UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2024

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from __________ to __________

Commission file number 000-20202

CREDIT ACCEPTANCE CORPORATION

(Exact name of registrant as specified in its charter)

Michigan	**38-1999511**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
25505 W. Twelve Mile Road	
Southfield, Michigan	**48034-8339**
(Address of principal executive offices)	(Zip Code)

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

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

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

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

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☑	Accelerated filer	☐	Non-accelerated filer	☐	Smaller reporting company	☐	Emerging growth company	☐

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☑

The number of shares of Common Stock, $.01 par value, outstanding on October 23, 2024 was 12,112,144.

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PART I. — FINANCIAL INFORMATION

PART I. - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CREDIT ACCEPTANCE CORPORATION
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

(Dollars in millions, except per share data)	As of September 30, 2024	As of December 31, 2023
ASSETS:		
Cash and cash equivalents	$ 159.7	$ 13.2
Restricted cash and cash equivalents	556.6	457.7
Restricted securities available for sale	113.9	93.2
Loans receivable	11,197.6	10,020.1
Allowance for credit losses	(3,416.1)	(3,064.8)
Loans receivable, net	7,781.5	6,955.3
Property and equipment, net	15.2	46.5
Income taxes receivable	26.4	4.3
Other assets	29.9	40.0
Total assets	$ 8,683.2	$ 7,610.2
LIABILITIES AND SHAREHOLDERS' EQUITY:		
Liabilities:		
Accounts payable and accrued liabilities	$ 364.4	$ 318.8
Revolving secured lines of credit	1.0	79.2
Secured financing	5,257.1	3,990.9
Senior notes	990.8	989.0
Mortgage note	—	8.4
Deferred income taxes, net	423.2	389.2
Income taxes payable	0.2	81.0
Total liabilities	7,036.7	5,856.5
Commitments and Contingencies - See Note 16		
Shareholders' Equity:		
Preferred stock, $.01 par value, 1,000,000 shares authorized, none issued	—	—
Common stock, $.01 par value, 80,000,000 shares authorized, 12,111,600 and 12,522,397 shares issued and outstanding as of September 30, 2024 and December 31, 2023, respectively	0.1	0.1
Paid-in capital	324.5	279.0
Retained earnings	1,321.0	1,475.6
Accumulated other comprehensive income (loss)	0.9	(1.0)
Total shareholders' equity	1,646.5	1,753.7
Total liabilities and shareholders' equity	$ 8,683.2	$ 7,610.2

See accompanying notes to consolidated financial statements.

CREDIT ACCEPTANCE CORPORATION
CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)

(Dollars in millions, except per share data)	For the Three Months Ended September 30, 2024	For the Three Months Ended September 30, 2023	For the Nine Months Ended September 30, 2024	For the Nine Months Ended September 30, 2023
Revenue:				
Finance charges	$ 507.6	$ 441.7	$ 1,474.5	$ 1,303.8
Premiums earned	25.1	20.8	71.3	58.0
Other income	17.6	16.1	50.7	48.5
Total revenue	550.3	478.6	1,596.5	1,410.3
Costs and expenses:				
Salaries and wages	77.3	66.7	231.6	214.1
General and administrative	29.0	21.3	75.9	59.8
Sales and marketing	23.1	22.5	72.4	70.9
Total operating expenses	129.4	110.5	379.9	344.8
Provision for credit losses on forecast changes	105.9	106.3	430.9	319.4
Provision for credit losses on new Consumer Loan assignments	78.8	78.3	260.4	253.1
Total provision for credit losses	184.7	184.6	691.3	572.5
Interest	111.2	70.5	308.2	187.7
Provision for claims	18.5	16.5	55.8	54.1
Loss on sale of building	—	—	23.7	—
Total costs and expenses	443.8	382.1	1,458.9	1,159.1
Income before provision for income taxes	106.5	96.5	137.6	251.2
Provision for income taxes	27.7	25.7	41.6	58.7
Net income	$ 78.8	$ 70.8	$ 96.0	$ 192.5
Net income per share:				
Basic	$ 6.42	$ 5.47	$ 7.78	$ 14.79
Diluted	$ 6.35	$ 5.43	$ 7.68	$ 14.73
Weighted average shares outstanding:				
Basic	12,274,685	12,933,377	12,345,739	13,013,344
Diluted	12,415,143	13,039,638	12,494,011	13,068,998

See accompanying notes to consolidated financial statements.

CREDIT ACCEPTANCE CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(UNAUDITED)

(In millions)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2024	2023	2024	2023
Net income	$ 78.8	$ 70.8	$ 96.0	$ 192.5
Other comprehensive gain (loss), net of tax:				
Unrealized gain (loss) on securities, net of tax	2.1	(0.2)	1.9	—
Other comprehensive gain (loss)	2.1	(0.2)	1.9	—
Comprehensive income	$ 80.9	$ 70.6	$ 97.9	$ 192.5

See accompanying notes to consolidated financial statements.

CREDIT ACCEPTANCE CORPORATION
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(UNAUDITED)

(Dollars in millions) For the Three Months Ended September 30, 2024

	Common Stock					
	Number of Shares	Amount	Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity
Balance, beginning of period	12,111,128	$ 0.1	$ 313.8	$ 1,242.2	$ (1.2)	$ 1,554.9
Net income	—	—	—	78.8	—	78.8
Other comprehensive income	—	—	—	—	2.1	2.1
Stock-based compensation	—	—	10.7	—	—	10.7
Repurchase of common stock	(86)	—	—	—	—	—
Restricted stock units settled in common stock	558	—	—	—	—	—
Balance, end of period	12,111,600	$ 0.1	$ 324.5	$ 1,321.0	$ 0.9	$ 1,646.5

(Dollars in millions) For the Three Months Ended September 30, 2023

	Common Stock					
	Number of Shares	Amount	Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity
Balance, beginning of period	12,821,681	$ 0.1	$ 261.7	$ 1,487.9	$ (2.7)	$ 1,747.0
Net income	—	—	—	70.8	—	70.8
Other comprehensive loss	—	—	—	—	(0.2)	(0.2)
Stock-based compensation	—	—	9.3	—	—	9.3
Repurchase of common stock	(256,232)	—	—	(126.3)	—	(126.3)
Stock options exercised	770	—	0.3	—	—	0.3
Balance, end of period	12,566,219	$ 0.1	$ 271.3	$ 1,432.4	$ (2.9)	$ 1,700.9

(Dollars in millions) For the Nine Months Ended September 30, 2024

	Common Stock					
	Number of Shares	Amount	Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity
Balance, beginning of period	12,522,397	$ 0.1	$ 279.0	$ 1,475.6	$ (1.0)	$ 1,753.7
Net income	—	—	—	96.0	—	96.0
Other comprehensive income	—	—	—	—	1.9	1.9
Stock-based compensation	—	—	32.2	—	—	32.2
Repurchase of common stock	(462,131)	—	(1.3)	(250.6)	—	(251.9)
Restricted stock units settled to common stock	8,908	—	—	—	—	—
Stock options exercised	42,426	—	14.6	—	—	14.6
Balance, end of period	12,111,600	$ 0.1	$ 324.5	$ 1,321.0	$ 0.9	$ 1,646.5

(Dollars in millions) For the Nine Months Ended September 30, 2023

	Common Stock					
	Number of Shares	Amount	Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity
Balance, beginning of period	12,756,885	$ 0.1	$ 245.7	$ 1,381.1	$ (2.9)	$ 1,624.0
Net income	—	—	—	192.5	—	192.5
Stock-based compensation	—	—	29.0	—	—	29.0
Repurchase of common stock	(305,493)	—	(7.8)	(141.2)	—	(149.0)
Restricted stock units settled to common stock	101,757	—	—	—	—	—
Stock options exercised	13,070	—	4.4	—	—	4.4
Balance, end of period	12,566,219	$ 0.1	$ 271.3	$ 1,432.4	$ (2.9)	$ 1,700.9

See accompanying notes to consolidated financial statements.

CREDIT ACCEPTANCE CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

(In millions)	For the Nine Months Ended September 30, 2024	2023
Cash Flows From Operating Activities:		
Net income	$ 96.0	$ 192.5
Adjustments to reconcile cash provided by operating activities:		
Provision for credit losses	691.3	572.5
Depreciation	5.5	6.6
Amortization	15.4	13.3
Provision for deferred income taxes	33.4	35.1
Stock-based compensation	32.2	29.0
Loss on sale of building	23.7	—
Other	0.5	0.5
Change in operating assets and liabilities:		
Increase in accounts payable and accrued liabilities	26.7	14.6
Increase in income taxes receivable	(22.1)	(5.5)
Increase (decrease) in income taxes payable	(80.8)	7.0
Decrease in other assets	9.9	27.0
Net cash provided by operating activities	831.7	892.6
Cash Flows From Investing Activities:		
Purchases of restricted securities available for sale	(51.7)	(34.7)
Proceeds from sale of restricted securities available for sale	25.8	12.3
Maturities of restricted securities available for sale	7.4	8.1
Principal collected on Loans receivable	2,409.6	2,330.8
Advances to Dealers	(2,858.3)	(2,202.9)
Purchases of Consumer Loans	(833.8)	(970.6)
Accelerated payments of Dealer Holdback	(46.9)	(35.3)
Payments of Dealer Holdback	(188.1)	(177.3)
Purchases of property and equipment	(1.1)	(2.3)
Proceeds from sale of building	3.2	—
Net cash used in investing activities	(1,533.9)	(1,071.9)
Cash Flows From Financing Activities:		
Borrowings under revolving secured lines of credit	5,988.3	5,529.1
Repayments under revolving secured lines of credit	(6,066.5)	(5,457.9)
Proceeds from secured financing	2,865.4	2,004.0
Repayments of secured financing	(1,594.7)	(1,722.9)
Payments of debt issuance costs	(19.1)	(16.0)
Repurchase of common stock	(251.9)	(149.0)
Proceeds from stock options exercised	14.6	4.4
Other	11.5	8.1
Net cash provided by financing activities	947.6	199.8
Net increase in cash and cash equivalents and restricted cash and cash equivalents	245.4	20.5
Cash and cash equivalents and restricted cash and cash equivalents beginning of period	470.9	417.7
Cash and cash equivalents and restricted cash and cash equivalents end of period	$ 716.3	$ 438.2
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the period for interest	$ 280.0	$ 172.7
Cash paid during the period for income taxes, net of refunds	$ 102.0	$ 19.7

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

1. BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("generally accepted accounting principles" or "GAAP") for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. The results of operations for interim periods are not necessarily indicative of actual results achieved for full fiscal years. The consolidated balance sheet as of December 31, 2023 has been derived from the audited financial statements at that date but does not include all the information and footnotes required by GAAP for complete financial statements. For further information, refer to the consolidated financial statements and footnotes thereto included in the Annual Report on Form 10-K for the year ended December 31, 2023 for Credit Acceptance Corporation (the "Company", "Credit Acceptance", "we", "our" or "us").

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

We have evaluated events and transactions occurring subsequent to the consolidated balance sheet date of September 30, 2024 for items that could potentially be recognized or disclosed in these financial statements. We did not identify any items that would require disclosure in or adjustment to the consolidated financial statements.

Reclassification

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

2. DESCRIPTION OF BUSINESS

We make vehicle ownership possible by providing innovative financing solutions that enable automobile dealers to sell vehicles to consumers regardless of their credit history. Our financing programs are offered through a nationwide network of automobile dealers who benefit from sales of vehicles to consumers who otherwise could not obtain financing; from repeat and referral sales generated by these same customers; and from sales to customers responding to advertisements for our financing programs, but who actually end up qualifying for traditional financing.

Without our financing programs, consumers are often unable to purchase vehicles or they purchase unreliable ones. Further, as we report to the three national credit reporting agencies, an important ancillary benefit of our programs is that we provide consumers with an opportunity to improve their lives by improving their credit score and move on to more traditional sources of financing.

We refer to automobile dealers who participate in our programs and who share our desire to provide an opportunity to consumers to improve their lives as "Dealers." Upon enrollment in our financing programs, the Dealer enters into a Dealer servicing agreement with us that defines the legal relationship between Credit Acceptance and the Dealer. The Dealer servicing agreement assigns the responsibilities for administering, servicing, and collecting the amounts due on retail installment contracts (referred to as "Consumer Loans") from the Dealers to us. We are an indirect lender from a legal perspective, meaning the Consumer Loan is originated by the Dealer and assigned to us.

The majority of the Consumer Loans assigned to us are made to consumers with impaired or limited credit histories. The following table shows the percentage of Consumer Loans assigned to us with either FICO® scores below 650 or no FICO® scores:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
Consumer Loan Assignment Volume	**2024**	**2023**	**2024**	**2023**
Percentage of total unit volume with either FICO® scores below 650 or no FICO® scores	79.1 %	78.6 %	81.0 %	81.5 %

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)
(UNAUDITED)

We have two programs: the Portfolio Program and the Purchase Program. Under the Portfolio Program, we advance money to Dealers (referred to as a "Dealer Loan") in exchange for the right to service the underlying Consumer Loans. Under the Purchase Program, we buy the Consumer Loans from the Dealers (referred to as a "Purchased Loan") and keep all amounts collected from the consumer. Dealer Loans and Purchased Loans are collectively referred to as "Loans." The following table shows the percentage of Consumer Loans assigned to us as Dealer Loans and Purchased Loans for each of the last seven quarters:

	Unit Volume		Dollar Volume (1)	
Three Months Ended	Dealer Loans	Purchased Loans	Dealer Loans	Purchased Loans
March 31, 2023	72.1 %	27.9 %	68.1 %	31.9 %
June 30, 2023	72.4 %	27.6 %	68.6 %	31.4 %
September 30, 2023	74.8 %	25.2 %	71.7 %	28.3 %
December 31, 2023	77.2 %	22.8 %	75.0 %	25.0 %
March 31, 2024	78.2 %	21.8 %	76.6 %	23.4 %
June 30, 2024	78.5 %	21.5 %	77.3 %	22.7 %
September 30, 2024	79.5 %	20.5 %	78.4 %	21.6 %

(1) Represents advances paid to Dealers on Consumer Loans assigned under our Portfolio Program and one-time payments made to Dealers to purchase Consumer Loans assigned under our Purchase Program. Payments of Dealer Holdback (as defined below) and accelerated Dealer Holdback are not included.

Portfolio Program

As payment for the vehicle, the Dealer generally receives the following:
- a down payment from the consumer;
- a non-recourse cash payment ("advance") from us; and
- after the advance balance (cash advance and related Dealer Loan fees and costs) has been recovered by us, the cash from payments made on the Consumer Loan, net of certain collection costs and our servicing fee ("Dealer Holdback").

We record the amount advanced to the Dealer as a Dealer Loan, which is classified within Loans receivable in our consolidated balance sheets. Cash advanced to the Dealer is automatically assigned to the Dealer's open pool of advances. Dealers make an election as to how many Consumer Loans (either 50 or 100) will be assigned to an open pool before it is closed, and subsequent advances are assigned to a new pool. Unless we receive a request from the Dealer to keep a pool open, we automatically close each pool based on the Dealer's election. All advances within a Dealer's pool are secured by the future collections on the related Consumer Loans assigned to the pool. For Dealers with more than one pool, the pools are cross-collateralized so the performance of other pools is considered in determining eligibility for Dealer Holdback. We perfect our security interest with respect to the Dealer Loans by obtaining control or taking possession of the Consumer Loans, which list us as lien holder on the vehicle title.

The Dealer servicing agreement provides that collections received by us during a calendar month on Consumer Loans assigned by a Dealer are applied on a pool-by-pool basis as follows:
- first, to reimburse us for certain collection costs;
- second, to pay us our servicing fee, which generally equals 20% of collections;
- third, to reduce the aggregate advance balance and to pay any other amounts due from the Dealer to us; and
- fourth, to the Dealer as payment of Dealer Holdback.

If the collections on Consumer Loans from a Dealer's pool are not sufficient to repay the advance balance and any other amounts due to us, the Dealer will not receive Dealer Holdback. Certain events may also result in Dealers forfeiting their rights to Dealer Holdback, including becoming inactive before assigning 100 Consumer Loans.

Dealers have an opportunity to receive an accelerated Dealer Holdback payment each time a pool of Consumer Loans is closed. The amount paid to the Dealer is calculated using a formula that considers the number of Consumer Loans assigned to the pool and the related forecasted collections and advance balance.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)
(UNAUDITED)

Since typically the combination of the advance and the consumer's down payment provides the Dealer with a cash profit at the time of sale, the Dealer's risk in the Consumer Loan is limited. We cannot demand repayment of the advance from the Dealer except in the event the Dealer is in default of the Dealer servicing agreement. Advances are made only after the consumer and Dealer have signed a Consumer Loan contract, we have received the executed Consumer Loan contract and supporting documentation in either physical or electronic form, and we have approved all of the related stipulations for funding.

For accounting purposes, the transactions described under the Portfolio Program are not considered to be loans to consumers. Instead, our accounting reflects that of a lender to the Dealer. The classification as a Dealer Loan for accounting purposes is primarily a result of (1) the Dealer's financial interest in the Consumer Loan and (2) certain elements of our legal relationship with the Dealer.

Purchase Program

The Purchase Program differs from our Portfolio Program in that the Dealer receives a one-time payment from us at the time of assignment to purchase the Consumer Loan instead of a cash advance at the time of assignment and future Dealer Holdback payments. For accounting purposes, the transactions described under the Purchase Program are considered to be originated by the Dealer and then purchased by us.

Program Enrollment

Dealers are granted access to our Portfolio Program upon enrollment. Access to the Purchase Program is typically only granted to Dealers that meet one of the following:

- assigned at least 50 Consumer Loans under the Portfolio Program;
- franchise dealership; or
- independent dealership that meets certain criteria upon enrollment.

Seasonality

Our business is seasonal with peak Consumer Loan assignments and collections occurring during the first quarter of the year. This seasonality has a material impact on our interim results, as we are required to recognize a significant provision for credit losses expense at the time of assignment. For additional information, see Note 3.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business Segment Information

We currently operate in one reportable segment which represents our core business of offering innovative financing solutions that enable automobile dealers to sell vehicles to consumers regardless of their credit history. The consolidated financial statements reflect the financial results of our one reportable operating segment.

Cash and Cash Equivalents and Restricted Cash and Cash Equivalents

Cash equivalents consist of readily marketable securities with original maturities at the date of acquisition of three months or less. As of September 30, 2024 and December 31, 2023, we had $158.6 million and $12.8 million, respectively, in cash and cash equivalents that were not insured by the Federal Deposit Insurance Corporation ("FDIC").

Restricted cash and cash equivalents consist of cash pledged as collateral for secured financings and cash held in a trust for future vehicle service contract claims. As of September 30, 2024 and December 31, 2023, we had $551.8 million and $453.7 million, respectively, in restricted cash and cash equivalents that were not insured by the FDIC.

The following table provides a reconciliation of cash and cash equivalents and restricted cash and cash equivalents reported in our consolidated balance sheets to the total shown in our consolidated statements of cash flows:

(In millions)	As of			
	September 30, 2024	December 31, 2023	September 30, 2023	December 31, 2022
Cash and cash equivalents	$ 159.7	$ 13.2	$ 3.1	$ 7.7
Restricted cash and cash equivalents	556.6	457.7	435.1	410.0
Total cash and cash equivalents and restricted cash and cash equivalents	$ 716.3	$ 470.9	$ 438.2	$ 417.7

Restricted Securities Available for Sale

Restricted securities available for sale consist of amounts held in a trust for future vehicle service contract claims. We determine the appropriate classification of our investments in debt securities at the time of purchase and reevaluate such determinations at each balance sheet date. Debt securities for which we do not have the intent or ability to hold to maturity are classified as available for sale, and stated at fair value with unrealized gains and losses, net of income taxes included in the determination of comprehensive income and reported as a component of shareholders' equity.

Loans Receivable and Allowance for Credit Losses

Consumer Loan Assignment. For legal purposes, a Consumer Loan is considered to have been assigned to us after the following has occurred:

- the consumer and Dealer have signed a Consumer Loan contract; and
- we have received the executed Consumer Loan contract and supporting documentation in either physical or electronic form.

For accounting and financial reporting purposes, a Consumer Loan is considered to have been assigned to us after the following has occurred:

- the Consumer Loan has been legally assigned to us; and
- we have made a funding decision and generally have provided funding to the Dealer in the form of either an advance under the Portfolio Program or one-time purchase payment under the Purchase Program.

Portfolio Segments and Classes. Our Loan portfolio consists of two portfolio segments: Dealer Loans and Purchased Loans. Our determination is based on the following:

- We have two financing programs: the Portfolio Program and the Purchase Program. We are considered to be a lender to Dealers for Consumer Loans assigned under the Portfolio Program and a purchaser of Consumer Loans assigned under the Purchase Program.
- The Portfolio Program and the Purchase Program have different levels of risk in relation to credit losses. Under the Portfolio Program, the impact of negative variances in Consumer Loan performance is mitigated by Dealer Holdback and the cross-collateralization of Consumer Loan assignments. Under the Purchase Program, we are impacted by the full amount of negative variances in Consumer Loan performance.
- Our business model is narrowly focused on Consumer Loan assignments from one industry with expected cash flows that are significantly lower than the contractual cash flows owed to us due to credit quality. We do not believe that it is meaningful to disaggregate our Loan portfolio beyond the Dealer Loans and Purchased Loans portfolio segments.

Each portfolio segment consists of one class of Consumer Loan assignments, which is Consumer Loans originated by Dealers to finance purchases of vehicles and related ancillary products by consumers with impaired or limited credit histories. Our determination is based on the following:

- All of the Consumer Loans assigned to us have similar risk characteristics in relation to the categorization of borrowers, type of financing receivable, industry sector, and type of collateral.
- We only accept Consumer Loan assignments from Dealers located within the United States.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)
(UNAUDITED)

Recognition and Measurement Policy. On January 1, 2020, we adopted Accounting Standards Update 2016-13, Measurement of Credit Losses on Financial Instruments, which is known as the current expected credit loss model, or CECL. Loans outstanding prior to the adoption date are no longer material to our consolidated financial statements. Consumer Loans assigned to us on or subsequent to January 1, 2020 are accounted for as originated financial assets ("Originated Method").

Under the Originated Method, at the time of assignment, we:
- calculate the effective interest rate based on contractual future net cash flows;
- record a Loan receivable equal to the advance paid to the Dealer under the Portfolio Program or purchase price paid to the Dealer under the Purchase Program; and
- record an allowance for credit losses equal to the difference between the initial Loan receivable balance and the present value of expected future net cash flows discounted at the effective interest rate. The initial allowance for credit losses is recognized as provision for credit losses expense.

The effective interest rate and initial allowance for credit losses are significantly higher for Consumer Loans assigned under the Purchase Program than for Consumer Loans assigned under the Portfolio Program, as contractual net cash flows exceed expected net cash flows by a significantly greater margin under the Purchase Program. Under the Purchase Program, we retain all contractual collections that exceed our initial expectations. Under the Portfolio Program, contractual collections that exceed our initial expectations are substantially offset by additional Dealer Holdback payments.

Under the Originated Method, for each reporting period subsequent to assignment, we:
- recognize finance charge revenue using the effective interest rate that was calculated at the time of assignment based on contractual future net cash flows; and
- adjust the allowance for credit losses so that the net carrying amount of each Loan equals the present value of expected future net cash flows discounted at the effective interest rate. The adjustment to the allowance for credit losses is recognized as either provision for credit losses expense or a reversal of provision for credit losses expense.

Loans Receivable. Amounts advanced to Dealers for Consumer Loans assigned under the Portfolio Program are recorded as Dealer Loans and are aggregated by Dealer for purposes of recognizing revenue and measuring credit losses. Amounts paid to Dealers for Consumer Loans assigned under the Purchase Program are recorded as Purchased Loans and, for purposes of recognizing revenue and measuring credit losses, are not aggregated.

The outstanding balance of each Loan included in Loans receivable is comprised of the following:
- cash paid to the Dealer (or to third-party ancillary product providers on the Dealer's behalf) for the Consumer Loan assignment (advance under the Portfolio Program or one-time purchase payment under the Purchase Program);
- finance charges;
- Dealer Holdback payments;
- accelerated Dealer Holdback payments;
- recoveries;
- transfers in;
- less: collections (net of certain collection costs);
- less: write-offs; and
- less: transfers out.

Under our Portfolio Program, certain events may result in Dealers forfeiting their rights to Dealer Holdback. We transfer the Dealer's outstanding Dealer Loan balance and the related allowance for credit losses balance to Purchased Loans in the period this forfeiture occurs. We aggregate these Purchased Loans by Dealer for purposes of recognizing revenue and measuring credit losses.

Allowance for Credit Losses. The outstanding balance of the allowance for credit losses of each Loan represents the amount required to reduce net carrying amount of Loans (Loans receivable less allowance for credit losses) to the present value of expected future net cash flows discounted at the effective interest rate. Expected future net cash flows for Dealer Loans are comprised of expected future collections on the assigned Consumer Loans, less any expected future Dealer Holdback payments. Expected future net cash flows for Purchased Loans are comprised of expected future collections on the assigned Consumer Loans.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)
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Expected future collections are forecasted for each individual Consumer Loan based on the historical performance of Consumer Loans with similar characteristics, adjusted for recent trends in payment patterns. Our forecast of expected future collections includes estimates for prepayments and post-contractual-term cash flows. Unless the consumer is no longer contractually obligated to pay us, we forecast future collections on each Consumer Loan for a 120 month period after the origination date. Expected future Dealer Holdback payments are forecasted for each individual Dealer based on the expected future collections and current advance balance of each Dealer Loan.

We fully write off the outstanding balances of a Loan and the related allowance for credit losses once we are no longer forecasting any expected future net cash flows on the Loan. Under our partial write-off policy, we write off the amount of the outstanding balances of a Loan and the related allowance for credit losses, if any, that exceeds 200% of the present value of expected future net cash flows on the Loan, as we deem this amount to be uncollectable.

Credit Quality. The vast majority of the Consumer Loans assigned to us are made to individuals with impaired or limited credit histories. Consumer Loans made to these individuals generally entail a higher risk of delinquency, default, and repossession and higher losses than loans made to consumers with better credit. Since most of our revenue and cash flows are generated from these Consumer Loans, our ability to accurately forecast Consumer Loan performance is critical to our business and financial results. At the time a Consumer Loan is submitted to us for assignment, we forecast future expected cash flows from the Consumer Loan. Based on these forecasts, an advance or one-time purchase payment is made to the related Dealer at a price designed to maximize our economic profit, a non-GAAP financial measure that considers our return on capital, our cost of capital, and the amount of capital invested.

We monitor and evaluate the credit quality of Consumer Loans on a monthly basis by comparing our current forecasted collection rates to our initial expectations. We use a statistical model that considers a number of credit quality indicators to estimate the expected collection rate for each Consumer Loan at the time of assignment. The credit quality indicators considered in our model include attributes contained in the consumer’s credit bureau report, data contained in the consumer’s credit application, the structure of the proposed transaction, vehicle information and other factors. We continue to evaluate the expected collection rate for each Consumer Loan subsequent to assignment primarily through the monitoring of consumer payment behavior. Our evaluation becomes more accurate as the Consumer Loans age, as we use actual performance data in our forecast. Since all known, significant credit quality indicators have already been factored into our forecasts and pricing, we are not able to use any specific credit quality indicators to predict or explain variances in actual performance from our initial expectations. Any variances in performance from our initial expectations are a result of Consumer Loans performing differently from historical Consumer Loans with similar characteristics. We periodically adjust our statistical pricing model for new trends that we identify through our evaluation of these forecasted collection rate variances.

When overall forecasted collection rates underperform our initial expectations, the decline in forecasted collections has a more adverse impact on the profitability of the Purchased Loans than on the profitability of the Dealer Loans. For Purchased Loans, the decline in forecasted collections is absorbed entirely by us. For Dealer Loans, the decline in the forecasted collections is substantially offset by a decline in forecasted payments of Dealer Holdback.

Methodology Changes. During the second quarter of 2024, we applied an adjustment to our methodology for forecasting the amount of future net cash flows from our Loan portfolio, which reduced the forecasted collection rates for Consumer Loans assigned in 2022 through 2024. During the second quarter of 2023, we adjusted our methodology for forecasting the amount and timing of future net cash flows from our Loan portfolio through the utilization of more recent Consumer Loan performance and Consumer Loan prepayment data. For additional information, see Note 6. For the three and nine months ended September 30, 2024 and 2023, we did not make any other methodology changes for Loans that had a material impact on our financial statements.

Finance Charges

Sources of Revenue. Finance charges is comprised of: (1) interest income earned on Loans; (2) administrative fees earned from ancillary products; (3) program fees charged to Dealers under the Portfolio Program; (4) Consumer Loan assignment fees charged to Dealers; and (5) direct origination costs incurred on Dealer Loans.

We provide Dealers the ability to offer vehicle service contracts to consumers through our relationships with Third-Party Providers ("TPPs"). A vehicle service contract provides the consumer protection by paying for the repair or replacement of certain components of the vehicle in the event of a mechanical failure. The retail price of the vehicle service contract is included in the principal balance of the Consumer Loan. The wholesale cost of the vehicle service contract is paid to the TPP, net of an administrative fee retained by us. The difference between the wholesale cost and the retail price to the consumer is paid to the Dealer as a commission. Under the Portfolio Program, the wholesale cost of the vehicle service contract and the commission paid to the Dealer are charged to the Dealer's advance balance. TPPs process claims on vehicle service contracts that are underwritten by third-party insurers. We bear the risk of loss for claims on certain vehicle service contracts that are reinsured by us. We market the vehicle service contracts directly to Dealers.

We provide Dealers the ability to offer Guaranteed Asset Protection ("GAP") to consumers through our relationships with TPPs. GAP provides the consumer protection by paying the difference between the loan balance and the amount covered by the consumer's insurance policy in the event of a total loss of the vehicle due to severe damage or theft. The retail price of GAP is included in the principal balance of the Consumer Loan. The wholesale cost of GAP is paid to the TPP, net of an administrative fee retained by us. The difference between the wholesale cost and the retail price to the consumer is paid to the Dealer as a commission. Under the Portfolio Program, the wholesale cost of GAP and the commission paid to the Dealer are charged to the Dealer's advance balance. TPPs process claims on GAP contracts that are underwritten by third-party insurers.

Program fees represent monthly fees charged to Dealers for access to our Credit Approval Processing System ("CAPS"); administration, servicing, and collection services offered by us; documentation related to or affecting our program; and all tangible and intangible property owned by Credit Acceptance. We charge a monthly fee of $599 to Dealers participating in our Portfolio Program and we collect it from future Dealer Holdback payments.

Recognition Policy. We recognize finance charges under the interest method such that revenue is recognized on a level-yield basis over the life of the Loan. We calculate finance charges on a monthly basis by applying the effective interest rate of the Loan to the net carrying amount of the Loan (Loan receivable less the related allowance for credit losses). The effective interest rate is based on contractual future net cash flows.

We report the change in the present value of credit losses attributable to the passage of time as a reduction to finance charges. Accordingly, we allocate finance charges recognized on each Loan between the Loan receivable and the related allowance for credit losses. The amount of finance charges allocated to the Loan receivable is equal to the effective interest rate applied to the Loans receivable balance. The reduction of finance charges allocated to the allowance for credit losses is equal to the effective interest rate applied to the allowance for credit losses balance.

