earnings shall have actually been received by the Company or such Restricted Subsidiary in the form of cash distributions; and

(i) any restoration during such period to income of any contingency reserve, except to the extent that provision for such reserve

(i) was made during such period out of income accrued during such period,

(ii) was made in connection with the Company's program of financing Installment Contracts or Leases

(A) to provide for warranty claims for which the Company may be responsible, or

(B) to cover credit losses in connection with Advances, Installment Contracts, Leased Vehicles or Leases, or

(iii) is required by applicable law with respect to reserves for claims related to the operation of CAC Life,

provided that the aggregate restoration to income during any period from reserves described in clause (ii) and clause (iii) above shall not exceed ten percent (10%) of Consolidated Net Income for such period, prior to giving effect to such restoration.

CONSOLIDATED NET TANGIBLE ASSETS -- means, at any time, the remainder of

(a) Consolidated Total Assets at such time minus

(b) the sum of

(i) Consolidated Current Liabilities at such time, plus

(ii) Intangible Assets of the Company and the Restricted Subsidiaries as would be reflected on a consolidated balance sheet of such Persons at such time.

CONSOLIDATED SENIOR FUNDED DEBT -- means, at any time, Funded Debt of the Company and the Restricted Subsidiaries, other than Subordinated Funded Debt, determined on a consolidated basis for such Persons at such time.

CONSOLIDATED SUBORDINATED FUNDED DEBT -- means, at any time, the aggregate amount of Subordinated Funded Debt of the Company and the Restricted Subsidiaries, determined on a consolidated basis for such Persons at such time.

CONSOLIDATED TANGIBLE NET WORTH -- means, at any time, the result of

(a) the shareholders' equity of the Company and its Subsidiaries, minus

(b) the retained earnings of the Unrestricted Subsidiaries, minus

(c) all Intangible Assets of the Company and the Subsidiaries, minus

(d) without duplication, (i) any excess servicing asset resulting from the Transfer, pursuant to a Permitted Securitization, of Advances, Leased Vehicles, Installment Contracts (whether assigned outright or related to Advances) or Leases (whether assigned outright or related to Leased Vehicles) and (ii) the equity interest in any Special Purpose Subsidiary to the extent such equity interest is included in Consolidated Net Worth,

in each case as would be reflected on a consolidated balance sheet of such Persons at such time. As used in this definition, "Consolidated Net Worth" means, at any time, the amount of "consolidated total assets" less the amount of "consolidated total liabilities", as each would be reflected on a consolidated balance sheet of the Company and its Subsidiaries at such time, prepared in accordance with GAAP.

CONSOLIDATED TOTAL ASSETS -- means, at any time, all assets of the Company and the Restricted Subsidiaries, determined on a consolidated basis for such Persons at such time (but excluding from the determination thereof, without duplication, (a) any excess servicing asset resulting from the Transfer, pursuant to a Permitted Securitization, of Advances, Leased Vehicles, Installment Contracts (whether assigned outright or related to Advances) or Leases (whether assigned outright or related to Leased Vehicles) and (b) the equity interest in any Special Purpose Subsidiary to the extent such equity interest is included in the assets of the Company and the Restricted Subsidiaries, determined on a consolidated basis in accordance with GAAP for such Persons at such time).

CONSOLIDATED TOTAL DEBT -- means, at any time, the aggregate amount of Funded Debt and Current Debt of the Company and the Restricted Subsidiaries, determined on a consolidated basis for such Persons at such time.

CONTROL EVENT -- means the execution of any written agreement that, when fully performed by the parties thereto, would result in a Change in Control.

CONTROL PREPAYMENT DATE -- Section 4.3(a).

CREDIT AGREEMENT -- means the Credit Agreement described in Part 2.2(b) of Annex 3, as may be amended, restated, refinanced, replaced, supplemented or otherwise modified from time to time.

CURRENT DEBT -- means, with respect to any Person, at any time, all Debt of such Person other than Funded Debt.

DEALER -- means a Person engaged in the business of the retail sale or lease of new or used motor vehicles, including businesses exclusively selling or leasing used motor vehicles and businesses principally selling or leasing new motor vehicles, but having a used vehicle department, including any such Person which constitutes an Affiliate of the Company.

DEALER AGREEMENTS -- means the sales and/or servicing agreements between the Company or its Subsidiaries and a participating Dealer which sets forth the terms and conditions under which the Company or its Subsidiaries (a) accepts, as nominee for such Dealer, the assignment of Installment Contracts or Leases for purposes of administration, servicing and collection and under which the Company or its Subsidiary may make advances to such Dealers included in Advances or Leased Vehicles and (b) accepts outright assignments of Installment Contracts or Leases from Dealers or funds Installment Contracts or Leases originated by such Dealer in the name of the Company or any of its Subsidiaries, in each case as such agreements may be in effect from time to time.

DEBT -- means, with respect to any Person, without duplication:

(a) its liabilities for borrowed money (whether or not evidenced by a Security);

(b) any liabilities secured by any Lien existing on Property owned by such Person (whether or not such liabilities have been assumed);

(c) its liabilities in respect of Capital Leases;

(d) the present value of all payments due under any arrangement for retention of title or any conditional sale agreement (other than a Capital Lease) discounted at the implicit rate, if known, with respect thereto or, if unknown, at eight and eighty-seven one-hundredths percent (8.87%) per annum; and

(e) its Guaranties of any liabilities of another Person constituting liabilities of a type set forth above.

Except as provided in Section 6.1(a)(i), neither Debt of any Special Purpose Subsidiary which is an Unrestricted Subsidiary incurred pursuant to a Permitted Securitization (whether or not such Debt is reflected on the consolidated balance sheet of the Company and its Restricted Subsidiaries prepared in accordance with GAAP) nor dealer holdbacks shall be considered Debt of the Company or any Restricted Subsidiary.

DEFAULT -- means an event or condition the occurrence of which would, with the lapse of time or the giving of notice or both, become an Event of Default.

DOL -- means the Department of Labor and any successor agency.

DOLLARS or $ -- means United States of America dollars.

ENVIRONMENTAL PROTECTION LAWS -- means any federal, state, county, regional or local law, statute or regulation (including, without limitation, CERCLA, RCRA and SARA) enacted in connection with or relating to the protection or regulation of the environment, including, without limitation, those laws, statutes and regulations regulating the disposal, removal, production, storing, refining, handling, transferring, processing or transporting of Hazardous Substances, and any regulations issued or promulgated in connection with such statutes by any Governmental Authority, and any orders, decrees or judgments issued by any court of competent jurisdiction in connection with any of the foregoing.

As used in this definition:

CERCLA -- means the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended from time to time (by SARA or otherwise), and all rules and regulations promulgated in connection therewith.

RCRA -- means the Resource Conservation and Recovery Act of 1976, as amended from time to time, and all rules and regulations promulgated in connection therewith.

SARA -- means the Superfund Amendments and Reauthorization Act of 1986, as amended from time to time, and all rules and regulations promulgated in connection therewith.

EQUITY OFFERING -- means the issuance and sale for cash by the Company or any of its Restricted Subsidiaries of additional capital stock or other equity interests, other than upon the exercise of employee and dealer stock options pursuant to stock option plans maintained or offered by the Company or its Restricted Subsidiaries in the ordinary course of business and not in anticipation of any sale of capital stock or equity interests to the general public.

ERISA -- means the Employee Retirement Income Security Act of 1974, as amended from time to time.

ERISA AFFILIATE -- means any corporation or trade or business that:

(a) is a member of the same controlled group of corporations (within the meaning of section 414(b) of the IRC) as the Company; or

(b) is under common control (within the meaning of section 414(c) of the IRC) with the Company.

EVENT OF DEFAULT -- Section 8.1.

EXCHANGE ACT -- means the Securities Exchange Act of 1934, as amended.

EXCLUDED TRANSFERS -- Section 6.8(a).

FAIR MARKET VALUE -- means, at any time, with respect to any Property, the sale value of such Property that would be realized in an arm's-length sale at such time between an informed and willing buyer and an informed and willing seller under no compulsion to buy or sell, respectively.

FIRST AMENDED AND RESTATED NOTES -- Section 1.1(b).

FOREIGN PENSION PLAN -- means any plan, fund or other similar program

(a) established or maintained outside of the United States of America by any one or more of the Company or the Subsidiaries primarily for the benefit of the employees (substantially all of whom are aliens not residing in the United States of America) of the Company or such Subsidiaries which plan, fund or other similar program provides for retirement income for such employees or results in a deferral of income for such employees in contemplation of retirement, and

(b) not otherwise subject to ERISA.

401(K) PLAN -- Section 2.12(a).

FOURTH AMENDMENT -- means the Fourth Amendment, dated as of December 1, 1999, to this Agreement.

FUNDED DEBT -- means, at any time of determination, with respect to any borrower, all Debt of such borrower that is expressed to mature more than one (1) year from the date of the creation thereof or that is extendible or renewable at the option of such borrower to a time more than one (1) year after the date of the creation thereof (whether or not at such time of determination such Debt is payable within one (1) year).

GAAP -- means accounting principles as promulgated from time to time in statements, opinions and pronouncements by the American Institute of Certified Public Accountants and the Financial Accounting Standards Board and in such statements, opinions and pronouncements of such other entities with respect to financial accounting of for-profit entities as shall be accepted by a substantial segment of the accounting profession in the United States.

GOVERNMENTAL AUTHORITY -- means:

(a) the government of

(i) the United States of America and any state or other political subdivision thereof, or

(ii) any other jurisdiction (y) in which the Company or any Subsidiary conducts all or any part of its business or (z) that asserts jurisdiction over the conduct of the affairs or Properties of the Company or any Subsidiary; and

(b) any entity exercising executive, legislative, judicial, regulatory or administrative functions of, or pertaining to, any such government.

GROSS ADVANCES -- means, as of any applicable date of determination, the dollar amount of Advances, plus any reserves established by the Company as an allowance for credit losses related to such advances not expected to be recovered, plus Charged-Off Advances to the extent such Charged-Off Advances exceed the amount of such reserves.

GROSS CURRENT INSTALLMENT CONTRACT RECEIVABLES -- means, as of any applicable date of determination, the aggregate amount of Gross Installment Contract Receivables, less the amount of such receivables which are classified as being on "non-accrual" in the financial statements of the Company and its Restricted Subsidiaries prepared in accordance with GAAP.

GROSS CURRENT LEASED VEHICLES -- means, as of any applicable date of determination, the aggregate amount of Gross Leased Vehicles, less the amount of Leased Vehicles in respect of which the underlying Leases are classified as being on "non-accrual" in the financial statements of the Company and its Restricted Subsidiaries prepared in accordance with GAAP.

GROSS DEALER HOLDBACKS -- means the aggregate amount, as of any applicable date of determination, of dealer holdbacks utilized in arriving at "Dealer holdbacks, net" on the consolidated balance sheet of the Company and its Restricted Subsidiaries, as disclosed in the footnotes thereto, provided that Gross Dealer Holdbacks shall not include the amount of dealer holdbacks attributable to retail installment contracts which are not at such time "Installment Contracts" due to the proviso in the definition of such term in this Agreement.

GROSS INSTALLMENT CONTRACT RECEIVABLES -- means, as of any applicable date of determination, the aggregate amount of installment contract receivables utilized in arriving at "Installment contract receivables, net" on the consolidated balance sheet of the Company and its Restricted Subsidiaries, as determined in the footnotes thereto, provided that Gross Installment Contract Receivables shall not include receivables attributable to retail installment contracts which are not at such time "Installment Contracts" due to the proviso in the definition of such term in this Agreement.

GROSS LEASED VEHICLES -- means, as of any applicable date of determination, the dollar amount of Leased Vehicles, plus any reserves established by the Company as an allowance for credit

losses related to such Leased Vehicles not expected to be recovered, plus Charged-Off Lease Advances to the extent such Charged-Off Lease Advances exceed the amount of such reserves, provided that Gross Leased Vehicles shall not include the dollar amount of Leased Vehicles attributable to leases which are not at such time "Leases" due to the proviso in the definition of such term in this Agreement.

GUARANTY -- means, with respect to any Person (for the purposes of this definition, the "Guarantor"), any obligation (except the endorsement in the ordinary course of business of negotiable instruments for deposit or collection) of the Guarantor guaranteeing or in effect guaranteeing (including, without limitation, by means of a surety bond, letter of credit or other similar instrument, whether or not designated as a "guaranty") any indebtedness, dividend or other obligation of any other Person (the "Primary Obligor") in any manner, whether directly or indirectly, including, without limitation, obligations incurred through an agreement, contingent or otherwise, by the Guarantor:

(a) to purchase such indebtedness or obligation or any Property constituting security therefor;

(b) to advance or supply funds

(i) for the purpose of payment of such indebtedness or obligation, or

(ii) to maintain working capital or other balance sheet (or statement of financial condition) condition or any income statement condition of the Primary Obligor or otherwise to advance or make available funds for the purchase or payment of such indebtedness or obligation;

(c) to lease Property or to purchase Securities or other Property or services primarily for the purpose of assuring the owner of such indebtedness or obligation of the ability of the Primary Obligor to make payment of the indebtedness or obligation; or

(d) otherwise to assure the owner of the indebtedness or obligation of the Primary Obligor against loss in respect thereof.

For purposes of computing the amount of any Guaranty in connection with any computation of indebtedness or other liability, it shall be assumed that the indebtedness or other liabilities that are the subject of such Guaranty are direct obligations of the issuer of such Guaranty. Without limiting the generality of the foregoing, it is agreed and understood that each general partner of a partnership shall be deemed to be a Guarantor of all indebtedness and other obligations of such partnership and such partnership shall be deemed to be the Primary Obligor in respect of such indebtedness and other obligations. For purposes of the immediately preceding sentence, a Person shall be deemed to be a general partner of any so-called "joint venture" or other arrangement (whether or not constituting a partnership), and such joint venture or other arrangement shall be deemed to be a partnership, if,

pursuant to applicable law, by contract or otherwise, such Person is liable, directly or indirectly, contingently or otherwise, either individually or jointly with one or more other Persons, for the indebtedness or other obligations of such joint venture or other arrangement.

HAZARDOUS SUBSTANCES -- means any and all pollutants, contaminants, toxic or hazardous wastes and any other substances that might pose a hazard to health or safety, the removal of which may be required or the generation, manufacture, refining, production, processing, treatment, storage, handling, transportation, transfer, use, disposal, release, discharge, spillage, seepage or filtration of which is or shall be, in each of the foregoing cases, restricted, prohibited or penalized by any applicable law.

INSTALLMENT CONTRACTS -- means retail installment contracts for the sale of new or used motor vehicles assigned outright by Dealers to the Company or a Restricted Subsidiary or written by Dealers in the name of the Company or a Restricted Subsidiary (and funded by the Company or such Restricted Subsidiary) or assigned by Dealers to the Company or a Restricted Subsidiary, as nominee for the Dealer, for administration, servicing and collection, in each case pursuant to an applicable Dealer Agreement; provided, however, that to the extent the Company or any Restricted Subsidiary transfers or encumbers its interest in any Installment Contracts (or any Advances related thereto) pursuant to a Permitted Securitization, such Installment Contracts shall, from and after the date of such transfer or encumbrance, cease to be considered Installment Contracts under this Agreement (reducing the amount of Advances by the outstanding amount of such advances, if any, attributable to such Installment Contracts) unless and until such installment contracts are reassigned to the Company or a Restricted Subsidiary or such encumbrances are discharged.

INSTITUTIONAL INVESTOR -- means the Purchasers, any affiliate of any of the Purchasers and any holder or beneficial owner of Notes that is an "accredited investor" as defined in section 2(15) of the Securities Act or a "qualified institutional buyer" as defined in 17 C.F.R. ss.230.144A, as amended from time to time.

INTANGIBLE ASSETS -- means any assets of a Person that would be classified as "intangible assets" under GAAP, including, without limitation, goodwill, trademarks, trade names, patents, copyrights, franchises and other intangible assets of such Person.

INTERCREDITOR AGREEMENT -- means the Intercreditor Agreement, dated as of December 15, 1998, by and among the Banks, the holders of Notes, the holders of "Future Debt" (as defined in such agreement) and Comerica Bank, as collateral agent, as such agreement may be amended from time to time.

INVESTMENT -- means any investment, made in cash or by delivery of Property, by the Company or any Restricted Subsidiary:

(a) in any Person, whether by acquisition of stock, indebtedness or other obligation or Security, or by loan, Guaranty, advance, capital contribution or otherwise; or

(b) in any Property.

Investments shall be valued at cost less any net return of capital through the sale or liquidation thereof or other return of capital thereon. Any designation of a Subsidiary as an Unrestricted Subsidiary pursuant to Section 6.17 shall be deemed to be an Investment, in an amount equal to the net worth of such Subsidiary, at the time of such designation and any Investments of a Person existing at the time it shall become a Restricted Subsidiary shall be deemed to have been made immediately after such time.

INVESTMENT GRADE RATING -- means a rating of at least, but not lower than:

(i) "Baa3" by Moody's Investors Service, Inc.,

(ii) "BBB-" by Standard & Poor's Ratings Group,

(iii) a category "1" or category "2" designation from the National Association of Insurance Commissioners, and

(iv) "BBB-" by Fitch Investors Services, Inc.

IRC -- means the Internal Revenue Code of 1986, together with all rules and regulations promulgated pursuant thereto, as amended from time to time.

IRS -- means the Internal Revenue Service and any successor agency.