Reinsurance

Our wholly owned subsidiary VSC Re Company ("VSC Re") is engaged in the business of reinsuring coverage under vehicle service contracts sold to consumers by Dealers on vehicles financed by us. VSC Re currently reinsures vehicle service contracts that are offered through one of our TPPs. Vehicle service contract premiums, which represent the selling price of the vehicle service contract to the consumer, less fees and certain administrative costs, are contributed to a trust account controlled by VSC Re. These premiums are used to fund claims covered under the vehicle service contracts. VSC Re is a bankruptcy remote entity. As such, our exposure to fund claims is limited to the trust assets controlled by VSC Re and our net investment in VSC Re.

Premiums from the reinsurance of vehicle service contracts are recognized over the life of the policy in proportion to expected costs of servicing those contracts. Expected costs are determined based on our historical claims experience. Claims are expensed through a provision for claims in the period the claim was incurred. Capitalized acquisition costs are comprised of premium taxes and are amortized as general and administrative expense over the life of the contracts in proportion to premiums earned.

We have consolidated the trust within our financial statements based on our determination of the following:

- *We have a variable interest in the trust.* We have a residual interest in the assets of the trust, which is variable in nature, given that it increases or decreases based upon the actual loss experience of the related service contracts. In addition, VSC Re is required to absorb any losses in excess of the trust's assets.
- *The trust is a variable interest entity.* The trust has insufficient equity at risk as no parties to the trust were required to contribute assets that provide them with any ownership interest.
- *We are the primary beneficiary of the trust.* We control the amount of premiums written and placed in the trust through Consumer Loan assignments under our Programs, which is the activity that most significantly impacts the economic performance of the trust. We have the right to receive benefits from the trust that could potentially be significant. In addition, VSC Re has the obligation to absorb losses of the trust that could potentially be significant.

New Accounting Updates Not Yet Adopted

Disclosure Improvements: Codification Amendments in Response to the SEC's Disclosure Update and Simplification Initiative. In October 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2023-06, which amends the disclosure or presentation requirements related to various subtopics in the FASB Accounting Standards Codification (the "Codification"). The effective date for each amendment will be the date on which the SEC's removal of that related disclosure from Regulation S-X or Regulation S-K becomes effective, with early adoption prohibited. If, by June 30, 2027, the SEC has not removed the applicable requirement from Regulation S-X or Regulation S-K, the pending content of the related amendment will be removed from the Codification and will not become effective for any entity. We are currently evaluating the impact the adoption of ASU 2023-06 will have on our consolidated financial statements and related disclosures.

Improvements to Reportable Segment Disclosures. In November 2023, the FASB issued ASU 2023-07, which enhances the required disclosures for operating segments in our annual and interim consolidated financial statements. ASU 2023-07 is effective on a retrospective basis for annual periods beginning after December 15, 2023, and interim periods beginning after December 15, 2024. Early adoption is permitted but we have not yet adopted ASU 2023-07. We are currently evaluating the impact the adoption of ASU 2023-07 will have on our consolidated financial statements and related disclosures.

Improvements to Income Tax Disclosures. In December 2023, the FASB issued ASU 2023-09, which intends to improve the transparency of income tax disclosures by requiring (1) consistent categories and greater disaggregation of information in the rate reconciliation and (2) income taxes paid disaggregated by jurisdiction. It also includes certain other amendments intended to improve the effectiveness of income tax disclosures. ASU 2023-09 is effective for annual periods beginning after December 15, 2024. Early adoption is permitted, but we have not yet adopted ASU 2023-09. We are currently evaluating the impact the adoption of ASU 2023-09 will have on our consolidated financial statements and related disclosures.

4. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate their value.

Cash and Cash Equivalents and Restricted Cash and Cash Equivalents. The carrying amounts approximate their fair value due to the short maturity of these instruments.

Restricted Securities Available for Sale. The fair value of U.S. Government and agency securities, corporate bonds, and municipal securities is based on quoted market values in active markets. For asset-backed securities, mortgage-backed securities, and commercial paper, we use model-based valuation techniques for which all significant assumptions are observable in the market.

Loans Receivable, net. The fair value is determined by calculating the present value of expected future net cash flows estimated by us by utilizing the discount rate used to calculate the value of our Loans under our non-GAAP floating yield methodology.

Revolving Secured Lines of Credit. The fair value is determined by calculating the present value of the debt instrument based on current rates for debt with a similar risk profile and maturity.

Secured Financing. The fair value of certain asset-backed secured financings ("Term ABS" financings) is determined using quoted market prices in an active market. For our warehouse facilities and certain other Term ABS financings, the fair values are determined by calculating the present value of each debt instrument based on current rates for debt with similar risk profiles and maturities.

Senior Notes. The fair value is determined using quoted market prices in an active market.

Mortgage Note. The fair value was determined by calculating the present value of the debt instrument based on current rates for debt with a similar risk profile and maturity.

A comparison of the carrying amount and estimated fair value of these financial instruments is as follows:

(In millions)	As of September 30, 2024		As of December 31, 2023	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Assets				
Cash and cash equivalents	$ 159.7	$ 159.7	$ 13.2	$ 13.2
Restricted cash and cash equivalents	556.6	556.6	457.7	457.7
Restricted securities available for sale	113.9	113.9	93.2	93.2
Loans receivable, net	7,781.5	8,882.3	6,955.3	7,759.1
Liabilities				
Revolving secured lines of credit	$ 1.0	$ 1.0	$ 79.2	$ 79.2
Secured financing	5,257.1	5,360.4	3,990.9	4,025.9
Senior notes	990.8	1,042.8	989.0	1,039.8
Mortgage note	—	—	8.4	8.4

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)
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Fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. We group assets and liabilities at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

Level 1	Valuation is based upon quoted prices for identical instruments traded in active markets.
Level 2	Valuation is based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market.
Level 3	Valuation is generated from model-based techniques that use at least one significant assumption not observable in the market. These unobservable assumptions reflect estimates or assumptions that market participants would use in pricing the asset or liability.

The following table provides the level of measurement used to determine the fair value for each of our financial instruments measured or disclosed at fair value:

(In millions)	As of September 30, 2024			
	Level 1	Level 2	Level 3	Total Fair Value
Assets				
Cash and cash equivalents (1)	$ 159.7	$ —	$ —	$ 159.7
Restricted cash and cash equivalents (1)	556.6	—	—	556.6
Restricted securities available for sale (2)	90.7	23.2	—	113.9
Loans receivable, net (1)	—	—	8,882.3	8,882.3
Liabilities				
Revolving secured lines of credit (1)	$ —	$ 1.0	$ —	$ 1.0
Secured financing (1)	4,460.2	900.2	—	5,360.4
Senior notes (1)	1,042.8	—	—	1,042.8

(In millions)	As of December 31, 2023			
	Level 1	Level 2	Level 3	Total Fair Value
Assets				
Cash and cash equivalents (1)	$ 13.2	$ —	$ —	$ 13.2
Restricted cash and cash equivalents (1)	457.7	—	—	457.7
Restricted securities available for sale (2)	75.1	18.1	—	93.2
Loans receivable, net (1)	—	—	7,759.1	7,759.1
Liabilities				
Revolving secured lines of credit (1)	$ —	$ 79.2	$ —	$ 79.2
Secured financing (1)	3,225.8	800.1	—	4,025.9
Senior notes (1)	1,039.8	—	—	1,039.8
Mortgage note (1)	—	8.4	—	8.4

(1) Measured at amortized cost with fair value disclosed.
(2) Measured at fair value on a recurring basis.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)
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5. RESTRICTED SECURITIES AVAILABLE FOR SALE

Restricted securities available for sale consist of the following:

(In millions)	As of September 30, 2024			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Corporate bonds	$ 50.3	$ 0.9	$ (0.3)	$ 50.9
U.S. Government and agency securities	39.5	0.6	(0.3)	39.8
Asset-backed securities	21.2	0.2	—	21.4
Mortgage-backed securities	1.8	—	—	1.8
Total restricted securities available for sale	$ 112.8	$ 1.7	$ (0.6)	$ 113.9

(In millions)	As of December 31, 2023			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Corporate bonds	$ 40.5	$ 0.3	$ (0.9)	$ 39.9
U.S. Government and agency securities	35.2	0.2	(0.9)	34.5
Asset-backed securities	18.0	0.1	(0.2)	17.9
Municipal securities	0.7	—	—	0.7
Mortgage-backed securities	0.2	—	—	0.2
Total restricted securities available for sale	$ 94.6	$ 0.6	$ (2.0)	$ 93.2

The fair value and gross unrealized losses for restricted securities available for sale, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, are as follows:

(In millions)	Securities Available for Sale with Gross Unrealized Losses as of September 30, 2024					
	Less than 12 Months		12 Months or More			
	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses	Total Estimated Fair Value	Total Gross Unrealized Losses
Corporate bonds	$ 2.9	$ —	$ 9.6	$ (0.3)	$ 12.5	$ (0.3)
U.S. Government and agency securities	0.5	—	10.4	(0.3)	10.9	(0.3)
Asset-backed securities	—	—	3.6	—	3.6	—
Mortgage-backed securities	—	—	0.1	—	0.1	—
Total restricted securities available for sale	$ 3.4	$ —	$ 23.7	$ (0.6)	$ 27.1	$ (0.6)

(In millions)	Securities Available for Sale with Gross Unrealized Losses as of December 31, 2023					
	Less than 12 Months		12 Months or More			
	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses	Total Estimated Fair Value	Total Gross Unrealized Losses
Corporate bonds	$ 2.7	$ —	$ 18.4	$ (0.9)	$ 21.1	$ (0.9)
U.S. Government and agency securities	6.8	(0.1)	16.4	(0.8)	23.2	(0.9)
Asset-backed securities	1.6	—	7.3	(0.2)	8.9	(0.2)
Mortgage-backed securities	—	—	0.2	—	0.2	—
Total restricted securities available for sale	$ 11.1	$ (0.1)	$ 42.3	$ (1.9)	$ 53.4	$ (2.0)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)
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The cost and estimated fair values of debt securities by contractual maturity were as follows (securities with multiple maturity dates are classified in the period of final maturity). Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

(In millions)	As of			
	September 30, 2024		December 31, 2023	
Contractual Maturity	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
Within one year	$ 8.8	$ 8.7	$ 6.9	$ 6.8
Over one year to five years	93.6	94.6	80.5	79.1
Over five years to ten years	10.3	10.6	7.1	7.2
Over ten years	0.1	—	0.1	0.1
Total restricted securities available for sale	$ 112.8	$ 113.9	$ 94.6	$ 93.2

6. LOANS RECEIVABLE

Loans receivable and allowance for credit losses consist of the following:

(In millions)	As of September 30, 2024		
	Dealer Loans	Purchased Loans	Total
Loans receivable	$ 8,348.7	$ 2,848.9	$ 11,197.6
Allowance for credit losses	(2,775.3)	(640.8)	(3,416.1)
Loans receivable, net	$ 5,573.4	$ 2,208.1	$ 7,781.5

(In millions)	As of December 31, 2023		
	Dealer Loans	Purchased Loans	Total
Loans receivable	$ 7,065.5	$ 2,954.6	$ 10,020.1
Allowance for credit losses	(2,355.7)	(709.1)	(3,064.8)
Loans receivable, net	$ 4,709.8	$ 2,245.5	$ 6,955.3

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A summary of changes in Loans receivable and allowance for credit losses is as follows:

(In millions)	For the Three Months Ended September 30, 2024								
	Loans Receivable			Allowance for Credit Losses			Loans Receivable, Net		
	Dealer Loans	Purchased Loans	Total	Dealer Loans	Purchased Loans	Total	Dealer Loans	Purchased Loans	Total
Balance, beginning of period	$ 7,980.6	$ 2,903.6	$ 10,884.2	$ (2,659.5)	$ (677.0)	$ (3,336.5)	$ 5,321.1	$ 2,226.6	$ 7,547.7
Finance charges	499.8	226.8	726.6	(169.7)	(49.3)	(219.0)	330.1	177.5	507.6
Provision for credit losses	—	—	—	(123.5)	(61.2)	(184.7)	(123.5)	(61.2)	(184.7)
New Consumer Loan assignments (1)	899.2	247.4	1,146.6	—	—	—	899.2	247.4	1,146.6
Collections (2)	(906.6)	(403.9)	(1,310.5)	—	—	—	(906.6)	(403.9)	(1,310.5)
Accelerated Dealer Holdback payments	13.5	—	13.5	—	—	—	13.5	—	13.5
Dealer Holdback payments	57.6	—	57.6	—	—	—	57.6	—	57.6
Transfers (3)	(33.6)	33.6	—	11.9	(11.9)	—	(21.7)	21.7	—
Write-offs	(167.0)	(159.8)	(326.8)	167.0	159.8	326.8	—	—	—
Recoveries (4)	1.5	1.2	2.7	(1.5)	(1.2)	(2.7)	—	—	—
Deferral of Loan origination costs	3.7	—	3.7	—	—	—	3.7	—	3.7
Balance, end of period	$ 8,348.7	$ 2,848.9	$ 11,197.6	$ (2,775.3)	$ (640.8)	$ (3,416.1)	$ 5,573.4	$ 2,208.1	$ 7,781.5

(In millions)	For the Three Months Ended September 30, 2023								
	Loans Receivable			Allowance for Credit Losses			Loans Receivable, Net		
	Dealer Loans	Purchased Loans	Total	Dealer Loans	Purchased Loans	Total	Dealer Loans	Purchased Loans	Total
Balance, beginning of period	$ 6,534.1	$ 3,065.5	$ 9,599.6	$ (2,188.4)	$ (800.9)	$ (2,989.3)	$ 4,345.7	$ 2,264.6	$ 6,610.3
Finance charges	401.0	231.1	632.1	(136.0)	(54.4)	(190.4)	265.0	176.7	441.7
Provision for credit losses	—	—	—	(108.0)	(76.6)	(184.6)	(108.0)	(76.6)	(184.6)
New Consumer Loan assignments (1)	732.5	289.7	1,022.2	—	—	—	732.5	289.7	1,022.2
Collections (2)	(775.4)	(406.7)	(1,182.1)	—	—	—	(775.4)	(406.7)	(1,182.1)
Accelerated Dealer Holdback payments	10.7	—	10.7	—	—	—	10.7	—	10.7
Dealer Holdback payments	59.0	—	59.0	—	—	—	59.0	—	59.0
Transfers (3)	(27.3)	27.3	—	9.5	(9.5)	—	(17.8)	17.8	—
Write-offs	(153.7)	(180.2)	(333.9)	153.7	180.2	333.9	—	—	—
Recoveries (4)	0.4	0.9	1.3	(0.4)	(0.9)	(1.3)	—	—	—
Deferral of Loan origination costs	3.3	—	3.3	—	—	—	3.3	—	3.3
Balance, end of period	$ 6,784.6	$ 3,027.6	$ 9,812.2	$ (2,269.6)	$ (762.1)	$ (3,031.7)	$ 4,515.0	$ 2,265.5	$ 6,780.5

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	For the Nine Months Ended September 30, 2024								
(In millions)	Loans Receivable			Allowance for Credit Losses			Loans Receivable, Net		
	Dealer Loans	Purchased Loans	Total	Dealer Loans	Purchased Loans	Total	Dealer Loans	Purchased Loans	Total
Balance, beginning of period	$ 7,065.5	$ 2,954.6	$ 10,020.1	$ (2,355.7)	$ (709.1)	$ (3,064.8)	$ 4,709.8	$ 2,245.5	$ 6,955.3
Finance charges	1,411.8	683.8	2,095.6	(474.9)	(146.2)	(621.1)	936.9	537.6	1,474.5
Provision for credit losses	—	—	—	(457.5)	(233.8)	(691.3)	(457.5)	(233.8)	(691.3)
New Consumer Loan assignments (1)	2,858.3	833.8	3,692.1	—	—	—	2,858.3	833.8	3,692.1
Collections (2)	(2,650.5)	(1,245.2)	(3,895.7)	—	—	—	(2,650.5)	(1,245.2)	(3,895.7)
Accelerated Dealer Holdback payments	46.9	—	46.9	—	—	—	46.9	—	46.9
Dealer Holdback payments	188.1	—	188.1	—	—	—	188.1	—	188.1
Transfers (3)	(105.0)	105.0	—	34.8	(34.8)	—	(70.2)	70.2	—
Write-offs	(481.0)	(486.2)	(967.2)	481.0	486.2	967.2	—	—	—
Recoveries (4)	3.0	3.1	6.1	(3.0)	(3.1)	(6.1)	—	—	—
Deferral of Loan origination costs	11.6	—	11.6	—	—	—	11.6	—	11.6
Balance, end of period	$ 8,348.7	$ 2,848.9	$ 11,197.6	$ (2,775.3)	$ (640.8)	$ (3,416.1)	$ 5,573.4	$ 2,208.1	$ 7,781.5

	For the Nine Months Ended September 30, 2023								
(In millions)	Loans Receivable			Allowance for Credit Losses			Loans Receivable, Net		
	Dealer Loans	Purchased Loans	Total	Dealer Loans	Purchased Loans	Total	Dealer Loans	Purchased Loans	Total
Balance, beginning of period	$ 6,074.8	$ 3,090.7	$ 9,165.5	$ (2,000.0)	$ (867.8)	$ (2,867.8)	$ 4,074.8	$ 2,222.9	$ 6,297.7
Finance charges	1,156.8	698.1	1,854.9	(386.7)	(164.4)	(551.1)	770.1	533.7	1,303.8
Provision for credit losses	—	—	—	(327.3)	(245.2)	(572.5)	(327.3)	(245.2)	(572.5)
New Consumer Loan assignments (1)	2,202.9	970.6	3,173.5	—	—	—	2,202.9	970.6	3,173.5
Collections (2)	(2,376.9)	(1,266.9)	(3,643.8)	—	—	—	(2,376.9)	(1,266.9)	(3,643.8)
Accelerated Dealer Holdback payments	35.3	—	35.3	—	—	—	35.3	—	35.3
Dealer Holdback payments	177.3	—	177.3	—	—	—	177.3	—	177.3
Transfers (3)	(78.9)	78.9	—	28.5	(28.5)	—	(50.4)	50.4	—
Write-offs	(417.2)	(546.7)	(963.9)	417.2	546.7	963.9	—	—	—
Recoveries (4)	1.3	2.9	4.2	(1.3)	(2.9)	(4.2)	—	—	—
Deferral of Loan origination costs	9.2	—	9.2	—	—	—	9.2	—	9.2
Balance, end of period	$ 6,784.6	$ 3,027.6	$ 9,812.2	$ (2,269.6)	$ (762.1)	$ (3,031.7)	$ 4,515.0	$ 2,265.5	$ 6,780.5

(1) The Dealer Loans amount represents advances paid to Dealers on Consumer Loans assigned under our Portfolio Program. The Purchased Loans amount represents one-time payments made to Dealers to purchase Consumer Loans assigned under our Purchase Program.
(2) Represents repayments that we collected on Consumer Loans assigned under our programs.
(3) Under our Portfolio Program, certain events may result in Dealers forfeiting their rights to Dealer Holdback. We transfer the Dealer's outstanding Dealer Loan balance and related allowance for credit losses balance to Purchased Loans in the period this forfeiture occurs.
(4) The Dealer Loans amount represents net cash flows received (collections less any related Dealer Holdback payments) on Dealer Loans that were previously written off in full. The Purchased Loans amount represents collections received on Purchased Loans that were previously written off in full.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)
(UNAUDITED)

We recognize provision for credit losses on new Consumer Loan assignments for contractual net cash flows that were not expected to be realized at the time of assignment. We also recognize provision for credit losses on forecast changes in the amount and timing of expected future net cash flows subsequent to assignment. The following table summarizes the provision for credit losses for each of these components:

(In millions)	For the Three Months Ended September 30, 2024		
Provision for Credit Losses	**Dealer Loans**	**Purchased Loans**	**Total**
New Consumer Loan assignments	$ 49.4	$ 29.4	$ 78.8
Forecast changes	74.1	31.8	105.9
Total	$ 123.5	$ 61.2	$ 184.7

(In millions)	For the Three Months Ended September 30, 2023		
Provision for Credit Losses	**Dealer Loans**	**Purchased Loans**	**Total**
New Consumer Loan assignments	$ 37.4	$ 40.9	$ 78.3
Forecast changes	70.6	35.7	106.3
Total	$ 108.0	$ 76.6	$ 184.6

(In millions)	For the Nine Months Ended September 30, 2024		
Provision for Credit Losses	**Dealer Loans**	**Purchased Loans**	**Total**
New Consumer Loan assignments	$ 155.4	$ 105.0	$ 260.4
Forecast changes	302.1	128.8	430.9
Total	$ 457.5	$ 233.8	$ 691.3

(In millions)	For the Nine Months Ended September 30, 2023		
Provision for Credit Losses	**Dealer Loans**	**Purchased Loans**	**Total**
New Consumer Loan assignments	$ 108.9	$ 144.2	$ 253.1
Forecast changes	218.4	101.0	319.4
Total	$ 327.3	$ 245.2	$ 572.5

The net Loan income (finance charge revenue less provision for credit losses expense) that we recognize over the life of a Loan equals the cash we collect from the underlying Consumer Loan less the cash we pay to the Dealer. Under CECL, we are required to recognize:

- a significant provision for credit losses expense at the time of the Loan's assignment to us for contractual net cash flows we do not expect to realize; and
- finance charge revenue in subsequent periods that is significantly in excess of our expected yield.

Additional information related to new Consumer Loan assignments is as follows:

(In millions)	For the Three Months Ended September 30, 2024		
New Consumer Loan Assignments	**Dealer Loans**	**Purchased Loans**	**Total**
Contractual net cash flows at the time of assignment (1)	$ 1,418.3	$ 501.2	$ 1,919.5
Expected net cash flows at the time of assignment (2)	1,284.8	360.2	1,645.0
Loans receivable at the time of assignment (3)	899.2	247.4	1,146.6
Provision for credit losses expense at the time of assignment	$ (49.4)	$ (29.4)	$ (78.8)
Expected future finance charges at the time of assignment (4)	435.0	142.2	577.2
Expected net Loan income at the time of assignment (5)	$ 385.6	$ 112.8	$ 498.4

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)
(UNAUDITED)

(In millions)	For the Three Months Ended September 30, 2023		
New Consumer Loan Assignments	Dealer Loans	Purchased Loans	Total
Contractual net cash flows at the time of assignment (1)	$ 1,140.8	$ 577.7	$ 1,718.5
Expected net cash flows at the time of assignment (2)	1,035.1	407.6	1,442.7
Loans receivable at the time of assignment (3)	732.5	289.7	1,022.2
Provision for credit losses expense at the time of assignment	$ (37.4)	$ (40.9)	$ (78.3)
Expected future finance charges at the time of assignment (4)	340.0	158.8	498.8
Expected net Loan income at the time of assignment (5)	$ 302.6	$ 117.9	$ 420.5

(In millions)	For the Nine Months Ended September 30, 2024		
New Consumer Loan Assignments	Dealer Loans	Purchased Loans	Total
Contractual net cash flows at the time of assignment (1)	$ 4,478.9	$ 1,703.1	$ 6,182.0
Expected net cash flows at the time of assignment (2)	4,064.2	1,213.2	5,277.4
Loans receivable at the time of assignment (3)	2,858.3	833.8	3,692.1
Provision for credit losses expense at the time of assignment	$ (155.4)	$ (105.0)	$ (260.4)
Expected future finance charges at the time of assignment (4)	1,361.3	484.4	1,845.7
Expected net Loan income at the time of assignment (5)	$ 1,205.9	$ 379.4	$ 1,585.3

(In millions)	For the Nine Months Ended September 30, 2023		
New Consumer Loan Assignments	Dealer Loans	Purchased Loans	Total
Contractual net cash flows at the time of assignment (1)	$ 3,435.1	$ 1,948.9	$ 5,384.0
Expected net cash flows at the time of assignment (2)	3,118.1	1,357.7	4,475.8
Loans receivable at the time of assignment (3)	2,202.9	970.6	3,173.5
Provision for credit losses expense at the time of assignment	$ (108.9)	$ (144.2)	$ (253.1)
Expected future finance charges at the time of assignment (4)	1,024.1	531.3	1,555.4
Expected net Loan income at the time of assignment (5)	$ 915.2	$ 387.1	$ 1,302.3

(1) The Dealer Loans amount represents repayments that we were contractually owed at the time of assignment on Consumer Loans assigned under our Portfolio Program, less the related Dealer Holdback payments that we would be required to make if we collected all of the contractual repayments. The Purchased Loans amount represents repayments that we were contractually owed at the time of assignment on Consumer Loans assigned under our Purchase Program.
(2) The Dealer Loans amount represents repayments that we expected to collect at the time of assignment on Consumer Loans assigned under our Portfolio Program, less the related Dealer Holdback payments that we expected to make. The Purchased Loans amount represents repayments that we expected to collect at the time of assignment on Consumer Loans assigned under our Purchase Program. The Loan amounts also represent the fair value at the time of assignment.
(3) The Dealer Loans amount represents advances paid to Dealers on Consumer Loans assigned under our Portfolio Program. The Purchased Loans amount represents one-time payments made to Dealers to purchase Consumer Loans assigned under our Purchase Program.
(4) Represents revenue that is expected to be recognized on a level-yield basis over the lives of the Loans.
(5) Represents the amount that expected net cash flows at the time of assignment exceed Loans receivable at the time of assignment.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)
(UNAUDITED)

A summary of changes in expected future net cash flows is as follows:

(In millions)	For the Three Months Ended September 30, 2024		
Expected Future Net Cash Flows	Dealer Loans	Purchased Loans	Total
Balance, beginning of period	$ 7,704.6	$ 3,469.8	$ 11,174.4
New Consumer Loan assignments (1)	1,284.8	360.2	1,645.0
Realized net cash flows (2)	(835.5)	(403.9)	(1,239.4)
Forecast changes	(43.6)	(19.2)	(62.8)
Transfers (3)	(33.2)	34.1	0.9
Balance, end of period	$ 8,077.1	$ 3,441.0	$ 11,518.1

(In millions)	For the Three Months Ended September 30, 2023		
Expected Future Net Cash Flows	Dealer Loans	Purchased Loans	Total
Balance, beginning of period	$ 6,166.4	$ 3,509.9	$ 9,676.3
New Consumer Loan assignments (1)	1,035.1	407.6	1,442.7
Realized net cash flows (2)	(705.7)	(406.7)	(1,112.4)
Forecast changes	(40.3)	(29.1)	(69.4)
Transfers (3)	(26.5)	28.5	2.0
Balance, end of period	$ 6,429.0	$ 3,510.2	$ 9,939.2

(In millions)	For the Nine Months Ended September 30, 2024		
Expected Future Net Cash Flows	Dealer Loans	Purchased Loans	Total
Balance, beginning of period	$ 6,707.2	$ 3,472.0	$ 10,179.2
New Consumer Loan assignments (1)	4,064.2	1,213.2	5,277.4
Realized net cash flows (2)	(2,415.5)	(1,245.2)	(3,660.7)
Forecast changes	(173.0)	(109.9)	(282.9)
Transfers (3)	(105.8)	110.9	5.1
Balance, end of period	$ 8,077.1	$ 3,441.0	$ 11,518.1

(In millions)	For the Nine Months Ended September 30, 2023		
Expected Future Net Cash Flows	Dealer Loans	Purchased Loans	Total
Balance, beginning of period	$ 5,637.9	$ 3,395.5	$ 9,033.4
New Consumer Loan assignments (1)	3,118.1	1,357.7	4,475.8
Realized net cash flows (2)	(2,164.3)	(1,266.9)	(3,431.2)
Forecast changes	(89.3)	(60.0)	(149.3)
Transfers (3)	(73.4)	83.9	10.5
Balance, end of period	$ 6,429.0	$ 3,510.2	$ 9,939.2

(1) The Dealer Loans amount represents repayments that we expected to collect at the time of assignment on Consumer Loans assigned under our Portfolio Program, less the related Dealer Holdback payments that we expected to make. The Purchased Loans amount represents repayments that we expected to collect at the time of assignment on Consumer Loans assigned under our Purchase Program.
(2) The Dealer Loans amount represents repayments that we collected on Consumer Loans assigned under our Portfolio Program, less the Dealer Holdback and Accelerated Dealer Holdback payments that we made. Purchased Loans amount represents repayments that we collected on Consumer Loans assigned under our Purchase Program.
(3) Under our Portfolio Program, certain events may result in Dealers forfeiting their rights to Dealer Holdback. We transfer the Dealer's outstanding Dealer Loan balance, related allowance for credit losses balance, and related expected future net cash flows to Purchased Loans in the period this forfeiture occurs.

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Credit Quality

We monitor and evaluate the credit quality of Consumer Loans assigned under our Portfolio and Purchase Programs on a monthly basis by comparing our current forecasted collection rates to our prior forecasted collection rates and our initial expectations. For additional information regarding credit quality, see Note 3.

The following table compares our aggregated forecast of Consumer Loan collection rates as of September 30, 2024 with the aggregated forecasts as of June 30, 2024, December 31, 2023, and at the time of assignment, segmented by year of assignment:

Total Loans

	Forecasted Collection Percentage as of (1)				Current Forecast Variance from		
Consumer Loan Assignment Year	September 30, 2024	June 30, 2024	December 31, 2023	Initial Forecast	June 30, 2024	December 31, 2023	Initial Forecast
2015	65.3 %	65.3 %	65.2 %	67.7 %	0.0 %	0.1 %	-2.4 %
2016	63.9 %	63.9 %	63.8 %	65.4 %	0.0 %	0.1 %	-1.5 %
2017	64.7 %	64.7 %	64.7 %	64.0 %	0.0 %	0.0 %	0.7 %
2018	65.5 %	65.5 %	65.5 %	63.6 %	0.0 %	0.0 %	1.9 %
2019	67.2 %	67.1 %	66.9 %	64.0 %	0.1 %	0.3 %	3.2 %
2020	67.6 %	67.7 %	67.6 %	63.4 %	-0.1 %	0.0 %	4.2 %
2021	63.8 %	64.1 %	64.5 %	66.3 %	-0.3 %	-0.7 %	-2.5 %
2022	60.6 %	61.1 %	62.7 %	67.5 %	-0.5 %	-2.1 %	-6.9 %
2023	64.3 %	64.5 %	67.4 %	67.5 %	-0.2 %	-3.1 %	-3.2 %
2024	66.6 %	66.6 %	—	67.3 %	0.0 %	—	-0.7 %

Dealer Loans

	Forecasted Collection Percentage as of (1) (2)				Current Forecast Variance from		
Consumer Loan Assignment Year	September 30, 2024	June 30, 2024	December 31, 2023	Initial Forecast	June 30, 2024	December 31, 2023	Initial Forecast
2015	64.6 %	64.6 %	64.6 %	67.5 %	0.0 %	0.0 %	-2.9 %
2016	63.1 %	63.1 %	63.0 %	65.1 %	0.0 %	0.1 %	-2.0 %
2017	64.0 %	64.1 %	64.0 %	63.8 %	-0.1 %	0.0 %	0.2 %
2018	64.9 %	65.0 %	64.9 %	63.6 %	-0.1 %	0.0 %	1.3 %
2019	66.8 %	66.8 %	66.5 %	63.9 %	0.0 %	0.3 %	2.9 %
2020	67.5 %	67.5 %	67.4 %	63.3 %	0.0 %	0.1 %	4.2 %
2021	63.5 %	63.8 %	64.2 %	66.3 %	-0.3 %	-0.7 %	-2.8 %
2022	59.8 %	60.4 %	62.0 %	67.3 %	-0.6 %	-2.2 %	-7.5 %
2023	63.1 %	63.3 %	66.4 %	66.8 %	-0.2 %	-3.3 %	-3.7 %
2024	65.5 %	65.6 %	—	66.3 %	-0.1 %	—	-0.8 %

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)
(UNAUDITED)

	Purchased Loans						
	Forecasted Collection Percentage as of (1) (2)				Current Forecast Variance from		
Consumer Loan Assignment Year	September 30, 2024	June 30, 2024	December 31, 2023	Initial Forecast	June 30, 2024	December 31, 2023	Initial Forecast
2015	69.0 %	69.0 %	68.9 %	68.5 %	0.0 %	0.1 %	0.5 %
2016	66.1 %	66.1 %	66.1 %	66.5 %	0.0 %	0.0 %	-0.4 %
2017	66.3 %	66.3 %	66.3 %	64.6 %	0.0 %	0.0 %	1.7 %
2018	66.8 %	66.8 %	66.8 %	63.5 %	0.0 %	0.0 %	3.3 %
2019	67.9 %	67.8 %	67.5 %	64.2 %	0.1 %	0.4 %	3.7 %
2020	67.9 %	67.9 %	67.8 %	63.6 %	0.0 %	0.1 %	4.3 %
2021	64.3 %	64.7 %	65.0 %	66.3 %	-0.4 %	-0.7 %	-2.0 %
2022	62.4 %	62.9 %	64.3 %	68.0 %	-0.5 %	-1.9 %	-5.6 %
2023	67.6 %	67.7 %	70.1 %	69.4 %	-0.1 %	-2.5 %	-1.8 %
2024	70.5 %	70.1 %	—	70.7 %	0.4 %	—	-0.2 %

(1) Represents the total forecasted collections we expect to collect on the Consumer Loans as a percentage of the repayments that we were contractually owed on the Consumer Loans at the time of assignment. Contractual repayments include both principal and interest. Forecasted collection rates are negatively impacted by canceled Consumer Loans as the contractual amount owed is not removed from the denominator for purposes of computing forecasted collection rates in the table.
(2) The forecasted collection rates presented for Dealer Loans and Purchased Loans reflect the Consumer Loan classification at the time of assignment.

We evaluate and adjust the expected collection rate for each Consumer Loan subsequent to assignment primarily through the monitoring of consumer payment behavior. The following table summarizes the past-due status of Consumer Loan assignments as of September 30, 2024 and December 31, 2023, segmented by year of assignment:

(In millions)	Total Loans as of September 30, 2024 (1) (2)				
	Pre-term Consumer Loans (3)				
Consumer Loan Assignment Year	Current (5)	Past Due 11-90 Days	Past Due Over 90 Days	Post-term Consumer Loans (4)	Total
2019 and prior	$ 47.5	$ 30.9	$ 133.7	$ 241.4	$ 453.5
2020	156.2	81.8	207.9	20.7	466.6
2021	339.9	145.2	280.9	2.6	768.6
2022	948.8	304.8	386.2	0.5	1,640.3
2023	2,375.7	608.6	368.2	—	3,352.5
2024	3,868.3	575.6	72.2	—	4,516.1
	$ 7,736.4	$ 1,746.9	$ 1,449.1	$ 265.2	$ 11,197.6

(In millions)	Dealer Loans as of September 30, 2024 (1)				
	Pre-term Consumer Loans (3)				
Consumer Loan Assignment Year	Current (5)	Past Due 11-90 Days	Past Due Over 90 Days	Post-term Consumer Loans (4)	Total
2019 and prior	$ 21.2	$ 13.5	$ 61.8	$ 135.0	$ 231.5
2020	93.5	48.4	124.1	15.0	281.0
2021	229.4	95.0	185.3	2.1	511.8
2022	681.0	215.0	273.1	0.4	1,169.5
2023	1,749.8	458.8	272.6	—	2,481.2
2024	3,132.4	480.9	60.4	—	3,673.7
	$ 5,907.3	$ 1,311.6	$ 977.3	$ 152.5	$ 8,348.7

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)
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(In millions)

Consumer Loan Assignment Year	Purchased Loans as of September 30, 2024 (2)				
	Pre-term Consumer Loans (3)				
	Current (5)	Past Due 11-90 Days	Past Due Over 90 Days	Post-term Consumer Loans (4)	Total
2019 and prior	$ 26.3	$ 17.4	$ 71.9	$ 106.4	$ 222.0
2020	62.7	33.4	83.8	5.7	185.6
2021	110.5	50.2	95.6	0.5	256.8
2022	267.8	89.8	113.1	0.1	470.8
2023	625.9	149.8	95.6	—	871.3
2024	735.9	94.7	11.8	—	842.4
	$ 1,829.1	$ 435.3	$ 471.8	$ 112.7	$ 2,848.9

(In millions)

Consumer Loan Assignment Year	Total Loans as of December 31, 2023 (1) (2)				
	Pre-term Consumer Loans (3)				
	Current (5)	Past Due 11-90 Days	Past Due Over 90 Days	Post-term Consumer Loans (4)	Total
2018 and prior	$ 24.2	$ 16.8	$ 73.5	$ 204.9	$ 319.4
2019	150.7	83.8	237.6	39.5	511.6
2020	328.9	165.5	314.5	4.6	813.5
2021	596.6	262.1	368.7	0.7	1,228.1
2022	1,518.0	499.8	422.5	—	2,440.3
2023	3,888.7	666.5	152.0	—	4,707.2
	$ 6,507.1	$ 1,694.5	$ 1,568.8	$ 249.7	$ 10,020.1

(In millions)

Consumer Loan Assignment Year	Dealer Loans as of December 31, 2023 (1)				
	Pre-term Consumer Loans (3)				
	Current (5)	Past Due 11-90 Days	Past Due Over 90 Days	Post-term Consumer Loans (4)	Total
2018 and prior	$ 11.7	$ 7.9	$ 35.0	$ 117.8	$ 172.4
2019	69.9	38.0	111.2	22.0	241.1
2020	201.7	98.0	190.4	3.5	493.6
2021	407.3	173.4	245.0	0.6	826.3
2022	1,109.4	360.4	303.5	—	1,773.3
2023	2,942.3	503.6	112.9	—	3,558.8
	$ 4,742.3	$ 1,181.3	$ 998.0	$ 143.9	$ 7,065.5

(In millions)

Consumer Loan Assignment Year	Purchased Loans as of December 31, 2023 (2)				
	Pre-term Consumer Loans (3)				
	Current (5)	Past Due 11-90 Days	Past Due Over 90 Days	Post-term Consumer Loans (4)	Total
2018 and prior	$ 12.5	$ 8.9	$ 38.5	$ 87.1	$ 147.0
2019	80.8	45.8	126.4	17.5	270.5
2020	127.2	67.5	124.1	1.1	319.9
2021	189.3	88.7	123.7	0.1	401.8
2022	408.6	139.4	119.0	—	667.0
2023	946.4	162.9	39.1	—	1,148.4
	$ 1,764.8	$ 513.2	$ 570.8	$ 105.8	$ 2,954.6

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)
(UNAUDITED)

(1) As Consumer Loans are aggregated by Dealer for purposes of recognizing revenue and measuring credit losses, the Dealer Loan amount was estimated by allocating the balance of each Dealer Loan to the underlying Consumer Loans based on the forecasted future collections of each Consumer Loan.
(2) As certain Consumer Loans are aggregated by Dealer or month of purchase for purposes of recognizing revenue and measuring credit losses, the Purchased Loan amount was estimated by allocating the balance of certain Purchased Loans to the underlying Consumer Loans based on the forecasted future collections of each Consumer Loan.
(3) Represents the Loan balance attributable to Consumer Loans outstanding within their initial loan terms.
(4) Represents the Loan balance attributable to Consumer Loans outstanding beyond their initial loan terms.
(5) We consider a Consumer Loan to be current for purposes of forecasting expected collection rates if contractual repayments are less than 11 days past due.

The following table summarizes the write-offs for Consumer Loan assignments for the three and nine months ended September 30, 2024 and 2023, segmented by year of assignment:

(In millions)	For the Three Months Ended September 30, 2024		
Write-offs by Consumer Loan Assignment Year	Dealer Loans	Purchased Loans	Total
2019 and prior	$ 43.4	$ 31.7	$ 75.1
2020	27.9	17.5	45.4
2021	33.2	22.7	55.9
2022	47.0	33.4	80.4
2023	11.5	36.6	48.1
2024	4.0	17.9	21.9
	$ 167.0	$ 159.8	$ 326.8

(In millions)	For the Three Months Ended September 30, 2023		
Write-offs by Consumer Loan Assignment Year	Dealer Loans	Purchased Loans	Total
2018 and prior	$ 29.5	$ 24.3	$ 53.8
2019	26.2	43.2	69.4
2020	28.9	23.8	52.7
2021	30.3	28.7	59.0
2022	31.7	38.5	70.2
2023	7.1	21.7	28.8
	$ 153.7	$ 180.2	$ 333.9

(In millions)	For the Nine Months Ended September 30, 2024		
Write-offs by Consumer Loan Assignment Year	Dealer Loans	Purchased Loans	Total
2019 and prior	$ 135.0	$ 109.0	$ 244.0
2020	82.0	58.6	140.6
2021	97.1	73.4	170.5
2022	126.1	109.6	235.7
2023	33.7	110.1	143.8
2024	7.1	25.5	32.6
	$ 481.0	$ 486.2	$ 967.2

(In millions)	For the Nine Months Ended September 30, 2023		
Write-offs by Consumer Loan Assignment Year	Dealer Loans	Purchased Loans	Total
2018 and prior	$ 95.1	$ 83.7	$ 178.8
2019	76.9	142.3	219.2
2020	80.2	78.7	158.9
2021	75.7	90.9	166.6
2022	78	118.9	196.9
2023	11.3	32.2	43.5
	$ 417.2	$ 546.7	$ 963.9

During the second quarter of 2024, we applied an adjustment to our methodology for forecasting the amount of future net cash flows from our Loan portfolio, which reduced the forecasted collection rates for Consumer Loans assigned in 2022 through 2024. Consumer Loans assigned in 2022 had continued to underperform our expectations for several quarters. More recently, Consumer Loans assigned in 2023 had also begun exhibiting similar trends of underperformance, although not as severe as Consumer Loans assigned in 2022. During the second quarter of 2024, we determined that we had sufficient Consumer Loan performance experience to estimate the magnitude by which we expected Consumer Loans assigned in 2022 through 2024 would likely underperform our historical collection rates on Consumer Loans with similar characteristics. Accordingly, we applied an adjustment to Consumer Loans assigned in 2022 through 2024 to reduce forecasted collection rates to what we believed the ultimate collection rates would be based on these trends. Changes in the amount and timing of forecasted net cash flows are recognized in the period of change as a provision for credit losses. The implementation of this forecast adjustment during the second quarter of 2024 reduced forecasted net cash flows by $147.2 million, or 1.4%, and increased provision for credit losses by $127.5 million.

During the second quarter of 2023, we adjusted our methodology for forecasting the amount and timing of future net cash flows from our Loan portfolio through the utilization of more recent Consumer Loan performance and Consumer Loan prepayment data. We had experienced a decrease in Consumer Loan prepayments to below-average levels and as a result, slowed our forecasted net cash flow timing. Historically, Consumer Loan prepayments have been lower in periods with less availability of consumer credit. Changes in the amount and timing of forecasted net cash flows are recognized in the period of change as a provision for credit losses. The implementation of the adjustment to our forecasting methodology during the second quarter of 2023 reduced forecasted net cash flows by $44.5 million, or 0.5%, and increased provision for credit losses by $71.3 million.

7. PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

(In millions)	As of	
	September 30, 2024	December 31, 2023
Land and land improvements	$ 2.7	$ 2.9
Building and improvements	17.5	58.8
Data processing equipment and software	45.4	50.0
Office furniture and equipment	2.2	2.6
Total property and equipment	67.8	114.3
Less: Accumulated depreciation on property and equipment	(52.6)	(67.8)
Total property and equipment, net	$ 15.2	$ 46.5

As the vast majority of our team members now work remotely, we had significant excess space in the two office buildings that we owned in Southfield, Michigan. During the second quarter of 2024, we sold the larger building for net sales proceeds of $3.2 million, and recognized a loss on sale of the building of $23.7 million. The loss on sale of the building represented the amount by which the $26.9 million carrying value of the building and its improvements, the related land and land improvements, and office furniture and equipment exceeded the net sales proceeds of $3.2 million.

8. REINSURANCE

A summary of reinsurance activity is as follows:

(In millions)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2024	2023	2024	2023
Net assumed written premiums	$ 25.7	$ 22.6	$ 84.2	$ 71.5
Net premiums earned	25.1	20.8	71.3	58.0
Provision for claims	18.5	16.5	55.8	54.1
Amortization of capitalized acquisition costs	0.6	0.3	1.8	1.3

The trust assets and related reinsurance liabilities are as follows:

(In millions)		As of	
	Balance Sheet Location	September 30, 2024	December 31, 2023
Trust assets	Restricted cash and cash equivalents	$ 0.2	$ 1.4
Trust assets	Restricted securities available for sale	113.9	93.2
Unearned premium	Accounts payable and accrued liabilities	80.5	67.6
Claims reserve (1)	Accounts payable and accrued liabilities	6.2	5.6

(1) The claims reserve represents our liability for incurred-but-not-reported claims and is estimated based on historical claims experience.

9. OTHER INCOME

Other income consists of the following:

(In millions)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2024	2023	2024	2023
Ancillary product profit sharing	$ 8.0	$ 7.8	$ 21.7	$ 24.4
Interest	6.4	5.3	18.6	14.3
Remarketing fees	2.9	2.5	9.1	8.2
Other	0.3	0.5	1.3	1.6
Total	$ 17.6	$ 16.1	$ 50.7	$ 48.5

Ancillary product profit sharing consists of payments received from TPPs based upon the performance of vehicle service contracts and GAP contracts, and is recognized as income over the life of the vehicle service contracts and GAP contracts.

Interest consists of income earned on cash and cash equivalents, restricted cash and cash equivalents, and restricted securities available for sale. Interest income is generally recognized over time as it is earned. Interest income on restricted securities available for sale is recognized over the life of the underlying financial instruments using the interest method.

Remarketing fees consist of fees charged to Dealers that are retained from the sale of repossessed vehicles by Vehicle Remarketing Services, Inc. ("VRS"), our wholly owned subsidiary that is responsible for remarketing vehicles for Credit Acceptance. VRS coordinates vehicle repossessions with a nationwide network of repossession contractors, the redemption of the vehicles by the consumers, and the sale of the vehicles through a nationwide network of vehicle auctions. VRS recognizes income from the retained fees at the time of the sale and does not retain a fee if a repossessed vehicle is redeemed by the consumer prior to the sale.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)
(UNAUDITED)

The following table disaggregates our other income by major source of income and timing of the revenue recognition:

(In millions)	For the Three Months Ended September 30, 2024				
	Ancillary Product Profit Sharing	Interest	Remarketing Fees	Other	Total Other Income
Source of Income					
Third-Party Providers	$ 8.0	$ 6.4	$ —	$ —	$ 14.4
Dealers	—	—	2.9	0.3	3.2
Total	$ 8.0	$ 6.4	$ 2.9	$ 0.3	$ 17.6
Timing of Revenue Recognition					
Over time	$ 8.0	$ 6.4	$ —	$ 0.1	$ 14.5
At a point in time	—	—	2.9	0.2	3.1
Total	$ 8.0	$ 6.4	$ 2.9	$ 0.3	$ 17.6

(In millions)	For the Nine Months Ended September 30, 2024				
	Ancillary Product Profit Sharing	Interest	Remarketing Fees	Other	Total Other Income
Source of Income					
Third-Party Providers	$ 21.7	$ 18.6	$ —	$ 0.2	$ 40.5
Dealers	—	—	9.1	1.1	10.2
Total	$ 21.7	$ 18.6	$ 9.1	$ 1.3	$ 50.7
Timing of Revenue Recognition					
Over time	$ 21.7	$ 18.6	$ —	$ 0.5	$ 40.8
At a point in time	—	—	9.1	0.8	9.9
Total	$ 21.7	$ 18.6	$ 9.1	$ 1.3	$ 50.7

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)
(UNAUDITED)

10. DEBT

Debt consists of the following:

(In millions)	As of September 30, 2024			
	Principal Outstanding	Unamortized Debt Issuance Costs	Unamortized Discount	Carrying Amount
Revolving secured lines of credit (1)	$ 1.0	$ —	$ —	$ 1.0
Secured financing (2)	5,289.6	(30.9)	(1.6)	5,257.1
Senior notes	1,000.0	(9.2)	—	990.8
Mortgage note	—	—	—	—
Total debt	$ 6,290.6	$ (40.1)	$ (1.6)	$ 6,248.9

(In millions)	As of December 31, 2023			
	Principal Outstanding	Unamortized Debt Issuance Costs	Unamortized Discount	Carrying Amount
Revolving secured lines of credit (1)	$ 79.2	$ —	$ —	$ 79.2
Secured financing (2)	4,019.0	(25.6)	(2.5)	3,990.9
Senior notes	1,000.0	(11.0)	—	989.0
Mortgage note	8.4	—	—	8.4
Total debt	$ 5,106.6	$ (36.6)	$ (2.5)	$ 5,067.5

(1) Excludes deferred debt issuance costs of $4.8 million and $4.2 million as of September 30, 2024 and December 31, 2023, respectively, which are included in other assets.
(2) Warehouse facilities and Term ABS financings.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)
(UNAUDITED)

General information for each of our financing transactions in place as of September 30, 2024 is as follows:
(Dollars in millions)

Financings	Wholly Owned Subsidiary	Maturity Date		Financing Amount	Interest Rate Basis as of September 30, 2024
Revolving Secured Line of Credit Facility	n/a	06/22/2027		$ 390.0	At our option, either the Secured Overnight Financing Rate (SOFR) plus 197.5 basis points or the prime rate plus 87.5 basis points
RTP Facility	n/a	—	(1)	20.0	SOFR plus 197.5 basis points
Warehouse Facility II (2)	CAC Warehouse Funding LLC II	09/20/2027	(3)	500.0	SOFR plus 185.0 basis points
Warehouse Facility IV (2)	CAC Warehouse Funding LLC IV	12/29/2026	(3)	300.0	SOFR plus 221.4 basis points (4)
Warehouse Facility V (2)	CAC Warehouse Funding LLC V	12/29/2025	(5)	200.0	SOFR plus 245.0 basis points (4)
Warehouse Facility VI (2)	CAC Warehouse Funding LLC VI	09/30/2026	(3)	75.0	SOFR plus 210 basis points
Warehouse Facility VIII (2)	CAC Warehouse Funding LLC VIII	09/21/2026	(3)	200.0	SOFR plus 225.0 basis points (4)
Term ABS 2019-2 (2)	Credit Acceptance Funding LLC 2019-2	09/15/2026	(6)	500.0	Fixed rate
Term ABS 2021-1 (2)	Credit Acceptance Funding LLC 2021-1	02/17/2026	(6)	100.0	SOFR plus 220.0 basis points
Term ABS 2021-3 (2)	Credit Acceptance Funding LLC 2021-3	05/15/2023	(3)	450.0	Fixed rate
Term ABS 2021-4 (2)	Credit Acceptance Funding LLC 2021-4	10/16/2023	(3)	250.1	Fixed rate
Term ABS 2022-1 (2)	Credit Acceptance Funding LLC 2022-1	06/17/2024	(3)	350.0	Fixed rate
Term ABS 2022-2 (2)	Credit Acceptance Funding LLC 2022-2	06/15/2027	(6)	300.0	SOFR plus 246.4 basis points
Term ABS 2022-3 (2)	Credit Acceptance Funding LLC 2022-3	10/15/2024	(3)	389.9	Fixed rate
Term ABS 2023-1 (2)	Credit Acceptance Funding LLC 2023-1	03/17/2025	(3)	400.0	Fixed rate
Term ABS 2023-2 (2)	Credit Acceptance Funding LLC 2023-2	05/15/2025	(3)	400.0	Fixed rate
Term ABS 2023-3 (2)	Credit Acceptance Funding LLC 2023-3	08/15/2025	(3)	400.0	Fixed rate
Term ABS 2023-A (2)	Credit Acceptance Funding LLC 2023-A	12/15/2025	(6)	200.0	Fixed rate
Term ABS 2023-5 (2)	Credit Acceptance Funding LLC 2023-5	12/15/2025	(3)	294.0	Fixed rate
Term ABS 2024-A (2)	Credit Acceptance Funding LLC 2024-A	02/15/2027	(6)	200.0	Fixed rate
Term ABS 2024-1 (2)	Credit Acceptance Funding LLC 2024-1	03/16/2026	(3)	500.0	Fixed rate
Term ABS 2024-2 (2)	Credit Acceptance Funding LLC 2024-2	06/15/2026	(3)	550.0	Fixed rate
Term ABS 2024-3 (2)	Credit Acceptance Funding LLC 2024-3	09/15/2026	(3)	600.0	Fixed rate
2026 Senior Notes	n/a	03/15/2026		400.0	Fixed rate
2028 Senior Notes	n/a	12/15/2028		600.0	Fixed rate

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)
(UNAUDITED)

(1) Borrowings are subject to repayment on demand.
(2) Financing made available only to a specified subsidiary of the Company.
(3) Represents the revolving maturity date. The outstanding balance will amortize after the revolving maturity date based on the cash flows of the pledged assets.
(4) Interest rate cap agreements are in place to limit the exposure to increasing interest rates.
(5) Represents the revolving maturity date. The outstanding balance will amortize after the revolving maturity date and any amounts remaining on December 27, 2027 will be due on that date.
(6) Represents the revolving maturity date. The Company has the option to redeem and retire the indebtedness after the revolving maturity date. If we do not elect this option, the outstanding balance will amortize based on the cash flows of the pledged assets.

Additional information related to the amounts outstanding on each facility is as follows:

(In millions)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2024	2023	2024	2023
Revolving Secured Lines of Credit				
Maximum outstanding principal balance	$ 300.1	$ 302.2	$ 342.0	$ 355.5
Average outstanding principal balance	125.6	171.1	168.0	152.4
Warehouse Facility II				
Maximum outstanding principal balance	201.0	201.0	251.0	201.0
Average outstanding principal balance	102.8	86.2	124.2	55.2
Warehouse Facility IV				
Maximum outstanding principal balance	—	—	—	—
Average outstanding principal balance	—	—	—	—
Warehouse Facility V				
Maximum outstanding principal balance	—	—	100.0	—
Average outstanding principal balance	—	—	7.7	—
Warehouse Facility VI				
Maximum outstanding principal balance	75.0	—	75.0	—
Average outstanding principal balance	61.1	—	48.8	—
Warehouse Facility VIII				
Maximum outstanding principal balance	—	—	100.0	—
Average outstanding principal balance	—	—	25.9	—

(Dollars in millions)	As of	
	September 30, 2024	December 31, 2023
Revolving Secured Lines of Credit		
Principal balance outstanding	$ 1.0	$ 79.2
Amount available for borrowing (1)	409.0	330.8
Interest rate	6.71 %	7.33 %
Warehouse Facility II		
Principal balance outstanding	$ —	$ —
Amount available for borrowing (1)	500.0	400.0
Loans pledged as collateral	—	—
Restricted cash and cash equivalents pledged as collateral	2.0	1.0
Interest rate	— %	— %
Warehouse Facility IV		
Principal balance outstanding	$ —	$ —
Amount available for borrowing (1)	300.0	300.0
Loans pledged as collateral	—	—
Restricted cash and cash equivalents pledged as collateral	1.0	1.5
Interest rate	— %	— %
Warehouse Facility V		
Principal balance outstanding	$ —	$ —
Amount available for borrowing (1)	200.0	200.0
Loans pledged as collateral	—	—
Restricted cash and cash equivalents pledged as collateral	1.0	1.0
Interest rate	— %	— %
Warehouse Facility VI		
Principal balance outstanding	$ —	$ —
Amount available for borrowing (1)	75.0	75.0
Loans pledged as collateral	—	—
Restricted cash and cash equivalents pledged as collateral	0.8	—
Interest rate	— %	— %
Warehouse Facility VIII		
Principal balance outstanding	$ —	$ —
Amount available for borrowing (1)	200.0	200.0
Loans pledged as collateral	—	—
Restricted cash and cash equivalents pledged as collateral	—	0.8
Interest rate	— %	— %
Term ABS 2019-2		
Principal balance outstanding	$ 500.0	$ 500.0
Loans pledged as collateral	525.7	597.3
Restricted cash and cash equivalents pledged as collateral	43.8	47.6
Interest rate	5.43 %	5.15 %
Term ABS 2020-3		
Principal balance outstanding	$ —	$ 110.3
Loans pledged as collateral	—	418.4
Restricted cash and cash equivalents pledged as collateral	—	42.3
Interest rate	— %	2.06 %

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)
(UNAUDITED)

(Dollars in millions)	As of	
	September 30, 2024	December 31, 2023
Term ABS 2021-1		
Principal balance outstanding	$ 100.0	$ 100.0
Loans pledged as collateral	111.8	112.8
Restricted cash and cash equivalents pledged as collateral	9.2	8.8
Interest rate	7.30 %	7.56 %
Term ABS 2021-2		
Principal balance outstanding	$ —	$ 188.2
Loans pledged as collateral	—	415.5
Restricted cash and cash equivalents pledged as collateral	—	37.3
Interest rate	— %	1.38 %
Term ABS 2021-3		
Principal balance outstanding	$ 65.1	$ 265.0
Loans pledged as collateral	268.0	396.3
Restricted cash and cash equivalents pledged as collateral	28.5	33.8
Interest rate	1.63 %	1.24 %
Term ABS 2021-4		
Principal balance outstanding	$ 98.1	$ 221.6
Loans pledged as collateral	187.6	255.2
Restricted cash and cash equivalents pledged as collateral	17.6	21.0
Interest rate	1.72 %	1.46 %
Term ABS 2022-1		
Principal balance outstanding	$ 292.5	$ 350.0
Loans pledged as collateral	342.9	378.2
Restricted cash and cash equivalents pledged as collateral	26.9	27.4
Interest rate	5.12 %	5.03 %
Term ABS 2022-2		
Principal balance outstanding	$ 300.0	$ 200.0
Loans pledged as collateral	417.5	212.1
Restricted cash and cash equivalents pledged as collateral	25.5	14.7
Interest rate	7.29 %	7.66 %
Term ABS 2022-3		
Principal balance outstanding	$ 389.9	$ 389.9
Loans pledged as collateral	421.2	418.9
Restricted cash and cash equivalents pledged as collateral	31.0	28.9
Interest rate	7.68 %	7.68 %
Term ABS 2023-1		
Principal balance outstanding	$ 400.0	$ 400.0
Loans pledged as collateral	494.3	611.6
Restricted cash and cash equivalents pledged as collateral	36.2	38.5
Interest rate	6.92 %	6.92 %
Term ABS 2023-2		
Principal balance outstanding	$ 400.0	$ 400.0
Loans pledged as collateral	582.5	701.7
Restricted cash and cash equivalents pledged as collateral	39.8	42.0
Interest rate	6.39 %	6.39 %

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)
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(Dollars in millions)	As of	
	September 30, 2024	December 31, 2023
Term ABS 2023-3		
Principal balance outstanding	$ 400.0	$ 400.0
Loans pledged as collateral	566.7	643.8
Restricted cash and cash equivalents pledged as collateral	39.6	40.3
Interest rate	6.86 %	6.86 %
Term ABS 2023-A		
Principal balance outstanding	$ 200.0	$ 200.0
Loans pledged as collateral	272.9	273.4
Restricted cash and cash equivalents pledged as collateral	18.9	17.2
Interest rate	7.51 %	7.51 %
Term ABS 2023-5		
Principal balance outstanding	$ 294.0	$ 294.0
Loans pledged as collateral	430.9	433.9
Restricted cash and cash equivalents pledged as collateral	35.4	52.2
Interest rate	6.54 %	6.54 %
Term ABS 2024-A		
Principal balance outstanding	$ 200.0	$ —
Loans pledged as collateral	266.9	—
Restricted cash and cash equivalents pledged as collateral	19.6	—
Interest rate	7.45 %	— %
Term ABS 2024-1		
Principal balance outstanding	$ 500.0	$ —
Loans pledged as collateral	565.3	—
Restricted cash and cash equivalents pledged as collateral	47.4	—
Interest rate	6.01 %	— %
Term ABS 2024-2		
Principal balance outstanding	$ 550.0	$ —
Loans pledged as collateral	641.3	—
Restricted cash and cash equivalents pledged as collateral	45.2	—
Interest rate	6.21 %	— %
Term ABS 2024-3		
Principal balance outstanding	$ 600.0	$ —
Loans pledged as collateral	847.2	—
Restricted cash and cash equivalents pledged as collateral	87.0	—
Interest rate	4.91 %	— %
2026 Senior Notes		
Principal balance outstanding	$ 400.0	$ 400.0
Interest rate	6.625 %	6.625 %
2028 Senior Notes		
Principal balance outstanding	$ 600.0	$ 600.0
Interest rate	9.250 %	9.250 %
Mortgage Note		
Principal balance outstanding	$ —	$ 8.4
Interest rate	— %	6.88 %

(1) Availability may be limited by the amount of assets pledged as collateral.

Revolving Secured Lines of Credit

We have two revolving secured lines of credit: (1) a $390.0 million revolving secured line of credit facility, to which we refer as our revolving secured line of credit facility, with a commercial bank syndicate and (2) an uncommitted $20.0 million revolving secured line of credit facility, to which we refer as the RTP facility, with a lender for use solely in facilitating payments by the Company through the lender's real-time payments service.

Borrowings under our revolving secured line of credit facility, including any letters of credit issued under the facility, are subject to a borrowing-base limitation. This limitation equals 80% of the value of Loans, as defined in the agreement governing our revolving secured line of credit facility, less a hedging reserve (not exceeding $1.0 million), and the amount of other debt secured by the collateral that secures our revolving secured line of credit facility. Borrowings under our revolving secured line of credit facility are secured by a lien on most of our assets that do not secure obligations under our Warehouse facilities or Term ABS financings.

Borrowings under the RTP facility are secured by a lien on the same collateral that secures obligations under our revolving secured line of credit facility. The RTP facility terminates automatically if the lender ceases to be part of the commercial bank syndicate under our revolving secured line of credit facility or if its lending commitments under our revolving secured line of credit facility are terminated.

Warehouse Facilities

We have five Warehouse facilities with total borrowing capacity of $1,275.0 million. Each of the facilities is with a different lender or group of lenders. Under each Warehouse facility, we can convey Loans to the applicable wholly owned subsidiary in return for cash and/or an increase in the value of our equity in such subsidiary. In turn, each such subsidiary pledges the Loans as collateral to secure financing that will fund the cash portion of the purchase price of the Loans. The financing provided to each such subsidiary under the applicable facility is generally limited to the lesser of 80% of the outstanding balance of the conveyed Loans, as determined in accordance with the applicable agreement, plus certain restricted cash and cash equivalents pledged as collateral, or the facility limit.

The financings create indebtedness for which the subsidiaries are liable and which is secured by all the assets of each subsidiary. Such indebtedness is non-recourse to us (other than customary, limited recourse to us in the form of repurchase obligations or indemnification obligations for any violations by us of our representations or obligations as seller, servicer, or custodian), even though we are consolidated for financial reporting purposes with the subsidiaries. Because the subsidiaries are organized as bankruptcy-remote legal entities separate from us, their assets (including the conveyed Loans) are not available to any creditors other than the creditors of the applicable subsidiary.