LEASED VEHICLES -- means, as of any applicable date of determination, the dollar amount of advances in respect of Leases, as such amount would appear in the footnotes to the financial statements of the Company and its Restricted Subsidiaries prepared in accordance with GAAP or, if specifically identified, elsewhere in such financial statements, net of depreciation on the motor vehicles which are covered by Leases with respect to which such Leased Vehicles are attributable (and if such amount is not shown net of such reserves, then net of any reserves established by the Company as an allowance for credit losses related to such advances not expected to be recovered), provided that Leased Vehicles shall not include (a) the amount of any such advances attributable to any Leases transferred or encumbered pursuant to a Permitted Securitization (whether or not attributable to the Company under GAAP) unless and until such advances (and the related Leases) are reassigned to the Company or a Restricted Subsidiary or such encumbrances are discharged, or (b) Charged-Off Lease Advances, to the extent that such Charged-Off Lease Advances (i) exceed the portion of the allowance for credit losses related to reserves against such advances not expected to be recovered, as such allowance would appear in the footnotes to the financial statements of the Company and its Restricted Subsidiaries prepared in accordance with GAAP at such time or if specifically identified, elsewhere in such financial statements and (ii) have not already been eliminated in the determination of Leased Vehicles.

LEASE(S) -- means the retail agreements for the lease of motor vehicles assigned outright by Dealers to the Company or a Restricted Subsidiary or written by a Dealer in the name of the Company or a Restricted Subsidiary (and funded by the Company or such Restricted Subsidiary) or assigned by Dealers to the Company or a Restricted Subsidiary, as nominee for the Dealer, for administration, servicing and collection, in each case pursuant to an applicable Dealer Agreement; provided, however, that to the extent the Company or any Restricted Subsidiary transfers or encumbers its interest in any Leases pursuant to a Permitted Securitization, such Leases shall, from and after the date of such transfer or encumbrance, cease to be considered Leases under this Agreement (reducing the amount of Leased Vehicles by the outstanding amount of Leased Vehicles attributable to such Leases) unless and until such Leases are reassigned to the Company or a Restricted Subsidiary or such encumbrances have been discharged.

LETTER OF CREDIT FACILITY -- means a letter of credit issued by a commercial bank for the account of the Company or a Restricted Subsidiary, solely in support of the Company's or such Restricted Subsidiary's obligations in respect of commercial paper issued by the Company or such Restricted Subsidiary.

LIEN -- means any interest in Property securing an obligation owed to, or a claim by, a Person other than the owner of the Property, whether such interest is based on the common law, statute or contract, and including, but not limited to, the security interest lien arising from a mortgage, encumbrance, pledge, conditional sale, sale with recourse or a trust receipt, or a lease, consignment or bailment for security purposes. The term "Lien" includes, without limitation, reservations, exceptions, encroachments, easements, rights-of-way, covenants, conditions, restrictions, leases and other title exceptions and encumbrances affecting real Property and includes, without limitation, with respect to stock, stockholder agreements, voting trust agreements, buy-back agreements and all similar arrangements. For the purposes hereof, the Company and each Subsidiary shall be deemed to be the owner of any Property that it shall have acquired or holds subject to a conditional sale agreement, Capital Lease or other arrangement pursuant to which title to the Property has been retained by or vested in some other Person for security purposes, and such retention or vesting is deemed a Lien. The term "Lien" does not include negative pledge clauses in agreements relating to the borrowing of money or the obligation of the Company (a) to remit monies held by it in connection with dealer holdbacks (including, without limitation, with respect to Leases or Installment Contracts), claims or refunds under insurance policies, or claims or refunds under service contracts or (b) to make deposits in trust or otherwise as required under reinsurance agreements or pursuant to state regulatory requirements, unless the Company has encumbered its interest in such monies or deposits or in other Property of the Company to secure such obligations. The term "Lien" also does not include the rights of the "Agent" (as defined in the Credit Agreement) and the Banks to money, consisting either of net proceeds of any "Permitted Securitization" (as defined in the Credit Agreement) or net proceeds from the issuance of "Future Debt" (as defined in the Credit Agreement) deposited by the Company or any Restricted Subsidiary in a cash collateral account, in lieu of the Company's reduction of indebtedness outstanding under the Credit Agreement, for the purpose of avoiding breakage charges in connection with "Eurocurrency-based Advances" (as defined in the

Credit Agreement) under the Credit Agreement, all in accordance with clause (d) of the definition of "Permitted Securitization" and clause (d) of the definition of "Funding Conditions" in the Credit Agreement, as applicable; it being also understood and agreed that the holders of Notes shall have no rights to a security interest in or Lien on the money so deposited.

MAKE-WHOLE AMOUNT -- means, with respect to any date (a "Prepayment Date") and any principal amount ("Prepaid Principal") of Notes required for any reason to be paid prior to the regularly scheduled maturity thereof on such Prepayment Date, the greater of

(a) Zero Dollars ($0), and

(b) (i) the sum of the present values of the then remaining scheduled payments of principal and interest that would be payable in respect of such Prepaid Principal but for such prepayment or acceleration, minus

(ii) the sum of

(1) the amount of such Prepaid Principal, plus

(2) the amount of interest accrued on such Prepaid Principal since the scheduled interest payment date immediately preceding such Prepayment Date.

In determining such present values, a discount rate equal to the Make-Whole Discount Rate with respect to such Prepayment Date and Prepaid Principal divided by two (2), and a discount period of six (6) months of thirty (30) days each, shall be used.

As used in this definition:

Make-Whole Discount Rate -- means, with respect to any Prepayment Date and Prepaid Principal, the sum of

(a) the per annum percentage rate (rounded to the nearest three (3) decimal places) equal to the bond equivalent yield to maturity derived from the Bloomberg Rate with respect to such Prepaid Principal, or if such Bloomberg Rate is not then available, the Applicable H.15 Rate, in either case, determined as of the date that is two (2) Business Days prior to such Payment Date, plus

(b) fifty one-hundredths percent (0.50%) per annum.

For purposes of clause (a) of the preceding sentence, if no United States Treasury obligation with a Treasury Constant Maturity corresponding exactly to the Weighted Average Life to Maturity of such Prepaid Principal is listed, the yields for the two (2) published United States

Treasury obligations with Treasury Constant Maturities most closely corresponding to such Weighted Average Life to Maturity (one (1) with a longer maturity and one (1) with a shorter maturity, if available) shall be calculated pursuant to the immediately preceding sentence and the Make-Whole Discount Rate shall be interpolated or extrapolated from such yields on a straight-line basis.

Applicable H.15 -- means, at any time, United States Federal Reserve Statistical Release H.15(519) or its successor publication then most recently published and available to the public or, if no such successor publication is available, then any other source of current information in respect of interest rates on securities of the United States of America that is generally available and, in the judgment of the Required Holders, provides information reasonably comparable to the H.15(519) report.

Applicable H.15 Rate -- means, at any time with respect to any Prepaid Principal, the then most current annual yield to maturity of the hypothetical United States Treasury obligation listed in the Applicable H.15 for the then most recently available day in such Applicable H.15 with a Treasury Constant Maturity (as defined in such Applicable H.15) equal to the Weighted Average Life to Maturity of such Prepaid Principal determined as of such Prepayment Date. If no such United States Treasury obligation with a Treasury Constant Maturity corresponding exactly to such Weighted Average Life to Maturity is listed, then the yields for the two (2) published United States Treasury obligations with Treasury Constant Maturities most closely corresponding to such Weighted Average Life to Maturity (one (1) with a longer maturity and one (1) with a shorter maturity, if available) shall be calculated pursuant to the immediately preceding sentence and the Make-Whole Discount Rate shall be interpolated or extrapolated from such yields on a straight-line basis.

Bloomberg Rate -- means, on any date, with respect to any Prepaid Principal, the yields reported, as of 10:00 A.M. (New York City time) on such date with respect to such Prepaid Principal, on the display designated as "USD" on the Bloomberg Financial Market Service (or such other display as may replace Page USD on the Bloomberg Financial Market Service) for actively traded U.S. Treasury securities having a maturity equal to the Weighted Average Life to Maturity of such Prepaid Principal as of such date. If no such U.S. Treasury security with a maturity corresponding exactly to the Weighted Average Life to Maturity of such Prepaid Principal is reported, then the yields for the two (2) U.S. Treasury securities with maturities most closely corresponding to the Weighted Average Life to Maturity of such Prepaid Principal (one (1) with a longer maturity and one (1) with a shorter maturity, if available) shall be calculated pursuant to the immediately preceding sentence and the Make-Whole Discount Rate shall be interpolated or extrapolated from such yields on a straight-line basis.

Weighted Average Life to Maturity -- means, with respect to any Prepayment Date and Prepaid Principal, the number of years obtained by dividing the Remaining Dollar-Years of such Prepaid Principal determined on such Prepayment Date by such Prepaid Principal.

Remaining Dollar-Years -- means, with respect to any Prepayment Date and Prepaid Principal, the result obtained by

(a) multiplying, in the case of each required payment of principal (including payment at maturity) that would be payable in respect of such Prepaid Principal but for such prepayment,

(i) an amount equal to such required payment of principal, by

(ii) the number of years (calculated to the nearest one-twelfth (1/12)) that will elapse between such Prepayment Date and the date such required principal payment would be due if such Prepaid Principal had not been so prepaid, and

(b) calculating the sum of each of the products obtained in the preceding subsection (a).

MANDATORY PRINCIPAL AMORTIZATION PAYMENT -- Section 4.1.

MARGIN SECURITY -- means "margin stock" within the meaning of Regulations G, T, U and X of the Board of Governors of the Federal Reserve System, 12 C.F.R., Chapter II, as amended from time to time.

MATERIAL ADVERSE EFFECT -- means a material adverse effect on the business, profits, Properties or financial condition of the Company and the Restricted Subsidiaries, taken as a whole, or on the ability of the Company to perform its obligations set forth herein and in the Notes.

MONTANA DISPOSITION -- means the sale of Montana Investment Group, Inc. and/or any of its subsidiaries for net proceeds totaling at least $16,000,000 in cash (all of which net proceeds are used to reduce Debt outstanding under the Credit Agreement), pursuant to (i) the sale of all or substantially all of the assets of Montana Investment Group, Inc. and/or any of its subsidiaries, (ii) the sale of all of the capital stock of Montana Investment Group, Inc. or (iii) the merger of Montana Investment Group, Inc. with and into any Person other than the Company or a Restricted Subsidiary; in each case, immediately prior to and immediately after the consummation of which, and after giving effect thereto, no Default or Event of Default would exist.

MULTIEMPLOYER PLAN -- means any "multiemployer plan" (as defined in section 3 of ERISA) in respect of which the Company or any ERISA Affiliate is an "employer" (as defined in section 3 of ERISA).

MULTIPLE EMPLOYER PENSION PLAN -- means any "employee benefit plan" within the meaning of section 3(3) of ERISA (other than a Multiemployer Plan), subject to Title IV of ERISA,

constituting a "single-employer plan" (as defined in section 4001 of ERISA) which has two (2) or more "contributing sponsors" (as defined in section 4001 of ERISA), at least two (2) of which are not under "common control" (as defined in section 4001 of ERISA) and to which the Company or any ERISA Affiliate contribute.

NET DEALER HOLDBACKS -- means, at any time, (a) Gross Dealer Holdbacks minus (b) Advances at such time.

NET INSTALLMENT CONTRACT RECEIVABLES -- means, at any time, the amount computed as the result of (a) Gross Installment Contract Receivables minus (b) Unearned Finance Charges minus (c) Allowances for Credit Losses relating to Installment Contracts (but excluding any such allowances which are related to Leases), at such time.

NET LEASED VEHICLE DEALER HOLDBACKS -- means, at any time, with respect to Dealer Agreements relating to Leases, amounts due to Dealers at such time from collections of Leased Vehicles by the Company or any Restricted Subsidiary (other than with respect to Leases which have been transferred or encumbered pursuant to a Permitted Securitization and (x) have not been reassigned to the Company or a Restricted Subsidiary or (y) with respect to which such encumbrances have not been discharged) pursuant to the applicable Dealer Agreements.

1994 NOTE PURCHASE AGREEMENT -- means and includes the separate Note Purchase Agreements, each dated as of October 1, 1994, between the Company and each of the holders, from time to time, of the Company's 8.87% Senior Notes due November 1, 2001 issued pursuant thereto, each as amended by the First Amendment to Note Purchase Agreement dated as of November 15, 1995 and the Second Amendment to Note Purchase Agreement dated as of August 29, 1996.

1996 NOTE PURCHASE AGREEMENT -- means and includes the separate Note Purchase Agreements, each dated as of August 1, 1996, between the Company and each of the holders, from time to time, of the Company's 7.99% Senior Notes due July 1, 2001 issued pursuant thereto.

NON-RECOURSE DEBT -- means Debt of a partnership, joint venture or similar entity in which the Company or a Restricted Subsidiary is a participant, so long as the holder or holders of such Debt shall have no rights or recourse against any Property of the Company or any Restricted Subsidiary, other than Property used solely in connection with such partnership, joint venture or similar entity.

NOTE PURCHASE AGREEMENTS -- Section 1.2(c).

NOTES -- Section 1.1.

OPERATING LEASE -- means, with respect to any Person, any lease other than a Capital Lease.

OPERATING RENTALS -- means all fixed payments that the lessee is required to make by the terms of any Operating Lease.

ORIGINAL NOTES -- Section 1.1(a).

OSHA -- means the Occupational Safety and Health Act of 1970, together with all rules, regulations and standards promulgated pursuant thereto, all as amended from time to time.

OTHER PURCHASERS -- Section 1.2(c).

OUTRIGHT DEALER AGREEMENT(S) -- means Dealer Agreements referred to in clause (b) of the definition of Dealer Agreements.

PBGC -- means the Pension Benefit Guaranty Corporation and any successor corporation or governmental agency.

PENSION PLAN -- means, at any time, any "employee pension benefit plan" (as defined in section 3 of ERISA) maintained at such time by the Company or any ERISA Affiliate for employees of the Company or such ERISA Affiliate, excluding any Multiemployer Plan, but including any Multiple Employer Pension Plan.

PERMITTED SECURITIZATION(S) -- means each transfer or encumbrance (each a "disposition") of specific Advances 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, in each case by the Company or one or more Restricted Subsidiaries to a Special Purpose Subsidiary conducted in accordance with the following requirements:

(a) Each disposition shall identify with reasonable certainty the specific Advances, Leased Vehicles, Installment Contracts or Leases covered by such disposition; and such Advances or Leased Vehicles (and the Installment Contracts, Leases, motor vehicles or other rights relating thereto) and the Installment Contracts and Leases shall have performance and other characteristics so that the quality of such Advances, Leased 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, Leased Vehicles, Installment Contracts or Leases, as applicable, as a whole, as determined in good faith by the Company in its reasonable discretion;

(b) (i) The disposition of Advances, Leased Vehicles, Installment Contracts or Leases will not result in the aggregate principal amount of Debt at any time outstanding, and (without duplication) of similar securities at any time issued and outstanding (other than subordinated securities issued to and held by the Company or a Subsidiary), of any Special Purpose Subsidiary pursuant to

Permitted Securitizations exceeding $100,000,000, which amount may be readvanced and reborrowed and (ii) the Company or the Restricted Subsidiary disposing of Advances, Leased Vehicles, Installment Contracts or Leases to a Special Purpose Subsidiary pursuant to such Permitted Securitization shall itself actually receive (substantially contemporaneously with such disposition) cash from each disposition of such financial assets in connection with any such Securitization Transaction in an amount not less than Seventy-Five Percent (75%) of the sum of (A) the amount of such Advances, (B) the amount of Net Installment Contract Receivables in respect of Installment Contracts arising under Outright Dealer Agreements, and (C) the amount of Leased Vehicles, in each case determined on the date of such Securitization Transaction;

(c) Each such disposition 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, without limitation, Cleanup Call provisions;

(d) Each such Securitization Transaction shall be structured on the basis of the issuance of non-recourse Debt or other similar securities by the Special Purpose Subsidiary; and

(e) Both immediately before and after giving effect to such disposition, no Default or Event of Default (whether or not related to such disposition) exists or would exist.

In connection with each Permitted Securitization conducted hereunder, not less than ten (10) Business Days prior to the date of consummation thereof, the Company shall provide to each holder of a Note (i) a schedule in the form attached hereto as Exhibit E identifying the specific Installment Contracts or Leases or the Advances or Leased Vehicles (and providing collection information regarding the related Installment Contracts or Leases) proposed to be covered by such transaction (with evidence supporting its determination under subparagraph (a) of this definition, including without limitation a "static pool analysis" comparable to the static pool analysis required to be delivered under Section 7.1(j)(1) hereof with respect to such Installment Contracts or Leases) and (ii) proposed drafts of the material Securitization Documents covering the applicable securitization (and the term sheet or commitment relating thereto). Within five (5) Business Days following the consummation thereof, the Company shall have provided to each holder of Notes copies of the material Securitization Documents, as executed, including an updated schedule, substantially in the form of the schedule delivered under clause (i) above,

identifying the financial assets actually covered by such transaction (and, if such financial assets are materially different, as reasonably determined by the Company, from those shown in the schedule delivered under clause (i) above, collection information and evidence supporting its determination under subparagraph (a) of this definition, including a comparable "static pool analysis," as aforesaid, with respect to such financial assets).

PERSON -- means an individual, sole proprietorship, partnership, corporation, limited liability company, trust, joint venture, unincorporated organization, or a government or agency or political subdivision thereof.

PLACEMENT AGENT -- means William Blair & Company, L.L.C.

PLACEMENT MEMORANDUM -- Section 2.1.

PROPERTY -- means any interest in any kind of property or asset, whether real, personal or mixed, and whether tangible or intangible.

PURCHASE MONEY LIEN -- means a Lien held by any Person (whether or not the seller of such Property) on tangible Property (or a group of related items of Property the substantial portion of which is tangible) acquired or constructed by the Company or any Restricted Subsidiary, which Lien secures all or a portion of the related purchase price or construction costs of such Property, provided that such Lien

(a) is created contemporaneously with, or within thirty (30) days of, such acquisition or construction,

(b) encumbers only Property purchased or constructed after the Closing Date and acquired with the proceeds of the Debt secured thereby, and

(c) is not thereafter extended to any other Property.

PURCHASERS -- means you and the Other Purchasers.

REQUIRED HOLDERS -- means, at any time, the holders of at least sixty-six and two-thirds percent (66-_%) in principal amount of the Notes at the time outstanding (exclusive of Notes then owned by any one or more of the Company, any Restricted Subsidiary and any Affiliate).

RESTRICTED INVESTMENT -- means, at any time, all Investments except the following:

(a) Investments in Property to be used in the ordinary course of business of the Company and the Restricted Subsidiaries;

(b) subject to clause (k) of this definition, Investments in receivables, advances, Leases and Leased Vehicles arising from the sale or lease of goods and services, in each case in the ordinary course of business of the Company and the Restricted Subsidiaries;

(c) Investments by the Company or any Restricted Subsidiary in the ordinary course of its business in one or more Restricted Subsidiaries or any corporation that concurrently with such Investment becomes a Restricted Subsidiary, provided that the aggregate amount of all Investments made pursuant to this paragraph (c) and paragraph (d) of this definition (excluding Guaranties by the Company of Debt of Restricted Subsidiaries) does not at any time exceed twenty-five percent (25%) of Consolidated Tangible Net Worth (it being understood that loans and advances to any Restricted Subsidiary by any Person other than the Company or any other Restricted Subsidiary, regardless of whether such loans and advances are guaranteed by the Company or any other Restricted Subsidiary, shall not be taken into account in determining the aggregate amount of Investments made pursuant to this paragraph (c) and paragraph (d) of this definition);

(d) Investments consisting of loans by the Company or any Restricted Subsidiary, and advances from the Company or any Restricted Subsidiary, in each case to the Company or any Restricted Subsidiary in the ordinary course of business of the Company and the Restricted Subsidiaries, provided that the aggregate amount of all Investments made pursuant to paragraph (c) of this definition and this paragraph (d) (excluding Guarantees by the Company of Debt of Restricted Subsidiaries) does not at any time exceed twenty-five percent (25%) of Consolidated Tangible Net Worth (it being understood that loans and advances to any Restricted Subsidiary by any Person other than the Company or any other Restricted Subsidiary, regardless of whether such loans and advances are guaranteed by the Company or any other Restricted Subsidiary, shall not be taken into account in determining the aggregate amount of Investments made pursuant to this paragraph (d) and paragraph (c) of this definition);

(e) Investments in direct obligations of, or obligations guarantied by, the United States of America or any agency of the United States of America the obligations of which agency carry the full faith and credit of the United States of America, provided that such obligations (other than Investments by CAC Life in such obligations made to match liabilities incurred in the ordinary course of business) mature within one (1) year from the date of acquisition thereof;

(f) Investments in any obligation of any state or municipality thereof that at the time of acquisition thereof have an assigned rating of "A" or higher by Standard & Poor's Ratings Group (or an equivalent or higher rating by another credit rating agency of recognized national standing in the United States of America), provided that such obligations (other than Investments by CAC Life in such obligations made to match liabilities incurred in the ordinary course of business) mature within one (1) year from the date of acquisition thereof;

(g) Investments in negotiable certificates of deposit issued by commercial banks organized under the laws of the United States of America or any state thereof, having capital, surplus and undivided profits aggregating at least Fifty Million Dollars ($50,000,000) and the long-term unsecured debt obligations of which are rated "A" or higher by Standard & Poor's Ratings Group (or an equivalent or higher rating by another credit rating agency of recognized national standing in the United States of America), provided that such certificates of deposit (other than Investments by CAC Life in such certificates of deposit made to match liabilities incurred in the ordinary course of business) mature within one (1) year from the date of acquisition thereof;

(h) Investments in corporate debt obligations of corporations organized under the laws of the United States of America or any state thereof that at the time of acquisition thereof have an assigned rating of "A" or higher by Standard & Poor's Ratings Group (or an equivalent or higher rating by another credit rating agency of recognized national standing in the United States of America);

(i) Investments in preferred stock of corporations organized under the laws of the United States of America or any state thereof that have an assigned rating of "A" or higher by Standard & Poor's Ratings Group (or an equivalent or higher rating by another credit rating agency of recognized national standing in the United States of America);

(j) Investments in loans or advances, in the ordinary course of business and necessary to carrying on the business of the Company or any Restricted Subsidiary, to officers, directors and employees of the Company and the Restricted Subsidiaries, provided that the aggregate amount of all such Investments does not at any time exceed One Million Dollars ($1,000,000);

(k) Investments in receivables arising from floor plan receivables and note receivables due from dealers in the ordinary course of business of the Company and the Restricted Subsidiaries, provided that the aggregate amount of all such Investments does not at any time exceed ten percent (10%) of Consolidated Total Assets;

(l) Investments by the Company or any Restricted Subsidiary in the Company, any Restricted Subsidiary or any Special Purpose Subsidiary from and after the effective date of the Second Amendment, consisting of (i) dispositions of specific Advances, Leased Vehicles, Installment Contracts (whether assigned outright or related to Advances) or Leases (whether assigned outright or related to Leased Vehicles) made pursuant to a Permitted Securitization and the resultant Debt issued by a Special Purpose Subsidiary to another Subsidiary as part of a Permitted Securitization, in each case to the extent constituting Investments, (ii) advances by the Company, as servicer of the Installment Contracts or Leases covered by a Permitted Securitization, in an aggregate amount not to exceed $1,500,000 outstanding at any time, to cover the interest component of obligations issued as

part of a Permitted Securitization and payable from collections on such Installment Contracts (such advances to be repayable to the Company on a priority basis from such collections), (iii) the repurchase or replacement from and after the date of the effectiveness of the Second Amendment of an aggregate amount not to exceed $5,000,000 in Advances, Leased Vehicles, Installment Contracts (whether assigned outright or related to Advances) or Leases (whether assigned outright or related to Leased Vehicles) subsequently determined not to satisfy the eligibility standards contained in the applicable Securitization Documents relating to a Permitted Securitization, so long as (x) such replacement is accompanied by the repurchase of or release of encumbrances on such financial assets previously transferred or encumbered pursuant to such securitization and in the amount thereof, (y) any replacement Advances, Leased Vehicles, Installment Contracts (whether assigned outright or related to Advances) or Leases (whether assigned outright or related to Leased Vehicles) are selected by the Company according to the requirements set forth in clause (a) of the definition of Permitted Securitization and (z) such replacements are made at a time when (both before and after giving effect thereto) no Default or Event of Default exists or would exist, (iv) amounts required to fund any Cleanup Call under the terms of such Permitted Securitization, and (v) the disposition of the capital stock of a Special Purpose Subsidiary; and

(m) Investments not otherwise included in clause (a) through clause (l) of this definition, provided that the aggregate amount of all such Investments does not at any time exceed Two Million Five Hundred Thousand Dollars ($2,500,000).

RESTRICTED PAYMENT -- means (x) any dividend or other distribution, direct or indirect and whether payable in cash or property, on account of any capital stock or other equity interest of the Company or any of its Restricted Subsidiaries and (y) any redemption, retirement, purchase, or other acquisition, direct or indirect, of any capital stock or other equity interests of the Company or any of its Restricted Subsidiaries now or hereafter outstanding, or of any warrants, rights or options to acquire any such capital stock or other equity interests or any securities convertible into such capital stock or other equity interests, except to the extent that any such dividend or distribution, or any such redemption, retirement, purchase or other acquisition (i) is payable to the Company or any of its Restricted Subsidiaries or (ii) is payable solely in capital stock or other equity interests of the Company or any such Restricted Subsidiary.

RESTRICTED SUBSIDIARY -- means any Subsidiary (a) in respect of which the Company owns, directly or indirectly, (i) at least eighty percent (80%) (by number of votes) of each class of such Subsidiary's Voting Stock, or (ii) in the case of CAC Insurance Agency of Ohio, Inc., at least 99% of the shares of capital stock issued and outstanding of all classes in the aggregate, (b) that is organized under the laws of the United States of America or any jurisdiction thereof, the United Kingdom or any jurisdiction thereof (including, without limitation, England, Scotland and Wales), Canada or any jurisdiction thereof or the Republic of Ireland or any jurisdiction thereof, and that conducts all of its business in, and has all of its Property located in, the United States of America, the United Kingdom, Canada and/or the Republic of Ireland and (c) that is not an Unrestricted Subsidiary. Any Restricted Subsidiary in compliance with the requirements set forth in the first sentence of this definition and

designated as a Restricted Subsidiary on the Closing Date shall be deemed to have been a Restricted Subsidiary for all periods prior to the Closing Date. Notwithstanding any provision in Section 6.17 to the contrary, CAC International and CAC UK shall be deemed Restricted Subsidiaries as of October 1, 1995 and CAC of Canada Limited and any Subsidiary formed by the Company to provide property and casualty insurance shall each be deemed a Restricted Subsidiary as of the date of its formation.

RESTRICTED SUBSIDIARY STOCK -- Section 6.8(b).

SALE AND LEASEBACK TRANSACTION -- means any transaction or series of related transactions in which the Company or a Restricted Subsidiary sells or transfers any of its Property to any Person (other than to the Company or to a Restricted Subsidiary) and concurrently with such sale or transfer, or thereafter, rents or leases such transferred Property or substantially similar Property from any Person.

SECOND AMENDMENT -- means the Second Amendment, dated as of July 1, 1998, to this Agreement.

SECURITIES ACT -- means the Securities Act of 1933, as amended.

SECURITIZATION DOCUMENTS -- means any note purchase agreement (and any notes issued thereunder), transfer or security documents, master trust or other trust agreements, servicing agreement, indenture, pooling agreement, contribution or sale agreement or other documents, instruments and certificates executed and delivered, subject to the terms of this Agreement, to evidence or secure (or otherwise relating to) a Permitted Securitization, as the same may be amended from time to time (subject to the terms hereof) and any and all other documents executed in connection therewith or replacement or renewal thereof.

SECURITIZATION PROPERTY -- means (i) amounts advanced by the Company or a Restricted Subsidiary 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 and all monies due or to become due, and all monies received, with respect thereto ("Loans"); (ii) all proceeds (including "proceeds" as defined in the Uniform Commercial Code) thereof; (iii) all of the Company's or a Restricted Subsidiary's interest in the Dealer Agreements and Installment Contracts securing payment of Loans, all security interests or liens purporting to secure payment of Loans and all other property obtained upon foreclosure of any security interest securing payment of Loans or any related Installment Contract and all guarantees, insurance (including insurance insuring the priority or perfection of any lien) or other agreements or arrangements of any kind from time to time supporting or securing payment of such Installment Contract whether pursuant to such Installment Contract or otherwise; (iv) all records with respect to Loans, (v) the Company's or a Restricted Subsidiary's right, title and interest in and to business interruption insurance, and (vi) all payments received by the Company in respect of Transferred Loans in the form of cash, checks, wire transfers or other form of payment.

SECURITIZATION TRANSACTION -- means a Transfer of, or grant of a Lien on, Advances, Installment Contracts, Leased Vehicles, Leases, accounts receivable and/or other financial assets by the Company or any Restricted Subsidiary to a Special Purpose Subsidiary or other special purpose or limited purpose entity and the issuance (whether by such Special Purpose Subsidiary or other special purpose or limited purpose entity or any other Person) of Debt or of any Securities secured directly or indirectly by interests in, or of trust certificates or other Securities directly or indirectly evidencing interests in, such Advances, Installment Contracts, Leased Vehicles, Leases, accounts receivable and/or other financial assets.

SECURITY -- means "security" as defined in section 2(1) of the Securities Act.

SENIOR FINANCIAL OFFICER -- means the chief financial officer, the principal accounting officer, the controller or the treasurer of the Company.

SENIOR OFFICER -- means the chief executive officer, the president or the chief financial officer of the Company.

SPECIAL PURPOSE SUBSIDIARY -- means any Unrestricted Subsidiary of the Company, all of the capital stock of which is owned by the Company or a Restricted Subsidiary, which Unrestricted Subsidiary is formed for the sole purpose of conducting one or more Permitted Securitizations and is operated for such purpose in accordance with customary industry practices.

STANDARD & POOR'S RATINGS GROUP -- means Standard & Poor's Ratings Group, a division of McGraw-Hill, Inc.

SUBORDINATED DEBT -- means, at any time, unsecured Debt of the Company that is junior and subordinate in right of payment to the Notes on terms and conditions satisfactory to the Required Holders, as evidenced by their written consent.

SUBORDINATED FUNDED DEBT -- means, at any time, Funded Debt of the Company or any Restricted Subsidiary that is:

(a) junior and subordinate in right of payment to the Notes on terms and conditions satisfactory to the Required Holders, as evidenced by their written consent thereto,

(b) not subject to any sinking fund or required prepayment provisions that would result in its having at any time an average life to maturity, computed in accordance with accepted financial practice, shorter than the Weighted Average Life to Maturity (as defined in the definition of "Make-Whole Amount") of the Notes at such time or a final maturity earlier than the stated final maturity of the Notes, and

(c) not secured by a Lien on the Property of the Company or any Restricted Subsidiary (whether or not such Funded Debt is recourse to the Company or any Restricted Subsidiary).

SUBSIDIARY -- means, at any time, a corporation of which the Company owns, directly or indirectly, more than fifty percent (50%) (by number of votes) of each class of the Voting Stock at such time.

SURVIVING CORPORATION -- Section 6.7(a).

TOTAL RESTRICTED SUBSIDIARY DEBT -- means, at any time, the aggregate amount of Debt of all Restricted Subsidiaries determined at such time after eliminating intercompany transactions among the Company and the Restricted Subsidiaries. For the avoidance of doubt, the Company hereby acknowledges that Total Restricted Subsidiary Debt includes the amount of Debt of any Restricted Subsidiary attributable to its Guaranty of any liabilities of another Person (including the Company or any Subsidiary) made in favor of any Person other than the Company or another Restricted Subsidiary. Notwithstanding the foregoing, (i) Total Restricted Subsidiary Debt does not include the amount of Debt of any Restricted Subsidiary attributable to its Guaranty of obligations under the Credit Agreement (and any related notes, letters of credit and other agreements) of any Person (including the Company or any Subsidiary) made in favor of the Banks if, concurrently with the giving of any such Guaranty, the holders of the Notes at such time are given the benefit of an equal and ratable Guaranty on substantially similar terms; and (ii) the term "Total Restricted Subsidiary Debt" shall not, at any time prior to May 15, 1997 (but shall, at all times from and after May 15, 1997), be deemed to include any Debt of CAC International attributable to its Guaranty, for the benefit of the Banks, of the liabilities of the Company and certain Subsidiaries under the Credit Agreement.

TRANSFERS -- Section 6.8(a).

UNEARNED FINANCE CHARGES -- means, as of any applicable date of determination, the unearned finance charges utilized in deriving installment contract receivables, net on the consolidated balance sheet of the Company and its Restricted Subsidiaries, as disclosed in the footnotes thereto, provided that Unearned Finance Charges shall not include unearned finance charges attributable to retail installment contracts which are not at such time "Installment Contracts" due to the proviso in the definition of such term in this Agreement.

UNRESTRICTED SUBSIDIARY -- means any Subsidiary that, as of the date of this Agreement, is designated in Part 6.17(a) of Annex 3 as an Unrestricted Subsidiary or, after the date of this Agreement, has been designated as an Unrestricted Subsidiary as provided in Section 6.17.

VOTING STOCK -- means capital stock of any class or classes of a corporation the holders of which are ordinarily, in the absence of contingencies, entitled to elect corporate directors (or Persons performing similar functions).

WHOLLY-OWNED RESTRICTED SUBSIDIARY -- means, at any time, any Restricted Subsidiary one hundred percent (100%) of all of the equity Securities (except directors' qualifying shares) and voting Securities of which are owned by, and all of the Debt of which is held by, any one or more of the Company and the other Wholly-Owned Restricted Subsidiaries at such time."

2.5 AMENDMENT AND RESTATEMENT OF EXHIBIT A. The form of First Amended and Restated Note set forth as Exhibit A to the Agreement is hereby amended and restated, in its entirety, to be in the form of Attachment 4 attached to this Fourth Amendment. All references to "Exhibit A" in the Note Purchase Agreements shall, if in reference to a date on or after the date of the Fourth Amendment, refer to the form of Second Amended and Restated 8.77% (or 9.27%, if on or after January 15, 2000) Senior Note Due October 1, 2001, as amended and restated hereby.

2.6 AMENDMENT OF FIRST AMENDED AND RESTATED NOTES. The forms of the respective First Amended and Restated Notes are hereby amended in their entirety to conform to the form of Second Amended and Restated Note attached to this Fourth Amendment as Attachment 4. On the date of this Fourth Amendment, each of the terms of each outstanding First Amended and Restated Note shall be deemed to be amended to conform with such form, without any further action on the part of the Company or any holder of any First Amended and Restated Note (including, without limitation, any requirement that any holder surrender its outstanding First Amended and Restated Notes to the Company). Upon surrender of any outstanding First Amended and Restated Note, the Company shall deliver to the registered holder thereof a Second Amended and Restated Note in the form attached hereto as Attachment 4, dated the date of the last interest payment on such surrendered First Amended and Restated Note and in an aggregate principal amount equal to the unpaid principal amount of such surrendered First Amended and Restated Note, all in accordance with the provisions of Section 5.2 of the Agreement. Without limitation of the foregoing, the amendment and restatement of the First Amended and Restated Notes provided for herein, including, without limitation, the increase in the interest rate applicable to the Notes, shall be effective with respect to any and all of the Notes irrespective of whether any such Notes are surrendered to the Company for reissuance in the form attached to this Fourth Amendment as Attachment 4.