The subsidiaries pay us a monthly servicing fee equal to either 4% or 6%, depending upon the facility, of the collections received with respect to the conveyed Loans. The servicing fee is paid out of the collections. Except for the servicing fee and holdback payments due to Dealers, if a facility is amortizing, we do not have any rights in any portion of such collections until all outstanding principal, accrued and unpaid interest, fees, and other related costs have been paid in full. If a facility is in its revolving period, the applicable subsidiary is entitled to the portion of such collections available after the payment of interest and transaction expenses under the facility, provided that the borrowing base requirements of the facility are satisfied.

Term ABS Financings

We have wholly owned subsidiaries (the "Funding LLCs") that have completed secured financing transactions with qualified institutional investors or lenders. In connection with each of these transactions, we conveyed Loans on an arms-length basis to a Funding LLC for cash and the sole membership interest in that Funding LLC. In turn, each Funding LLC, other than the Funding LLCs for the Term ABS 2019-2, 2021-1, 2022-2, and 2023-A financings, conveyed the Loans to the respective trusts that issued notes to qualified institutional investors. The Funding LLCs for the Term ABS 2019-2, 2021-1, 2022-2, and 2023-A financings pledged the Loans for the benefit of their respective lenders. The Term ABS 2021-3, 2021-4, 2023-1, 2023-2, 2023-3, 2023-A, 2023-5, 2024-A, 2024-1, 2024-2, and 2024-3 financings each consist of three classes of notes (or, in the case of the Term ABS 2023-A, three classes of loans), while the Term ABS 2022-1 and Term ABS 2022-3 financings consist of four classes of notes.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)
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Each Term ABS financing at the time of issuance has a specified revolving period during which we are likely to convey additional Loans to the applicable Funding LLC. Each Funding LLC (other than the Funding LLCs of the Term ABS 2019-2, 2021-1, 2022-2, and 2023-A financings) will then convey the Loans to its respective trust. At the end of the applicable revolving period, the debt outstanding under each financing will begin to amortize.

The Term ABS financings create indebtedness for which the applicable trust or Funding LLC is liable and which is secured by all the assets of the applicable trust or Funding LLC. Such indebtedness is non-recourse to us (other than customary, limited recourse to us in the form of repurchase obligations or indemnification obligations for any violations by us of our representations or obligations as seller, servicer, or custodian), even though we are consolidated for financial reporting purposes with the trusts and the Funding LLCs. Because the trusts and the Funding LLCs are organized as bankruptcy-remote legal entities separate from us, their assets (including the conveyed Loans) are not available to any creditors other than the creditors of the applicable subsidiary. We receive a monthly servicing fee on each financing equal to either 4% or 6%, depending upon the financing, of the collections received with respect to the conveyed Loans. The fee is paid out of the collections. Except for the servicing fee and Dealer Holdback payments due to Dealers, if a Term ABS financing is amortizing, we do not have any rights in any portion of such collections until all outstanding principal, accrued and unpaid interest, fees, and other related costs have been paid in full. If a Term ABS financing is in its revolving period, the applicable trust or Funding LLC is entitled to the portion of such collections available after application of any amounts necessary to acquire additional Loans from us and to pay accrued interest on the debt and any other transaction expenses, provided that any necessary principal payments are made to compensate for certain reductions in the balance of eligible loans or, in the case of the Term ABS 2019-2 financing and Term ABS financings occurring after the Term ABS 2021-3 financing, certain reductions in forecasted collections. In addition, in our capacity as servicer of the Loans, we have a limited right to exercise a “clean-up call” option to purchase Loans from the Funding LLCs and/or the trusts under certain specified circumstances. For those Funding LLCs with a trust, when the trust’s indebtedness is paid in full, either through collections or through a prepayment of the indebtedness, the trust is to pay any remaining collections over to its Funding LLC as the sole beneficiary of the trust. For all Funding LLCs, after the indebtedness is paid in full, any remaining collections will ultimately be available to be distributed to us as the sole member of the respective Funding LLC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)
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Senior Notes

On December 19, 2023, we issued $600.0 million aggregate principal amount of 9.250% senior notes due 2028 (the “2028 senior notes”). The 2028 senior notes were issued pursuant to an indenture, dated as of December 19, 2023, among the Company, as issuer, the Company’s subsidiaries Buyers Vehicle Protection Plan, Inc. and Vehicle Remarketing Services, Inc., as guarantors (collectively, the “Guarantors”), and the trustee under the indenture.

The 2028 senior notes mature on December 15, 2028 and bear interest at a rate of 9.250% per annum, computed on the basis of a 360-day year composed of twelve 30-day months and payable semi-annually on June 15 and December 15 of each year, beginning on June 15, 2024. We used a portion of the net proceeds from the 2028 senior notes to repurchase or redeem all of the $400.0 million outstanding principal amount of our 5.125% senior notes due 2024 (the “2024 senior notes”), of which $322.3 million was repurchased on December 19, 2023 and the remaining $77.7 million was redeemed on December 31, 2023. We used the remaining net proceeds from the 2028 senior notes for general corporate purposes. During the fourth quarter of 2023, we recognized a pre-tax loss on extinguishment of debt of $1.8 million related to the repurchase and redemption of the 2024 senior notes.

On March 7, 2019, we issued $400.0 million aggregate principal amount of 6.625% senior notes due 2026 (the “2026 senior notes”). The 2026 senior notes were issued pursuant to an indenture, dated as of March 7, 2019, among the Company, as issuer, the Guarantors, and the trustee under the indenture.

The 2026 senior notes mature on March 15, 2026 and bear interest at a rate of 6.625% per annum, computed on the basis of a 360-day year composed of twelve 30-day months and payable semi-annually on March 15 and September 15 of each year, beginning on September 15, 2019. We used the net proceeds from the offering of the 2026 senior notes for general corporate purposes, including repayment of outstanding borrowings under our revolving secured line of credit facility.

The 2028 senior notes and 2026 senior notes (the “senior notes”) are guaranteed on a senior basis by the Guarantors, which are also guarantors of obligations under our revolving secured line of credit facility. Other existing and future subsidiaries of ours may become guarantors of the senior notes in the future. The indentures for the senior notes provide for a guarantor of the senior notes to be released from its obligations under its guarantee of the senior notes under specified circumstances.

Mortgage Note

We had a $9.0 million mortgage note with a commercial bank that was secured by a first mortgage lien on a building acquired by us and an assignment of all leases, rents, revenues, and profits under all present and future leases of the building. The note was paid off in full during the second quarter of 2024 in connection with the sale of the related building.

Debt Covenants

As of September 30, 2024, we were in compliance with our covenants under our revolving secured line of credit facility and our Warehouse facilities, including those that require the maintenance of certain financial ratios and other financial conditions. These covenants require a minimum ratio of (1) our net earnings, adjusted for specified items, before income taxes, depreciation, amortization, and fixed charges to (2) our fixed charges, as defined in the agreements. These covenants also limit the maximum ratio of our funded debt less unrestricted cash and cash equivalents to tangible net worth. Some of these covenants may indirectly limit the repurchase of common stock or payment of dividends on common stock. Our Warehouse facilities also contain covenants that measure the performance of the conveyed assets.

Our Term ABS financings also contain covenants that measure the performance of the conveyed assets. As of September 30, 2024, we were in compliance with our covenants under our Term ABS financings, the senior notes indentures, and the RTP facility.

11. DERIVATIVE AND HEDGING INSTRUMENTS

Interest Rate Caps. We utilize interest rate cap agreements to manage the interest rate risk on certain secured financings. The following tables provide the terms of our interest rate cap agreements that were in effect as of September 30, 2024 and December 31, 2023:

(Dollars in millions)

As of September 30, 2024

Facility Amount	Facility Name	Purpose	Start	End	Notional	Cap Interest Rate (1)
$ 300.0	Warehouse Facility IV	Cap Floating Rate	05/2023	11/2024	$ 300.0	7.50 %
200.0	Warehouse Facility V	Cap Floating Rate	04/2023	01/2026	59.0	5.44 %
200.0	Warehouse Facility VIII	Cap Floating Rate	09/2022	09/2025	183.3	5.42 %

(Dollars in millions)

As of December 31, 2023

Facility Amount	Facility Name	Purpose	Start	End	Notional	Cap Interest Rate (1)
$ 300.0	Warehouse Facility IV	Cap Floating Rate	05/2023	11/2024	$ 300.0	7.50 %
200.0	Warehouse Facility V	Cap Floating Rate	04/2023	01/2026	94.0	5.44 %
200.0	Warehouse Facility VIII	Cap Floating Rate	09/2022	9/2025	200.0	5.42 %
100.0	Term ABS 2021-1	Cap Floating Rate	04/2023	06/2024	37.5	5.46 %
200.0	Term ABS 2022-2	Cap Floating Rate	12/2022	06/2024	200.0	6.50 %

(1) Rate excludes the spread over the corresponding benchmark rate.

The interest rate caps have not been designated as hedging instruments. As of September 30, 2024 and December 31, 2023, the fair value of the interest rate caps was negligible, as the capped rates were above market rates.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)
(UNAUDITED)

12. INCOME TAXES

A reconciliation of the U.S. federal statutory income tax rate to our effective income tax rate is as follows:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2024	2023	2024	2023
U.S. federal statutory income tax rate	21.0 %	21.0 %	21.0 %	21.0 %
State and local income taxes	3.6 %	4.3 %	6.6 %	2.8 %
Non-deductible executive compensation expense	1.4 %	1.2 %	2.9 %	1.6 %
Excess tax benefits from stock-based compensation	0.0 %	0.0 %	-0.4 %	-2.1 %
Other	0.0 %	0.1 %	0.1 %	0.1 %
Effective income tax rate	26.0 %	26.6 %	30.2 %	23.4 %

State and local income taxes

For the three months ended September 30, 2024, the impact of state and local income taxes on our effective income tax rate decreased from the same period in 2023, primarily due to the settlement of an uncertain tax position during the third quarter of 2024.

For the nine months ended September 30, 2024, the impact of state and local income taxes on our effective income tax rate increased from the same period in 2023, primarily due to:

- An adjustment to an uncertain tax position estimate during the second quarter of 2024, which increased our effective income tax rate by 230 basis points for the nine months ended September 30, 2024.
- Changes in state tax laws that were enacted during the second quarter of 2024, which are expected to increase our long-term effective tax rate by approximately 10 basis points. The enactment of these tax law changes increased our effective income tax rate by 70 basis points for the nine months ended September 30, 2024.

Non-deductible executive compensation expense

We recognize non-deductible executive compensation expense as an increase of provision for income taxes or a reduction of benefit for income taxes. For the nine months ended September 30, 2024, the impact of non-deductible executive compensation expense on our effective income tax rate increased from the same period in 2023, primarily due to a decrease in pre-tax income.

Excess tax benefits from stock-based compensation

We recognize an excess tax benefit or tax deficiency when the deduction for the stock-based compensation expense of a stock award for tax purposes differs from the cumulative stock-based compensation expense recognized in the financial statements. The excess tax benefit or tax deficiency is recognized in provision for income taxes in the period in which the amount of the deduction is determined, which is when restricted stock units are settled in common stock or stock options are exercised. Excess tax benefits reduce our effective income tax rate, while tax deficiencies increase our effective income tax rate. The decrease in the impact of excess tax benefits on our effective income tax rate for the nine months ended September 30, 2024 was primarily due to a decrease in the number of restricted stock units that were settled in common stock during the first quarter of 2024 as compared to the first quarter of 2023 due to the timing of long-term stock award grants, partially offset by a decrease in pre-tax income.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)
(UNAUDITED)

13. NET INCOME PER SHARE

Basic net income per share has been computed by dividing net income by the basic number of weighted average shares outstanding. Diluted net income per share has been computed by dividing net income by the diluted number of weighted average shares outstanding using the treasury stock method. The share effect is as follows:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2024	2023	2024	2023
Weighted average shares outstanding:				
Common shares	12,111,343	12,716,387	12,182,467	12,785,870
Vested restricted stock units	163,342	216,990	163,272	227,474
Basic number of weighted average shares outstanding	12,274,685	12,933,377	12,345,739	13,013,344
Dilutive effect of restricted stock units and stock options	140,458	106,261	148,272	55,654
Dilutive number of weighted average shares outstanding	12,415,143	13,039,638	12,494,011	13,068,998

The following outstanding stock awards were excluded from the computation of diluted net income per share because their inclusion would have been anti-dilutive:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2024	2023	2024	2023
Stock options	67,750	89,625	67,750	229,123
Restricted stock units	3,605	3,186	2,294	3,132
Total	71,355	92,811	70,044	232,255

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)
(UNAUDITED)

14. STOCK REPURCHASES

The following table summarizes our stock repurchases for the three and nine months ended September 30, 2024 and 2023:

(Dollars in millions)	For the Three Months Ended September 30,			
	2024		2023	
Stock Repurchases	Number of Shares Repurchased	Cost (1)	Number of Shares Repurchased	Cost (1)
Open Market (2)	—	$ —	256,232	$ 126.3
Other (3)	86	—	—	—
Total	86	$ —	256,232	$ 126.3

(Dollars in millions)	For the Nine Months Ended September 30,			
	2024		2023	
Stock Repurchases	Number of Shares Repurchased	Cost (1)	Number of Shares Repurchased	Cost (1)
Open Market (2)	459,437	$ 250.5	272,034	$ 133.9
Other (3)	2,694	1.4	33,459	15.1
Total	462,131	$ 251.9	305,493	$ 149.0

(1) Total cost of repurchases includes excise tax.

(2) Represents repurchases under authorizations by the board of directors for the repurchase of shares by us from time to time in the open market through privately negotiated transactions, through block trades, pursuant to trading plans adopted in accordance with Rule 10b5-1 under the Securities Exchange Act of 1934, or otherwise. On August 21, 2023, the board of directors authorized the repurchase of up to two million shares of our common stock in addition to the board's prior authorizations. As of September 30, 2024, we had authorization to repurchase 1,346,570 shares of our common stock.

(3) Represents shares of common stock released to us by team members as payment of tax withholdings upon the vesting of restricted stock units and the conversion of restricted stock units to common stock.

15. STOCK-BASED COMPENSATION PLANS

Stock-based compensation expense consists of the following:

(In millions)	For the Three Months Ended September 30, 2024	For the Three Months Ended September 30, 2023	For the Nine Months Ended September 30, 2024	For the Nine Months Ended September 30, 2023
Stock options	$ 8.3	$ 8.0	$ 24.7	$ 25.1
Restricted stock units	2.4	1.3	7.5	3.9
Total	$ 10.7	$ 9.3	$ 32.2	$ 29.0

Pursuant to our Amended and Restated Incentive Compensation Plan, we can grant stock-based awards in the form of restricted stock, restricted stock units, and stock options to team members, officers, directors, and contractors. Instead of a short-term compensation program providing for rolling, annual equity awards to our executive officers and senior leaders, we utilize a multi-year compensation program that grants a one-time equity award at the beginning of the compensation program period that is intended to incentivize recipients over the multi-year compensation period. Our current compensation program for executive officers and senior leaders covers the 2021 through 2024 compensation period and included a one-time equity award in December 2020 with a vesting period of four years. Based on the stock-based awards that are currently outstanding, we expect to recognize the future stock-based compensation expense as follows:

(in millions)

Year	Total Projected Stock-Based Compensation Expense
Remainder of 2024	$ 10.9
2025	13.5
2026	7.4
2027	1.1
2028	—
Total	$ 32.9

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)
(UNAUDITED)

16. COMMITMENTS AND CONTINGENCIES

Litigation and Other Legal Matters

In the normal course of business and as a result of the consumer-oriented nature of the industry in which we operate, we and other industry participants are frequently subject to various consumer claims, litigation, and regulatory investigations seeking damages, fines, 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, including claims seeking damages for alleged physical and mental harm relating to the repossession and sale of consumers' vehicles and other debt collection activities. As the assignee of Consumer Loans originated by Dealers, we may also be named as a co-defendant in lawsuits filed by consumers principally against Dealers. We may also have disputes and litigation with Dealers. The claims may allege, among other theories of liability, that we breached the Dealer servicing agreement. We may also have disputes and litigation with vendors and other third parties. The claims may allege, among other theories of liability, that we breached a license agreement or contract. The damages, fines, and penalties that may be claimed by consumers, regulatory agencies, Dealers, vendors, or other third parties in these types of matters can be substantial. The relief requested by plaintiffs varies but may include requests for compensatory, statutory, and punitive damages and injunctive relief, and plaintiffs may seek treatment as purported class actions or they may file individual arbitration demands for which arbitration providers may request separate filing fees. The following matters include current actions to which we are a party and updates to matters that were disclosed in our Annual Report on Form 10-K for the year ended December 31, 2023.

On December 1, 2021, we received a subpoena from the Office of the Attorney General for the State of California seeking documents and information regarding GAP products, GAP product administration, and refunds. We are cooperating with this inquiry and cannot predict the eventual scope, duration, or outcome at this time. As a result, we are unable to estimate the reasonably possible loss or range of reasonably possible loss arising from this investigation.

On May 7, 2019, we received a subpoena from the Consumer Frauds and Protection Bureau of the Office of the New York State Attorney General, relating to the Company's origination and collection policies and procedures in the state of New York. After May 7, 2019 through April 30, 2021, we received additional subpoenas from the Office of the New York State Attorney General relating to the Company's origination, collection, and securitization practices. On November 19, 2020 and August 23, 2022, we received letters from the Office of the New York State Attorney General indicating that it may commence litigation against the Company asserting violations of New York Executive Law § 63(12) and New York General Business Law §§ 349 and 352 et seq. and applicable federal laws, including but not limited to claims that the Company engaged in unfair and deceptive trade practices in auto lending, debt collection, and asset-backed securitizations in the State of New York in violation of the Dodd-Frank Wall Street Reform and Consumer Protection Act, New York Executive Law § 63(12), the New York Martin Act, and New York General Business Law § 349. See the description below of the lawsuit commenced by the Office of the New York State Attorney General on January 4, 2023.

On April 22, 2019, we received a civil investigative demand from the Consumer Financial Protection Bureau ("Bureau") seeking, among other things, certain information relating to the Company's origination and collection of Consumer Loans, TPPs, and credit reporting. After April 22, 2019 through March 7, 2022, we received additional subpoenas from the Bureau. On December 6, 2021, we received a Notice and Opportunity to Respond and Advise letter from the Staff of the Office of Enforcement ("Staff") of the Bureau, stating that the Staff was considering whether to recommend that the Bureau take legal action against the Company for alleged violations of the Consumer Financial Protection Act of 2010 (the "CFPA") in connection with the Company's consumer loan origination practices. See the description below of the lawsuit commenced by the Bureau on January 4, 2023.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONCLUDED)
(UNAUDITED)

On January 4, 2023, the Office of the New York State Attorney General and the Bureau jointly filed a complaint in the United States District Court for the Southern District of New York alleging that the Company engaged in deceptive practices, fraud, illegality, and securities fraud in violation of New York Executive Law § 63(12) and New York General Business Law §§ 349 and 352, and that the Company engaged in deceptive and abusive acts and provided substantial assistance to a covered person or service provider in violation of the CFPA, 12 U.S.C. § 5531 and 12 U.S.C. § 5536(a)(1)(B). The complaint seeks injunctive relief, an accounting of all consumers for whom the Company provided financing, restitution, damages, disgorgement, civil penalties, and payment of costs. On March 14, 2023, the Company filed a motion to dismiss the complaint. On August 7, 2023, the court stayed the action pending the U.S. Supreme Court's decision in *Consumer Financial Protection Bureau v. Community Financial Services Association of America, Ltd.*, No. 22-448 ("CFSA"). On July 1, 2024, the court lifted the stay in view of the decision in CFSA and requested revised briefing on the Company's motion to dismiss that would address the intervening legal developments and sharpen the issues for resolution. As of October 29, 2024, the Company's motion to dismiss has been fully briefed. We are unable to estimate the reasonably possible loss or range of reasonably possible loss arising from this litigation. The Company intends to vigorously defend itself in this matter.

On March 18, 2016, we received a subpoena from the Attorney General of the State of Maryland, relating to the Company's repossession and sale policies and procedures in the state of Maryland. On April 3, 2020, we received a subpoena from the Attorney General of the State of Maryland relating to the Company's origination and collection policies and procedures in the state of Maryland. On August 11, 2020, we received a subpoena from the Attorney General of the State of Maryland restating most of the requests contained in the March 18, 2016 and April 3, 2020 subpoenas, making additional requests, and expanding the inquiry to include 41 other states (Alabama, Alaska, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, Florida, Georgia, Hawaii, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Michigan, Minnesota, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington, and Wisconsin) and the District of Columbia. Also on August 11, 2020, we received from the Attorney General of the State of New Jersey a subpoena that is essentially identical to the August 11, 2020 Maryland subpoena, both as to substance and as to the jurisdictions identified. The Company has been informed that the State of Kansas, the State of Texas, and the State of Iowa have withdrawn from the multistate investigation. We are cooperating with these investigations and cannot predict their eventual scope, duration, or outcome at this time. As a result, we are unable to estimate the reasonably possible loss or range of reasonably possible loss arising from these investigations.

On December 9, 2014, we received a civil investigative subpoena from the U.S. Department of Justice pursuant to the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 directing us to produce certain information relating to subprime automotive finance and related securitization activities. We have cooperated with the inquiry, but cannot predict the eventual scope, duration, or outcome at this time. As a result, we are unable to estimate the reasonably possible loss or range of reasonably possible loss arising from this investigation.

An adverse ultimate disposition in any action to which we are a party or otherwise subject could have a material adverse impact on our financial position, liquidity, and results of operations.

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

The following discussion and analysis should be read in conjunction with the consolidated financial statements and related notes included in Item 8 - Financial Statements and Supplementary Data, of our 2023 Annual Report on Form 10-K, as well as Part I - Item 1 - Financial Statements, of this Quarterly Report on Form 10-Q, which is incorporated herein by reference.

Overview

We make vehicle ownership possible by providing innovative financing solutions that enable automobile dealers to sell vehicles to consumers regardless of their credit history. Our financing programs are offered through a nationwide network of automobile dealers who benefit from sales of vehicles to consumers who otherwise could not obtain financing; from repeat and referral sales generated by these same customers; and from sales to customers responding to advertisements for our financing programs, but who actually end up qualifying for traditional financing.

For the three months ended September 30, 2024, consolidated net income was $78.8 million, or $6.35 per diluted share, compared to consolidated net income of $70.8 million, or $5.43 per diluted share, for the same period in 2023. The increase was primarily due to an increase in finance charges, partially offset by an increase in interest expense. Our results for the three months ended September 30, 2024 included:

- ***A similar decline in forecasted collection rates***
  A decline in forecasted collection rates decreased forecasted net cash flows from our Loan portfolio by $62.8 million, or 0.6%, compared to a decrease in forecasted collection rates during the third quarter of 2023 that decreased forecasted net cash flows from our Loan portfolio by $69.4 million, or 0.7%.
- ***A decrease in forecasted profitability for Consumer Loans assigned in 2021 through 2024***
  Forecasted profitability was lower than our estimates at September 30, 2023, due to both a decline in forecasted collection rates and slower forecasted net cash flow timing since the third quarter of 2023. The slower forecasted net cash flow timing was primarily a result of a decrease in Consumer Loan prepayments, which remain at below-average levels.
- ***Growth in Consumer Loan assignment volume and the average balance of our Loan portfolio***
  Unit and dollar volumes grew 17.7% and 12.2%, respectively, as compared to the third quarter of 2023. The average balance of our Loan portfolio, which is our largest-ever, increased 14.9% as compared to the third quarter of 2023.
- ***An increase in the initial spread on Consumer Loan assignments***
  The initial spread increased to 21.9% compared to 21.4% on Consumer Loans assigned in the third quarter of 2023.
- ***An increase in our average cost of debt***
  Our average cost of debt increased from 5.8% to 7.3%, primarily a result of higher interest rates on recently completed or extended secured financings and recently issued senior notes and the repayment of older secured financings and senior notes with lower interest rates.
- ***A decrease in common shares outstanding due to stock repurchases***
  Since the third quarter of 2023, we have repurchased approximately 566,000 shares, or 4.5% of the shares outstanding as of September 30, 2023. There were no stock repurchases during the third quarter of 2024.

For the nine months ended September 30, 2024, consolidated net income was $96.0 million, or $7.68 per diluted share, compared to consolidated net income of $192.5 million, or $14.73 per diluted share, for the same period in 2023. The decrease was primarily due to increases in interest expense and provision for credit losses on forecast changes, partially offset by an increase in finance charges. Our results for the nine months ended September 30, 2024 included:

- ***A larger decline in forecasted collection rates***
  The decline in forecasted collection rates decreased forecasted net cash flows from our Loan portfolio by $282.9 million, or 2.8%, compared to a decrease in forecasted collection rates during the first nine months of 2023 that decreased forecasted net cash flows from our Loan portfolio by $149.3 million, or 1.7%. The $282.9 million decrease in forecasted net cash flows for the first nine months of 2024 was composed of an ordinary decrease in forecasted net cash flows of $135.7 million, or 1.4%, and an adjustment applied to our forecasting methodology during the second quarter of 2024, which upon implementation, reduced forecasted net cash flows by $147.2 million, or 1.4%. The $149.3 million decrease in forecasted net cash flows for the first nine months of 2023 was composed of an ordinary decrease in forecasted net cash flows of $104.8 million, or 1.2%, and an adjustment to our forecasting methodology, which upon implementation, reduced forecasted net cash flows by $44.5 million, or 0.5%.
- ***A decrease in forecasted profitability for Consumer Loans assigned in 2021 through 2024*** as described above
- ***Growth in Consumer Loan assignment volume and the average balance of our Loan portfolio***
  Unit and dollar volumes grew 21.0% and 16.3%, respectively, as compared to the first nine months of 2023. The average balance of our Loan portfolio, which is our largest-ever, increased 13.5% as compared to the first nine months of 2023.
- ***An increase in the initial spread on Consumer Loan assignments***
  The initial spread increased to 22.0% compared to 21.2% on Consumer Loans assigned in the first nine months of 2023.
- ***An increase in our average cost of debt***
  Our average cost of debt increased from 5.3% to 7.2%, primarily due to the factors described above.
- ***A decrease in common shares outstanding due to stock repurchases*** as described above
- ***Loss on sale of building***
  We recognized a $23.7 million loss during the second quarter of 2024 related to the sale of one of our two office buildings. The building was sold to reduce excess office space and eliminate the associated annual operating costs of approximately $2.1 million.

Critical Success Factors

Critical success factors include our ability to accurately forecast Consumer Loan performance, access capital on acceptable terms, and maintain or grow Consumer Loan volume at the level and on the terms that we anticipate, with the objective to maximize economic profit over the long term. Economic profit is a non-GAAP financial measure we use to evaluate our financial results and determine profit-sharing for team members. We also use economic profit as a framework to evaluate business decisions and strategies. Economic profit measures how efficiently we utilize our total capital, both debt and equity, and is a function of the return on capital in excess of the cost of capital and the amount of capital invested in the business.

Consumer Loan Metrics

At the time a Consumer Loan is submitted to us for assignment, we forecast future expected cash flows from the Consumer Loan. Based on the amount and timing of these forecasts and expected expense levels, an advance or one-time purchase payment is made to the related Dealer at a price designed to maximize economic profit.

We use a statistical model to estimate the expected collection rate for each Consumer Loan at the time of assignment. We continue to evaluate the expected collection rate for each Consumer Loan subsequent to assignment. Our evaluation becomes more accurate as the Consumer Loans age, as we use actual performance data in our forecast. By comparing our current expected collection rate for each Consumer Loan with the rate we projected at the time of assignment, we are able to assess the accuracy of our initial forecast. The following table compares our aggregated forecast of Consumer Loan collection rates as of September 30, 2024, with the aggregated forecasts as of June 30, 2024, as of December 31, 2023, and at the time of assignment, segmented by year of assignment:

	Forecasted Collection Percentage as of (1)				Current Forecast Variance from		
Consumer Loan Assignment Year	September 30, 2024	June 30, 2024	December 31, 2023	Initial Forecast	June 30, 2024	December 31, 2023	Initial Forecast
2015	65.3 %	65.3 %	65.2 %	67.7 %	0.0 %	0.1 %	-2.4 %
2016	63.9 %	63.9 %	63.8 %	65.4 %	0.0 %	0.1 %	-1.5 %
2017	64.7 %	64.7 %	64.7 %	64.0 %	0.0 %	0.0 %	0.7 %
2018	65.5 %	65.5 %	65.5 %	63.6 %	0.0 %	0.0 %	1.9 %
2019	67.2 %	67.1 %	66.9 %	64.0 %	0.1 %	0.3 %	3.2 %
2020	67.6 %	67.7 %	67.6 %	63.4 %	-0.1 %	0.0 %	4.2 %
2021	63.8 %	64.1 %	64.5 %	66.3 %	-0.3 %	-0.7 %	-2.5 %
2022	60.6 %	61.1 %	62.7 %	67.5 %	-0.5 %	-2.1 %	-6.9 %
2023	64.3 %	64.5 %	67.4 %	67.5 %	-0.2 %	-3.1 %	-3.2 %
2024 (2)	66.6 %	66.6 %	—	67.3 %	0.0 %	—	-0.7 %

(1) Represents the total forecasted collections we expect to collect on the Consumer Loans as a percentage of the repayments that we were contractually owed on the Consumer Loans at the time of assignment. Contractual repayments include both principal and interest. Forecasted collection rates are negatively impacted by canceled Consumer Loans as the contractual amount owed is not removed from the denominator for purposes of computing forecasted collection rates.

(2) The forecasted collection rate for 2024 Consumer Loans as of September 30, 2024 includes both Consumer Loans that were in our portfolio as of June 30, 2024 and Consumer Loans assigned during the most recent quarter. The following table provides forecasted collection rates for each of these segments:

	Forecasted Collection Percentage as of			Current Forecast Variance from	
2024 Consumer Loan Assignment Period	September 30, 2024	June 30, 2024	Initial Forecast	June 30, 2024	Initial Forecast
January 1, 2024 through June 30, 2024	66.4 %	66.6 %	67.2 %	-0.2 %	-0.8 %
July 1, 2024 through September 30, 2024	67.0 %	—	67.3 %	—	-0.3 %

Consumer Loans assigned in 2018 through 2020 have yielded forecasted collection results significantly better than our initial estimates, while Consumer Loans assigned in 2015, 2016, and 2021 through 2023 have yielded forecasted collection results significantly worse than our initial estimates. For all other assignment years presented, actual results have been close to our initial estimates. For the three months ended September 30, 2024, forecasted collection rates declined for Consumer Loans assigned in 2021 through 2024 and were generally consistent with expectations at the start of the period for all other assignment years presented. For the nine months ended September 30, 2024, forecasted collection rates improved for Consumer Loans assigned in 2019, declined for Consumer Loans assigned in 2021 through 2024, and were generally consistent with expectations at the start of the period for all other assignment years presented.