SECTION 3. MISCELLANEOUS

3.1 COUNTERPARTS. This Fourth Amendment may be executed in any number of counterparts, each executed counterpart constituting an original, but all together only one Fourth Amendment.

3.2 HEADINGS. The headings of the sections of this Fourth Amendment are for purposes of convenience only and shall not be construed to affect the meaning or construction of any of the provisions hereof.

3.3 GOVERNING LAW. This Fourth Amendment shall be governed by and construed in accordance with the internal laws of the State of New York.

3.4 EFFECT OF AMENDMENT. Except as expressly provided herein (a) no other terms and provisions of the Agreement shall be modified or changed by this Fourth Amendment and (b) the terms and provisions of the Agreement, as amended by this Fourth Amendment, shall continue in full force and effect. The Company hereby acknowledges and reaffirms all of its obligations and duties under the Agreement, as modified by this Fourth Amendment, and the Notes.

3.5 REFERENCES TO THE AGREEMENT. Any and all notices, requests, certificates and other instruments executed and delivered concurrently with or after the execution of the Fourth Amendment may refer to the Agreement without making specific reference to this Fourth Amendment but nevertheless all such references shall be deemed to include, to the extent applicable, this Fourth Amendment unless the context shall otherwise require.

3.6 COMPLIANCE. The Company certifies that immediately before and after giving effect to this Fourth Amendment, no Default or Event of Default exists or would exist after giving effect hereto; provided that the Company may not be in compliance with the covenant contained in Section 6.2 before giving effect to this Fourth Amendment.

3.7 FULL DISCLOSURE. The Company warrants and represents to you that, as of the effective date hereof, none of the written statements, documents or other written materials furnished by, or on behalf of, the Company to you in connection with the negotiation, execution and delivery of this Fourth Amendment contain any untrue statement of a material fact or omit a material fact necessary to make the statements contained therein or herein not misleading in light of the circumstances in which they were made. There is no fact of which any of the Company's executive officers has actual knowledge which the Company has not disclosed to you which materially affects adversely or, so far as the Company can now reasonably foresee, will materially affect adversely the business, prospects, profits, Properties or condition (financial or otherwise) of the Company and the Subsidiaries, taken as a whole, or the ability of the Company to perform its obligations set forth in the Agreement (after giving effect to this Fourth Amendment) and the Notes.

3.8 EFFECTIVENESS OF AMENDMENTS. The amendments to the Agreement contemplated by Section 2 hereof shall (in accordance with Section 10.5(a) of the Agreement) become effective (retroactive to September 30, 1999), if at all, at such time as the Company and the Required Holders of the Notes shall have indicated their written consent to such amendments by executing and delivering the applicable counterparts of this Fourth Amendment. It is understood that any holder of Notes may withhold its consent for any reason, including, without limitation, any failure of the Company to satisfy all of the following conditions:

(a) This Fourth Amendment shall have been executed and delivered by the Company and each of the Required Holders of the Notes.

(b) The execution, delivery and effectiveness of an agreement, signed by the Company and the requisite holders of the Company's First Amended and Restated 9.12%

Senior Notes due November 1, 2001 issued under Note Purchase Agreements dated as of October 1, 1994, containing amendments to such Note Purchase Agreements identical in substance to the amendments set forth in Section 2 hereof.

(c) The execution, delivery and effectiveness of an agreement, signed by the Company and the requisite holders of the Company's First Amended and Restated 8.24% Senior Notes due July 1, 2001 issued under Note Purchase Agreements dated as of August 1, 1996, containing amendments to such Note Purchase Agreements identical in substance to the amendments set forth in Section 2 hereof.

(d) The Company shall have paid the statement for reasonable fees and disbursements of Bingham Dana LLP, your special counsel, presented to the Company on or prior to the effective date of this Fourth Amendment.

(e) The Company's legal counsel shall have delivered an opinion, dated the effective date of this Fourth Amendment, substantially in the form attached as Attachment 5 to this Fourth Amendment.

(f) The holders of Notes shall have received from the Company a certificate of a Senior Officer, dated the effective date of this Fourth Amendment, certifying as to the resolutions attached thereto and other corporate proceedings relating to the authorization, execution and delivery of this Fourth Amendment and the transactions contemplated hereby.

3.9 AMENDMENT FEE. The Company shall pay a fee to all holders of Notes, in consideration of the amendment set forth herein, in an amount equal to 0.20% of the outstanding principal amount of the Notes held by such holder as of the date hereof. Such fee shall be paid no later than the fifth business day after all of the Required Holders have executed this Fourth Amendment.

3.10 COMMITMENT TO SELL NOTES. Each of the holders listed on Attachment 6 to this Fourth Amendment hereby irrevocably commits to sell the Repurchased Notes held by such holder upon payment therefor by the Company on or before January 15, 2000 in accordance with, and in the amount provided in, Section 6.15(b) of the Agreement (as amended by this Fourth Amendment) and such Attachment 6.

3.11 WAIVER OF DELIVERY REQUIREMENT. In order to facilitate the Company's prompt compliance with its obligations under Section 6.15(b) of the Agreement (as amended by this Fourth Amendment), each of the Note holders hereby waives, with respect to the Securitization Transaction to be consummated in connection with the fulfillment of the Company's obligations under Section 6.15(b), the requirement in the definition of Permitted Securitization that certain deliveries be made by the Company not less than ten Business Days prior to the date of the consummation of a Permitted Securitization; provided, however, that the Company shall make such deliveries as

promptly as reasonably practicable and, in any event, not less than five Business Days prior to the consummation of such Securitization Transaction.

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ACCEPTED:

THE GUARDIAN LIFE INSURANCE
COMPANY OF AMERICA

By /S/ Thomas M. Dowshue

Name: Thomas M. Dowshue
Title: Vice President

[Signature Page to Fourth Amendment to Note Purchase Agreement in respect of 8.02% Senior Notes Due October 1, 2001 of Credit Acceptance Corporation]

ACCEPTED:

MASSACHUSETTS MUTUAL LIFE
INSURANCE COMPANY

By /S/ Richard E Spencer II

Name: Richard E Spencer II
Title:

[Signature Page to Fourth Amendment to Note Purchase Agreement in respect of 8.02% Senior Notes Due October 1, 2001 of Credit Acceptance Corporation]

ACCEPTED:

NATIONWIDE LIFE INSURANCE COMPANY

By /S/ Mark Poeppelman

Name: Mark W. Poeppelman
Title: Authorized Signatory

[Signature Page to Fourth Amendment to Note Purchase Agreement in respect of 8.02% Senior Notes Due October 1, 2001 of Credit Acceptance Corporation]

ACCEPTED:

AMERICAN BANKERS INSURANCE
COMPANY OF FLORIDA

By /S/ Gus Rodriguez

Name: Gus Rodriguez
Title: Director of Investments

VOYAGER PROPERTY & CASUALTY INSURANCE CO.

By /S/ Gus Rodriguez

Name: Gus Rodriguez
Title: Director of Investments

[Signature Page to Fourth Amendment to Note Purchase Agreement in respect of 8.02% Senior Notes Due October 1, 2001 of Credit Acceptance Corporation]

ACCEPTED:

ASSET ALLOCATION & MANAGEMENT
COMPANY AS AGENT FOR AMERICAN
PIONEER LIFE INSURANCE COMPANY OF
NEW YORK

By /S/ K. Lange

Name: Kathy Lange
Title: Portfolio Manager

ASSET ALLOCATION & MANAGEMENT
COMPANY AS AGENT FOR AMERICAN
PROGRESSIVE LIFE AND HEALTH
INSURANCE COMPANY OF NEW YORK

By /S/ K. Lange

Name: Kathy Lange
Title: Portfolio Manager

ASSET ALLOCATION & MANAGEMENT
COMPANY AS AGENT FOR FEDERATED
RURAL ELECTRIC INSURANCE CORP.

By /S/ K. Lange

Name: Kathy Lange
Title: Portfolio Manager

ASSET ALLOCATION & MANAGEMENT
COMPANY AS AGENT FOR TOWER
LIFE INSURANCE COMPANY

By /S/ K. Lange

Name: Kathy Lange
Title: Portfolio Manager

ASSET ALLOCATION & MANAGEMENT
COMPANY AS AGENT FOR MUTUAL
PROTECTIVE INSURANCE COMPANY

By /S/ K. Lange

Name: Kathy Lange
Title: Portfolio Manager

[Signature Page to Fourth Amendment to Note Purchase Agreement in respect of 8.02% Senior Notes Due October 1, 2001 of Credit Acceptance Corporation]

ASSET ALLOCATION & MANAGEMENT
COMPANY AS AGENT FOR PHYSICIANS
LIFE INSURANCE COMPANY VISTA 500

By /S/ K. Lange

Name: Kathy Lange
Title: Portfolio Manager

ASSET ALLOCATION & MANAGEMENT
COMPANY AS AGENT FOR WORLD
INSURANCE COMPANY

By /S/ K. Lange

Name: Kathy Lange
Title: Portfolio Manager

ASSET ALLOCATION & MANAGEMENT
COMPANY AS AGENT FOR UNITED
TEACHERS ASSOCIATES INSURANCE
COMPANY

By /S/ K. Lange

Name: Kathy Lange
Title: Portfolio Manager

ASSET ALLOCATION & MANAGEMENT
COMPANY AS AGENT FOR MEDICO
LIFE INSURANCE COMPANY

By /S/ K. Lange

Name: Kathy Lange
Title: Portfolio Manager

[Signature Page to Fourth Amendment to Note Purchase Agreement in respect of
8.02% Senior Notes Due October 1, 2001 of Credit Acceptance Corporation]

ACCEPTED:

FARM BUREAU LIFE INSURANCE COMPANY

By /S/ Robert J Rummelhart

Name: Robert J Rummelhart
Title: Fixed Income-Vice President

FARM BUREAU MUTUAL INSURANCE COMPANY

By /S/ Robert J Rummelhart

Name: Robert J Rummelhart
Title: Fixed Income-Vice President

[Signature Page to Fourth Amendment to Note Purchase Agreement in respect of 8.02% Senior Notes Due October 1, 2001 of Credit Acceptance Corporation]

If this Fourth Amendment is satisfactory to you, please sign the form of acceptance on the enclosed counterpart of this letter and return the same to the Company, whereupon this Fourth Amendment shall become binding between us in accordance with its terms.

Very truly yours,

CREDIT ACCEPTANCE CORPORATION

By /S/ Brett A Roberts

Name: Brett A. Roberts
Title: Chief Financial Officer

[Signature Page to Fourth Amendment to Note Purchase Agreement in respect of 8.02% Senior Notes Due October 1, 2001 of Credit Acceptance Corporation]

ATTACHMENT 4

EXHIBIT A

[FORM OF NOTE]

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). ANY RESALE OR TRANSFER OF THIS NOTE WITHOUT REGISTRATION UNDER THE SECURITIES ACT MAY ONLY BE MADE IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

CREDIT ACCEPTANCE CORPORATION

SECOND AMENDED AND RESTATED 8.77% SENIOR NOTE DUE OCTOBER 1, 2001
[FROM AND INCLUDING DECEMBER 1, 1999 TO, BUT NOT INCLUDING, JANUARY 15, 2000]

SECOND AMENDED AND RESTATED 9.27% SENIOR NOTE DUE OCTOBER 1, 2001
[FROM AND AFTER JANUARY 15, 2000]

NO. R-

$

PPN: 225310 A# 8 [DATE]

CREDIT ACCEPTANCE CORPORATION, a Michigan corporation (the "Company"), for value received, hereby promises to pay to or registered assigns the principal sum of DOLLARS ($) on October 1, 2001 and to pay interest (computed on the basis of a 360-day year of twelve 30-day months) on the unpaid principal balance thereof from the date of this Note (i) at the rate of seven and seventy-seven one-hundredths percent (7.77%) per annum through (but not including) July 1, 1998, (ii) at the rate of eight and two one-hundredths percent (8.02%) per annum from and after July 1, 1998 through (but not including) December 1, 1999, (iii) at the rate of eight and seventy-seven one-hundredths percent (8.77%) per annum from (and including) and after December 1, 1999 through (but not including) January 15, 2000, and (iv) at the rate of nine and twenty-seven one-hundredths percent (9.27%) per annum from and after January 15, 2000, payable semi-annually on the first (1st) day of April and October in each year, commencing on the payment date next succeeding the date hereof, until the principal amount hereof shall become due and payable; and to pay on demand interest on any overdue principal (including any overdue prepayment of principal) and Make-Whole Amount, if any, and (to the extent permitted by applicable law) on any overdue installment of interest, at a rate equal to the lesser of (a) the highest rate allowed by applicable law or (b) nine and seventy-seven one-hundredths percent (9.77%) per annum if such

time is prior to July 1, 1998, ten and two one-hundredths percent (10.02%) per annum if such time is on or after July 1, 1998 but prior to December 1, 1999, ten and seventy-seven one-hundredths percent (10.77%) per annum if such time is on or after December 1, 1999 but prior to January 15, 2000 and eleven and twenty-seven one-hundredths percent (11.27%) per annum if such time is on or after January 15, 2000.

Payments of principal, Make-Whole Amount, if any, and interest shall be made in such coin or currency of the United States of America as at the time of payment is legal tender for the payment of public and private debts to the registered holder hereof at the address shown in the register maintained by the Company for such purpose, in the manner provided in the Note Purchase Agreement (defined below).

This Note is one of an issue of Notes of the Company issued in an aggregate principal amount limited to Seventy-One Million Seven Hundred Fifty Thousand Dollars ($71,750,000) pursuant to the Company's separate Note Purchase Agreements, each dated as of March 25, 1997 (collectively, as may be amended from time to time, the "Note Purchase Agreement"), with the purchasers listed on Annex 1 thereto. This Note is entitled to the benefits of the Note Purchase Agreement and the terms thereof are incorporated herein by reference. Capitalized terms used herein and not otherwise defined herein have the meanings specified in the Note Purchase Agreement. As provided in the Note Purchase Agreement, this Note is subject to prepayment, in whole or in part, in certain cases without a Make-Whole Amount and in other cases with a Make-Whole Amount. The Company agrees to make required prepayments on account of such Notes in accordance with the provisions of the Note Purchase Agreement.

This Note is a registered Note and is transferable only by surrender hereof at the principal office of the Company as specified in the Note Purchase Agreement, duly endorsed or accompanied by a written instrument of transfer duly executed by the registered holder of this Note or its attorney duly authorized in writing.

Under certain circumstances, as specified in the Note Purchase Agreement, the principal of this Note (in certain cases together with any applicable Make-Whole Amount) may be declared due and payable in the manner and with the effect provided in the Note Purchase Agreement.

The Company's Second Amended and Restated [8.77%] [9.27%] Senior Notes due October 1, 2001 (the "Second Amended and Restated Notes") amend and restate the Company's First Amended and Restated 8.02% Senior Notes due October 1, 2001 (the "First Amended and Restated Notes") and its 7.77% Senior Notes due October 1, 2001 (the "Original Notes"). The obligations formerly evidenced by the First Amended and Restated Notes and the Original Notes are continuing obligations which are evidenced by the Second Amended and Restated Notes and nothing contained in the Second Amended and Restated Notes shall be deemed to constitute payment, settlement or a novation of such obligations.

THIS NOTE AND THE NOTE PURCHASE AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH, INTERNAL NEW YORK LAW.

CREDIT ACCEPTANCE CORPORATION

By

Name:
Title:

ATTACHMENT 5

[FORM OF COMPANY COUNSEL LEGAL OPINION]
December 1, 1999

To each of the Persons
listed on Annex 1 hereto

Re: Credit Acceptance Corporation, a Michigan corporation (the "Company")

Ladies and Gentlemen:

We have acted as special counsel to the Company and have provided this opinion pursuant to the Fourth Amendment to Note Purchase Agreement, dated as of December 1, 1999 (the "Fourth Amendment"), among the Company and the Persons listed on Annex 1 thereto (the "Holders"), in respect of the separate Note Purchase Agreements, each dated as of March 25, 1997 (collectively, as amended by the First Amendment to Note Purchase Agreement dated as of December 12, 1997, the Second Amendment to Note Purchase Agreement dated as of July 1, 1998 and the Third Amendment to Note Purchase Agreement dated as of April 13, 1999, the "Existing Note Agreement", and as further amended by the Fourth Amendment, the "Amended Note Agreement"), between the Company and each of the Persons listed on Annex 1 thereto (the "Purchasers"), pursuant to which the Company sold to the Purchasers the Original Notes in the aggregate principal amount of $71,750,000. The capitalized terms used herein and not defined herein have the meanings specified in the Amended Note Agreement.

The law covered by the opinions expressed herein is limited to the federal law of the United States and the laws of the State of Michigan. In rendering the opinion in paragraph (2) below, we have assumed that the laws of the State of New York as to the enforceability of the Amended Note Agreement and the Notes are not different from the State of Michigan (excluding the choice of law rules).

In our examination, we have assumed the genuineness of all signatures (other than signatures of officers of the Company), the legal capacity of natural persons, the authenticity of all documents submitted to us as originals or copies, the conformity with originals of all documents submitted to us as copies and, as to documents executed by the Holders and Persons other than the Company, that each such Person executing documents had the power to enter into and perform its obligations under such documents, and that such documents have been duly authorized, executed and delivered by, and are binding upon and enforceable against, such Persons.

In rendering our opinion, we have relied, without further investigation or analysis, upon certificates of officers of the Company attached hereto; warranties and representations as to certain factual matters made by the Company and by the Holders in the Amended Note Agreement and in the certificate delivered to the Holders pursuant to the Fourth Amendment.

In acting as such counsel, we have examined (a) the Existing Note Agreement, (b) the Fourth Amendment, including the form of the Company's Second Amended and Restated 8.77% Senior Note due October 1, 2001 attached to the Fourth Amendment as Attachment 4, (c) the bylaws of the Company, (d) the records of proceedings of the board of directors of the Company, (e) a certified copy of the articles of incorporation of the Company, as in effect on the date hereof, and (f) originals, or copies certified or otherwise identified to our satisfaction, of such other documents, records, instruments and certificates of public officials as we have deemed necessary or appropriate to enable us to render this opinion. The First Amended and Restated Notes held by the Holders, as amended and restated pursuant to the Fourth Amendment, are referred to herein as the "Notes".

Based upon and subject to the foregoing and to the additional assumptions, qualifications and limitations set forth herein, we are of the opinion that:

1. The Fourth Amendment has been duly authorized by all necessary corporate action on the part of the Company and has been executed and delivered by a duly authorized officer of the Company.

2. Each of the Amended Note Agreement and the Notes constitute a legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except as (a) the enforceability thereof may be limited by or subject to bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium or similar laws now or hereafter affecting creditors' rights generally, and (b) rights or remedies (including, without limitation, acceleration, specific performance and injunctive relief) may be limited by equitable principles of general applicability (including, without limitation, standards of materiality, good faith, fair dealing and reasonableness) whether such principles are considered in a proceeding in equity or at law, and may be subject to the discretion of the court before which any proceedings therefor may be brought.

3. All consents, approvals and authorizations of Governmental Authorities required on the part of the Company have been obtained in connection with the execution and delivery of the Fourth Amendment.

4. The execution and delivery of the Amended Note Agreement in accordance with, and subject to the terms and conditions of, the Amended Note Agreement, by the Company and the performance by the Company of its obligations thereunder and under the Notes do not violate any applicable statute, rule or regulation to which the Company is subject.

5. Under existing law, the amendment of the First Amended and Restated Notes under the circumstances contemplated by the Fourth Amendment is an exempt transaction under the Securities Act and neither the registration of the Notes under the Securities Act, nor the qualification of an indenture with respect thereto under the Trust Indenture Act of 1939, as amended, is required in connection with such transaction.

In rendering this opinion, we assume no obligation to revise or supplement this opinion should any law now in effect be changed by legislative action, judicial decision or otherwise.

We acknowledge that this opinion is being issued at the request of the Company pursuant to the Fourth Amendment and we agree that the parties listed on Annex 1 thereto are relying hereon. Future holders of the Notes may rely on this opinion as if it were addressed to them. Except as otherwise provided in this paragraph, no one is entitled to rely on this opinion.

This opinion is solely for the information of the addressees hereof, and is not to be quoted in whole or in part or otherwise referred to, nor is it to be filed with any governmental agency or other person without our prior written consent (except that you may furnish a copy hereof (i) to any one or more of your employees, officers, directors, agents, attorneys, accountants or professional consultants, (ii) to any state or federal authority or independent insurance board or body having regulatory jurisdiction over any holder of a Note, (iii) pursuant to order or legal process of any court or governmental agency, (iv) in connection with any legal action in which you are a party arising out of or in respect of the transactions contemplated under the Amended Note Agreement, and (v) for informational and due diligence purposes only, to prospective transferees of the Notes).

Very truly yours,

ATTACHMENT 6

LIST OF HOLDERS OF NOTES WHOSE NOTES WILL BE PURCHASED
BY COMPANY PURSUANT TO SECTION 6.15(B)

1997 Series	Reg. No.	Principal Outstanding
The Guardian Life Insurance Company of America	R-1	$ 10,210,452.96
Massachusetts Mutual Life Insurance Company	R-2	$ 5,105,226.48
Nationwide Life Insurance Company	R-3	$ 5,105,226.48
Farm Bureau Life Insurance Company	R-6	$ 1,531,567.95
Farm Bureau Mutual Insurance Company	R-7	$ 1,021,045.30
American Bankers Insurance Company of Florida	R-8	$ 1,531,567.95
Voyager Property & Casualty Insurance Co.	R-9	$ 1,021,045.30
Subtotal		$ 25,526,132.42
1996 Series		
Massachusetts Mutual Life Insurance Company	R-1	$ 3,764,285.71
	R-3	$ 1,217,857.14
	R-4	$ 332,142.86
	R-30	$ 1,328,571.43
Nationwide Life Insurance Company	R-5	$ 5,535,714.29
Security Benefit Life Insurance Company	R-17	$ 2,657,142.86
Combined Insurance Company of America	R-29	$ 2,214,285.71
Subtotal		$ 17,050,000.00
1994 Series		
Western Farm Bureau Life Insurance	R-12	$ 1,095,833.34
FBL Insurance Company	R-13	$ 2,410,833.34
Ohio Casualty Insurance Co.	R-17	$ 1,315,000.00
Ohio Life Insurance Company	R-18	$ 876,666.66
Washington National Insurance Company	R-39	$ 258,497.17
William Blair & Company, L.L.C.	R-40	$ 500,000.00*
Lincoln Life & Annuity Company of New York	R-44	$ 317,951.52
	R-45	$ 206,797.74
Subtotal		$ 6,981,579.77
TOTAL		$49,557,712.19

*Represents a portion of Note which has a total of $646,242.92 principal amount outstanding.

Exhibit 4(F)(8)

AMENDMENT NO. 2 TO
NOTE PURCHASE AGREEMENT

AMENDMENT NO. 2 TO NOTE PURCHASE AGREEMENT (this "Amendment"), dated as of December 15, 1999, among KITTY HAWK FUNDING CORPORATION, a Delaware corporation, as a secured party (together with its successors and assigns, the "Company"), CAC FUNDING CORP., a Nevada corporation, as issuer (together with its successors and assigns, the "Issuer") and BANK OF AMERICA, N.A., a national banking association ("Bank of America"), individually and as agent for the Company and the Bank Investors (together with its successors and assigns in such capacity, the "Agent"), amending that certain Note Purchase Agreement (as amended to the date hereof, the "Note Purchase Agreement"), dated as of July 7, 1998, among the Company, the Issuer and Bank of America (known under the Note Purchase Agreement as "NationsBank, N.A."), individually and as the Agent.

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

NOW, THEREFORE, the parties hereby agree as follows:

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

SECTION 2. Amendment of Certain Terms.

(1) Section 1.1 of the Note Purchase Agreement is hereby amended by deleting the reference to "June 28, 2000" in the definition of "Commitment Termination Date" and replacing such reference with "December 13, 2000".

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

"Facility Limit" shall mean, as of December 15, 1999, $98,528,495.59, and at any time thereafter, 103% of the Net Investment; provided, that at no time shall the Facility Limit exceed $98,528,495.59."

(3) Section 1.1 of the Note Purchase Agreement is hereby amended by deleting the reference to "June 28, 2000" in clause (viii) of the definition of "Termination Date" and replacing such reference with "December 13, 2000".

(4) Section 2.1(e)(i)(4) of the Note Purchase Agreement is hereby amended by deleting the reference to "June 30" and replacing such reference with "December 31".

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

SECTION 4. Effectiveness. This Amendment shall become effective on December 15, 1999.

SECTION 5. Condition Precedent to Subsequent Funding. Prior to the Subsequent Funding on or next succeeding the date hereof, the Debtor shall obtain and, unless otherwise consented to by the Agent, have at all times in effect, an interest rate cap agreement (the "Interest Rate Cap") with a financial institution (the "Cap Counterparty"), which shall at all times during the term of the Interest Rate Cap be acceptable to the Agent and shall have at all times a rating of at least "A3" from Moody's and "A-" from Standard & Poor's and which has irrevocably and unconditionally agreed that, prior to the date which is one year and one day after the payment in full of all Commercial Paper issued by the Company, it will not acquiesce, petition or otherwise invoke or cause the Debtor to invoke the process of any Governmental Authority for the purpose of commencing or sustaining a case against the Debtor under any Federal or state bankruptcy, insolvency or similar law or appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official of the Debtor or any substantial part of its property or ordering the winding-up or liquidation of the affairs of the Debtor. The Interest Rate Cap shall be in form and substance acceptable to the Agent and shall provide (i) that all amounts payable thereunder shall be paid by the Cap Counterparty directly to the Collection Account, (ii) that the Debtor's rights thereunder have been irrevocably assigned to, and a security interest therein has been granted to, the Collateral Agent for the benefit of the Secured Parties, (iii) for a strike rate of not more than 7.50% per annum, and (iv) that it covers a notional amount corresponding to an amortization schedule provided by the Collateral Agent and attached hereto as Exhibit A. Nothing in this Section shall be interpreted as limiting in any way the other conditions to Funding in the Note Purchase Agreement or the Security Agreement.

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

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

SECTION 8. Severability; Counterparts. This Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute one and the same instrument. Any provisions of this Amendment which are prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

SECTION 9. Captions. The captions in this Amendment are for convenience of reference only and shall not define or limit any of the terms or provisions hereof.

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

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Amendment No. 2 to the Note Purchase Agreement as of the date first written above.

CAC FUNDING CORP., as Issuer

By: /S/ Doug W. Busk

Name: Douglas W. Busk

KITTY HAWK FUNDING CORPORATION,
as Company

By: /S/ Richard L. Taiano

Name: Richard L. Taiano
Title: Vice President

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

By: /S/ Brian D Krum

Name: Brian D. Krum
Title: Vice President

EXHIBIT 4(F)(9)

AMENDMENT NO. 3 TO
SECURITY AGREEMENT

AMENDMENT NO.3 TO SECURITY AGREEMENT (this "Amendment"), dated as of December 15, 1999, 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 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 Security Agreement (as amended to the date hereof, the "Security Agreement"), dated as of July 7, 1998, between the Company, the Debtor, the Servicer and Bank of America (known under the Security Agreement as "NationsBank, N.A."), individually and as Collateral Agent.

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. Amendment of Certain Terms.

(1) Section 1.1 of the Security Agreement is hereby amended by deleting the definition of "Required Reserve Account Balance" and replacing it with the following:

"Required Reserve Account Balance" shall mean an amount equal to the sum of (A) the product of (i) 1.45% and (ii) the Net Investment related to the Initial Funding (after application of funds pursuant to Section 5.1 on the related Remittance Date), (B) the product of (i) 1.00% and (ii) the Net Investment related to the sum of all Subsequent Fundings (after application of funds pursuant to Section 5.1

on the related Remittance Date), and (C) the Supplemental Reserve Requirement."

(2) Section 1.1 of the Security Agreement is hereby amended by deleting the word "and" appearing before clause (d) of the definition of "Servicer Event of Default" and by adding the following to the end of such definition:

", (e) on a Consolidated basis, the Servicer's Consolidated Tangible Net Worth is less than $205,000,000, plus the sum of (i) 75% of Consolidated Net Income for each fiscal quarter of the Servicer (A) beginning on or after January 1, 2000, (B) ending on or before the applicable date of determination thereof, and (C) for which Consolidated Net Income as determined above is a positive amount, and (ii) the Equity Offering Adjustment, or (f) on a Consolidated basis, at the end of any fiscal quarter, the Fixed Charge Coverage Ratio is less than 1.75 to 1.0."

(3) Section 1.1 of the Security Agreement is hereby amended by inserting the following parenthetical before the period at the end of the definition of "Collections":

"(including any additional amounts received from pools of contracts for a given Dealer pursuant to a Dealer Agreement which are applied to reduce the balance of the Loans)".

(4) Section 1.1 of the Security Agreement is hereby amended by inserting the following definition after the definition of "Company":

"Consolidated Income Available for Fixed Charges" shall mean, for any period, the sum of (i) Consolidated Net Income, plus (ii) the aggregate amount of income taxes, depreciation, amortization and Consolidated Fixed Charges (to the extent, and only to the extent, that such aggregate amount was reflected in the computation of Consolidated Net Income for such period), determined on a Consolidated basis for such Persons in accordance with generally accepted accounting principles. "

(5) Section 1.1 of the Security Agreement is hereby amended by inserting the following definition after the definition of "Consolidated Interest Expense":

"Consolidated Tangible Net Worth" shall mean the total preferred shareholders' investment and common shareholders' investment (common stock, paid-in-capital and retained earnings) as computed

under generally accepted accounting principles, less assets properly classified as intangible assets according to generally accepted accounting principles."

(6) Section 1.1 of the Security Agreement is hereby amended by inserting the following definition after the definition of "Successor Servicer":

"Supplemental Reserve Requirement" shall mean an amount equal to (i) as of December 15, 1999 through February 14, 2000, $800,000; (ii) as of February 14, 2000 and any date thereafter, provided that the Net Investment related to the Subsequent Funding taking place on December 15, 1999 is equal to or less than $43,500,000, $0."

(7) Section 1.1 of the Security Agreement is hereby amended by inserting the following definition after the definition of "Standard & Poor's":

"Structuring Agent" shall mean Banc of America Securities LLC.

(8) Section 5.3 of the Security Agreement is hereby amended by inserting the following before the period at the end of paragraph (b) thereof:

";provided, that any such excess amounts attributable to a decrease in the Supplemental Reserve Requirement shall be paid to the Structuring Agent by wire transfer in immediately available funds to: Account # 1093601650000; ABA # 053000196: Reference:CAC Reserve Release."

(9) Article I of the Security Agreement is hereby amended by inserting the following section at the end thereof

"SECTION 1.2 Additional Definitions. The following definitions shall have the meanings assigned thereto in that certain Third Amended and Restated Credit Agreement, dated as of June 15, 1999, between Credit Acceptance Corporation, Comerica Bank, as administrative agent and collateral agent, NationsBank, N.A., as syndication agent and Banc of America Securities LLC, as sole lead arranger and sole book manager, as amended to the date hereof: Consolidated; Consolidated Fixed Charges; Consolidated Net Income; Equity Offering Adjustment; and Fixed Charge Coverage Ratio.".

SECTION 3. Representations and Warranties.

(a) 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 on the date hereof.

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 Security Agreement as of the date first written above.

CAC FUNDING CORP., as Debtor

By: /S/ Douglas W. Busk

Name: Douglas W. Busk
Title: Vice President-Finance

CREDIT ACCEPTANCE CORPORATION,
Individually and as Servicer

By: /S/ Douglas W. Busk

Name: Douglas W. Busk
Title: Vice President-Finance

KITTY HAWK FUNDING CORPORATION,
as Company

By: /S/ Richard L Taiano

Name: Richard L Taiano
Title: Vice President

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

By: /S/ Brian D Krum

Name: Brian D. Krum
Title: Vice President

EXHIBIT 4(F)(10)

AMENDMENT NO. 2 TO CONTRIBUTION AGREEMENT

This AMENDMENT NO. 2 TO CONTRIBUTION AGREEMENT ("Amendment No. 2"), dated as of December 15, 1999, is made between CREDIT ACCEPTANCE CORPORATION, a Michigan corporation ("CAC") and CAC FUNDING CORP., a Nevada corporation ("Funding").

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

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

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

"Additional Contributed Property" means (i) all Loans, including, without limitation, all monies due or to become due, and all monies received, with respect thereto on or after the Cut-Off Date and all Related Security therefor (including all of CAC's right, title and interest in and to the vehicle retail installment sales contracts identified on Exhibit A 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 December 15, 1999.

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

"Cut-Off Date" means December 1, 1999.

"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 Exhibit A attached hereto and are payable from Collections.

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

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

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

(d) It is the express intent of CAC and Funding that the conveyance of the Loans and other Additional Contributed Property by CAC to Funding pursuant to this Amendment No. 2 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. 2 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. 2 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. 2 or as may be determined in connection therewith by applicable law. CAC and Funding shall, to the extent consistent with this Amendment No. 2, take such actions as may be necessary to ensure that, if this Amendment No. 2 were deemed to create a security interest in the Loans and other Additional Contributed Property, such security interest would be deemed to be a perfected security interest in favor of Funding under applicable law and will be maintained as such throughout the term of this Agreement.

(e) In connection with such conveyance, CAC agrees to deliver to Funding on the Closing Date, one or more computer files or microfiche lists containing true and complete lists of all Dealer Agreements and Loans conveyed to Funding on the Closing Date, and all Contracts securing all such Loans, identified by account number, dealer number, and pool number and Outstanding Balance as of the Cut-Off Date. Such file or list shall be marked as Exhibit A to this Amendment No. 2, shall be delivered to Funding as confidential and proprietary, and is hereby incorporated into and made a part of this Amendment No. 2.

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. 2 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. 2 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. 2), 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. 2 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. 2 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. 2 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. 2, 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 $111,500,000.00.

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

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

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

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

(q) Bulk Sales. No transaction contemplated by this Amendment No. 2 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) Exhibit A. Exhibit A to this Amendment No. 2 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 Exhibit A, 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. 2. 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. 2 shall become effective on June 30, 1999.

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. 2 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. 2.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, Funding and CAC each have caused this Amendment No. 2 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: Vice President - Finance

CREDIT ACCEPTANCE CORPORATION,
individually and as Servicer

By: /S/ DOUGLAS W. BUSK

Name: Douglas W. Busk
Title: Vice President - Finance

Acknowledged and agreed as
of the date first above written:

KITTY HAWK FUNDING CORPORATION

By: /S/ RICHARD L. TAIANO

Name: Richard L. Taiano
Title: Vice President

BANK OF AMERICA, N.A., as Agent

By: /S/ BRIAN D. KRUM

Name: Brian D. Krum
Title: Vice President

EXHIBIT 10(d)(7)

For Office Use
Dealer Lot No.