The changes in forecasted collection rates for the three and nine months ended September 30, 2024 and 2023 impacted forecasted net cash flows (forecasted collections less forecasted Dealer Holdback payments) as follows:

(Dollars in millions)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
Decrease in Forecasted Net Cash Flows	2024	2023	2024	2023
Dealer loans	$ (43.6)	$ (40.3)	$ (173.0)	$ (89.3)
Purchased loans	(19.2)	(29.1)	(109.9)	(60.0)
Total	$ (62.8)	$ (69.4)	$ (282.9)	$ (149.3)
% change from forecast at beginning of period	-0.6 %	-0.7 %	-2.8 %	-1.7 %

During the second quarter of 2024, we applied an adjustment to our methodology for forecasting the amount of future net cash flows from our Loan portfolio, which reduced the forecasted collection rates for Consumer Loans assigned in 2022 through 2024. Consumer Loans assigned in 2022 had continued to underperform our expectations for several quarters. More recently, Consumer Loans assigned in 2023 had also begun exhibiting similar trends of underperformance, although not as severe as Consumer Loans assigned in 2022. During the second quarter of 2024, we determined that we had sufficient Consumer Loan performance experience to estimate the magnitude by which we expected Consumer Loans assigned in 2022 through 2024 would likely underperform our historical collection rates on Consumer Loans with similar characteristics. Accordingly, we applied an adjustment to Consumer Loans assigned in 2022 through 2024 to reduce forecasted collection rates to what we believed the ultimate collection rates would be based on these trends. Changes in the amount and timing of forecasted net cash flows are recognized in the period of change as a provision for credit losses. The implementation of this forecast adjustment during the second quarter of 2024 reduced forecasted net cash flows by $147.2 million, or 1.4%, and increased provision for credit losses by $127.5 million.

During the second quarter of 2023, we adjusted our methodology for forecasting the amount and timing of future net cash flows from our Loan portfolio through the utilization of more recent Consumer Loan performance and Consumer Loan prepayment data. We had experienced a decrease in Consumer Loan prepayments to below-average levels and as a result, slowed our forecasted net cash flow timing. Historically, Consumer Loan prepayments have been lower in periods with less availability of consumer credit. Changes in the amount and timing of forecasted net cash flows are recognized in the period of change as a provision for credit losses. The implementation of the adjustment to our forecasting methodology during the second quarter of 2023 reduced forecasted net cash flows by $44.5 million, or 0.5%, and increased provision for credit losses by $71.3 million.

We have experienced increased levels of uncertainty associated with our estimate of the amount and timing of future net cash flows from our Loan portfolio since the beginning of 2020, with realized collections underperforming our expectations during the early stages of the COVID-19 pandemic, outperforming our expectations following the distribution of federal stimulus payments and enhanced unemployment benefits, and underperforming our expectations during the current economic environment. For the period from January 1, 2020 through September 30, 2024, the cumulative change to our forecast of future net cash flows from our Loan portfolio has been a decrease of $269.1 million, or 3.0%, as shown in the following table:

(Dollars in millions)	Increase (Decrease) in Forecasted Net Cash Flows	
Three Months Ended	**Total Loans**	**% Change from Forecast at Beginning of Period**
March 31, 2020	$ (206.5)	-2.3 %
June 30, 2020	24.4	0.3 %
September 30, 2020	138.5	1.5 %
December 31, 2020	(2.7)	0.0 %
March 31, 2021	107.4	1.1 %
June 30, 2021	104.5	1.1 %
September 30, 2021	82.3	0.9 %
December 31, 2021	31.9	0.3 %
March 31, 2022	110.2	1.2 %
June 30, 2022	(43.4)	-0.5 %
September 30, 2022	(85.4)	-0.9 %
December 31, 2022	(41.1)	-0.5 %
March 31, 2023	9.4	0.1 %
June 30, 2023	(89.3)	-0.9 %
September 30, 2023	(69.4)	-0.7 %
December 31, 2023	(57.0)	-0.6 %
March 31, 2024	(30.8)	-0.3 %
June 30, 2024	(189.3)	-1.7 %
September 30, 2024	(62.8)	-0.6 %
Total	$ (269.1)	-3.0 %

The following table presents information on Consumer Loan assignments for each of the last 10 years:

Consumer Loan Assignment Year	Average			Total Assignment Volume	
	Consumer Loan (1)	Advance (2)	Initial Loan Term (in months)	Unit Volume	Dollar Volume (2) (in millions)
2015	$ 16,354	$ 7,272	50	298,288	$ 2,167.0
2016	18,218	7,976	53	330,710	2,635.5
2017	20,230	8,746	55	328,507	2,873.1
2018	22,158	9,635	57	373,329	3,595.8
2019	23,139	10,174	57	369,805	3,772.2
2020	24,262	10,656	59	341,967	3,641.2
2021	25,632	11,790	59	268,730	3,167.8
2022	27,242	12,924	60	280,467	3,625.3
2023	27,025	12,475	61	332,499	4,147.8
2024 (3)(4)	26,564	12,018	61	307,215	3,692.1

(1) Represents the repayments that we were contractually owed on Consumer Loans at the time of assignment, which include both principal and interest.
(2) Represents advances paid to Dealers on Consumer Loans assigned under our Portfolio Program and one-time payments made to Dealers to purchase Consumer Loans assigned under our Purchase Program. Payments of Dealer Holdback and accelerated Dealer Holdback are not included.
(3) Represents activity for the nine months ended September 30, 2024. Information in this table for each of the years prior to 2024 represents activity for all 12 months of that year.
(4) The averages for 2024 Consumer Loans include both Consumer Loans that were in our portfolio as of June 30, 2024 and Consumer Loans assigned during the most recent quarter. The following table provides averages for each of these segments:

2024 Consumer Loan Assignment Period	Average		
	Consumer Loan	Advance	Initial Loan Term (in months)
January 1, 2024 through June 30, 2024	$ 26,554	$ 12,033	61
July 1, 2024 through September 30, 2024	26,586	11,985	61

The profitability of our loans is primarily driven by the amount and timing of the net cash flows we receive from the spread between the forecasted collection rate and the advance rate, less operating expenses and the cost of capital. Forecasting collection rates accurately at Loan inception is difficult. With this in mind, we establish advance rates that are intended to allow us to achieve acceptable levels of profitability across our portfolio, even if collection rates are less than we initially forecast.

The following table presents aggregate forecasted Consumer Loan collection rates, advance rates, and spreads (the forecasted collection rate less the advance rate), and the percentage of the forecasted collections that had been realized as of September 30, 2024, as well as forecasted collection rates and spreads at the time of assignment. All amounts, unless otherwise noted, are presented as a percentage of the initial balance of the Consumer Loan (principal + interest). The table includes both Dealer Loans and Purchased Loans.

Consumer Loan Assignment Year	Forecasted Collection % as of		Advance % (1)	Spread % as of		% of Forecast Realized (2)
	September 30, 2024	Initial Forecast		September 30, 2024	Initial Forecast	
2015	65.3 %	67.7 %	44.5 %	20.8 %	23.2 %	99.7 %
2016	63.9 %	65.4 %	43.8 %	20.1 %	21.6 %	99.4 %
2017	64.7 %	64.0 %	43.2 %	21.5 %	20.8 %	99.1 %
2018	65.5 %	63.6 %	43.5 %	22.0 %	20.1 %	98.4 %
2019	67.2 %	64.0 %	44.0 %	23.2 %	20.0 %	96.1 %
2020	67.6 %	63.4 %	43.9 %	23.7 %	19.5 %	90.8 %
2021	63.8 %	66.3 %	46.0 %	17.8 %	20.3 %	80.8 %
2022	60.6 %	67.5 %	47.4 %	13.2 %	20.1 %	61.3 %
2023	64.3 %	67.5 %	46.2 %	18.1 %	21.3 %	36.8 %
2024 (3)	66.6 %	67.3 %	45.3 %	21.3 %	22.0 %	10.7 %

(1) Represents advances paid to Dealers on Consumer Loans assigned under our Portfolio Program and one-time payments made to Dealers to purchase Consumer Loans assigned under our Purchase Program as a percentage of the initial balance of the Consumer Loans. Payments of Dealer Holdback and accelerated Dealer Holdback are not included.
(2) Presented as a percentage of total forecasted collections.
(3) The forecasted collection rate, advance rate and spread for 2024 Consumer Loans as of September 30, 2024 include both Consumer Loans that were in our portfolio as of June 30, 2024 and Consumer Loans assigned during the most recent quarter. The following table provides forecasted collection rates, advance rates, and spreads for each of these segments:

	Forecasted Collection % as of			Spread % as of	
2024 Consumer Loan Assignment Period	September 30, 2024	Initial Forecast	Advance %	September 30, 2024	Initial Forecast
January 1, 2024 through June 30, 2024	66.4 %	67.2 %	45.2 %	21.2 %	22.0 %
July 1, 2024 through September 30, 2024	67.0 %	67.3 %	45.4 %	21.6 %	21.9 %

The risk of a material change in our forecasted collection rate declines as the Consumer Loans age. For 2020 and prior Consumer Loan assignments, the risk of a material forecast variance is modest, as we have currently realized in excess of 90% of the expected collections. Conversely, the forecasted collection rates for more recent Consumer Loan assignments are less certain as a significant portion of our forecast has not been realized.

The spread between the forecasted collection rate as of September 30, 2024 and the advance rate ranges from 13.2% to 23.7%, on an annual basis, for Consumer Loans assigned over the last 10 years. The spreads with respect to 2019 and 2020 Consumer Loans have been positively impacted by Consumer Loan performance, which has exceeded our initial estimates by a greater margin than the other years presented. The spread with respect to 2022 Consumer Loans has been negatively impacted by Consumer Loan performance, which has been lower than our initial estimates by a greater margin than the other years presented. The higher spread for 2024 Consumer Loans relative to 2023 Consumer Loans as of September 30, 2024 was primarily a result of Consumer Loan performance, as the performance of 2023 Consumer Loans has been lower than our initial estimates by a greater margin than 2024 Consumer Loans. Additionally, 2024 Consumer Loans had a higher initial spread, which was primarily due to a decrease in the advance rate.

The following table compares our forecast of aggregate Consumer Loan collection rates as of September 30, 2024 with the forecasts at the time of assignment, for Dealer Loans and Purchased Loans separately:

	Dealer Loans			Purchased Loans		
	Forecasted Collection Percentage as of (1)			Forecasted Collection Percentage as of (1)		
Consumer Loan Assignment Year	September 30, 2024	Initial Forecast	Variance	September 30, 2024	Initial Forecast	Variance
2015	64.6 %	67.5 %	-2.9 %	69.0 %	68.5 %	0.5 %
2016	63.1 %	65.1 %	-2.0 %	66.1 %	66.5 %	-0.4 %
2017	64.0 %	63.8 %	0.2 %	66.3 %	64.6 %	1.7 %
2018	64.9 %	63.6 %	1.3 %	66.8 %	63.5 %	3.3 %
2019	66.8 %	63.9 %	2.9 %	67.9 %	64.2 %	3.7 %
2020	67.5 %	63.3 %	4.2 %	67.9 %	63.6 %	4.3 %
2021	63.5 %	66.3 %	-2.8 %	64.3 %	66.3 %	-2.0 %
2022	59.8 %	67.3 %	-7.5 %	62.4 %	68.0 %	-5.6 %
2023	63.1 %	66.8 %	-3.7 %	67.6 %	69.4 %	-1.8 %
2024	65.5 %	66.3 %	-0.8 %	70.5 %	70.7 %	-0.2 %

(1) The forecasted collection rates presented for Dealer Loans and Purchased Loans reflect the Consumer Loan classification at the time of assignment. The forecasted collection rates represent the total forecasted collections we expect to collect on the Consumer Loans as a percentage of the repayments that we were contractually owed on the Consumer Loans at the time of assignment. Contractual repayments include both principal and interest. Forecasted collection rates are negatively impacted by canceled Consumer Loans as the contractual amount owed is not removed from the denominator for purposes of computing forecasted collection rates.

The following table presents aggregate forecasted Consumer Loan collection rates, advance rates, and spreads (the forecasted collection rate less the advance rate) as of September 30, 2024 for Dealer Loans and Purchased Loans separately. All amounts are presented as a percentage of the initial balance of the Consumer Loan (principal + interest).

	Dealer Loans			Purchased Loans		
Consumer Loan Assignment Year	Forecasted Collection % (1)	Advance % (1)(2)	Spread %	Forecasted Collection % (1)	Advance % (1)(2)	Spread %
2015	64.6 %	43.4 %	21.2 %	69.0 %	50.2 %	18.8 %
2016	63.1 %	42.1 %	21.0 %	66.1 %	48.6 %	17.5 %
2017	64.0 %	42.1 %	21.9 %	66.3 %	45.8 %	20.5 %
2018	64.9 %	42.7 %	22.2 %	66.8 %	45.2 %	21.6 %
2019	66.8 %	43.1 %	23.7 %	67.9 %	45.6 %	22.3 %
2020	67.5 %	43.0 %	24.5 %	67.9 %	45.5 %	22.4 %
2021	63.5 %	45.1 %	18.4 %	64.3 %	47.7 %	16.6 %
2022	59.8 %	46.4 %	13.4 %	62.4 %	50.1 %	12.3 %
2023	63.1 %	44.8 %	18.3 %	67.6 %	49.8 %	17.8 %
2024	65.5 %	44.3 %	21.2 %	70.5 %	49.0 %	21.5 %

(1) The forecasted collection rates and advance rates presented for Dealer Loans and Purchased Loans reflect the Consumer Loan classification at the time of assignment.
(2) Represents advances paid to Dealers on Consumer Loans assigned under our Portfolio Program and one-time payments made to Dealers to purchase Consumer Loans assigned under our Purchase Program as a percentage of the initial balance of the Consumer Loans. Payments of Dealer Holdback and accelerated Dealer Holdback are not included.

Although the advance rate on Purchased Loans is higher as compared to the advance rate on Dealer Loans, Purchased Loans do not require us to pay Dealer Holdback.

The spread as of September 30, 2024 on 2024 Dealer Loans was 21.2%, as compared to a spread of 18.3% on 2023 Dealer Loans. The increase was due to Consumer Loan performance, as the performance of 2023 Dealer Loans has been lower than our initial estimates by a greater margin than 2024 Dealer Loans.

The spread as of September 30, 2024 on 2024 Purchased Loans was 21.5%, as compared to a spread of 17.8% on 2023 Purchased Loans. The increase was primarily a result of a higher initial spread on 2024 Purchased Loans, due to a higher initial forecast and lower advance rate. Additionally, the performance of 2023 Purchased Loans has been lower than our initial estimates by a greater margin than 2024 Purchased Loans.

Access to Capital

Our strategy for accessing capital on acceptable terms needed to maintain and grow the business is to: (1) maintain consistent financial performance; (2) maintain modest financial leverage; and (3) maintain multiple funding sources. Our funded debt to equity ratio was 3.8 to 1 as of September 30, 2024. We currently utilize the following primary forms of debt financing: (1) our revolving secured line of credit facility; (2) Warehouse facilities; (3) Term ABS financings; and (4) senior notes.

Consumer Loan Volume

The following table summarizes changes in Consumer Loan assignment volume in each of the last seven quarters as compared to the same period in the previous year:

	Year over Year Percent Change	
Three Months Ended	Unit Volume	Dollar Volume (1)
March 31, 2023	22.8 %	18.6 %
June 30, 2023	12.8 %	8.3 %
September 30, 2023	13.0 %	10.5 %
December 31, 2023	26.7 %	21.3 %
March 31, 2024	24.1 %	20.2 %
June 30, 2024	20.9 %	16.3 %
September 30, 2024	17.7 %	12.2 %

(1) Represents advances paid to Dealers on Consumer Loans assigned under our Portfolio Program and one-time payments made to Dealers to purchase Consumer Loans assigned under our Purchase Program. Payments of Dealer Holdback and accelerated Dealer Holdback are not included.

Consumer Loan assignment volumes depend on a number of factors including (1) the overall demand for our financing programs, (2) the amount of capital available to fund new Loans, and (3) our assessment of the volume that our infrastructure can support. Our pricing strategy is intended to maximize the amount of economic profit we generate, within the confines of capital and infrastructure constraints.

Unit and dollar volumes grew 17.7% and 12.2%, respectively, during the third quarter of 2024 as the number of active Dealers grew 8.8% and the average unit volume per active Dealer increased 8.4%. Dollar volume increased less than unit volume during the third quarter of 2024 due to a decrease in the average advance paid, due to decreases in the average size of Consumer Loans assigned and the average advance rate. Unit volume for the 28-day period ended October 28, 2024 grew 4.6% compared to the same period in 2023.

The following table summarizes the changes in Consumer Loan unit volume and active Dealers:

	For the Three Months Ended September 30,			For the Nine Months Ended September 30,		
	2024	2023	% Change	2024	2023	% Change
Consumer Loan unit volume	95,670	81,299	17.7 %	307,215	253,847	21.0 %
Active Dealers (1)	10,678	9,818	8.8 %	14,326	13,008	10.1 %
Average volume per active Dealer	9.0	8.3	8.4 %	21.4	19.5	9.7 %
Consumer Loan unit volume from Dealers active both periods	74,108	67,930	9.1 %	262,564	228,157	15.1 %
Dealers active both periods	6,595	6,595	—	9,604	9,604	—
Average volume per Dealer active both periods	11.2	10.3	9.1 %	27.3	23.8	15.1 %
Consumer Loan unit volume from Dealers not active both periods	21,562	13,369	61.3 %	44,651	25,690	73.8 %
Dealers not active both periods	4,083	3,223	26.7 %	4,722	3,404	38.7 %
Average volume per Dealer not active both periods	5.3	4.1	29.3 %	9.5	7.5	26.7 %

(1) Active Dealers are Dealers who have received funding for at least one Consumer Loan during the period.

The following table provides additional information on the changes in Consumer Loan unit volume and active Dealers:

	For the Three Months Ended September 30,			For the Nine Months Ended September 30,		
	2024	2023	% Change	2024	2023	% Change
Consumer Loan unit volume from new active Dealers	3,447	3,926	-12.2 %	29,441	29,005	1.5 %
New active Dealers (1)	1,038	983	5.6 %	3,428	3,095	10.8 %
Average volume per new active Dealer	3.3	4.0	-17.5 %	8.6	9.4	-8.5 %
Attrition (2)	-16.4 %	-17.2 %		-10.1 %	-8.9 %	

(1) New active Dealers are Dealers who enrolled in our program and have received funding for their first Loan from us during the period.
(2) Attrition is measured according to the following formula: decrease in Consumer Loan unit volume from Dealers who have received funding for at least one Loan during the comparable period of the prior year but did not receive funding for any Loans during the current period divided by prior year comparable period Consumer Loan unit volume.

The following table shows the percentage of Consumer Loans assigned to us as Dealer Loans and Purchased Loans for each of the last seven quarters:

	Unit Volume		Dollar Volume (1)	
Three Months Ended	Dealer Loans	Purchased Loans	Dealer Loans	Purchased Loans
March 31, 2023	72.1 %	27.9 %	68.1 %	31.9 %
June 30, 2023	72.4 %	27.6 %	68.6 %	31.4 %
September 30, 2023	74.8 %	25.2 %	71.7 %	28.3 %
December 31, 2023	77.2 %	22.8 %	75.0 %	25.0 %
March 31, 2024	78.2 %	21.8 %	76.6 %	23.4 %
June 30, 2024	78.5 %	21.5 %	77.3 %	22.7 %
September 30, 2024	79.5 %	20.5 %	78.4 %	21.6 %

(1) Represents advances paid to Dealers on Consumer Loans assigned under our Portfolio Program and one-time payments made to Dealers to purchase Consumer Loans assigned under our Purchase Program. Payments of Dealer Holdback and accelerated Dealer Holdback are not included.

As of September 30, 2024 and December 31, 2023, the net Dealer Loans receivable balance was 71.6% and 67.7%, respectively, of the total net Loans receivable balance.

Results of Operations

The net Loan income (finance charge revenue less provision for credit losses expense) that we recognize over the life of a Loan equals the cash we collect from the underlying Consumer Loan less the cash we pay to the Dealer. We believe the economics of our business are best exhibited by recognizing net Loan income on a level-yield basis over the life of the Loan based on expected future net cash flows. Under the GAAP methodology we employ, which is known as the current expected credit loss model, or CECL, we are required to recognize:

- a significant provision for credit losses expense at the time of the Loan's assignment to us for contractual net cash flows we do not expect to realize; and
- finance charge revenue in subsequent periods that is significantly in excess of our expected yield.

Due to the GAAP treatment of contractual net cash flows we do not expect to realize at the time of loan assignment (i.e. significant expense at the time of loan assignment, which is offset by higher revenue in subsequent periods), we do not believe the GAAP methodology we employ provides sufficient transparency into the economics of our business, including our results of operations, financial condition, and financial leverage. For additional information, see Note 3 and Note 6 to the consolidated financial statements contained in Part I - Item 1 of this Quarterly Report on Form 10-Q, which is incorporated herein by reference.

Three Months Ended September 30, 2024 Compared to Three Months Ended September 30, 2023

The following is a discussion of our results of operations and income statement data on a consolidated basis.

(Dollars in millions, except per share data)	For the Three Months Ended September 30, 2024	For the Three Months Ended September 30, 2023	$ Change	% Change
Revenue:				
Finance charges	$ 507.6	$ 441.7	$ 65.9	14.9 %
Premiums earned	25.1	20.8	4.3	20.7 %
Other income	17.6	16.1	1.5	9.3 %
Total revenue	550.3	478.6	71.7	15.0 %
Costs and expenses:				
Salaries and wages	77.3	66.7	10.6	15.9 %
General and administrative	29.0	21.3	7.7	36.2 %
Sales and marketing	23.1	22.5	0.6	2.7 %
Total operating expenses	129.4	110.5	18.9	17.1 %
Provision for credit losses on forecast changes	105.9	106.3	(0.4)	-0.4 %
Provision for credit losses on new Consumer Loan assignments	78.8	78.3	0.5	0.6 %
Total provision for credit losses	184.7	184.6	0.1	0.1 %
Interest	111.2	70.5	40.7	57.7 %
Provision for claims	18.5	16.5	2.0	12.1 %
Total costs and expenses	443.8	382.1	61.7	16.1 %
Income before provision for income taxes	106.5	96.5	10.0	10.4 %
Provision for income taxes	27.7	25.7	2.0	7.8 %
Net income	$ 78.8	$ 70.8	$ 8.0	11.3 %
Net income per share:				
Basic	$ 6.42	$ 5.47	$ 0.95	17.4 %
Diluted	$ 6.35	$ 5.43	$ 0.92	16.9 %
Weighted average shares outstanding:				
Basic	12,274,685	12,933,377	(658,692)	-5.1 %
Diluted	12,415,143	13,039,638	(624,495)	-4.8 %

Finance Charges. The increase of $65.9 million, or 14.9%, was primarily due to an increase in the average net Loans receivable balance, as follows:

(Dollars in millions)	For the Three Months Ended September 30, 2024	For the Three Months Ended September 30, 2023	Change
Average net Loans receivable balance	$ 7,690.9	$ 6,690.8	$ 1,000.1
Average yield on our Loan portfolio	26.4 %	26.4 %	0.0 %

The following table summarizes the impact each component had on the overall increase in finance charges for the three months ended September 30, 2024:

(In millions) **Impact on finance charges:**	**Year over Year Change** **For the Three Months Ended September 30, 2024**
Due to an increase in the average net Loans receivable balance	$ 66.0
Due to a decrease in the average yield	(0.1)
Total increase in finance charges	$ 65.9

The increase in the average net Loans receivable balance was primarily due to the dollar volume of new Consumer Loan assignments exceeding the principal collected on Loans receivable.

Premiums Earned. The increase of $4.3 million, or 20.7%, was primarily due to growth in the size of our reinsurance portfolio, which resulted from growth in new Consumer Loan assignments and an increase in the average premium written per reinsured vehicle service contract in recent periods.

Operating Expenses. The increase of $18.9 million, or 17.1%, was primarily due to:
- An increase in salaries and wages expense of $10.6 million, or 15.9%, primarily due to increases in (i) the number of team members as we are investing in our business with the goal of increasing the speed at which we enhance our product for Dealers and consumers and (ii) fringe benefits, primarily due to higher medical claims.
- An increase in general and administrative expenses of $7.7 million, or 36.2%, primarily due to an increase in legal expenses.

Provision for Credit Losses. Provision for credit losses remained relatively consistent, increasing by $0.1 million, or 0.1%.

We recognize provision for credit losses on new Consumer Loan assignments for contractual net cash flows that are not expected to be realized at the time of assignment. We also recognize provision for credit losses on forecast changes in the amount and timing of expected future net cash flows subsequent to assignment. The following table summarizes the provision for credit losses for each of these components:

(In millions)	**For the Three Months Ended September 30,**		
Provision for Credit Losses	**2024**	**2023**	**Change**
Forecast changes	$ 105.9	$ 106.3	$ (0.4)
New Consumer Loan assignments	78.8	78.3	0.5
Total	$ 184.7	$ 184.6	$ 0.1

For additional information, see Note 6 to the consolidated financial statements contained in Part I - Item 1 of this Quarterly Report on Form 10-Q, which is incorporated herein by reference.

Interest. The increase in interest expense of $40.7 million, or 57.7%, was due to:
- An increase in our average cost of debt, which increased interest expense by $22.6 million, primarily as a result of higher interest rates on recently completed or extended secured financings and recently issued senior notes and the repayment of older secured financings and senior notes with lower interest rates.
- An increase in our average outstanding debt balance, which increased interest expense by $18.1 million, primarily due to borrowings used to fund the growth of our Loan portfolio and stock repurchases.

The following table presents the change in interest expense, average outstanding debt balance, and average cost of debt for the three months ended September 30, 2024 as compared to the three months ended September 30, 2023:

(Dollars in millions)	**For the Three Months Ended September 30,**		
	2024	**2023**	**Change**
Interest expense	$ 111.2	$ 70.5	$ 40.7
Average outstanding debt balance	6,071.1	4,831.4	1,239.7
Average cost of debt	7.3 %	5.8 %	1.5 %

Provision for Income Taxes. For the three months ended September 30, 2024, the effective income tax rate decreased to 26.0% from 26.6% for the same period in 2023. The decrease was primarily due to the settlement of an uncertain tax position for state income taxes during the third quarter of 2024. For additional information, see Note 12 to the consolidated financial statements contained in Part I - Item 1 of this Quarterly Report on Form 10-Q, which is incorporated herein by reference.

Nine Months Ended September 30, 2024 Compared to Nine Months Ended September 30, 2023

The following is a discussion of our results of operations and income statement data on a consolidated basis.

(Dollars in millions, except per share data)	For the Nine Months Ended September 30,			
	2024	2023	$ Change	% Change
Revenue:				
Finance charges	$ 1,474.5	$ 1,303.8	$ 170.7	13.1 %
Premiums earned	71.3	58.0	13.3	22.9 %
Other income	50.7	48.5	2.2	4.5 %
Total revenue	1,596.5	1,410.3	186.2	13.2 %
Costs and expenses:				
Salaries and wages	231.6	214.1	17.5	8.2 %
General and administrative	75.9	59.8	16.1	26.9 %
Sales and marketing	72.4	70.9	1.5	2.1 %
Total operating expenses	379.9	344.8	35.1	10.2 %
Provision for credit losses on forecast changes	430.9	319.4	111.5	34.9 %
Provision for credit losses on new Consumer Loan assignments	260.4	253.1	7.3	2.9 %
Total provision for credit losses	691.3	572.5	118.8	20.8 %
Interest	308.2	187.7	120.5	64.2 %
Provision for claims	55.8	54.1	1.7	3.1 %
Loss on sale of building	23.7	—	23.7	— %
Total costs and expenses	1,458.9	1,159.1	299.8	25.9 %
Income before provision for income taxes	137.6	251.2	(113.6)	-45.2 %
Provision for income taxes	41.6	58.7	(17.1)	-29.1 %
Net income	$ 96.0	$ 192.5	$ (96.5)	-50.1 %
Net income per share:				
Basic	$ 7.78	$ 14.79	$ (7.01)	-47.4 %
Diluted	$ 7.68	$ 14.73	$ (7.05)	-47.9 %
Weighted average shares outstanding:				
Basic	12,345,739	13,013,344	(667,605)	-5.1 %
Diluted	12,494,011	13,068,998	(574,987)	-4.4 %

Finance Charges. The increase of $170.7 million, or 13.1%, was primarily a result of an increase in the average net Loans receivable balance, as follows:

(Dollars in millions)	For the Nine Months Ended September 30,		
	2024	2023	Change
Average net Loans receivable balance	$ 7,430.4	$ 6,547.8	$ 882.6
Average yield on our Loan portfolio	26.5 %	26.5 %	0.0 %

The following table summarizes the impact each component had on the overall increase in finance charges for the nine months ended September 30, 2024:

(In millions) Impact on finance charges:	Year over Year Change For the Nine Months Ended September 30, 2024
Due to an increase in the average net Loans receivable balance	$ 175.7
Due to a decrease in the average yield	(5.0)
Total increase in finance charges	$ 170.7

The increase in the average net Loans receivable balance was primarily due to the dollar volume of new Consumer Loan assignments exceeding the principal collected on Loans receivable.

Premiums Earned. The increase of $13.3 million, or 22.9%, was primarily due to growth in the size of our reinsurance portfolio, which resulted from growth in new Consumer Loan assignments and an increase in the average premium written per reinsured vehicle service contract in recent periods.

Operating Expenses. The increase of $35.1 million, or 10.2%, was primarily due to:

- An increase in salaries and wages expense of $17.5 million, or 8.2%, primarily due to increases in (i) the number of team members as we are investing in our business with the goal of increasing the speed at which we enhance our product for Dealers and consumers and (ii) fringe benefits, primarily due to higher medical claims.
- An increase in general and administrative expense of $16.1 million, or 26.9%, primarily due to increases in legal and technology systems expenses.

Provision for Credit Losses. The increase of $118.8 million, or 20.8%, was primarily due to an increase in provision for credit losses on forecast changes.

We recognize provision for credit losses on new Consumer Loan assignments for contractual net cash flows that are not expected to be realized at the time of assignment. We also recognize provision for credit losses on forecast changes in the amount and timing of expected future net cash flows subsequent to assignment. The following table summarizes the provision for credit losses for each of these components:

(In millions)	For the Nine Months Ended September 30,		
Provision for Credit Losses	2024	2023	Change
Forecast changes	$ 430.9	$ 319.4	$ 111
New Consumer Loan assignments	260.4	253.1	7
Total	$ 691.3	$ 572.5	$ 118

The increase in provision for credit losses related to forecast changes was primarily due to a greater decline in Consumer Loan performance during the first nine months of 2024 compared to the first nine months of 2023.

During the first nine months of 2024, we decreased our estimate of future net cash flows by $282.9 million, or 2.8%, to reflect a decline in forecasted collection rates during the period and slowed our forecasted net cash flow timing to reflect a decrease in Consumer Loan prepayments, which remain at below-average levels. Historically, Consumer Loan prepayments have been lower in periods with less availability of consumer credit. The $282.9 million decrease in forecasted net cash flows for the first nine months of 2024 was composed of an ordinary decrease in forecasted net cash flows of $135.7 million, or 1.4%, and an adjustment applied to our forecasting methodology during the second quarter of 2024, which upon implementation, reduced forecasted net cash flows by $147.2 million, or 1.4%, and increased our provision for credit losses by $127.5 million. Consumer Loans assigned in 2022 had continued to underperform our expectations for several quarters. More recently, Consumer Loans assigned in 2023 had also begun exhibiting similar trends of underperformance, although not as severe as Consumer Loans assigned in 2022. During the second quarter of 2024, we determined that we had sufficient Consumer Loan performance experience to estimate the magnitude by which we expected Consumer Loans assigned in 2022 through 2024 would likely underperform our historical collection rates on Consumer Loans with similar characteristics. Accordingly, we applied an adjustment to Consumer Loans assigned in 2022 through 2024 to reduce forecasted collection rates to what we believed the ultimate collection rates would be based on these trends.