[CAC LOGO]
CREDIT ACCEPTANCE CORPORATION

Silver Triangle Building
25505 West Twelve Mile Road, Suite 3000
Southfield, Michigan 48034-8339
(248) 353-2700

[CAC LOGO]

DEALERSHIP APPLICATION

Dealership Name: _____
(Dealership name must agree with State issued license)

Organization Type (check one): [ ] Corporation [ ] Partnership [ ] Sole Proprietorship [ ] LLP [ ] LLC

Federal I. D. Number: _____

Dealer Social Security Number: _____

Dealer's License Number: _____ Installment Seller's License # (if required by State): _____

Dealership Street Address: _____

Mailing Address: _____

City: _____ County: _____ State: _____ Zip: _____

Phone #: _____ Fax #: _____

Dealer Surety Bond Company: _____

Are You a Member of NIADA? [ ] Yes [ ] No. If Yes, Your Member Number is _____

PERSONAL CONTACTS

Owner: _____

Owner's Home Address: _____

Home Phone Number: _____

Spouse of Owner: _____

CAC Contact at Dealership: _____

General Manager: _____

Used Car Manager: _____

Finance & Insurance Manager: _____

Office Manager: _____

GENERAL INFORMATION

Bank Affiliation: _____

Number of Stores: _____

SALES VOLUME HISTORY
AVERAGE MONTH

New Retail Unit Volume: _____ Used Retail Unit Volume: _____

Number of Salespeople: New: _____ Used: _____ Total: _____

Dealer Referrals: 1 2 3

Contact Person _____ _____ _____

Dealership _____ _____ _____

City, State _____ _____ _____

Phone # _____ _____ _____

SERVICING AGREEMENT INSTRUCTIONS

To begin your association with Credit Acceptance Corporation, you need to complete the enclosed Servicing Agreement (as explained below). Please attach your check for the sign up fee ($4,500 for each store). This sign up fee is non-refundable. Note: you will need to execute one Servicing Agreement and one Dealer Application (first page) for each store entering the CAC Financing Program.

YOU MUST ALSO ENCLOSE A COPY OF YOUR DEALER'S LICENSE, DEALER SURETY BOND (IF REQUIRED IN YOUR STATE) AND INSTALLMENT SELLERS LICENSE WITH THIS SERVICING AGREEMENT

COMPLETING THE SERVICING AGREEMENT

Page 1: There are four lines that need to be completed.
(1) Date you are completing Servicing Agreement.
(2) Legal name of Dealership.
(3) State of incorporation, or if not incorporated, state in which you are registered to do business.
(4) Address of Dealership.

Page 5: There are three lines that need to be completed.
(1) Print the name of your Dealership on the line just above the word "Dealership" (leave the other lines blank).
(2) Sign next to the word "By:"
(3) Print your title next to the word "Title:"

Page 6: (Complete only if incorporated.) There are six blanks to be completed.
(1) Name of corporate secretary.
(2) Name of Dealership.
(3) State of incorporation.
(4) Date of completion.
(5) Date of completion.
(6) Secretary's signature (with seal if applicable).

Page 6: (Complete only if incorporated.) There are eight blanks to be completed.
(1) Name of President of Corporation.
(2) Name of Vice President of Corporation.
(3) Name of Secretary of Corporation.
(4) Name of Corporation.
(5) State of Incorporation.
(6) Date of execution.
(7) Date of execution.
(8) Signature of Secretary (with seal if applicable).

SERVICING AGREEMENT

This Servicing Agreement, dated as of_____, 19__ is made between Credit Acceptance Corporation, a Michigan corporation (herein, together with its successors and assigns, called "Servicer"), with offices at 25505 West Twelve Mile Road, Southfield, Michigan 48034-8339 and _____, a _____corporation, sole proprietorship, partnership, LLC, or LLP (circle one) (herein, together with its permitted successors and assigns, called "Dealer"), with its executive offices at _____.

In consideration of the premises and the mutual agreements contained herein the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

1.01 DEFINITIONS

Whenever used in this Agreement, the following words and phrases, unless the context otherwise requires, shall have the following meanings:

"ADMINISTRATIVE EXPENSES" means all costs, fees, charges, attorney fees and expenses incurred by Servicer (other than Collection Costs and attorney fees incurred in connection with the collection of a Receivable) pursuant to Section 4.03.

"ADVANCE" means an amount advanced to the Dealer pursuant to Section 3.01.

"AGREEMENT" means this Servicing Agreement as executed by the parties and all amendments and supplements hereto.

"BUSINESS DAY" means any day other than a Saturday, a Sunday, or a holiday.

"COLLECTION COSTS" means all out-of-pocket costs incurred by Servicer in the administration, servicing and collection of a Receivable, including the cost of selling and preparing for sale any Financed Vehicle and the costs of litigation. Collection Costs also include amounts expended by Servicer to maintain any insurance upon a Financed Vehicle.

"COLLECTIONS" means all collections received by Servicer with respect to a Receivable, less any payments required by law to be remitted to the Obligor, less any NSF checks.

"CONFIDENTIAL INFORMATION" means all confidential and/or secret information concerning Servicer including, but not limited to, customer lists, names of customers and all information developed by and/or for Servicer and/or its affiliates, whether now owned or hereafter obtained, concerning plans, marketing and sales methods, customer relationships, materials, processes,

procedures, devices utilized by Servicer and/or its affiliates, business forms, costs, prices, suppliers, information concerning past, present or future contractors, representatives and past, present and/or future customers of Servicer and/or its affiliates, plans for development of new or existing products, services and expansion into new areas or markets, internal operations and any variations, trade secrets, proprietary information and other confidential information of any type together with all written, graphic, video and other materials relating to all or any part of the same.

"DISTRIBUTION DATE" means the 10th day of the month, or if such 10th day is not a Business Day, the next Business Day.

"EVENT OF DEFAULT" means an event specified in Section 5.04.

"FINANCED VEHICLE" means an automobile or light truck, together with all accessions thereto, securing an Obligor's indebtedness under a Receivable.

"NET DOWN PAYMENT" means the amount of "cash" or "trade" down payment paid by the Obligor with respect to the purchase of the Financed Vehicle. Dealer agrees to disclose on credit applications any and all rebates and source of down payment, if known by the dealer. Dealer warrants not to purchase any item, transfer funds, include any post dated checks, rebates or installment notes to buyer for use as down payment or for any other reason related to purchase, and that the down payment has been collected in full prior to assignment to "CAC". Failure to disclose such information makes said contracts full recourse to dealer and requires immediate payment in full of said contracts.

"OBLIGOR" on a Receivable means the purchaser or the co-purchaser's of a Financed Vehicle or any other Person who owes payments under the Receivable.

"PERSON" means a legal person, including any individual, corporation, estate, partnership, joint venture, association, joint stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof.

"QUALIFYING RECEIVABLE" means a retail installment sale contract which meets the Servicer's credit standards and the following specifications:

(i) it has not been rescinded and it is a valid, binding and enforceable obligation of the Obligor;

(ii) it is not in default at the date of transfer to Servicer;

(iii) it is owned by the Dealer free and clear of all liens, claims, options, encumbrances, security interests and other rights (other than liens in favor of Servicer);

(iv) it is enforceable against the Obligor for the amount shown as owing in the contract and in the records of the Dealer;

(v) it complied at the time it was originated or made, and is currently in compliance in all respects, with all requirements of applicable federal, state and local laws, and regulations thereunder, including, usury laws, the Federal Truth-in-Lending Act, the Equal Credit Opportunity Act, the Fair Credit Billing Act, the Fair Credit Reporting Act, the Fair Debt Collection Practices Act, the Federal Trade Commission Act, the Magnuson-Moss Warranty Act, Federal Reserve Board Regulations B, M and Z, state adaptations of the National Consumer Act and of the Uniform Consumer Credit Code and any other consumer credit or equal opportunity disclosure;

(vi) it is not subject to any offset, credit, allowance or adjustment nor has the Obligor disputed his or her liability under the contract;

(vii) the Dealer has assigned to the Servicer a first and prior perfected security interest in the Financed Vehicle securing the performance of the Obligor and neither the Receivable nor the security interest in the Financed Vehicle has been subordinated;

(viii) the Financed Vehicle is adequately insured with a policy or policies covering damage, destruction and theft of the Financed Vehicle and such policies name Servicer as a loss payee;

(ix) all representations and warranties contained in the assignment section of the retail installment sale contract are true and correct as of the date of transfer to the Servicer;

(x) the Dealer has complied with the procedures for approval of Receivables and making of advances adopted by the Servicer from time to time.

(xi) all signatures on it are genuine;

(xii) Dealer received the cash down payment or trade-in described in the contract;

(xiii) neither Dealer nor, to Dealer's knowledge, any employee or representative of the Dealer has lent the Obligor any part of the down payment;

(xiv) the motor vehicle has never been used as a taxi-cab;

(xv) the Dealer delivered the motor vehicle and the motor vehicle satisfied all warranties, expressed or implied, made to the Obligor;

(xvi) the Obligor owns the motor vehicle free of all liens or encumbrances except the security interest granted in the contract; and

(xvii) all amounts indicated in the Itemization of the Amount Financed have been paid.

"RECEIVABLE" means a Qualifying Receivable executed by the Obligor with respect to a Financed Vehicle, which Receivable shall have been assigned to Servicer for administration, servicing and collection.

"RECEIVABLE FILES" means all writings (including an executed copy of the retail installment sale contract) and business records relating to a Receivable.

ARTICLE II

ADMINISTRATION AND SERVICING OF RECEIVABLES

2.01 ACCEPTANCE OF RECEIVABLES; DUTIES OF SERVICER

(a) The Dealer may submit retail installment sale contracts to the Servicer for administration, servicing and collection under the terms of this Agreement. Submission of such a contract to the Servicer constitutes a representation and warranty by the Dealer that such contracts meets the criteria set forth in the definition of Qualifying Receivable.

(b) If Servicer issues an approval number with respect to a Qualifying Receivable, the Dealer shall deliver the Receivable Files to the Servicer and assign such Receivable and Dealer's security interest in the Financed Vehicle to the Servicer as nominee for the Dealer, which assignment shall be for purposes of administration, servicing and collection of the Receivable, as well as for security purposes as set forth in Section 2.07. Upon the request of Servicer, the Dealer will furnish the Servicer with any

additional powers of attorney and other documents that the Servicer deems necessary or appropriate to enable the Servicer to carry out its administration, servicing and collection duties hereunder.

(c) Servicer's issuance of an approval number shall not be deemed to be acceptance of a contract for Servicing hereunder. Acceptance of a Qualifying Receivable shall occur only at such time as Servicer receives and approves the related Receivable Files.

(d) If the Servicer accepts such Qualifying Receivable it shall be deemed a Receivable under this Agreement and the Servicer will service and administer such Receivable on behalf of the Dealer in accordance with the terms of this Agreement. The Servicer's duties shall consist of collection and posting of all payments; holding the Receivable Files; collecting payments due under the Receivables as set forth in Section 2.02 and reapplying the amounts so collected in the manner set forth in Section 3.03; responding to inquiries of Obligor on the Receivables; investigating delinquencies; sending monthly payment books and/or receipts to Obligors; and furnishing monthly statements to the Dealer. The Servicer is hereby authorized and empowered to endorse the Dealer's name on any payments made payable to the Dealer and execute and deliver, in the Servicer's own name, on behalf of the Dealer, any and all instruments of satisfaction or cancellation, or of partial or full release or discharge, and all other comparable instruments, with respect to the Receivables or to the Financed Vehicles.

(e) Notwithstanding any provision to the contrary elsewhere in this Agreement, the Servicer is acting as an independent contractor, and shall have no duties or responsibilities, except those expressly set forth herein, or any fiduciary relationship with the Dealer, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or otherwise exist with respect to the Servicer.

2.02 COLLECTION OF RECEIVABLE PAYMENTS

The Servicer shall use reasonable efforts to collect all payments called for under the terms and provisions of the Receivables as and when the same shall become due. If any payments of a Receivable are made to the Dealer after such Receivable is accepted by the Servicer under this Agreement, the Dealer will immediately forward such payment to the Servicer in the form received. The Servicer may, in its discretion, waive any late payment charge or any other fee that may be collected in the ordinary course of servicing a Receivable.

2.03 REALIZATION UPON REPOSSESSION

On behalf of the Dealer, at the discretion of the Servicer, the Servicer shall use reasonable efforts to repossess or otherwise convert the ownership of the Financed Vehicle securing any Receivable, and sell or otherwise liquidate the Financed Vehicle. In exercising reasonable efforts to sell or otherwise liquidate the Financed Vehicle, the Servicer shall follow such practices and procedures as it deems necessary or advisable in its servicing of automotive receivables, which may include selling the Financed Vehicle at public or private sale.

2.04 PHYSICAL DAMAGE INSURANCE

If required by the Servicer, the Dealer shall require that each Obligor shall have obtained and shall maintain adequate insurance covering damage, destruction and theft of the Financed Vehicle, at least in the minimum amounts required by law. If the Servicer has required such insurance and has determined that an Obligor has allowed any such insurance covering the related Financed Vehicle to lapse, the Servicer may place such insurance and pay the related premium for the account of the Obligor and the Dealer.

2.05 SECURITY INTERESTS IN FINANCED VEHICLES

The Dealer will take such steps as are necessary to perfect the security interest in the Financed Vehicle in the name of the Servicer, including placing the Servicer's name as lienholder on all titles to Financed Vehicles.

2.06 ACCESS TO CERTAIN DOCUMENTATION AND INFORMATION REGARDING RECEIVABLES

The Dealer shall provide to the Servicer all Receivable Files in its possession; provided, however, that this Section 2.06 shall not require the Dealer to violate any applicable law prohibiting disclosure of information regarding an Obligor.

2.07 SECURITY INTEREST

The Dealer hereby grants the Servicer a security interest in all Receivables now or hereafter transferred to the Servicer pursuant to this Agreement and in the Dealer's interest in the Financed Vehicles connected therewith, together with all proceeds, as security for the payment of all indebtedness of the Dealer to the Servicer, including Advances, Collection Costs, Administrative Expenses and any other amount due to the Servicer hereunder. This grant of a security interest will survive the termination of this Agreement until the Dealer has paid all its obligations to the

Servicer, including those due under this Agreement, including Advances and Collection Costs, in full.

In addition to the security interest granted above, Dealer, upon demand by the Servicer, will grant to Servicer a security interest in all Collateral possessed by the Dealer, the term "Collateral" being defined to mean all inventory and goods now or hereafter acquired or owned, including, but not limited to, goods, tangible property, business records, stock and trade, supplies, merchandise used in or sold in the ordinary course of business, all machinery, equipment, furniture, ledgers, books, chattels, and all other tangible personal property of every nature and description now existing or hereafter acquired, together with all substitutions, replacements and additions thereto, all contracts, patents, licensing agreements, supplier lists, business records, and customer lists together with all proceeds and product of all the foregoing.

Dealer agrees to execute UCC Financing Statements and to take such other actions requested by Servicer in order to perfect such security interest of Servicer.

ARTICLE III

ADVANCES, DISTRIBUTIONS AND SERVICING FEE

3.01 ADVANCES

Upon the acceptance by the Servicer of a Qualifying Receivable under Section 2.01, the Servicer may, in its discretion, make an Advance. The amount of the Advance will be determined by the applicable advance program currently in use by the Servicer in the Dealer's state of operation. Such Advances shall be repaid to the Servicer as provided in Section 3.03, and shall be repaid immediately upon the termination of this Agreement or upon the occurrence of an Event of Default. Servicer may modify from time to time its advance methodology upon written notice to the Dealer.

3.02 SERVICING FEE

As compensation for the services provided by the Servicer to the Dealer, the Servicer will retain 20% of all Collections net of Collection Costs.

3.03 APPLICATION OF FUNDS

Collections received by the Servicer during a calendar month shall be applied as follows:

FIRST, to reimburse Servicer for all Collection Costs;

SECOND, to pay to Servicer its servicing fee set forth in Section 3.02 above;

THIRD, to any outstanding Advances or any other indebtedness or amounts owing from the Dealer to the Servicer, including, without limitation, the Administrative Expenses and any indemnification obligations of Dealer to Servicer pursuant to Section 4.02 of this Agreement; and

FOURTH, to the Dealer.

All amounts due to the Dealer under this Section 3.03 with respect to Collections made during the calendar month shall be paid to the Dealer no later than the Distribution Date occurring in the following calendar month.

3.04 STATEMENT TO DEALER

The Servicer shall provide to the Dealer a statement containing the following information:

(i) The amounts set forth in Section 3.03;

(ii) The amount of any distribution to the Dealer.

ARTICLE IV
THE DEALER

4.01 REPRESENTATIONS OF THE DEALER

The Dealer makes the following representations on which the Servicer is relying in accepting the Receivables, and each request by the Dealer to the Servicer to administer, service and collect a Receivable under Section 2.01 will act as a reaffirmation of each of the following representations as of the date of such request:

(i) ORGANIZATION AND GOOD STANDING. The Dealer is duly organized and is validly existing as a corporation in good standing under the laws of state of its incorporation, with full power and authority to own its properties and to conduct its business, and had at all relevant times, and shall have power, authority, and legal right to acquire and own the Receivables.

(ii) DUE QUALIFICATION. The Dealer is duly qualified to do business and has obtained all necessary licenses and approvals in all jurisdictions in which the ownership or lease of property or the conduct of its business requires such qualification.

(iii) POWER AND AUTHORITY. The Dealer has the power and authority to execute and deliver this Agreement and to carry out its terms and the execution, delivery, and performance of this Agreement has been duly authorized by the Dealer by all necessary corporate action.

(iv) BINDING OBLIGATIONS. This Agreement constitutes a legal, valid, and binding obligation of the Dealer enforceable in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, or other similar laws affecting the enforcement of creditors' rights in general.

(v) NO VIOLATION. The consummation of the transactions contemplated by this Agreement and the fulfillment of the terms hereof shall not conflict with, result in any breach of any of the terms and provisions of, nor constitute (with or without notice of lapse of time) a default under any indenture, agreement, or other instrument to which the Dealer is a party or by which it shall be bound; nor result in the creation or imposition of any lien upon any of its properties pursuant to the terms of any such indenture, agreement, or other instrument (other than this Agreement); nor violate any law or any order, rule, or regulation applicable to the Dealer of any court or of any federal or state regulatory body, administrative agency, or other governmental

instrumentality having jurisdiction over the Dealer or its properties.

(vi) NO PROCEEDINGS. There are no proceedings or investigations pending, or threatened, before any court, regulatory body, administrative agency, or other governmental instrumentality having jurisdiction over the Dealer or its properties: (a) asserting the invalidity of this Agreement, (b) seeking to prevent any of the transactions contemplated by this Agreement, or (c) seeking any determination or ruling that might materially and adversely affect the financial condition of the Dealer or the performance by the Dealer of its obligations under, or the validity or enforceability of this Agreement. Neither the Dealer nor any of its officers or employees is operating under or subject to, or in default with respect to any adjudicatory order, writ, injunction or decree of any court or federal, state, municipal or governmental department, commission, board, agency or instrumentality, domestic or foreign, related to the conduct of the Dealer's business; and neither the Dealer nor any of its directors, officers or employees is subject to any cease and desist order, supervisory agreement or arrangement or disqualification consensual or otherwise, with any regulatory authority, which is material to the Receivables or the transactions contemplated hereby.

(vii) BROKERS AND FINDERS. Neither Dealer nor any person acting on its behalf has employed any broker, agent or finder or incurred any liability for any brokerage fees, agents' commissions or finders' fees in connection with the transactions contemplated herein.

(viii) COMPLIANCE WITH LAWS. Dealer has complied with all federal, state, local and foreign laws, ordinances, regulations and orders applicable to it or the Receivables or the Financed Vehicles. All licenses, permits, orders or approvals of any governmental or regulatory body which are required in connection with Dealer's business ("Permits"), are in full force and effect, no violations are or have been recorded in respect to any such Permits and no proceedings are pending or, to Dealer's knowledge, threatened to terminate, revoke or limit any of such Permits.

(ix) CHARACTERISTICS OF RECEIVABLES. Each Receivable was originated by Dealer for the sale of a Financed Vehicle in the ordinary course of Dealer's business, was fully and properly executed by the parties thereto, and contains customary and enforceable provisions for an installment sale of a motor vehicle in the state in which the Obligor is located.

(x) SOURCE OF DOWN PAYMENT. Dealer agrees to disclose on credit applications any and all rebates and source of down payment, if known by the dealer. Dealer warrants not to purchase any item, transfer funds, include any post dated checks, rebates or installment notes to buyer for use as down payment or for any other reason related to purchase, and that the down payment has been collected in full prior to assignment to "CAC". Failure to disclose such information makes said contracts full recourse to dealer and requires immediate payment in full of said contracts.

(xi) LAWFUL ASSIGNMENT. No Receivable has been originated in, or is subject to the laws of, any jurisdiction under which the assignment of such obligation as contemplated under this Agreement would be unlawful, void or voidable.

(xii) ONE ORIGINAL. There is only one original executed copy of each Receivable.

(xiii) DISCLOSURE OF MATERIAL FACTS. The representations and warranties contained in this Agreement or in any other agreement, schedule, exhibit or other document delivered pursuant hereto do not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements contained herein or therein not misleading.

(xiv) NON-RELIANCE. The Dealer has independently and without reliance upon the Servicer, and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the financial condition and creditworthiness of each Obligor and made its own decision to enter into a retail installment sale contract with such Obligor.

4.02 INDEMNITIES

The Dealer will defend, indemnify, and hold harmless the Servicer from and against any and all costs, expenses, losses, damages, claims and liabilities arising out of or resulting from:

(i) the use, ownership, or operation by the Servicer or any affiliate thereof of a Financed Vehicle or Servicer's performance of this Agreement, including the administration, servicing and collection of any Receivable; and

(ii) any claims by the Obligor with respect to the Receivable, the Financed Vehicle or the purchase thereof, except to the extent of the Servicer's gross negligence or willful misconduct in the performance of duties hereunder;

(iii) any breach of any of the representations, warranties or

agreements made by Dealer in this Agreement; and

(iv) any taxes that may at any time be asserted against the Servicer with respect to the transactions contemplated herein (other than taxes measured by the net income of Servicer), including, without limitation any sales, gross receipts, general corporation, tangible or intangible personal property, privilege, or license taxes and costs and expenses in defending against same.

Indemnification under this Section shall include reasonable attorneys' fees and all expenses of litigation.

4.03 ADMINISTRATIVE EXPENSES

The Dealer agrees to reimburse Servicer, on demand, for all Administrative Expenses incurred by Servicer in connection with (i) protecting Servicer's interest in Qualifying Receivables and the Financed Vehicles; and (ii) enforcement of the provisions of this Agreement, including, without limitation, (a) to commence, defend or intervene in any litigation or to file a petition, com-

plaint, motion, answer or other pleadings; and (b) to take any other action in or with respect to any suit or proceeding, including, without limitation, any bankruptcy proceeding.

4.04 CONFIDENTIALITY

Except as required for Dealer to conduct its regular daily business with Servicer, Dealer shall not at anytime, either during or for a period of two years after termination of Dealer's relationship with Servicer, or in any way, disclose, disseminate, transfer and/or use, or permit anyone else to disclose, disseminate, transfer and/or use, any Confidential Information of Servicer, and Dealer shall retain all such information in trust in a fiduciary capacity for the sole use and benefit of Servicer and/or its affiliates. Dealer acknowledges that the Confidential Information of Servicer is valuable, special and unique to Servicer's business and on which such business depends, and is proprietary to Servicer and its affiliates, and that Servicer has protected and wishes to continue to protect the confidential Information by keeping it secret and confidential for the sole use and benefit of Servicer and its affiliates. Dealer will take all steps necessary and all steps reasonably requested by Servicer, to insure that all such Confidential Information is kept secret and confidential for the sole use and benefit of Servicer and its affiliates. In so doing, Dealer shall require and represents that each of its employees, agents and representatives complies with each and every provision of this Agreement. Upon termination of this Agreement without the necessity of any request from Servicer, or at any other time Servicer may in writing so request, Dealer shall promptly deliver to Servicer all materials concerning any Confidential Information, copies thereof and any other materials of Servicer and/ or its affiliates which are in Dealer's possession or under Dealer's control, and Dealer shall not make or retain any copy, draft or extract thereof which has been made at any time. Dealer acknowledges that the foregoing provisions are necessary to protect the special knowledge of Servicer's and its affiliates' trade secrets (which are the result of a considerable amount of time, money and effort of Servicer and its affiliates over a period of 20 years to increase and maintain its sales, including product sales) which Dealer has acquired and will acquire in carrying out Dealer's job responsibilities as well as Servicer's goodwill and customer relationships to which Dealer has gained access through Dealer's dealer relationship. Nothing contained herein shall be construed or considered to vest in the Dealer any right, title or interest of any kind in or to the information disclosed or made available to it by the Servicer pursuant to this Agreement or otherwise. Accordingly, Dealer acknowledges and agrees that all memoranda, notes, records, agreements, documents and other materials, as well as copies and drafts thereof, made and/or compiled by Dealer and/or made available to Dealer during the course of his/her dealer relationship, which relate to the Confidential Information (as stated above), is and shall remain the property of Servicer. The obligations of Dealer under this Section 4.03 shall survive the termination (for any reason) or breach of this Agreement.

Dealer acknowledges and agrees that the covenants and undertakings in this Section 4.04 relate to matters which are of a special, unique and extraordinary character and that a violation of any of them will cause irreparable injury to Servicer, the amount of which will be extremely difficult, if not impossible to estimate or determine and which cannot be completely and adequately compensated by monetary damages alone. Therefore, Dealer agrees that Servicer shall be entitled, as a matter of course, and as a matter of law, without the need to prove irreparable injury, to an injunction, restraining order or other equitable relief from any court of competent jurisdiction, restraining any violation or threatened violation of any of such terms by Dealer and such other persons as the court shall order. Dealer agrees to pay all costs and legal fees incurred by Servicer in pursuing its remedies in any legal or equitable action. Dealer further acknowledges that the restraints imposed upon it pursuant to the foregoing are no greater than are reasonably necessary to preserve and protect Servicer's legitimate business interests and that such restraints will not impose an undue hardship upon Dealer.

ARTICLE V
TERMINATION AND ASSIGNMENT

5.01 MERGER OR CONSOLIDATION OF SERVICER

Any corporation (i) into which the Servicer may be merged or consolidated, (ii) which may result from any merger, conversion, or consolidation to which the Servicer shall be a party or (iii) which may succeed to the business of the Servicer, shall be the successor to this Agreement without any further act on the part of any of the parties to this Agreement.

5.02 RESIGNATION AS SERVICER

Regardless of whether there is an Event of Default or an event with the lapse of time, giving of notice or both would become an Event of Default, the Servicer may terminate this Agreement, at any time, upon 30 days written notice to the Dealer.

5.03 TERMINATION BY THE DEALER

So long as there is no Event of Default or an event which with the lapse of time, giving of notice or both would become an Event of Default, the Dealer may terminate this Agreement with respect to all Receivables upon 30 days

prior written notice to the Servicer.

5.04 EVENTS OF DEFAULT

This Agreement shall terminate immediately, without further notice to Dealer, and Servicer shall be entitled to immediate repayment of all outstanding Advances and the other amounts specified in Section 5.05 upon the occurrence of any one of the following events ("Events of Default"):

(i) failure on the part of the Dealer duly to observe or to perform any covenant or agreement set forth in this Agreement, which failure shall continue unremedied for a period of ten Business Days after the date on which written notice of such failure, requiring the same to be remedied, shall have been given to the Dealer by the Servicer; or

(ii) the breach by the Dealer of any representation or warranty set forth in this Agreement, including any with respect to Qualifying Receivables; or

(iii) the Dealer misrepresents in any respect any facts or circumstances relating to an installment contract submitted to Servicer or any Obligor or motor vehicle covered by such contract; or

(iv) the entry of a decree or order by a court or agency or supervisory authority for the appointment of a conservator, receiver or liquidator for the Dealer in any bankruptcy, readjustment of debt, marshaling of assets and liabilities, or similar proceedings, or for the winding up or liquidation of its affairs, and the continuance of any such decree or order unstated and in effect for a period of 60 consecutive days; or

(v) the consent by the Dealer to the appointment of a conservator or receiver or liquidator in any insolvency, readjustment of debt, marshaling of assets and liabilities, or similar proceedings of or relating to the Dealer; or the Dealer, shall admit in writing its inability to pay its debts generally as they become due, file a petition to take advantage of any applicable bankruptcy statute, make an assignment for the benefit of its creditors or voluntarily suspend payment of its obligations.

(vi) the Dealer fails to place with the Servicer fifteen (15) Qualifying Receivables per calendar quarter (which calendar quarter shall begin with the signing date of this Agreement) for two consecutive calendar quarters; or

(vii) any guaranty executed in connection with this Agreement is revoked, terminated or becomes unenforceable in whole or in part, or any guarantor fails to promptly perform under such a guaranty; or

(viii) any judgment is entered against the Dealer or any guarantor, or any attachment, levy or garnishment is issued against any property of the Dealer or any guarantor; or

(ix) the Dealer or any guarantor, without the Servicer's written consent, (a) is dissolved; (b) merges or consolidates with any third party; (c) leases, sells or otherwise conveys a material part of its assets or business outside the ordinary course of business; (d) ceases to operate its business; or (e) agrees to do any of the foregoing; or

(x) there is a substantial change in the existing or prospective financial condition of the Dealer or any guarantor which the Servicer in good faith determines to be materially adverse; or

(xi) the Servicer in good faith deems itself insecure.

5.05 EFFECT OF TERMINATION

Upon any termination of this Agreement pursuant to Section 5.03 or Section 5.04, the Dealer shall immediately pay to the Servicer the following amounts:

(i) Any unreimbursed Collection Costs and Administrative Expenses;

(ii) Any unpaid Advances and all other amounts owed by the Dealer to the Servicer; and

(iii) A termination fee equal to 20% of the then outstanding amount of the Receivables.

Upon receipt in full of the amounts set forth in (i) through (iii) above, Servicer shall deliver all Receivable Files to the Dealer and shall take such action as may be requested by Dealer to terminate or assign to the Dealer the Servicer's security interest in the Receivables and Financed Vehicles. If the Dealer fails to promptly pay such amounts, the Servicer may exercise any rights it has, including those under the Uniform Commercial Code, and may, at its discretion, continue to collect the Receivables and retain Collections in satisfaction of such amounts due from the Dealer.

5.06 COLLECTION FOLLOWING TERMINATION

If this Agreement is terminated pursuant to Section 5.02, Servicer shall continue to service and administer Receivables accepted for service and administration hereunder prior to the date of termination unless (a) Dealer

pays to Servicer the amounts set forth in Section 5.05, at which time Section 5.05 shall govern, or (b) an Event of Default occurs after the date of termination, at which time the provisions of Section 5.05 shall apply.

ARTICLE VI
MISCELLANEOUS PROVISIONS

6.01 GOVERNING LAW

This Agreement shall be construed in accordance with the laws of the State of Michigan and the obligations, rights, and remedies of the parties under this Agreement shall be determined in accordance with such laws.

6.02 NOTICES

All demands, notices, and communications under this Agreement shall be in writing, personally delivered or mailed by first-class mail, and shall be deemed to have been duly given upon receipt at the address specified on the first page of this Agreement, or at such other address as shall be designated in writing by a party.

6.03 SEVERABILITY OF PROVISIONS; UNENFORCEABILITY

If any one or more of the provisions of this Agreement shall be for any reason whatsoever held invalid, then such provisions shall be deemed severable from the remaining provisions of this Agreement or the rights of the Dealer or the Servicer. If for any reason a court determines that any part of any of the provisions of this Agreement is unreasonable in scope or otherwise unenforceable, such provision(s) will be deemed modified and fully enforceable, as so modified, to the extent determined by the court to be reasonable under the circumstances.

6.04 ARBITRATION AND COSTS

Any disputes and differences arising between the parties in connection with or relating to this Agreement or the parties relationship with respect hereto shall be settled and finally determined by arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association. The arbitration shall take place in Southfield, Michigan and shall be conducted by three arbitrators, one of whom shall be selected by the Dealer, one selected by the Servicer and the third by the two arbitrators so selected. Each party shall notify the other party of the arbitrators selected by it within 30 days of a written request from one party to the other for arbitration. In the event either party shall fail to select an arbitrator or fail to notify the other party of the arbitrator which it has selected within such time period, the arbitrator so selected by the other party shall select a second arbitrator. The decision and award of the arbitrators shall be in writing, and shall be final and binding upon the parties hereto. Judgement upon the award may be entered in any court having jurisdiction thereof or any application may be made to such court for judicial acceptance of or award in order of enforcement, as the case may be. In the event that the Servicer shall prevail under any dispute or claim with respect to this Agreement, the Dealer shall pay any costs and expenses incurred by the Servicer with respect to such dispute, including court costs and attorneys' fees. Notwithstanding the foregoing, Servicer shall be entitled to seek legal and equitable relief under this Agreement, pursuant to Section 4.04 or otherwise, in any court of record in the State of Michigan, County of Oakland, or in the United States District Court of the Eastern District of Michigan, and Dealer consents to the jurisdiction thereof.

To the extent Servicer and Dealer waive the right to arbitration pursuant to this Section 6.04, the parties stipulate and agree that jurisdiction shall exist exclusively in any court of competent jurisdiction in the State of Michigan, County of Oakland or in the United States District Court of the Eastern District of Michigan.

6.05 RIGHTS CUMULATIVE

All rights and remedies from time to time conferred upon or reserved to the Servicer are cumulative, and none is intended to be exclusive of another. No delay or omission is insisting upon the strict observance or performance of any provision of this Agreement, or in exercising any right or remedy, shall be construed as a waiver or relinquishment of such provision, nor shall it impair such right or remedy.

6.06 USAGE OF TERMS

With respect to all terms in this Agreement, the singular includes the plural and the plural the singular; words importing any gender include the other genders; references to agreements and other contractual instruments include all subsequent amendments thereto or changes therein entered into in accordance with their respective terms and not prohibited by this Agreement; references to Persons include their permitted successors and assigns; and the term "including" means "including without limitation".

6.07 ASSIGNMENT

This Agreement shall inure to the benefit of the Servicer and the Dealer and each of their permitted successors and assigns. Notwithstanding anything in this Agreement to the contrary, the Dealer may not assign its rights under this Agreement to any Person without the prior written consent of the Servicer.

6.08 SETOFF

The Servicer may, at any time and from time to time, at its option, setoff and apply against any amounts due to the Servicer either hereunder or otherwise any Dealer funds held by Servicer.