During the first nine months of 2023, we decreased our estimate of future net cash flows by $149.3 million, or 1.7%, to reflect a decline in Consumer Loan prepayments to below-average levels. The $149.3 million decrease in forecasted net cash flows for the first nine months of 2023 was composed of an ordinary decrease in forecasted net cash flows of $104.8 million, or 1.2%, and an adjustment to our forecasting methodology during the second quarter of 2023, which upon implementation, decreased our estimate of future net cash flows by $44.5 million, or 0.5%, and increased our provision for credit losses by $71.3 million. We adjusted our methodology for forecasting the amount and timing of future net cash flows from our Loan portfolio through the utilization of more recent Consumer Loan performance and Consumer Loan prepayment data.

For additional information, see Note 6 to the consolidated financial statements contained in Part I - Item 1 of this Quarterly Report on Form 10-Q, which is incorporated herein by reference.

The increase in provision for credit losses related to new Consumer Loan assignments was due to a 21.0% increase in Consumer Loan assignment unit volume, partially offset by a 15.0% decrease in the average provision per Consumer Loan assignment. The decrease in the average provision per Consumer Loan assignment was due to a lower percentage of Purchased Loans in the mix of Consumer Loan assignments received during 2024, and a decrease in the average advance rates under our Portfolio and Purchase Programs for 2024 Consumer Loans.

Interest. The increase in interest expense of $120.5 million, or 64.2%, was due to:

- An increase in our average cost of debt, which increased interest expense by $80.2 million, primarily as a result of higher interest rates on recently completed or extended secured financings and recently issued senior notes and the repayment of older secured financings and senior notes with lower interest rates.
- An increase in our average outstanding debt balance, which increased interest expense by $40.3 million, primarily due to borrowings used to fund the growth of our Loan portfolio and stock repurchases.

The following table presents the change in interest expense, average outstanding debt balance, and average cost of debt for the nine months ended September 30, 2024 as compared to the nine months ended September 30, 2023:

(Dollars in millions)	For the Nine Months Ended September 30,		
	2024	2023	Change
Interest expense	$ 308.2	$ 187.7	$ 120.5
Average outstanding debt balance	5,732.1	4,718.7	1,013.4
Average cost of debt	7.2 %	5.3 %	1.9 %

Loss on Sale of Building. For the nine months ended September 30, 2024, we recognized a loss on the sale of a building of $23.7 million. For additional information, see Note 7 to the consolidated financial statements contained in Part I - Item 1 of this Quarterly Report on Form 10-Q, which is incorporated herein by reference.

Provision for Income Taxes. For the nine months ended September 30, 2024, our effective income tax rate increased to 30.2% from 23.4% for the nine months ended September 30, 2023. The increase was primarily due to:

- An increase in the impact of state and local income taxes on our effective income tax rate, primarily due to an adjustment to an uncertain tax position estimate during the second quarter of 2024 and changes in state tax laws that were enacted during 2024.
- A decrease in the impact of excess tax benefits on our effective income tax rate, primarily due to the timing of long-term stock award grants.
- An increase in the impact of non-deductible executive compensation expense on our effective income tax rate, primarily due to a decrease in pre-tax income.

For additional information, see Note 12 to the consolidated financial statements contained in Part I - Item 1 of this Quarterly Report on Form 10-Q, which is incorporated herein by reference.

Properties

The COVID-19 pandemic had a significant impact on our work environment, as the vast majority of our team members began working remotely. Because our remote operations and processes proved successful early on, we now pursue a “remote first” strategy to take advantage of the national talent pool and an increased rate of team member satisfaction. While remote work has become the primary experience for most of our team members, we do have team members that, due to their personal preference or the nature of their responsibilities, have continued to work primarily in one of our office properties. Additionally, we have various on-site meetings, events, and team building activities for which in-person attendance is encouraged. Therefore, we believe we have a continuing need for some amount of office space.

As the vast majority of our team members now work remotely, we had significant excess space in the two office buildings that we owned in Southfield, Michigan. During the second quarter of 2024, we sold the larger building for net sales proceeds of $3.2 million, and recognized a loss on sale of the building of $23.7 million. The loss on sale of the building represented the amount by which the $26.9 million carrying value of the building and its improvements, the related land and land improvements, and office furniture and equipment exceeded the net sales proceeds of $3.2 million.

Liquidity and Capital Resources

We need capital to maintain and grow our business. Our primary sources of capital are cash flows from operating activities, collections of Consumer Loans, and borrowings under: (1) our revolving secured line of credit facility; (2) Warehouse facilities; (3) Term ABS financings; and (4) senior notes. There are various restrictive covenants to which we are subject under each financing arrangement, and we were in compliance with those covenants as of September 30, 2024. For information regarding these financings and the covenants included in the related documents, see Note 10 to the consolidated financial statements contained in Part I - Item 1 of this Quarterly Report on Form 10-Q, which is incorporated herein by reference.

On February 16, 2024, we extended the $100.0 million Term ABS 2021-1 financing and extended the date on which the financing will cease to revolve from December 16, 2024 to February 17, 2026.

On February 27, 2024, we completed a $200.0 million Term ABS financing, which was used to repay outstanding indebtedness and for general corporate purposes. The financing has an expected average annualized cost of 7.8% (including placement agent fees and other costs), and it will revolve for 36 months, after which it will amortize based upon the cash flows on the underlying Loans.

On March 28, 2024, we completed a $500.0 million Term ABS financing, which was used to repay outstanding indebtedness and for general corporate purposes. The financing has an expected average annualized cost of 6.4% (including initial purchasers' fees and other costs), and it will revolve for 24 months, after which it will amortize based upon the cash flows on the underlying Loans.

On June 17, 2024, we extended the maturity of our revolving secured line of credit facility from June 22, 2026 to June 22, 2027. The interest rate on borrowings under the facility has changed from the Bloomberg Short-Term Bank Yield Index rate plus 187.5 basis points to SOFR plus 197.5 basis points.

On June 20, 2024, we completed a $550.0 million Term ABS financing, which was used to repay outstanding indebtedness and for general corporate purposes. The financing has an expected average annualized cost of 6.5% (including initial purchasers' fees and other costs), and it will revolve for 24 months, after which it will amortize based upon the cash flows on the underlying Loans.

On June 21, 2024, we increased the financing amount on the Term ABS 2022-2 financing from $200.0 million to $300.0 million and extended the date on which the financing will cease to revolve from December 15, 2025 to June 15, 2027.

On September 19, 2024, we increased the financing amount on Warehouse Facility II from $400.0 million to $500.0 million and extended the date on which the facility will cease to revolve from April 30, 2026 to September 20, 2027. The interest rate on borrowings under the facility has been decreased from SOFR plus 230 basis points to SOFR plus 185 basis points.

On September 19, 2024, we extended the date on which the $500.0 million Term ABS 2019-2 financing will cease to revolve from August 15, 2025 to September 15, 2026 and increased the interest rate under the financing from 5.15% to 5.43%.

On September 26, 2024, we completed a $600.0 million Term ABS financing, which was used to repay outstanding indebtedness and for general corporate purposes. The financing has an expected average annualized cost of 5.2% (including initial purchasers' fees and other costs), and it will revolve for 24 months, after which it will amortize based upon the cash flows on the underlying Loans.

Cash and cash equivalents were $159.7 million as of September 30, 2024 and $13.2 million as of December 31, 2023. As of September 30, 2024 and December 31, 2023, we had $1,684.0 million and $1,505.8 million, respectively, in unused and available lines of credit. Our total balance sheet indebtedness increased to $6,248.9 million as of September 30, 2024 from $5,067.5 million as of December 31, 2023, primarily due to the growth in new Consumer Loan assignments and stock repurchases.

A summary of our scheduled principal debt maturities as of September 30, 2024 is as follows:

(In millions)

Year	Scheduled Principal Debt Maturities (1)
Remainder of 2024	$ 208.2
2025	1,344.8
2026	2,539.0
2027	1,528.0
2028	670.6
Over five years	—
Total	$ 6,290.6

(1) The principal maturities of certain financings are estimated based on forecasted collections.

Based upon anticipated cash flows, management believes that cash flows from operations and our various financing alternatives will provide sufficient financing for debt maturities and for future operations. Our ability to borrow funds may be impacted by economic and financial market conditions. If the various financing alternatives were to become limited or unavailable to us, our operations and liquidity could be materially and adversely affected.

Critical Accounting Estimates

Our consolidated financial statements are prepared in accordance with GAAP. The preparation of these financial statements requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. On an ongoing basis, we review our accounting policies, assumptions, estimates, and judgments to ensure that our financial statements are presented fairly and in accordance with GAAP. Item 7 of our Annual Report on Form 10-K for the year ended December 31, 2023 discusses several critical accounting estimates, which we believe involve a high degree of judgment and complexity. There have been no material changes to the estimates and assumptions associated with these accounting estimates from those discussed in our Annual Report on Form 10-K for the year ended December 31, 2023, except as described below.

During the second quarter of 2024, we applied an adjustment to our methodology for forecasting the amount of future net cash flows from our Loan portfolio, which reduced the forecasted collection rates for Consumer Loans assigned in 2022 through 2024. Consumer Loans assigned in 2022 had continued to underperform our expectations for several quarters. More recently, Consumer Loans assigned in 2023 had also begun exhibiting similar trends of underperformance, although not as severe as Consumer Loans assigned in 2022. During the second quarter of 2024, we determined that we had sufficient Consumer Loan performance experience to estimate the magnitude by which we expected Consumer Loans assigned in 2022 through 2024 would likely underperform our historical collection rates on Consumer Loans with similar characteristics. Accordingly, we applied an adjustment to Consumer Loans assigned in 2022 through 2024 to reduce forecasted collection rates to what we believed the ultimate collection rates would be based on these trends. Changes in the amount and timing of forecasted net cash flows are recognized in the period of change as a provision for credit losses. The implementation of this forecast adjustment during the second quarter of 2024 reduced forecasted net cash flows by $147.2 million, or 1.4%, and increased provision for credit losses by $127.5 million.

Forward-Looking Statements

We make forward-looking statements in this report and may make such statements in future filings with the Securities and Exchange Commission ("SEC"). We may also make forward-looking statements in our press releases or other public or shareholder communications. Our forward-looking statements are subject to risks and uncertainties and include information about our expectations and possible or assumed future results of operations. When we use any of the words "may," "will," "should," "believe," "expect," "anticipate," "assume," "forecast," "estimate," "intend," "plan," "target," or similar expressions, we are making forward-looking statements.

We claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995 for all of our forward-looking statements. These forward-looking statements represent our outlook only as of the date of this report. While we believe that our forward-looking statements are reasonable, actual results could differ materially since the statements are based on our current expectations, which are subject to risks and uncertainties. Factors that might cause such a difference include, but are not limited to, the factors set forth in Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2023, other risk factors discussed herein or listed from time to time in our reports filed with the SEC, and the following:

Industry, Operational, and Macroeconomic Risks

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

Capital and Liquidity Risks

- We may be unable to continue to access or renew funding sources and obtain capital needed to maintain and grow our business.
- The terms of our debt limit how we conduct our business.
- A violation of the terms of our asset-backed secured financings or revolving secured warehouse facilities could have a material adverse impact on our operations.
- Our substantial debt could negatively impact our business, prevent us from satisfying our debt obligations, and adversely affect our financial condition.
- We may not be able to generate sufficient cash flows to service our outstanding debt and fund operations and may be forced to take other actions to satisfy our obligations under such debt.
- Interest rate fluctuations may adversely affect our borrowing costs, profitability, and liquidity.

- Reduction in our credit rating could increase the cost of our funding from, and restrict our access to, the capital markets and adversely affect our liquidity, financial condition, and results of operations.
- We may incur substantially more debt and other liabilities. This could exacerbate further the risks associated with our current debt levels.
- The conditions of the U.S. and international capital markets may adversely affect lenders with which we have relationships, causing us to incur additional costs and reducing our sources of liquidity, which may adversely affect our financial position, liquidity, and results of operations.

Technology and Cybersecurity Risks

- Our dependence on technology could have a material adverse effect on our business.
- We depend on secure information technology, and a breach of our systems or those of our third-party service providers could result in our experiencing significant financial, legal, and reputational exposure and could materially adversely affect our business, financial condition, and results of operations.
- Our use of electronic contracts could impact our ability to perfect our ownership or security interest in Consumer Loans.
- Failure to properly safeguard confidential consumer and team member information could subject us to liability, decrease our profitability, and damage our reputation.

Legal and Regulatory Risks

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

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

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Refer to our Annual Report on Form 10-K for the year ended December 31, 2023 for a complete discussion of our market risk. There have been no material changes to the market risk information included in our Annual Report on Form 10-K for the year ended December 31, 2023.

ITEM 4. CONTROLS AND PROCEDURES.

(a) *Disclosure Controls and Procedures.* Our management, with the participation of our principal executive and principal financial officer, has evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of the end of the period covered by this report. Based on such evaluation, our principal executive officer and principal financial officer have concluded that, as of the end of such period, our disclosure controls and procedures are effective in recording, processing, summarizing, and reporting, on a timely basis, information required to be disclosed by us in the reports that we file or submit under the Exchange Act and are effective in ensuring that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

(b) *Internal Control Over Financial Reporting.* There have not been any changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fiscal quarter to which this report relates that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

In the normal course of business and as a result of the consumer-oriented nature of the industry in which we operate, we and other industry participants are frequently subject to various consumer claims, litigation, and regulatory investigations seeking damages, fines, 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, including claims seeking damages for alleged physical and mental harm relating to the repossession and sale of consumers' vehicles and other debt collection activities. As the assignee of Consumer Loans originated by Dealers, we may also be named as a co-defendant in lawsuits filed by consumers principally against Dealers. We may also have disputes and litigation with Dealers. The claims may allege, among other theories of liability, that we breached the Dealer servicing agreement. We may also have disputes and litigation with vendors and other third parties. The claims may allege, among other theories of liability, that we breached a license agreement or contract. The damages, fines, and penalties that may be claimed by consumers, regulatory agencies, Dealers, vendors, or other third parties in these types of matters can be substantial. The relief requested by plaintiffs varies but may include requests for compensatory, statutory, and punitive damages and injunctive relief, and plaintiffs may seek treatment as purported class actions or they may file individual arbitration demands for which arbitration providers may request separate filing fees. An adverse ultimate disposition in any action to which we are a party or otherwise subject, or the requirement to pay filing fees for a large number of individual arbitration demands, could have a material adverse impact on our financial position, liquidity, and results of operations.

For a description of significant litigation to which we are a party, see Note 16 to the consolidated financial statements contained in Part I - Item 1 of this Quarterly Report on Form 10-Q, which is incorporated herein by reference.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Stock Repurchases

The following table summarizes stock repurchases for the three months ended September 30, 2024:

ISSUER PURCHASES OF EQUITY SECURITIES

Period	Total Number of Shares Purchased		Average Price Paid per Share (1)	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (2)	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs (2)
July 1 to July 31, 2024	30	(3)	$ 606.95	—	1,346,570
August 1 to August 31, 2024	34	(3)	444.20	—	1,346,570
September 1 to September 30, 2024	22	(3)	450.89	—	1,346,570
Total	86		$ 502.59	—	

(1) Average price paid per share excludes excise tax. As of January 1, 2023, our share repurchases in excess of issuances are subject to a 1% excise tax enacted by the Inflation Reduction Act. Any excise tax incurred is recognized as part of the cost basis of the shares acquired in the Consolidated Statements of Shareholders' Equity.

(2) On August 21, 2023, our board of directors authorized the repurchase by us from time to time of up to two million shares of our common stock (the "August 2023 Authorization"). The August 2023 Authorization, which was announced on August 24, 2023, does not have a specified expiration date. Repurchases under the August 2023 Authorization may be made in the open market, through privately negotiated transactions, through block trades, pursuant to trading plans adopted in accordance with Rule 10b5-1 under the Securities Exchange Act of 1934 or otherwise.

(3) Consists of shares of common stock released to us by team members as payment of tax withholdings upon the settlement of restricted stock units in shares of common stock and the vesting of restricted stock units.

ITEM 5. OTHER INFORMATION

During the quarter ended September 30, 2024, there were no Rule 10b5-1 trading arrangements (as defined in Item 408(a) of Regulation S-K) or non-Rule 10b5-1 trading arrangements (as defined in Item 408(c) of Regulation S-K) adopted or terminated by any director or officer (as defined in Rule 16a-1(f) under the Exchange Act) of Credit Acceptance Corporation.

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ITEM 6. EXHIBITS

Exhibit No.	Description
4.153	Thirteenth Amendment to Sixth Amended and Restated Credit Agreement, dated as of July 26, 2024, among the Company, Comerica Bank and the other banks signatory thereto, and Comerica Bank, as administrative agent for the banks (incorporated by reference to Exhibit 4.153 to the Company's Current Report on Form 8-K filed July 31, 2024).
4.154	Consent, dated July 26, 2024, under the Loan and Security Agreement, dated as of November 30, 2023, among the Company, Credit Acceptance Funding LLC 2023-A, the lenders from time to time party thereto, Wells Fargo Bank, National Association, and Computershare Trust Company, N.A. (incorporated by reference to Exhibit 4.154 to the Company's Current Report on Form 8-K filed July 31, 2024).
4.155	Amendment No. 2 to the Seventh Amended and Restated Loan and Security Agreement, dated as of July 26, 2024, among CAC Warehouse Funding LLC II, the Company, Wells Fargo Bank, National Association, and Computershare Trust Company, N.A. (incorporated by reference to Exhibit 4.155 to the Company's Current Report on Form 8-K filed July 31, 2024).
4.156	Amendment No. 3 to Loan and Security Agreement, dated as of September 19, 2024, among the Company, Credit Acceptance Funding LLC 2019-2, Computershare Trust Company, N.A., and Wells Fargo Bank, National Association (incorporated by reference to Exhibit 4.156 to the Company's Current Report on Form 8-K filed September 24, 2024).
4.157	Amendment No. 3 to the Seventh Amended and Restated Loan and Security Agreement, dated as of September 19, 2024, among CAC Warehouse Funding LLC II, the Company, Wells Fargo Bank, National Association, and Computershare Trust Company, N.A. (incorporated by reference to Exhibit 4.157 to the Company's Current Report on Form 8-K filed September 24, 2024).
4.158	Indenture, dated as of September 26, 2024, between Credit Acceptance Auto Loan Trust 2024-3 and Computershare Trust Company, N.A. (incorporated by reference to Exhibit 4.158 to the Company's Current Report on Form 8-K filed October 2, 2024).
4.159	Backup Servicing Agreement, dated as of September 26, 2024, among the Company, Credit Acceptance Funding LLC 2024-3, Credit Acceptance Auto Loan Trust 2024-3, and Computershare Trust Company, N.A. (incorporated by reference to Exhibit 4.159 to the Company's Current Report on Form 8-K filed October 2, 2024).
4.160	Amended and Restated Intercreditor Agreement, dated September 26, 2024, among the Company, CAC Warehouse Funding LLC II, CAC Warehouse Funding LLC IV, CAC Warehouse Funding LLC V, CAC Warehouse Funding LLC VI, CAC Warehouse Funding LLC VIII, Credit Acceptance Funding LLC 2024-3, Credit Acceptance Funding LLC 2024-2, Credit Acceptance Funding LLC 2024-1,Credit Acceptance Funding LLC 2024-A, Credit Acceptance Funding LLC 2023-5, Credit Acceptance Funding LLC 2023-A, Credit Acceptance Funding LLC 2023-3, Credit Acceptance Funding LLC 2023-2, Credit Acceptance Funding LLC 2023-1, Credit Acceptance Funding LLC 2022-3, Credit Acceptance Funding LLC 2022-2, Credit Acceptance Funding LLC 2022-1, Credit Acceptance Funding LLC 2021-4, Credit Acceptance Funding LLC 2021-3, Credit Acceptance Funding LLC 2021-1, Credit Acceptance Funding LLC 2019-2, Credit Acceptance Auto Loan Trust 2024-3, Credit Acceptance Auto Loan Trust 2024-2, Credit Acceptance Auto Loan Trust 2024-1, Credit Acceptance Auto Loan Trust 2024-A, Credit Acceptance Auto Loan Trust 2023-5, Credit Acceptance Auto Loan Trust 2023-3, Credit Acceptance Auto Loan Trust 2023-2, Credit Acceptance Auto Loan Trust 2023-1, Credit Acceptance Auto Loan Trust 2022-3, Credit Acceptance Auto Loan Trust 2022-1, Credit Acceptance Auto Loan Trust 2021-4, Credit Acceptance Auto Loan Trust 2021-3, Computershare Trust Company, N.A., Bank of Montreal, Fifth Third Bank, National Association, Flagstar Bank, National Association, Citizens Bank, N.A., and Comerica Bank (incorporated by reference to Exhibit 4.160 to the Company's Current Report on Form 8-K filed October 2, 2024).
4.161	Sale and Contribution Agreement, dated as of September 26, 2024, between the Company and Credit Acceptance Funding LLC 2024-3 (incorporated by reference to Exhibit 4.161 to the Company's Current Report on Form 8-K filed October 2, 2024).
4.162	Amended and Restated Trust Agreement, dated as of September 26, 2024, among Credit Acceptance Funding LLC 2024-3, each of the initial members of the Board of Trustees of the Trust, and Computershare Delaware Trust Company (incorporated by reference to Exhibit 4.162 to the Company's Current Report on Form 8-K filed October 2, 2024).
4.163	Sale and Servicing Agreement, dated as of September 26, 2024, among the Company, Credit Acceptance Auto Loan Trust 2024-3, Credit Acceptance Funding LLC 2024-3, and Computershare Trust Company, N.A. (incorporated by reference to Exhibit 4.163 to the Company's Current Report on Form 8-K filed October 2, 2024).
4.164	Sixth Amendment to Loan and Security Agreement, dated as of August 1, 2024, among the Company, CAC Warehouse Funding LLC VI, and Flagstar Bank, N.A.
10.23*	Amendment, effective September 19, 2024, to the Credit Acceptance Corporation Amended and Restated Incentive Compensation Plan.
31.1	Certification of principal executive officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of principal financial officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of principal executive officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

32.2	Certification of principal financial officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101(SCH)	Inline XBRL Taxonomy Extension Schema Document.
101(CAL)	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101(DEF)	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101(LAB)	Inline XBRL Taxonomy Extension Label Linkbase Document.
101(PRE)	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (included in the Exhibit 101 Inline XBRL Document Set).
*	Management contract or compensatory plan or arrangement.

SIGNATURES

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

CREDIT ACCEPTANCE CORPORATION
(Registrant)

By:	/s/ Jay D. Martin
	Jay D. Martin Chief Financial Officer (Principal Financial Officer)
Date:	October 30, 2024

Sixth Amendment to Loan and Security Agreement

This Sixth Amendment to Loan and Security Agreement, dated as of August 1, 2024 (this *"Amendment"*), is made pursuant to that certain Loan and Security Agreement, dated as of September 30, 2015, as amended by the First Amendment to Loan and Security Agreement, dated as of July 18, 2017, as amended by the Second Amendment to Loan and Security Agreement, dated as of July 25, 2019, as amended by the Third Amendment to Loan and Security Agreement, dated as of October 15, 2021, as amended by the Fourth Amendment to Loan and Security Agreement, dated as of August 18, 2022, and as amended by the Fifth Amendment to Loan and Security Agreement, dated as of August 4, 2023 (as so amended, the *"Agreement"*), among CAC Warehouse Funding LLC VI, a Delaware limited liability company (the *"Borrower"*), Credit Acceptance Corporation, a Michigan corporation (*"Credit Acceptance,"* the *"Originator,"* the *"Servicer"* or the *"Custodian"*), Flagstar Bank, N.A. (successor-by-conversion to Flagstar Bank, fsb), as lender (the *"Lender"*), Flagstar Bank, N.A. (successor-by-conversion to Flagstar Bank, fsb), as deal agent (the *"Deal Agent"*), and Flagstar Bank, N.A. (successor-by-conversion to Flagstar Bank, fsb), as collateral agent (the *"Collateral Agent"*). Unless otherwise amended by the terms of this Amendment, terms used in this Amendment shall have the meanings assigned thereto in the Agreement.

W i t n e s s e t h:

Whereas, the Borrower, Credit Acceptance, the Lender, the Deal Agent and the Collateral Agent have previously entered into and are currently party to the Agreement;

Whereas, the Borrower has requested that certain amendments be made to the Agreement, and the Borrower, Credit Acceptance, the Lender, the Deal Agent and the Collateral Agent are willing to amend the Agreement under the terms and conditions set forth in this Amendment;

Now, Therefore, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, agree as follows:

Section 1. *Amendments*. Subject to the satisfaction of the conditions precedent set forth in Section 2 below, the parties hereto agree that the Agreement shall be amended with text marked in underline (e.g., addition or addition) indicating additions to the Agreement and with text marked in strikethrough (e.g., ~~deletion~~ or ~~deletion~~) indicating deletions to the Agreement as set forth in Exhibit A attached hereto.

Section 2. *Conditions Precedent; Effectiveness of Amendment.* This Amendment shall not become effective until the Deal Agent shall have received fully executed counterparts of this Amendment.

Section 3. *Representations of the Borrower and Servicer.* Each of the Borrower and the Servicer hereby represents and warrants to the other parties hereto that as of the date hereof each of its respective representations and warranties contained in Article IV of the Agreement and any other Transaction Document to which it is a party are true and correct as of the date hereof and after giving effect to this Amendment (except to the extent that such representations and warranties relate solely to an earlier date, and then are true and correct as of such earlier date) and that no Amortization Event, Termination Event or Unmatured Termination Event has occurred and is continuing as of the date hereof and after giving effect to this Amendment.

Section 4. Agreement in Full Force and Effect. Except as expressly set forth herein, all terms and conditions of the Agreement shall remain in full force and effect. Reference to this specific Amendment need not be made in the Agreement, the Note, or any other instrument or document executed in connection therewith, or in any certificate, letter or communication issued or made pursuant to or with respect to the Agreement, any reference in any of such items to the Agreement being sufficient to refer to the Agreement as amended hereby.

Section 5. Execution in Counterparts. This Amendment may be executed by the parties hereto in several counterparts, each of which shall be executed by the parties hereto and be deemed an original and all of which shall constitute together but one and the same agreement. Delivery of an executed counterpart of a signature page of this Amendment by telecopy or other electronic means shall be effective as delivery of a manually executed counterpart of this Amendment.

Section 6. Governing Law. This Amendment shall be construed in accordance with the laws of the State of New York, without reference to conflict of law principles, and the obligations, rights and remedies of the parties hereunder shall be determined in accordance with the laws of the State of New York.

Section 7. Fees and Expenses. The Borrower agrees to pay on demand all costs and expenses of or incurred by the Deal Agent and the Lender in connection with the negotiation, preparation, execution and delivery of this Amendment, including the reasonable and documented fees and expenses of external counsel for the Deal Agent and the Lender.

[Signature Pages to Follow]

In Witness Whereof, the parties hereto have caused this Sixth Amendment to Loan and Security Agreement to be executed and delivered by their duly authorized officers as of the date hereof.

CAC Warehouse Funding LLC VI

By: /s/ Douglas W. Busk
Name: Douglas W. Busk
Title: Chief Treasury Officer

Credit Acceptance Corporation

By: /s/ Douglas W. Busk
Name: Douglas W. Busk
Title: Chief Treasury Officer

Flagstar Bank, N.A., the Lender and the Collateral Agent

By: /s/ Blake Chandler
Name: Blake Chandler
Title: Vice President

Flagstar Bank, N.A., the Deal Agent

By: /s/ Blake Chandler
Name: Blake Chandler
Title: Vice President

Exhibit A

(Attached)

Conformed Agreement
First Amendment dated as of July 18, 2017
Second Amendment dated as of July 25, 2019
Third Amendment dated as of October 15, 2021
Fourth Amendment dated as of August 18, 2022
Fifth Amendment dated as of August 4, 2023
Sixth Amendment dated as of August 1, 2024

U.S. $75,000,000

Loan and Security Agreement

Dated as of September 30, 2015

among

CAC Warehouse Funding LLC VI,
as the Borrower,

Credit Acceptance Corporation,
as the Servicer and Custodian,

Flagstar Bank, fsb,
as the Deal Agent,

and

Flagstar Bank, fsb,
as the Lender and the Collateral Agent

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Exhibits

Schedules

This Loan and Security Agreement (the *"Agreement"*) is made as of September 30, 2015 among:

(1) CAC Warehouse Funding LLC VI, a Delaware limited liability company, (the *"Borrower"*);

(2) Credit Acceptance Corporation, a Michigan corporation, (*"Credit Acceptance"*, the *"Originator"*, the *"Servicer"* or the *"Custodian"*);

(3) Flagstar Bank, fsb (the *"Lender"*);

(4) Flagstar Bank, fsb, as deal agent (the *"Deal Agent"*); and

(5) Flagstar Bank, fsb (the *"Collateral Agent"*).

Whereas, Borrower desires that the Lender extend financing to Borrower on the terms and conditions set forth herein;

Whereas, the Lender is willing to provide such financing on the terms and conditions set forth in this Agreement; and

Whereas, each of the Servicer, the Custodian, the Deal Agent and the Collateral Agent has been requested and is willing to act in certain capacities in accordance with the terms hereof.

It Is Agreed as follows:

Article I

Definitions

Section 1.1. Certain Defined Terms. (a) Certain capitalized terms used throughout this Agreement are defined above or in this Section 1.1.

(b) As used in this Agreement and its schedules, exhibits and other attachments, unless the context requires a different meaning, the following terms shall have the following meanings:

"Addition Date": (a) With respect to any Dealer Loan, the date on which such Dealer Loan is contributed or otherwise transferred by Credit Acceptance to the Borrower pursuant to the Contribution Agreement; and (b) With respect to any Purchased Loan, the date on which such Purchased Loan is contributed or otherwise transferred by Credit Acceptance to the Borrower pursuant to the Contribution Agreement.

"Additional Amount": Defined in Section 2.11.

"Additional Loans": All Loans that become part of the Collateral after the Initial Funding.

"Additional Principal Payment Amount": With respect to any Payment Date during the Amortization Period, the lesser of (i) the Aggregate Loan Amount as of the immediately preceding Payment Date (after giving effect to all payments in reduction of principal on such Payment Date); and (ii) Collections remaining after distribution of amounts described in **Section 2.6**(a)(i) through (vii).

"*Adjusted Term SOFR*": For purposes of any calculation, the rate per annum equal to (a) Term SOFR for such calculation plus (b) the Term SOFR Adjustment; provided, that if Adjusted Term SOFR as so determined shall ever be less than the Applicable Floor, then Adjusted Term SOFR shall be deemed to be the Applicable Floor.

"Affected Party": Each of the Lender, any assignee or participant of the Lender, Flagstar Bank, any successor to Flagstar Bank as Deal Agent, or any sub-agent of the Deal Agent.

"Affiliate": With respect to a Person, means any other Person that, directly or indirectly, controls, is controlled by or under common control with such Person, or is a director or officer of such Person. For purposes of this definition, "control" (including the terms "controlling," "controlled by" and "under common control with") when used with respect to any specified Person means the possession, direct or indirect, of the power to vote 5% or more of the voting securities of such Person or to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

"Agent's Account": An account at Flagstar Bank, fsb in the name of the Deal Agent or at such other account as may be designated by the Deal Agent from time to time. Initially the Agent's Account shall be the following account: Flagstar Bank, FSB ABA/Routing No.: 272471852, Account Name: Commercial Middle Market, Account No.: 1140302800216 Attention: Commercial Loan Operations, Reference: CAC Warehouse Funding LLC VI

"Aggregate Loan Amount": On any date of determination, the aggregate principal amount of all Revolving Loans outstanding hereunder.