6.09 DELEGATION OF DUTIES; LIABILITY

The Servicer may execute any of its duties under this Agreement by or through agents, nominees or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The

Servicer shall not be responsible for the negligence or misconduct of any agents, nominees or attorneys-in-fact selected by it with reasonable care. Neither the Servicer nor any of its officers, directors, employees, nominees, attorneys-in-fact or affiliates shall be liable for any action lawfully taken or omitted to be taken by it or any such person under or in connection with this Agreement (except for its or such person's own gross negligence or willful misconduct).

6.10 SECURITY

To the extent the Servicer has a good faith belief that it is insecure, the Servicer shall have the right to escrow any and all funds which would otherwise be payable to the Dealer until such time as Servicer is confident that the risk is no longer present. Servicer shall have the right pursuant to Section 6.08, to set off its losses out of this escrow account.

6.11 WAIVER OF JURY TRIAL

The Dealer, after consulting or having had the opportunity to consult with counsel, knowingly, voluntarily and intentionally waives any right it may have to a trial by jury in any litigation based upon or arising out of this Agreement or any course of conduct, dealing, statements (whether oral or written), or actions of Dealer or Servicer. Dealer shall not seek to consolidate, by counterclaim or otherwise any such action in which a jury trial cannot be or has not been waived.

6.12 NO WAIVER

No delay on the part of the Servicer in the exercise of any right or remedy shall operate as a waiver. No single or partial exercise by the Servicer shall preclude any other future exercise of it or the exercise of any other right or remedy. No waiver or indulgence by Servicer shall be effective unless in writing and signed by the Servicer, nor shall a waiver on one occasion be construed as a bar to or waiver of that right on any future occasion.

6.13 COMPLETE AGREEMENT

This Agreement contains the complete agreement of the parties hereto, and supersedes any and all prior agreements (whether written or oral), with respect to the subject matter hereof. This Agreement may not be altered or amended without the written consent of both parties.

THIS AGREEMENT IS ACCEPTED AND AGREED TO BY EACH OF THE UNDERSIGNED, AFTER EACH OF THE UNDERSIGNED HAS CONSULTED WITH LEGAL COUNSEL, AND EACH OF THE UNDERSIGNED HAS CAREFULLY READ AND UNDERSTANDS ALL OF THE TERMS AND PROVISIONS OF THIS AGREEMENT.

IN WITNESS WHEREOF, the parties have caused the Servicing Agreement to be duly executed by their respective officers as of the day and year written on Page 1. This Agreement shall be deemed effective upon receipt by Servicer of a duly executed Agreement along with the applicable sign up fee.

- ---
DEALERSHIP

By:

Title:

(Must be Officer of Dealership)

CREDIT ACCEPTANCE CORPORATION

By:

Title:

COMPLETE BOTH RESOLUTIONS ONLY IF THE DEALERSHIP IS A CORPORATION

RESOLUTION OF BOARD OF DIRECTORS OF

_____
(Name of Dealership)

RESOLVED, That the president of this Corporation be and hereby is authorized and empowered to enter into a contract for services with the Credit Acceptance Corporation, in the name and in behalf of this Corporation, upon such terms and conditions as may be agreed upon between him and said Credit Acceptance Corporation.

I, _____, do hereby certify that I am the duly elected and qualified Secretary and the keeper of the records and corporate seal of _____, a corporation organized and existing under the laws of the State of _____, and that the above is true and correct copy of a resolution duly adopted at a meeting of the Board of Directors thereof, convened and held in accordance with law and the bylaws of said Corporation on _____, 19___, and that such resolution is now in full force and effect.

IN WITNESS WHEREOF, I affixed my name as Secretary and have caused the corporate seal of said Corporation to be hereunto affixed, this_____ day of _____, 19____.

_____
Secretary

RESOLUTION OF BOARD OF DIRECTORS OF

_____
(Name of Dealership)

RESOLVED, That the proposed contracts between this Corporation and Credit Acceptance Corporation submitted to this meeting, be and it hereby is accepted, that _____ _____, President, and _____, Vice President, be and they hereby are authorized to execute in the name and in behalf of this Corporation, a contract substantially in the form submitted to this meeting.

I, _____, do hereby certify that I am the duly elected and qualified Secretary and the keeper of the records and corporate seal of _____, a corporation organized and existing under the laws of the State of _____, and that the above is a true and correct copy of a resolution duly adopted at a meeting of the Board of Directors thereof, convened and held in accordance with the law and bylaws of said Corporation on_____ day of _____, 19____.

_____
Secretary

[CAC LOGO] CREDIT ACCEPTANCE CORPORATION

ADDENDUM NO. 1

(CAC/VOYAGER INSURANCE PROGRAM)

TO

SERVICING AGREEMENT

dated as of _____ ,19_____

between

CREDIT ACCEPTANCE CORPORATION ("The Servicer")

and

_____ ("Dealer")

By executing this addendum, Dealer agrees to participate in the credit life and disability insurance program offered by Servicer in connection with Voyager Insurance Companies ("Voyager"), as described herein (the "CAC/Voyager Insurance Program"). When executed by Servicer and the Dealer, this addendum shall become a part of the Servicing Agreement. All capitalized terms herein shall have the meanings assigned to them in the Servicing Agreement.

1. Pursuant to the CAC/Voyager Insurance Program, Voyager will issue a group policy of insurance for coverage of Dealer's customers. The terms of the relationship between Dealer and Voyager shall be governed exclusively by agreements to be executed by Dealer and Voyager. This Addendum does not, and shall not be deemed to, alter or affect in any way the relationship between Voyager and Dealer.

2. If the premium for coverage under the group policy of insurance is financed by Dealer and becomes a part of a Receivable assigned to Servicer under the Servicing Agreement, Servicer will add the premium (the "Premium Advance") to the Advance otherwise payable to Dealer upon acceptance by Servicer of a Qualifying Receivable. The Premium Advance will be paid by Servicer on behalf of Dealer to Voyager, and will be considered a part of the Advance related to the accepted Qualifying Receivable for all purposes under the Servicing Agreement. Premiums refunded as a result of the surrender or cancellation of coverages written by Dealer will, upon notification by Voyager or Dealer as the case may be, be credited to Dealer's customer's account as a "credit adjustment," thereby reducing the principal amount of the installment contract by the aggregate amount of refunds received by the Servicer from Voyager or the Dealer, as the case may be.

3. To participate in the CAC/Voyager Insurance Program, Dealer must include a copy of the certificate of insurance under the group policy of insurance as a part of the Receivables Files submitted to Servicer by Dealer in connection with the acceptance by Servicer of installment contract under the Servicing Agreement. Dealer-financed insurance premiums that are not presented under the CAC/Voyager Insurance program will not be eligible for the Premium Advance. Submission of the certificate of insurance by Dealer to the Servicer is for Servicer's information only and shall not affect insurance coverage, Dealer's relationship with its customer with respect to insurance or Dealer's relationship with Voyager, and the Servicer shall have no liability to Dealer or to Dealer's Customer as a result thereof or of issuing the Premium Advance.

4. Participation in the CAC/Voyager Insurance Program by Dealer is conditioned upon the following:

   (a) Dealer must enter into all agreements and relationships with Voyager as may be required by Voyager from time-to-time.

   (b) Dealer must have all license and authorizations required under all federal, state and local laws, ordinances, regulations and orders applicable to participation in the CAC/Voyager Insurance Program; and

   (c) Dealer must provide the Servicer with written evidence of satisfaction of the foregoing conditions prior to eligibility to participate in the CAC/Voyager Insurance Program and, for purposes of continued eligibility, upon Servicer's request from time-to-time during the term of the Servicing Agreement.

5. In addition to Dealer's representations and obligations set forth in the Servicing Agreement, Dealer agrees with the Servicer, as follows:

   (a) to familiarize itself with all state and federal laws and regulations applicable to its participation in the CAC/Voyager Insurance Program and to conduct itself in compliance therewith;

   (b) to adhere to all rules, requirements, underwriting standards, manuals, and procedures of the CAC/Voyager Insurance Program;

   (c) to not engage in unlawful rebating, discrimination, misrepresentation, twisting or any unfair trade practice prohibited by applicable law;

(d) to not induce the lapse, cancellation, or termination of any certificate issued under the Dealer's group policy prior to its scheduled expiration;

(e) to notify the Servicer of the receipt of legal notices or service of process affecting Servicer or the CAC/Voyager Insurance Program and to immediately forward same to Servicer;

(f) to not negotiate or endorse any check or other negotiable instrument made payable to the Servicer and to forward same immediately to the Servicer;

(g) to not publish, circulate, or display any advertisements, circulars, or other promotional materials relating to the CAC/Voyager Insurance Program, or to print, replicate, display, or utilize in any fashion the name, trademark, service mark, logo, or other identifying emblem or insignia of Servicer, Voyager or any of their respective affiliates unless the content or use thereof has received the prior written approval of Servicer or Voyager, as the case may be;

(h) to be solely responsible for the payment of compensation to all employees, agents and sub-agents utilized by Dealer and to indemnify and defend Servicer from and against any claim for compensation by said employees, agents, and sub-agents; and

(i) to perform all agreements and obligations of Dealer to Voyager.

6. Servicer may discontinue the CAC/Voyager Insurance Program or terminate Dealer's participation therein at any time, in its absolute and sole discretion, and without advance notice to Dealer. Dealer may terminate its participation in the CAC/Voyager Insurance Program upon 30 days written notice to Servicer, provided that such termination will not terminate Dealer's obligations and liabilities to Servicer hereunder for any matters occurring prior to the date of such termination or for any inaccuracy or breach by Dealer in any of the representations or agreements of Dealer contained herein.

7. Servicer may terminate its relationship with Voyager and enter into a new credit life and disability insurance program with another qualified life insurance company upon thirty (30) days written notice to the Dealer. Should Servicer make such a substitution, this Addendum shall remain in full force and effect without any further act by Servicer or Dealer.

8. Nothing in this Addendum shall be deemed to effect Servicer's or Dealer's rights or obligations under the Servicing Agreement, except as expressly set forth herein.

Dealership:

Address:

(Street, City, State and Zip Code)

By:

(Signature)

By:

(Print Name)

Title:

(Must be an Officer of the Dealership)

Dated:

CREDIT ACCEPTANCE CORPORATION

By:

Title:

Date:

[CAC LOGO] CREDIT ACCEPTANCE CORPORATION]

ADDENDUM NO. 2

(BUYERS VEHICLE PROTECTION PLAN)

TO

SERVICING AGREEMENT

dated as of _____ ,19_____

between

CREDIT ACCEPTANCE CORPORATION ("The Servicer")

and

_____ ("Dealer")

By executing this addendum, Dealer agrees to participate in the vehicle service contract financing program offered by Servicer in connection with its wholly-owned subsidiary, Buyers Vehicle Protection Plan, Inc. ("Buyers"), as described herein (the "Service Contract Program"). When executed by Servicer and the Dealer, this addendum shall become a part of the Servicing Agreement. All capitalized terms herein shall have the meanings assigned to them in the Servicing Agreement.

1. If the purchase price for a vehicle service contract issued by Dealer under Dealer's vehicle service contract program administered by Buyers is financed by Dealer and becomes a part of a Receivable assigned to Servicer under the Servicing Agreement, Servicer will add to the advance otherwise payable to dealer upon acceptance by Servicer of a Qualifying Receivable, an amount equal to the selling price of such vehicle service contract (the "Service Contract Advance") up to a maximum of the suggested retail price. Dealer authorizes the Servicer to disburse an amount equal to the net Dealer cost of the subject vehicle service contract including any vehicle surcharge to Buyers with the remainder (representing the difference between the net Dealer cost of the subject vehicle service contract including any vehicle surcharge and the purchase price up to the stated maximum therefor charged by Dealer to its customer) to the Dealer. The Service Contract Advance will be considered part of the Advance related to the accepted Qualifying Receivable for all purposes under the Servicing Agreement. Any refunds payable to Dealer's customer as a result of cancellation of a vehicle service contract will be credited to Dealer's customer's account as a "credit adjustment," thereby reducing the principal amount of the installment contract by the aggregate amount of refunds due Dealer customer.

2. To participate in the Service Contract Program, Dealer must include a copy of the fully executed limited Used Vehicle Service Contract supplied to Dealer by Buyers as a part of the Receivables files submitted to Servicer by Dealer in connection with the acceptance by Servicer of installment Contracts under the Servicing Agreement. Dealer financed vehicle service contracts that are not presented under the Service Contract Program will not be eligible for the Service Contract Advance. Submission of a copy of the Limited Used Vehicle Service Contract to Servicer is for Servicer's information only and shall not effect coverage under any such contract, Dealer's relationship with its customer under such contract or Dealer's relationship with Buyers, and Servicer shall owe no liability to Dealer or Dealer's Customer as a result thereof or of disbursing the Service Contract Advance.

3. Participation in the Service Contract Program is conditional upon the following:

   (a) Dealer must have in full force and effect a Dealer Agreement with Buyers;

   (b) Dealer must have all licenses and authorizations, if any, required under all federal, state and local laws, ordinances, regulations and orders applicable to participation in the Service Contract Program, and the sale by Dealer of vehicle service contracts; and

   (c) Dealer must provide Servicer with written evidence of satisfaction of the foregoing conditions prior to eligibility to participate in the Service Contract Program and, for purposes of continued eligibility, upon Servicer's request from time-to-time during the term of this Servicing Agreement.

4. In addition to Dealer's representations and obligations set forth in the Servicing Agreement, Dealer makes the following representations to the Servicer:

   (a) to familiarize itself with all state and federal laws and regulations applicable to its participation in the Service Contract Program and shall conduct itself in compliance therewith;

   (b) to adhere to all rules, requirements, underwriting standards, manuals, and procedures of the Service Contract Program;

   (c) to not engage in unlawful rebating, discrimination, misrepresentation, twisting or any unfair trade practice prohibited by

applicable law;

(d) to not induce the cancellation, or termination of any vehicle service contract sold by Dealer prior to its scheduled expiration;

(e) to notify Servicer of the receipt of legal notices of service of process affecting Servicer or the Service Contract Program and to immediately forward same to Servicer;

(f) to not negotiate or endorse any check or other negotiable instrument made payable to the Servicer and to forward same immediately to Servicer;

(g) to not publish, circulate, or display any advertisements, circulars, or other promotional materials relating to the Service Contract Program, or to print, replicate, display, or utilize in any fashion the name, trademark, service mark, logo, or other identifying emblem or insignia of Servicer, Buyers or any of their respective affiliates unless the content or use thereof has received the prior written approval of Servicer or Buyers, as the case may be;

(h) to be solely responsible for the payment of compensation to all employees, agents and sub-agents utilized by Dealer and to indemnity and defend the other party from and against any claim for compensation by said employees, agents, and sub-agents; and

5. Servicer may discontinue the Service Contract Program or terminate Dealer's participation therein at any time, in its absolute and sole discretion, and without advance notice to Dealer. Dealer may terminate its participation in the Service Contract Program upon 30 days written notice to Servicer, provided that such termination will not terminate Dealer's obligations and liabilities to Servicer hereunder to any matters occurring prior to the date of such termination or for any inaccuracy or breach by Dealer in any of the representations or agreements of Dealer contained herein.

6. Nothing in this Addendum shall be deemed to effect Servicer or Dealer's rights or obligations under the Servicing Agreement, except as expressly set forth herein.

Dealership Name

Address:

(Street, City, State and Zip Code)

By:

Title:

(Must be Officer of Dealership)

CREDIT ACCEPTANCE CORPORATION

By:

Title:

Date:

EXHIBIT 21(1)

[CREDIT ACCEPTANCE CORPORATION LOGO]

CREDIT ACCEPTANCE CORPORATION

SCHEDULE OF CREDIT ACCEPTANCE CORPORATION SUBSIDIARIES

The following is a list of subsidiaries as of the date of this filing of Credit Acceptance Corporation, other than subsidiaries which, considered in the aggregate as a single subsidiary, would not constitute a significant subsidiary, as defined by the Securities and Exchange Commission Regulation S-X.

Credit Acceptance Corporation Life Insurance Company

Buyers Vehicle Protection Plan, Inc.

AutoNet Finance Company.com, Inc.

CAC Funding Corp.

CAC Leasing, Inc.

CAC Reinsurance, Ltd.

Vehicle Remarketing Services, Inc.

Credit Acceptance Corporation UK Limited

CAC of Canada, Limited

Credit Acceptance Corporation Ireland Limited

Exhibit 23 (1)

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in the Registration Statements of Credit Acceptance Corporation on Forms S-3 (File Nos. 33-75246 (as amended) and 333-18301) and Forms S-8 (File Nos. 33-64876 and 33-80339) of our report dated January 26, 2000, appearing in this Annual Report on Form 10-K of Credit Acceptance Corporation for the year ended December 31, 1999.

DELOITTE & TOUCHE
Detroit, Michigan
March 29, 2000

Exhibit 23 (2)

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation of our report dated February 2, 1998 included in this Annual Report on Form 10-K of Credit Acceptance Corporation for the year ended December 31, 1999, into Credit Acceptance Corporation's previously filed Registration Statement on Forms S-3 (File Nos. 33-75246 (as amended) and 333-18301) and Forms S-8 (File Nos. 33-64876 and 33-80339). It should be noted that we have not audited any financial statements of Credit Acceptance Corporation subsequent to December 31, 1997 or performed any audit procedures subsequent to the date of our report.

ARTHUR ANDERSEN LLP

Detroit, Michigan
March 29, 2000

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YEAR	
	DEC-31-1999
	JAN-01-1999
	DEC-31-1999
	11,122
	11,569
	573,120
	4,742
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	0
	30,217
	11,974
	660,240
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	121,991
	0
	0
	461
	262,514
660,240	
	0
	116,055
	0
	56,772
	3,498
	69,590
	16,576
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	(5,041)
	(10,686)
	0
	0
	0
	(10,686)
	(.23)
	(.23)