"Aggregate Outstanding Eligible Loan Balance": On any date of determination, the sum of the Outstanding Balances of all Eligible Loans on such day.

"Aggregate Unpaids": At any time, an amount, equal to the sum of all accrued and unpaid Aggregate Loan Amount, Interest, Breakage Costs, Hedge Breakage Costs and all other amounts owed by the Borrower hereunder, under any Hedging Agreement (including, without limitation, payments in respect of the termination of any such Hedging Agreement) or under any other Transaction Document or by the Borrower or any other Person under any fee letter (including, without limitation, the Fee Letter) delivered in connection with the transactions contemplated by this Agreement (whether due or accrued).

"Amortization Event": The occurrence of any of the following events: (i) a Reserve Advance is made, except if on the date of such Reserve Advance, the Aggregate Loan Amount is zero; (ii) Collections are less than 85% of Forecasted Collections for any three (3) consecutive

Collection Periods; (iii) on any Payment Date, the Weighted Average Spread Rate is less than 22.0%; or (iv) the Commitment Termination Date.

"Amortization Period": The period beginning on the earlier of: (i) the occurrence of an Amortization Event and (ii) the occurrence or declaration of the Termination Date, and ending on the Collection Date.

"*Applicable Floor*": Zero percent (0.00%).

"Applicable Law": For any Person, all existing and future applicable laws, rules, regulations (including proposed, temporary and final income tax regulations), statutes, treaties, codes, ordinances, permits, certificates, orders and licenses of and interpretations by any Governmental Authority (including, without limitation, usury laws, the Federal Truth in Lending Act, and Regulation Z and Regulation B of the Board of Governors of the Federal Reserve System), and applicable judgments, decrees, injunctions, writs, orders, or action of any court, arbitrator or other administrative, judicial, or quasi-judicial tribunal or agency of competent jurisdiction.

"*Authoritative Electronic Copy*": With respect to any Contract stored in an electronic medium, the single electronic "authoritative copy" (within the meaning of Section 9-105 of the UCC) of such Contract (i) that constitutes the single authoritative copy of the record or records comprising the related chattel paper which is unique, identifiable and, except as otherwise provided in clauses (iv), (v) and (vi) below, unalterable, (ii) that identifies Credit Acceptance as the sole assignee thereof, (iii) is communicated to and maintained by Credit Acceptance, (iv) copies or revisions to which that add or change an identified assignee thereof can only be made with the participation of Credit Acceptance, (v) for which any copy thereof is readily identifiable as a copy that is not the authoritative copy and (vi) for which any revision of the authoritative copy is readily identifiable as an authorized or unauthorized revision.

"Available Funds": With respect to any Payment Date: (i) all amounts deposited in the Collection Account during the Collection Period (other than Dealer Collections and Repossession Expenses) that ended on the last day of the calendar month immediately preceding the calendar month in which such Payment Date occurs and investment earnings thereon; (ii) all Reserve Advances (which shall be applied in accordance with Section 2.6(c) hereof); (iii) all amounts paid by the Borrower pursuant to Section 4.5 hereof with respect to the prior Collection Period in respect of Ineligible Loans; (iv) amounts paid by the Borrower pursuant to Section 2.13 hereof; (v) all amounts paid under any Dealer Agreement; and (vi) any other funds on deposit in the Collection Account on such date (other than Dealer Collections and Repossession Expenses).

"*Available Tenor*": As of any date of determination and with respect to the then-current Benchmark, as applicable, (x) if such Benchmark is a term rate, any tenor for such Benchmark (or component thereof) that is or may be used for determining the length of an interest period pursuant to this Agreement or (y) otherwise, any payment period for interest calculated with reference to such Benchmark (or component thereof) that is or may be used for determining any frequency of making payments of interest calculated with reference to such Benchmark pursuant to this Agreement, in each case, as of such date and not including, for the avoidance of doubt, any tenor for such Benchmark that is then removed from the definition of "Interest Period" pursuant to Section 2.14.

"Bankruptcy Code": The United States Bankruptcy Reform Act of 1978 (11 U.S.C. § 101, *et seq.*), as amended from time to time.

"Base Rate": On any date, the rate per annum equal to the greatest of: (a) the rate of interest announced or otherwise established by the Lender from time to time as its prime commercial rate, or its equivalent, for U.S. Dollar loans to borrowers located in the United States as in effect on such day, with any change in the Base Rate resulting from a change in said prime commercial rate to be effective as of the date of the relevant change in said prime commercial rate (it being acknowledged and agreed that such rate may not be the Lender's best or lowest rate), and (b) the ~~BSBY rate~~Benchmark for such day.

"Base Rate Loan": Any Revolving Loan which bears interest at the Base Rate.

"*Base Rate Term SOFR Determination Day*": Defined in the definition of "Term SOFR".

"*Benchmark*": Initially, ~~BSBY; provided that, if the Benchmark as determined for any Interest Period (or any portion thereof) is less than the Floor, the Benchmark will be deemed to be the Floor for purposes of this Agreement~~Adjusted Term SOFR; provided, ~~further,~~ that, if a Benchmark Transition Event has occurred with respect to ~~BSBY~~Term SOFR or the then-current Benchmark, then "Benchmark" ~~means~~shall mean the applicable Benchmark Replacement to the extent that such Benchmark Replacement has replaced such prior benchmark ~~rate~~ pursuant to Section 2.14 hereof.

"Benchmark Loan": Any Revolving Loan which bears interest at the Benchmark.

"*Benchmark Replacement*": ~~For~~With respect to any ~~Available Tenor,~~Benchmark Transition Event, the first alternative set forth in the order below that can be determined by the Deal Agent for the applicable Benchmark Replacement Date:

(a) Daily Simple SOFR plus a *per annum* rate equal to 0.10% (10 basis points); or

(b) the sum of (i) the alternate benchmark rate that has been selected by the Deal Agent and the Borrower giving due consideration to (A) any selection or recommendation of a replacement benchmark rate or the mechanism for determining such a rate by the Relevant Governmental Body or (B) any evolving or then-prevailing market convention for determining a benchmark rate as a replacement to the then-current Benchmark for Dollar-denominated syndicated credit facilities; and (ii) the related Benchmark Replacement Adjustment;

provided that if the Benchmark Replacement as determined pursuant to clause (a) or (b) above would be less than the Applicable Floor, the Benchmark Replacement will be deemed to be the Applicable Floor for the purposes of this Agreement and the other Transaction Documents.

"*Benchmark Replacement Adjustment*": With respect to any replacement of the then-current Benchmark with an Unadjusted Benchmark Replacement, the spread adjustment, or method for calculating or determining such spread adjustment (which may be a positive or negative value or zero) that has been selected by the Deal Agent and the Borrower giving due consideration to (a) any selection or recommendation of a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement by the Relevant Governmental Body or (b) any evolving or then-prevailing market convention for determining a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement for Dollar-denominated syndicated credit facilities at such time.

"Benchmark Replacement Date": The earliest to occur of the following events with respect to the then-current Benchmark:

(A) in the case of clause (A) or (B) of the definition of "Benchmark Transition Event," the later of (1) the date of the public statement or publication of information referenced therein and (2) the date on which the administrator of such Benchmark (or the published component used in the calculation thereof) permanently or indefinitely ceases to provide such Benchmark (or such component thereof) or, if such Benchmark is a term rate, all Available Tenors of such Benchmark (or such component thereof); or

(B) in the case of clause (C) of the definition of "Benchmark Transition Event," the first date on which all Available Tenors of such Benchmark (or the published component used in the calculation thereof) has been or, if such Benchmark is a term rate, all Available Tenors of such Benchmark (or such component thereof) have been determined and announced by or on behalf of the administrator of such Benchmark (or such component thereof) or the regulatory supervisor for the administrator of such Benchmark (or such component thereof) to be non-representative or non-compliant with or non-aligned with the International Organization of Securities Commissions (IOSCO) Principles for Financial Benchmarks; provided that such non-representativeness, non-compliance or non-alignment will be determined by reference to the most recent statement or publication referenced in such clause (C) and even if such Benchmark (or such component thereof) or, if such Benchmark is a term rate, any Available Tenor of such Benchmark (or such component thereof) continues to be provided on such date.

For the avoidance of doubt, if such Benchmark is a term rate, the "Benchmark Replacement Date" will be deemed to have occurred in the case of clause (A) or (B) with respect to any Benchmark upon the occurrence of the applicable event or events set forth therein with respect to all then-current Available Tenors of such Benchmark (or the published component used in the calculation thereof).

"Benchmark Transition Event": The occurrence of one or more of the following events with respect to the then-current Benchmark:

(A) a public statement or publication of information by or on behalf of the administrator of such Benchmark (or the published component used in the calculation thereof) announcing that such administrator has ceased or will cease to provide such Benchmark (or component thereof) or, if such Benchmark is a term rate, all Available Tenors of such Benchmark (or such component thereof), permanently or indefinitely; provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide such Benchmark (or such component thereof) or, if such Benchmark is a term rate, any Available Tenor of such Benchmark (or such component thereof);

(B) a public statement or publication of information by the regulatory supervisor for the administrator of such Benchmark (or the published component used in the calculation thereof), the Federal Reserve Board, the Federal Reserve Bank of New York, an insolvency official with jurisdiction over the administrator for such Benchmark (or such component), a resolution authority with jurisdiction over the administrator for such Benchmark (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for such Benchmark (or such component), which states that the administrator of such Benchmark (or such component) has ceased or will cease to provide such Benchmark (or such component thereof) or, if such Benchmark is a term rate, all Available Tenors of such Benchmark (or such component thereof) permanently or indefinitely; provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide such Benchmark (or such component thereof) or, if such Benchmark is a term rate, any Available Tenor of such Benchmark (or such component thereof); or

(C) a public statement or publication of information by or on behalf of the administrator of such Benchmark (or the published component used in the calculation thereof) or the regulatory supervisor for the administrator of such Benchmark (or ~~the published~~such component ~~used in the calculation~~ thereof) announcing that such Benchmark (or such component thereof) or, if such Benchmark is a term rate, all Available Tenors of such Benchmark (or such component thereof) are not, or as of a specified future date will not be, representative or in compliance with or aligned with the International Organization of Securities Commissions (IOSCO) Principles for Financial Benchmarks.

For the avoidance of doubt, if such Benchmark is a term rate, a "Benchmark Transition Event" will be deemed to have occurred with respect to any Benchmark if a public statement or publication of information set forth above has occurred with respect to each then-current Available Tenor of such Benchmark (or the published component used in the calculation thereof).

"Benchmark Unavailability Period": The period (if any) (x) beginning at the time that a Benchmark Replacement Date has occurred if, at such time, no Benchmark Replacement has replaced the then-current Benchmark for all purposes hereunder and under any Transaction Document in accordance with Section 2.14 hereof and (y) ending at the time that a Benchmark

Replacement has replaced the then-current Benchmark for all purposes hereunder and under any Transaction Document in accordance with Section 2.14 hereof.

"Benefit Plan": Any employee benefit plan as defined in Section 3(3) of ERISA in respect of which the Borrower or any ERISA Affiliate of the Borrower is, or at any time during the immediately preceding six years was, an "employer" as defined in Section 3(5) of ERISA.

"Borrower": CAC Warehouse Funding LLC VI, a Delaware limited liability company.

"Borrowing Base": On any date of determination, (a) the product of (i) the Aggregate Outstanding Eligible Loan Balance and (ii) the Net Advance Rate, *minus* (b) the Overconcentration Loan Amount.

"Breakage Costs": Any amount or amounts as shall compensate the Lender for any loss, cost or expense incurred by the Lender (as determined by the Lender in such Person's sole discretion) as a result of a prepayment by the Borrower of Revolving Loans or Interest.

~~*"BSBY"*: means, for each Reset Date, the Bloomberg Short-Term Bank Yield Index benchmark interest rate for the applicable Available Tenor, which may be 1-month (ticker BSBY1M), 3-months (ticker BSBY3M) or 6-months (ticker BSBY6M), as provided by Bloomberg Index Services Limited as administrator of such benchmark, or any successor administrator for such benchmark reasonably determined by the Lender from time to time, at approximately 8:00 a.m., ET, two (2) US Government Securities Business Days prior to such Reset Date.~~

~~*"BSBY Website"*: means the "Bloomberg Short-Term Bank Yield Index" website at https://www.bloomberg.com/professional/product/indices/bsby/ (or any successor website).~~

"Business Day": Any day other than a Saturday or a Sunday on which banks are not required or authorized to be closed in New York City, New York or Detroit, Michigan.

"Carrying Costs": With respect to any Payment Date, the sum of amounts payable under Section 2.6(a)(v)(A)-(C).

"Cash Advance Loss": For all dealers, the amount, if any, by which Credit Acceptance's original cash advance to such dealer for dealer loans exceeds 80% of the amount of forecasted collections on such dealer loans.

"Certificate of Title": With regard to each Financed Vehicle (i) the original certificate of title relating thereto, or copies of correspondence and application made in accordance with applicable law to the appropriate state title registration agency, and all enclosures thereto, for issuance of its original certificate of title or (ii) if the appropriate state title registration agency issues a letter or other form of evidence of Lien (whether in paper or electronic form) in lieu of a certificate of title, the original lien entry letter or form or copies of correspondence and application made in accordance with applicable law to such state title registration agency, and all enclosures thereto, for issuance of the original lien entry letter or form.

"Change-in-Control": Any of the following:

(a) the creation or imposition of any Lien on any limited liability company interests in the Borrower; or

(b) the failure by the Originator to own all of the issued and outstanding limited liability company interests in the Borrower.

"Change in Law": (a) the adoption of any law, treaty, order, rule or regulation after the date of this Agreement, (b) any change in any law, treaty, order, rule or regulation or in the interpretation or application thereof by any governmental authority after the date of this Agreement or (c) compliance by any Affected Party (or, by any such Affected Party's holding company, if any) with any request, guideline or directive (whether or not having the force of law) of any Governmental Authority made or issued after the date of this Agreement; *provided* that notwithstanding anything herein to the contrary, the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, regulations, guidelines or directives thereunder or issued in connection therewith and all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Regulations and Supervisory Practices, in each case, shall be deemed to be a *"Change in Law,"* regardless of the date enacted, adopted or issued.

"*Closed Pool*": With respect to any Dealer Loan, a Pool as to which, pursuant to the terms of the related Dealer Agreement, no additional Dealer Loan Contracts may be allocated.

"Closing Date": September 30 2015.

"Code": The Internal Revenue Code of 1986, as amended from time to time.

"Collateral": Defined in Section 2.2(a).

"Collateral Agent": Flagstar Bank, fsb, and its successors and assigns.

"Collection Account": Defined in Section 6.7(a).

"Collection Date": The date following the Termination Date on which the Aggregate Unpaids have been reduced to zero and indefeasibly paid in full.

"Collection Guidelines": With respect to Credit Acceptance, the policies of the Servicer, attached hereto as Schedule II, relating to the collection of amounts due on contracts for the sale of automobiles and/or light-duty trucks, as in effect on the Cut-Off Date and as amended from time to time in accordance herewith and with the other Transaction Documents or otherwise as required by Applicable Law.

"Collection Period": Each calendar month, except in the case of the first Collection Period, the period beginning on the Cut-Off Date to and including the last day of the calendar month in which the Funding Date occurs.

"Collections": All payments (including recoveries, credit-related insurance proceeds and proceeds of Related Security and so long as Credit Acceptance is the Servicer, excluding certain recovery and repossession expenses, in accordance with the terms of the Dealer Agreements) received by the Servicer, Credit Acceptance or the Borrower on or after the Cut-Off Date in respect of the Loans in the form of cash, checks, wire transfers or other form of payment in accordance with the Loans and the Dealer Agreements and all net amounts received under any Hedging Agreement and net of Dealer Collections.

"Commitment": The commitment of the Lender to make Revolving Loans to the Borrower in an amount not to exceed U.S. $75,000,000.

"Commitment Termination Date": September 30, 2026, or such later date to which the Commitment Termination Date may be extended if agreed in writing among the Borrower, the Deal Agent and the Lender.

"Conforming Changes": With respect to either the use or administration of ~~BSBY~~Term SOFR or the use, administration, adoption or implementation of any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definitions of "Interest Period," "Base Rate," "Business Day," "U.S. Government Securities Business Day" any similar or analogous definitions (or the addition of similar or analogous concepts), the timing and frequency of determining rates and making payments of interest, the timing of borrowing requests or prepayment, conversion or continuation notices, the applicability and length of lookback periods, the applicability of any breakage provisions, and other technical, administrative or operational matters) that the Deal Agent decides may be appropriate to reflect the adoption and implementation of any such rate or to permit the use and administration thereof by the Deal Agent in a manner substantially consistent with market practice (or, if the Deal Agent decides that adoption of any portion of such market practice is not administratively feasible or if the Deal Agent determines that no market practice for the administration of any such rate exists, in such other manner of administration as the Deal Agent decides is reasonably necessary in connection with the administration of this Agreement and the other Transaction Documents).

"Contract": Any Dealer Loan Contract or Purchased Loan Contract.

"Contract Files": With respect to each Contract, the fully executed original counterpart of such Contract or, in the case of any Contract constituting electronic chattel paper, the Authoritative Electronic Copy of the Contract (in each case, for UCC purposes), either a copy of the application to the appropriate state authorities for a Certificate of Title with respect to the related financed vehicle or a standard assurance in the form commonly used in the industry relating to the provision of a Certificate of Title or other evidence of lien, all original or electronic instruments modifying the terms and conditions of such Contract and the original or electronic endorsements or assignments of such Contract.

"Contractual Obligation": With respect to any Person, means any provision of any securities issued by such Person or any indenture, mortgage, deed of trust, contract, undertaking,

agreement, instrument or other document to which such Person is a party or by which it or any of its property is bound or is subject.

"Contribution Agreement": The Contribution Agreement, dated as of September 30, 2015, substantially in the form of Exhibit F hereto, between Credit Acceptance and the Borrower, as the same may be amended, restated, supplemented or otherwise modified from time to time.

"Corresponding Tenor": With respect to any Available Tenor (as applicable), either a tenor (including overnight) or an interest payment period having approximately the same length (disregarding business day adjustment) as such Available Tenor.

"Credit Acceptance": Credit Acceptance Corporation, a Michigan corporation, and its successors and permitted assigns.

"Credit Acceptance Payment Account": The clearinghouse account number XXXXXX5068 maintained by Credit Acceptance or any Successor Servicer, as applicable, at Comerica Bank, where payments received in respect of all loans and contracts are deposited or paid.

"Credit Agreement": The Sixth Amended and Restated Credit Acceptance Corporation Credit Agreement, dated as of June 23, 2014, among Credit Acceptance, Comerica Bank, as administrative agent and collateral agent, and the banks signatory thereto, as amended from time to time.

"Credit Guidelines": The policies and procedures of Credit Acceptance, relating to the extension of credit to automobile and light-duty truck dealers and consumers in respect of retail installment contracts for the sale of automobiles and/or light-duty trucks, including, without limitation, the policies and procedures for determining the creditworthiness of such dealers and consumers and, relating to this extension of credit to such dealers and consumers, the maintenance of installment sale contracts, as in effect on the Cut-Off Date and as amended from time to time in accordance herewith and with the other Transaction Documents or as required by Applicable Law, attached hereto as Schedule II.

"Custodian": Credit Acceptance, or any person appointed as Custodian pursuant to Section 6.2(d).

"Cut-Off Date": With respect to any Loan and related Collateral purchased by the Borrower, the last day of the calendar month immediately preceding the calendar month in which such Loan and related Collateral was acquired by the Borrower.

"*Daily Simple SOFR*": For any day, SOFR, with the conventions for this rate (which will include a lookback) being established by the Deal Agent in accordance with the conventions for this rate selected or recommended by the Relevant Governmental Body for determining "Daily Simple SOFR" for syndicated business loans; provided that if the Deal Agent decides that any such convention is not administratively feasible for the Deal Agent, then the Deal Agent may establish another convention in its reasonable discretion.

"Date of Processing": With respect to any transaction relating to a Loan or a Contract, the date on which such transaction is first recorded on the Servicer's master servicing file (without regard to the effective date of such recordation).

"Deal Agent": Defined in the preamble of the Agreement.

"Dealer": Any new or used automobile and/or light-duty truck dealer who has entered into a Dealer Agreement or a Purchase Agreement with Credit Acceptance.

"Dealer Agreement": Each agreement between Credit Acceptance and any Dealer, in substantially the forms attached hereto as Exhibit H.

"Dealer Collections": Defined in Section 2.7(d).

"Dealer Collections Purchase": Defined in Section 6.15(a).

"Dealer Collections Purchase Agreement": Defined in Section 6.15(a).

"Dealer Collections Purchase Price": Defined in Section 6.15(b).

"Dealer Concentration Limit": With respect to any Dealer, an amount equal to, in the case of Dealer Loans related to such Dealer, 4.0% of the aggregate Outstanding Balance of Dealer Loans, on the Funding Date.

"Dealer Loan": All amounts advanced by Credit Acceptance 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; *provided, however,* that the term *"Dealer Loan"* shall, for the purposes of this Agreement, include only those Dealer Loans identified from time to time on Schedule V hereto, as amended from time to time in accordance herewith.

"Dealer Loan Contract": Each retail installment sales contract, in substantially one of the forms attached hereto as Exhibit I, relating to the sale of an automobile or light-duty truck originated by a Dealer and in which Credit Acceptance shall have been granted a security interest and shall have acquired certain other rights under a related Dealer Agreement to secure the related dealer's obligation to repay one or more related Dealer Loans.

"Default Rate": As defined in the Fee Letter.

"Derivatives": Any exchange-traded or over-the-counter (i) forward, future, option, swap, cap, collar, floor or foreign exchange contract or any combination thereof, whether for physical delivery or cash settlement, relating to any interest rate, interest rate index, currency, currency exchange rate, currency exchange rate index, debt instrument, debt price, debt index,

depository instrument, depository price, depository index, equity instrument, equity price, equity index, commodity, commodity price or commodity index, (ii) any similar transaction, contract, instrument, undertaking or security, or (iii) any transaction, contract, instrument, undertaking or security containing any of the foregoing.

"Determination Date": The fourth (4th) Business Day prior to the related Payment Date.

"*Eligible Assignee*": (a) an Affiliate of the Lender; (b) any Person (other than a natural person) that is engaged in the business of making, purchasing, holding or otherwise investing in commercial revolving loans in the ordinary course of its business, provided that such Person is administered or managed by the Lender, an Affiliate of the Lender or an entity or Affiliate of an entity that administers or manages the Lender; or (c) any other Person (other than a natural person) approved by (i) the Deal Agent and (ii) unless a Termination Event has occurred and is continuing or such assignment is to any Federal Reserve Bank, the Borrower (each such approval not to be unreasonably withheld or delayed); *provided* that notwithstanding the foregoing, *"Eligible Assignee"* shall not include the Borrower, or any of the Borrower's Affiliates or Subsidiaries.

"Eligible Contract": Each Eligible Dealer Loan Contract and each Eligible Purchased Loan Contract.

"Eligible Dealer Agreement": Each Dealer Agreement:

(a) which was originated by the Originator in material compliance with all applicable requirements of law and which complies in all material respects with all applicable requirements of law;

(b) with respect to which all material consents, licenses, approvals or authorizations of, or registrations or declarations with, any Governmental Authority required to be obtained, effected or given by the Borrower, Credit Acceptance or by the Servicer in connection with the origination of such Dealer Agreement or the execution, delivery and performance by the Borrower, by Credit Acceptance or by the Servicer of such Dealer Agreement have been duly obtained, effected or given and are in full force and effect;

(c) as to which at the time of the transfer of rights thereunder to the Collateral Agent and the Secured Parties, the Borrower will have good and marketable title thereto, free and clear of all Liens;

(d) the Borrower's rights under which have been the subject of a valid grant by the Borrower of a first priority perfected security interest in such rights and in the proceeds thereof in favor of the Collateral Agent;

(e) which will at all times be the legal, valid and binding obligation of the Dealer party thereto (it being understood that recourse for such payment obligation shall be limited to the extent set forth in the Dealer Agreement), enforceable against such

Dealer in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws, now or hereafter in effect, affecting the enforcement of creditors' rights in general and except as such enforceability may be limited by general principles of equity (whether considered in a suit at law or in equity);

(f) which constitutes either a *"general intangible"* or *"tangible chattel paper"* under and as defined in Article 9 of the UCC;

(g) which, at the time of the pledge of the rights to payment thereunder to the Collateral Agent and the Secured Parties, no right to payment thereunder has been waived or modified;

(h) which is not subject to any right of rescission, setoff, counterclaim or other defense (including the defense of usury), other than defenses arising out of applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights in general;

(i) as to which Credit Acceptance, the Servicer and the Borrower have satisfied in all material respects all obligations to be fulfilled at the time the rights to payment thereunder are pledged to the Collateral Agent and the Secured Parties;

(j) as to which the related Dealer has not asserted that such agreement is void or unenforceable in any legal proceedings not being contested in good faith;

(k) as to which the related Dealer is not known to be bankrupt or insolvent;

(l) as to which the related Dealer is not an Affiliate of or an executive of Credit Acceptance or an Affiliate of Credit Acceptance;

(m) as to which the related Dealer is located in the United States; and

(n) as to which none of Credit Acceptance, the Servicer or the Borrower has done anything, at the time of its pledge to the Collateral Agent and Secured Parties, to materially impair the rights of the Collateral Agent and Secured Parties therein.

"Eligible Dealer Loan Contract": Each Dealer Loan Contract which at the time of its pledge by the applicable Dealer to the Originator, satisfied the requirements for "Qualifying Receivable" set forth in the related Dealer Agreement.

"Eligible Dealer Loan": Each Dealer Loan, at the time of its transfer to the Borrower under the Contribution Agreement:

(a) which has arisen under a Dealer Agreement that, on the day the Dealer Loan was created, qualified as an Eligible Dealer Agreement;

(b) which was created in material compliance with all applicable requirements of law and pursuant to an Eligible Dealer Agreement which complies in all material respects with all applicable requirements of law;

(c) with respect to which all material consents, licenses, approvals or authorizations of, or registrations or declarations with, any Governmental Authority required to be obtained, effected or given by the Borrower, in connection with the creation of such Dealer Loan or the execution, delivery and performance by the Borrower of the related Eligible Dealer Agreement, have been duly obtained, effected or given and are in full force and effect;

(d) as to which at the time of the pledge of such Dealer Loan to the Collateral Agent and the Secured Parties, the Borrower will have good and marketable title thereto, free and clear of all Liens;

(e) as to which a valid first priority perfected security interest in such Dealer Loan, related security and in the Proceeds thereof has been granted by the Originator in favor of the Borrower and by the Borrower in favor of the Collateral Agent;

(f) which will at all times be the legal, valid and binding payment obligation of the Obligor thereof (it being understood that recourse for such payment obligation shall be limited to the extent set forth in the Dealer Agreement), enforceable against such Obligor in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws, now or hereafter in effect, affecting the enforcement of creditors' rights in general and except as such enforceability may be limited by general principles of equity (whether considered in a suit at law or in equity);

(g) which constitutes a "general intangible" under and as defined in Article 9 of the UCC as in effect in the relevant State;

(h) which is denominated and payable in United States dollars and which was originated in the United States;

(i) which, at the time of its pledge to the Collateral Agent and the Secured Parties, has not been waived or modified;

(j) which is not subject to any right of rescission (subject to the rights of the related Dealer to repay the outstanding balance of the Dealer Loan and terminate the related Dealer Agreement), setoff, counterclaim or other defense (including the defense of usury), other than defenses arising out of applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights in general;

(k) as to which Credit Acceptance, the Servicer and the Borrower have satisfied all material obligations to be fulfilled at the time it is pledged to the Collateral Agent and the Secured Parties;

(l) as to which the related Dealer has not asserted that the related Dealer Agreement is void or unenforceable in any legal proceedings not being contested in good faith;

(m) as to which the related Dealer is not known to be bankrupt or insolvent;

(n) as to which none of Credit Acceptance, the Servicer or the Borrower has done anything, at the time of its pledge to the Collateral Agent and the Secured Parties, to materially impair the rights of the Collateral Agent and the Secured Parties;

(o) the proceeds of which were used to finance the purchases of new or used automobiles and/or light-duty trucks and related products; and

(p) if any Dealer Loan Contract securing such Dealer Loan is an electronic contract, such electronic contract constitutes "electronic chattel paper" and there is only a single "authoritative copy" (as such terms are used in Section 9-105 of the UCC) of such electronic contract and such "authoritative copy" constitutes an Authoritative Electronic Copy.

"Eligible Loans": The Eligible Dealer Loans and Eligible Purchased Loans.

"Eligible Purchased Loan Contract": Each Purchased Loan Contract which at the time of its purchase from the applicable Dealer by the Originator, evidenced an Eligible Purchased Loan.

"Eligible Purchased Loans": Each Purchased Loan, at the time of its transfer to the Borrower under the Contribution Agreement:

(a) which has been originated in the United States by a Dealer for the retail sale of a Financed Vehicle in the ordinary course of such Dealer's business and is evidenced by a fully and properly executed Purchased Loan Contract of which there is only one original executed copy (or, if such Purchased Loan Contract is an electronic contract, there is only a single "authoritative copy" (as such term is used in Section 9-105 of the UCC) of such electronic contract and such "authoritative copy" constitutes an Authoritative Electronic Copy);

(b) which creates a valid, subsisting, and enforceable first priority security interest for the benefit of the Originator in the Financed Vehicle, which security interest has been, in turn, assigned by the Originator to the Borrower, and by the Borrower to the Collateral Agent;

(c) which contains customary and enforceable provisions such that the rights and remedies of the holder thereof shall be adequate for realization against the collateral of the benefits of the security;

(d) which provides for, in the event that such Purchased Loan is prepaid in full, a prepayment that fully pays the Outstanding Balance of such Purchased Loan (net of all rebates for the unused portion of any ancillary products and net of all unearned finance charges);

(e) which was created in material compliance with all applicable requirements of law;

(f) which will at all times be the legal, valid and binding payment obligation of the Obligor thereof, enforceable against such Obligor in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws, now or hereafter in effect, affecting the enforcement of creditors' rights in general and except as such enforceability may be limited by general principles of equity (whether considered in a suit at law or in equity);

(g) which is not subject to any right of rescission, setoff, counterclaim or other defense (including the defense of usury), other than defenses arising out of applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights in general;

(h) the Obligor thereon is not the United States, any State or any agency, department, or instrumentality of the United States or any State;

(i) the Obligor thereon is a natural person;

(j) with respect to which, to the best of the Originator's knowledge, no liens or claims have been filed for work, labor, materials, taxes or liens that arise out of operation of law relating to the applicable Financed Vehicle that are prior to, or equal with, the security interest in the Financed Vehicle granted by the related Purchased Loan Contract;

(k) with respect to which, to the best of the Originator's knowledge, there was no material misrepresentation by the Obligor thereon on such Obligor's credit application;

(l) which has not been originated in, and is not subject to the laws of, any jurisdiction under which the sale, transfer and assignment of such Purchased Loan under this Agreement or pursuant to the transfer of the related Purchased Loan Contract shall be unlawful, void or voidable;

(m) which (i) constitutes "tangible chattel paper," "electronic chattel paper" or a "payment intangible," as such terms are defined in the UCC in the relevant State, (ii) if "tangible chattel paper," shall be maintained in its original "tangible" form, unless the Collateral Agent has consented in writing to such chattel paper being maintained in another form or medium, and (iii) if "electronic chattel paper," there is only a single "authoritative copy" (as such term is used in Section 9-105 of the UCC) and such "authoritative copy" constitutes an Authoritative Electronic Copy;

(n) which is payable in U.S. Dollars and the Obligor thereon is an individual who is a United States resident;

(o) which satisfies in all material respects the requirements under the Credit Guidelines;

(p) with respect to which the collection practices used with respect thereto have complied in all material respects with the Collection Guidelines;

(q) with respect to which the Originator has duly fulfilled all material obligations to be fulfilled on the lender's part under or in connection with the origination, acquisition and assignment of such Purchased Loan, including, without limitation, giving any notices or consents necessary to effect the acquisition of such Purchased Loan by the Borrower, and has done nothing to materially impair the rights of the Borrower, or the Secured Parties in payments with respect thereto;

(r) which was purchased by the Originator from a Dealer pursuant to a Purchase Agreement or for a Purchased Loan that previously secured a Dealer Loan, another agreement;

(s) with respect to which the Dealer from whom the Originator purchased such Purchased Loan has not engaged in any conduct constituting fraud or misrepresentation with respect to such Purchased Loan to the best of the Originator's knowledge;

(t) with respect to which, at the time such Purchased Loan was originated the proceeds thereof were fully disbursed and there is no requirement for future advances thereunder, and all fees and expenses in connection with the origination of such Purchased Loan have been paid;

(u) with respect to which the Servicer holds the Certificate of Title or the application for a Certificate of Title for the related Financed Vehicle as of the date on which the related Purchased Loan Contract is transferred to the Borrower and will obtain within 180 days of such date the Certificate of Title with respect to such Financed Vehicle as to which the Servicer holds only such application; and

(v) with respect to which the related Purchased Loan Contract has not been extended or rewritten and is not subject to any forbearance, or any other modified payment plan other than in accordance with the Credit Guidelines or as required by Applicable Law.

"ERISA": The United States Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated and rulings issued thereunder.

"ERISA Affiliate": (a) Any corporation that is a member of the same controlled group of corporations (within the meaning of Section 414(b) of the Code) as the Borrower, (b) a trade or business (whether or not incorporated) under common control (within the meaning of Section 414(c) of the Code) with the Borrower, or (c) a member of the same affiliated service group (within the meaning of Section 414(m) of the Code) as the Borrower, any corporation described in clause (a) above or any trade or business described in clause (b) above.

"Excess Reserve Amount": With respect to any Payment Date, the excess, if any, of the amount on deposit in the Reserve Account over the Required Reserve Account Amount.

"Excluded Dealer Agreement Rights": With respect to any Dealer Agreement, the rights of Credit Acceptance thereunder related to loans made to the related Dealer which are not Dealer Loans pledged by the Borrower to the Collateral Agent hereunder, including rights of set-off and rights of indemnification, related to such Dealer Loans.

"Excluded Taxes": Any of the following Taxes imposed on or with respect to a recipient or required to be withheld or deducted from a payment to a recipient, (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes, and branch profits Taxes, in each case, (i) imposed as a result of such recipient being organized under the laws of, or having its principal office or, in the case of any Lender, its applicable lending office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes, (b) in the case of a Lender, U.S. federal withholding Taxes imposed on amounts payable to or for the account of such Lender with respect to an applicable interest in a Loan or Commitment pursuant to a law in effect on the date on which (i) such Lender acquires such interest in the Loan or Commitment or (ii) such Lender changes its lending office, except in each case to the extent that, pursuant to Section 2.11, amounts with respect to such Taxes were payable either to such Lender's assignor immediately before such Lender became a party hereto or to such Lender immediately before it changed its lending office, (c) Taxes attributable to such recipient's failure to comply with Section 2.11(f) and (d) any U.S. federal withholding Taxes imposed under FATCA.

"FATCA": Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof and any agreements entered into pursuant to Section 1471(b)(1) of the Code.

"Foreign Lender": If the Borrower is (a) a U.S. Person, a Lender that is not a U.S. Person, and (b) not a U.S. Person, a Lender that is resident or organized under the laws of a jurisdiction other than that in which the Borrower is resident for tax purposes.

"Fee Letter": The Fee Letter, dated as of the date hereof, among the Borrower, the Servicer, the Deal Agent and the Lender, as such letter may be amended, modified, supplemented, restated or replaced from time to time.

"*Final Score*": The final output from the Originator's proprietary credit scoring process.

"Financed Vehicle": With respect to a Contract, any new or used automobile, light-duty truck, minivan or sport utility vehicle, together with all accessories thereto, securing the related Obligor's indebtedness thereunder.

"Flagstar Bank": Flagstar Bank, fsb.

~~*"Floor"*: Zero percent (0%).~~

"Forecasted Collections": The expected amount of Collections to be received with respect to the Aggregate Outstanding Eligible Loan Balance each month as determined by Credit Acceptance in accordance with its forecasting model, which shall be submitted to the Deal Agent with each Funding Notice related to a proposed Revolving Loan when new Pools are pledged to the Collateral Agent or in accordance with Section 2.13(a)(vii) or Section 6.5(f).

"Funding": An advance of a Revolving Loan by the Lender pursuant to Section 2.1 and Section 2.3 hereof.

"Funding Date": In the case of the Initial Funding, and as to any Incremental Funding, the date set forth in each Funding Notice delivered to the Deal Agent in accordance with Section 2.3 hereof.

"Funding Notice": The notice, in the form of Exhibit A hereto, delivered in accordance with Section 2.3 hereof.

"GAAP": Generally accepted accounting principles as in effect from time to time in the United States.

"Governmental Authority": Any nation or government, any state or other political subdivision thereof, any central bank (or similar monetary or regulatory authority) thereof, any body or entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government and any court or arbitrator having jurisdiction over such Person, and any accounting board or authority (whether or not a part of government) which is responsible for the establishment or interpretation of national or international accounting principles, in each case whether foreign or domestic.

"Hedge Breakage Costs": For any Hedging Agreement, any amount payable by the Borrower for the early termination of such Hedging Agreement or any portion thereof.

"Hedge Costs": For any Hedging Agreement, any amount payable by the Borrower with respect thereto, including any swap payments, any breakage payments, any termination payments, any notional reduction payments and any other amounts due to the Hedge Counterparty.

"Hedge Counterparty": Any entity that enters into a Hedging Agreement that (i) consents to the assignment of the Borrower's rights under the Hedging Agreement to the Collateral Agent pursuant to Section 2.2(a) (except in the case of an interest rate cap where such consent is not required) and (ii) is satisfactory in all respects to the Deal Agent.

"Hedge Transaction": Each interest rate swap or other interest rate protection transaction, if any, between the Borrower and a Hedge Counterparty that is entered into and is governed by a Hedging Agreement.

"Hedging Agreement": Each agreement, if any, between the Borrower and a Hedge Counterparty that governs one or more Hedge Transactions entered into, as shall be reviewed and approved by the Deal Agent, and each "Confirmation" thereunder confirming the specific terms of each such Hedge Transaction, *provided, however,* that for the avoidance of doubt no ISDA Master Agreement shall be required for any interest rate cap transaction.

"Increased Costs": Any amounts required to be paid by the Borrower to an Affected Party pursuant to Section 2.10.

"Incremental Funding": Any Revolving Loan made after the Initial Funding that increases the Aggregate Loan Amount hereunder.

"Indebtedness": With respect to any Person at any date, (a) all indebtedness of such Person for borrowed money or for the deferred purchase price of property or services (other than current liabilities incurred in the ordinary course of business and payable in accordance with customary trade practices) or that is evidenced by a note, bond, debenture or similar instrument, (b) all obligations of such Person under leases that shall have been or should be, in accordance with generally accepted accounting principles, recorded as capital leases, (c) all obligations of such Person in respect of acceptances issued or created for the account of such Person, (d) all liabilities secured by any Lien on any property owned by such Person even though such Person has not assumed or otherwise become liable for the payment thereof, (e) all indebtedness, obligations or liabilities of that Person in respect of Derivatives, and (f) obligations under direct or indirect guaranties in respect of obligations (contingent or otherwise) to purchase or otherwise acquire, or to otherwise assure a creditor against loss in respect of, indebtedness or obligations of others of the kind referred to in clauses (a) through (e) above.

"Indemnified Amounts": Defined in Section 10.1(a).

"Indemnified Parties": Defined in Section 10.1(a).

"Indemnified Taxes": (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of the Borrower or the Servicer under any Transaction Document and (b) to the extent not otherwise described in (a), Other Taxes, but not, in any event, Excluded Taxes.

"Independent Director": Defined in Section 5.2(n)(xxvii).

“Ineligible Contract”: Each contract other than an Eligible Contract.

“*Ineligible Loan*”: Each Loan other than an Eligible Loan.

“Initial Funding”: Defined in Section 2.3(a).

“Insolvency Event”: With respect to a specified Person, (a) (i) the entry of an order for relief against such Person in an involuntary case under any applicable Insolvency Law or (ii) the filing of any proceeding by a court having jurisdiction in the premises in respect of such Person or any substantial part of its property in an involuntary case under any applicable Insolvency Law now or hereafter in effect, or the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official for such Person or for any substantial part of its property, or the ordering by such court of the winding-up or liquidation of such Person’s affairs, and such proceeding, appointment or order shall remain unstayed and in effect for a period of 60 consecutive days; or (b) the commencement by such Person of a voluntary case under any applicable Insolvency Law now or hereafter in effect, or the consent by such Person to the entry of an order for relief in an involuntary case under any such law, or the consent by such Person to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official for such Person or for any substantial part of its property, or the making by such Person of any general assignment for the benefit of creditors, or the failure by such Person generally to pay its debts as such debts become due, or the taking of action by such Person in furtherance of any of the foregoing.

“Insolvency Laws”: The Bankruptcy Code and all other applicable liquidation, conservatorship, bankruptcy, moratorium, rearrangement, receivership, insolvency, reorganization, suspension of payments, or similar debtor relief laws from time to time in effect affecting the rights of creditors generally.

“Insolvency Proceeding”: Any case, action or proceeding before any court or other Governmental Authority relating to any Insolvency Event.

“Instrument”: Any “instrument” (as defined in Article 9 of the UCC), other than an instrument that constitutes part of chattel paper.

“Intercreditor Agreement”: The Amended and Restated Intercreditor Agreement, dated as of September 30, 2015, among Credit Acceptance, CAC Warehouse Funding Corporation II, CAC Warehouse Funding LLC V, CAC Warehouse Funding LLC IV, the Borrower, Credit Acceptance Funding LLC 2015-2, Credit Acceptance Funding LLC 2015-1, Credit Acceptance Funding LLC 2014-2, Credit Acceptance Funding LLC 2014-1, Credit Acceptance Funding LLC 2013-2, Credit Acceptance Funding LLC 2013-1, Credit Acceptance Auto Loan Trust 2015-2, Credit Acceptance Auto Loan Trust 2015-1, Credit Acceptance Auto Loan Trust 2014-2, Credit Acceptance Auto Loan Trust 2014-1, Credit Acceptance Auto Loan Trust 2013-2, Credit Acceptance Auto Loan Trust 2013-1, Wells Fargo Bank, National Association, as collateral agent under the securitization documents relating to CAC Warehouse Funding Corporation II, Wells Fargo Bank, National Association, as indenture trustee and trust collateral agent under the securitization documents relating to Credit Acceptance Auto Loan Trust 2015-2, Credit

Acceptance Auto Loan Trust 2015-1, Credit Acceptance Auto Loan Trust 2014-2, Credit Acceptance Auto Loan Trust 2014-1, Credit Acceptance Auto Loan Trust 2013-2 and Credit Acceptance Auto Loan Trust 2013-1, respectively, Comerica Bank, as agent under the Credit Agreement, Fifth Third Bank, as agent under the securitization documents relating to CAC Warehouse Funding LLC V, Bank of Montreal, as collateral agent under the securitization documents relating to CAC Warehouse Funding LLC IV, Flagstar Bank, as collateral agent under the securitization documents relating to the Borrower, and each other Person who becomes a party thereto after the date thereof.

"Interest": With respect to the Lender and the Aggregate Loan Amount, with respect to any Interest Period, the sum (for each day during such Interest Period) of:

$$\left(IR \times BRL \times \frac{1}{360}\right) + \left(IR \times BL \times \frac{1}{360}\right)$$

where:

BRL = the aggregate outstanding principal amount of Base Rate Loans of the Lender;

BL = the aggregate outstanding principal amount of Benchmark Loans of the Lender;

and

IR = the Interest Rate for the Lender applicable on such day for each Revolving Loan;

provided, however, that (i) no provision of this Agreement shall require the payment or permit the collection of Interest in excess of the maximum permitted by Applicable Law and (ii) Interest shall not be considered paid by any distribution if at any time such distribution is rescinded or must otherwise be returned for any reason.

"Interest Period": For any Payment Date, the most recently ended calendar month, except (i) in the case of the first Payment Date, the period beginning on the Closing Date to and including the last day of the calendar month in which the Closing Date occurs, and (ii) in the case of any Funding that does not occur on a Payment Date, the period beginning on the date of such Funding to and including the last day of the calendar month in which the Funding occurs.

"Interest Rate": For any Interest Period and for the aggregate outstanding principal amount of the Revolving Loans allocated to such Interest Period:

(a) a rate equal to the Base Rate for Base Rate Loans or ~~BSBY~~the then-current Benchmark for Benchmark Loans; or

(b) after the occurrence and during the continuance of an Amortization Event or a Termination Event, the Default Rate.

"Investment": With respect to any Person, any direct or indirect loan, advance or investment by such Person in any other Person, whether by means of share purchase, capital contribution, loan or otherwise, excluding the acquisition of Collateral pursuant to the Contribution Agreement and excluding commission, travel and similar advances to officers, employees and directors made in the ordinary course of business.

"Late Fees": If a Successor Servicer has replaced the initial Servicer, any late fees collected with respect to any Contract.

"Lender": Flagstar Bank, fsb and its permitted successors and assigns.

"Lien": With respect to any Loan, Dealer Agreement or Contract, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind (other than any tax liens, mechanics' liens, liens of collection attorneys or agents collecting the property subject to such tax lien or mechanics' lien and any liens which attach thereto by operation of law).

"Loan": Any Dealer Loan or Purchased Loan.

"Loss Rate": With respect to each Quarterly Determination Date during the Revolving Period, for all dealers, the ratio (expressed as a percentage) at any time the same is to be determined, where (i) the numerator of which is equal to the Cash Advance Loss at such time, if any, and (ii) the denominator of which is equal to the sum of Credit Acceptance's original cash advances for all dealer loans.

"Material Adverse Effect": With respect to any event or circumstance, means a material adverse effect on (a) the business, condition (financial or otherwise), operations, performance, properties or prospects of the Originator, the Servicer or the Borrower, (b) the validity, enforceability or collectibility of this Agreement or any other Transaction Document or the validity, enforceability or collectibility of the Loans, (c) the rights and remedies of the Deal Agent, the Collateral Agent or Secured Parties, (d) the ability of the Borrower, the Originator or the Servicer to perform its obligations under this Agreement or any other Transaction Document, or (e) the status, existence, perfection, priority or enforceability of the Collateral Agent's or any Secured Party's interest in the Collateral.

"Material Debt": Defined in Section 6.11(i).

"Monthly Principal Payment Amount": With respect to any Payment Date, the amount, if any, necessary to reduce the Aggregate Loan Amount to the Borrowing Base as of such Payment Date.

"Monthly Report": Defined in Section 6.5(a).

"Moody's": Moody's Investors Service, Inc., and any successor thereto.

"Multiemployer Plan": A "multiemployer plan" as defined in Section 4001(a)(3) of ERISA that is or was at any time during the current year or the immediately preceding five years contributed to by the Borrower or any ERISA Affiliate on behalf of its employees.

"Net Advance Rate": 80%.

"Nonconforming Contract": Defined in Section 6.2(c)(ii).

"Nonconforming Contract Payment Amount": With respect to a Nonconforming Contract, an amount equal to the sum of: (i) the product of the Outstanding Balance of such Contract as of the last day of the related Collection Period and a fraction, the numerator of which is the Aggregate Loan Amount as of the Funding Date and the denominator of which is the Outstanding Balance of Eligible Contracts as of the Funding Date; (ii) accrued and unpaid Carrying Costs, Increased Costs, Indemnified Amounts and Additional Amounts related to such Contract through the date of such deposit; and (iii) all Hedge Costs due to the relevant Hedge Counterparties for any termination in whole or in part of one or more transactions related to the relevant Hedging Agreement, as required by the terms of any Hedging Agreement.

"Note": The Variable Funding Note of the Borrower, issued to the Lender pursuant to Section 2.1(c) hereof substantially in the form of Exhibit G hereto.

"Obligor": With respect to any Loan, Dealer Agreement or Contract, the Person or Persons obligated to make payments with respect to such Dealer Agreement, Loan or Contract, respectively, including any guarantor thereof.

"OFAC": The U.S. Department of the Treasury's Office of Foreign Assets Control.

"Officer's Certificate": A certificate signed by any officer of the Borrower or the Servicer, as the case may be, and delivered to the Collateral Agent.

"Open Pool": With respect to any Dealer Loan, a Pool as to which, pursuant to the terms of the related Dealer Agreement, additional Dealer Loan Contracts may be allocated.

"Opinion of Counsel": A written opinion of counsel, which opinion and counsel are reasonably acceptable to the Deal Agent.

"Original Advance Rate": With respect to any Dealer, the ratio (expressed as a percentage) at any time the same is to be determined, where (i) the numerator of which is equal

to the sum of the Outstanding Balances of all Eligible Loans of such Dealer on the dates such Eligible Loans were originated at such time and (ii) the denominator of which is equal to the sum of payments due under all Eligible Contracts related to such Dealer on their dates of origination at such time.

"Originator": Defined in the preamble of this Agreement.

"Other Connection Taxes": With respect to any recipient, Taxes imposed as a result of a present or former connection between such recipient and the jurisdiction imposing such Tax (other than connections arising from such recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Transaction Document, or sold or assigned an interest in any Revolving Loan or Transaction Document).

"Other Taxes": All present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Transaction Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment.

"Outstanding Balance": (i) With respect to any Contract on any date of determination, all amounts owing under such Contract (whether considered principal or as finance charges) on such date of determination. The Outstanding Balance with respect to a Contract shall be deemed to have been created at the end of the day on the Date of Processing of such Contract; which shall be greater than or equal to zero (except in the case of a Contract as to which the final payment on such Contract is in excess of the amount owed on such Contract on the date of such final payment);

(ii) with respect to any Dealer Loan on any date of determination, the aggregate amount advanced under such Dealer Loan plus revenue accrued with respect to such Dealer Loan in accordance with Credit Acceptance's adjusted accounting policies (as in effect as of January 1, 2020) and the payment of monies to a Dealer under the related Dealer Agreement, less collections on the related Dealer Loan Contracts applied through such date of determination in accordance with the related Dealer Agreement to the reduction of the balance of such Dealer Loan;

(iii) with respect to any Purchased Loan (other than any Purchased Loan arising from a Dealer Collections Purchase Agreement) on any date of determination, the aggregate amount advanced under such Purchased Loan plus revenue accrued with respect to such Purchased Loan in accordance with Credit Acceptance's adjusted accounting policies (as in effect as of January 1, 2020), less Collections on the related Purchased Loan Contract applied through the date of determination to the reduction of the balance of such Purchased Loan; and

(iv) with respect to any Purchased Loan arising from a Dealer Collections Purchase Agreement on any date of determination, (A) such Purchased Loan's pro rata share of the sum of (x) the Outstanding Balance of the related Dealer Loan as of the date of the related Dealer

Collections Purchase and (y) the Dealer Collections Purchase Price with respect to such Dealer Loan (such pro rata share determined based on such Purchased Loan's pro rata share of the forecasted collections on the pool of Purchased Loans which previously constituted Dealer Loan Contracts securing such Dealer Loan), plus following the acquisition of such Purchased Loan (B) revenue accrued with respect to such Purchased Loan in accordance with Credit Acceptance's adjusted accounting policies (as in effect as of January 1, 2020), less (C) Collections on the related Purchased Loan Contract applied through the date of determination to the reduction of the balance of such Purchased Loan.

"Overconcentration Loan Amount": With respect to any Dealer, the amount by which the aggregate Outstanding Balance of Dealer Loans made to such Dealer, calculated on the Funding Date, exceeds the Dealer Concentration Limit.

"Patriot Act": Defined in Section 4.1(z).

"Payment Date": The fifteenth (15th) day of each calendar month or, if such day is not a Business Day, the next succeeding Business Day.

"*Periodic Term SOFR Determination Day*": Defined in the definition of "Term SOFR".

"Permitted Investments": Any one or more of the following types of investments:

(a) marketable obligations of the United States, the full and timely payment of which are backed by the full faith and credit of the United States of America and that have a maturity of not more than 270 days from the date of acquisition;

(b) marketable obligations, the full and timely payment of which are directly and fully guaranteed by the full faith and credit of the United States and that have a maturity of not more than 270 days from the date of acquisition;

(c) bankers' acceptances and certificates of deposit and other interest-bearing obligations (in each case having a maturity of not more than 270 days from the date of acquisition) denominated in dollars and issued by any bank with capital, surplus and undivided profits aggregating at least $100,000,000;

(d) repurchase obligations with a term of not more than ten days for underlying securities of the types described in clauses (a), (b) and (c) above entered into with any bank of the type described in clause (c) above;

(e) commercial paper rated at least A-1 by S&P or P-1 by Moody's;

(f) demand deposits, time deposits or certificates of deposit (having original maturities of no more than 365 days) of depository institutions or trust companies incorporated under the laws of the United States of America or any state thereof (or domestic branches of any foreign bank) and subject to supervision and examination by federal or state banking or depository institution authorities; and

(g) money market mutual funds (including funds for which the Collateral Agent may act as a sponsor or advisor or for which the Collateral Agent may receive fee income) having a rating, at the time of such investment, in the highest investment category granted to money market mutual funds by the applicable rating agency.

Each of the Permitted Investments may be purchased by the Collateral Agent or through an Affiliate of the Collateral Agent.

"Permitted Liens": Liens for state, municipal or other local taxes if such taxes shall not at the time be due and payable and Liens granted pursuant to the Transaction Documents and with respect to the Dealer Loan Contracts, the second priority lien of the related Dealer therein as set forth in the related Dealer Agreement.

"Person": An individual, partnership, corporation (including a business trust), limited liability company, joint stock company, trust, unincorporated association, sole proprietorship, joint venture, government (or any agency or political subdivision thereof) or other entity.

"Pool": An identifiable group of Dealer Loan Contracts related to a particular Dealer Agreement identified on Schedule V hereto (as amended from time to time in accordance herewith), which, for the avoidance of doubt, may take the form of an Open Pool or Closed Pool at the time it is pledged hereunder.

"Proceeds": With respect to any portion of the Collateral, all "proceeds" as such term is defined in Article 9 of the UCC, including, whatever is receivable or received when such portion of Collateral is sold, liquidated, foreclosed, exchanged, or otherwise disposed of, whether such disposition is voluntary or involuntary, and includes all rights to payment with respect to any insurance relating thereto.

"Program Fee": As defined in the Fee Letter.

"Purchase Agreement": Each agreement between Credit Acceptance and any Dealer in substantially the form attached hereto as Exhibit J, together with any Dealer Collections Purchase Agreement.

"Purchased Loan": A motor vehicle retail installment loan relating to the sale of an automobile or light-duty truck originated by a Dealer, purchased by the Originator from such Dealer and evidenced by a Purchased Loan Contract; *provided, however,* that the term "Purchased Loan" shall, for purposes of this Agreement, include only those Purchased Loans identified from time to time on Schedule V hereto, as amended from time to time in accordance herewith.

"Purchased Loan Contract": Each motor vehicle retail installment sales contract, in substantially one of the forms attached hereto as Exhibit I, relating to a Purchased Loan.

"*Quarterly Determination Date*": The last Business Day of each January, April, July, and October.

"Qualified Institution": Defined in Section 6.7(a).

"Records": The Dealer Agreements, Contracts, Contract Files and all other documents, books, records and other information (including, without limitation, computer programs, tapes, discs, punch cards, data processing software and related contracts, records and other media for storage of information) in each case whether tangible or electronic that are maintained with respect to the Loans and the Contracts and the related Obligors.

"Reference Time": With respect to any setting of the then-current Benchmark, the time determined by the Deal Agent in its reasonable discretion.

"Related Security": With respect to any Loan, all of Credit Acceptance's and the Borrower's interest in:

(i) the Dealer Agreements (other than Excluded Dealer Agreement Rights, but including Credit Acceptance's rights to service the Loans and the related Contracts and receive the related collection fee and receive reimbursement of certain repossession and recovery expenses, in accordance with the terms of the Dealer Agreements) and Contracts securing payment of such Loan;

(ii) all security interests or liens purporting to secure payment of such Loan, whether pursuant to such Loan, the related Dealer Agreement or otherwise, together with all financing statements signed by the related Obligor describing any collateral securing such Loan and all other property obtained upon foreclosure of any security interest securing payment of such Loan or any related Contract;

(iii) 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 each Contract whether pursuant to such Contract or otherwise, including any of the foregoing relating to any Contract securing payment of such Loan;

(iv) all of the Borrower's interest in all Records, documents and writing evidencing or related to such Loan;

(v) all rights of recovery of the Borrower against the Originator;

(vi) all Collections (other than Dealer Collections), the Collection Account, the Reserve Account, and all amounts on deposit therein and investments thereof;

(vii) all of the Borrower's right, title and interest in and to (but not its obligations under) any Hedging Agreement and any payment from time to time due thereunder;

(viii) all of the Borrower's right, title and interest in and to the Contribution Agreement and the assignment to the Collateral Agent of all UCC financing statements filed by the Borrower against the Originator under or in connection with the Contribution Agreement; and

(ix) the Proceeds of each of the foregoing.

For the avoidance of doubt, the term *"Related Security"* with respect to any Dealer Loan includes all rights arising under such Dealer Loan which rights are attributable to advances made under such Dealer Loan as the result of such Dealer Loan being secured by an Open Pool on the date such Dealer Loan was sold and Dealer Loan Contracts being added to such Open Pool.

"Release Date": Defined in Section 4.5(b).

"Release Price": Defined in Section 4.5(a).

"Relevant Governmental Body": The Federal Reserve Board or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board or the Federal Reserve Bank of New York, or any successor thereto.

"Reliening Expenses": Defined in Section 6.2(d)(ii).

"Repossession Expenses": For any Collection Period, any expenses payable pursuant to the terms of this Agreement, incurred by a Successor Servicer, in connection with the liquidation or repossession of any Financed Vehicle, in an aggregate amount not to exceed the cash proceeds received by such Successor Servicer from the disposition of the Financed Vehicles.

"Required Reserve Account Amount": With respect to any date of determination, an amount equal to the sum of (a) the product of (i) 1.0% and (ii) the Aggregate Loan Amount on such date (after the application of funds pursuant to Section 2.6 on the related Payment Date) plus (b) all amounts required to be maintained by the Borrower pursuant to Section 6.2(c)(ii) hereof; *provided, however,* the Required Reserve Account Amount shall at no time be less than $70,000 (unless the Aggregate Loan Amount is zero, in which case the Required Reserve Account Amount shall be $0).

"Reserve Account": The segregated trust account established at the Collateral Agent for the benefit of the Secured Parties, established pursuant to Section 6.7(a).

"Reserve Advance": Defined in Section 2.6(c)(i).

"*Reset Date*": Means (i) the Closing Date, and (ii) the first (1st) day of each month thereafter, provided that: (a) if any such day is not a Business Day, then the first succeeding day that is a Business Day shall instead apply, unless that day falls in the next succeeding calendar month, in which case the next preceding day that is a Business Day shall instead apply, and (b) if any such day is a day of a calendar month for which there is no numerically corresponding day in certain other months (each, a *"Non-Conforming Month"*), then any Reset Date that falls within a Non-Conforming Month shall be the last day of such Non-Conforming Month.

"Responsible Officer": As to any Person any officer of such Person with direct responsibility for the administration of this Agreement and also, with respect to a particular matter, any other officer to whom such matter is referred because of such officer's knowledge of and familiarity with the particular subject.

"Retransfer Amount": Defined in Section 4.5(b).

"Revolving Loan": Defined in Section 2.1.

"Revolving Period": The period commencing on the Closing Date and ending on the day immediately preceding the first day of the Amortization Period.

"S&P": Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business, and any successor thereto.

"Sanctioned Country": Any country subject to a sanctions program identified on the list maintained by OFAC and available at http://www.treas.gov/offices/enforcement/ofac/programs, or as otherwise published from time to time.

"Sanctioned Person": (i) a Person named on the list of "Specially Designated Nationals" or "Blocked Persons" maintained by OFAC available at http://www.treas.gov/offices/enforcement/ofac/sdn, or as otherwise published from time to time, or (ii)(a) an agency of the government of a Sanctioned Country, (b) an organization controlled by a Sanctioned Country or (c) a Person resident in a Sanctioned Country, to the extent subject to a sanctions program administered by OFAC.

"Secured Party": (i) The Deal Agent, the Collateral Agent and the Lender and (ii) each Hedge Counterparty that is either the Lender or an Affiliate of the Lender if that Affiliate is a Hedge Counterparty and executes a counterpart of this Agreement agreeing to be bound by the terms of this Agreement applicable to a Secured Party.

"Servicer": Credit Acceptance or any Successor Servicer appointed in accordance with the terms hereof as the Servicer of the Loans and Contracts.

"Servicer Termination Event": Defined in Section 6.11.

"Servicer Termination Notice": Defined in Section 6.11.

"Servicer Expenses": Any expenses incurred by a Successor Servicer hereunder, other than Repossession Expenses or Reliening Expenses.

"Servicing Fee": For each Payment Date, a fee payable to Servicer for services rendered during the related Collection Period, equal to (i) so long as Credit Acceptance is the Servicer, the product of (A) 6.00% and (B) the total Collections for the related Collection Period (exclusive of amounts received under any Hedging Agreement) and (ii) if a Successor Servicer is the Servicer, the fees to be agreed upon at the time such Successor Servicer becomes Servicer.

"*SOFR*": A rate *per annum* equal to the secured overnight financing rate as administered by the SOFR Administrator.

"*SOFR Administrator*": The Federal Reserve Bank of New York (or a successor administrator of the secured overnight financing rate).

"Solvent": As to any Person at any time, having a state of affairs such that all of the following conditions are met: (a) the fair value of the property of such Person is greater than the amount of such Person's liabilities (including disputed, contingent and unliquidated liabilities) as such value is established and liabilities evaluated for purposes of Section 101(32) of the Bankruptcy Code; (b) the present fair salable value of the property of such Person in an orderly liquidation of such Person is not less than the amount that will be required to pay the probable liability of such Person on its debts as they become absolute and matured; (c) such Person is able to realize upon its property and pay its debts and other liabilities (including disputed, contingent and unliquidated liabilities) as they mature in the normal course of business; (d) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person's ability to pay as such debts and liabilities mature; and (e) such Person is not engaged in business or a transaction, and is not about to engage in a business or a transaction, for which such Person's property would constitute unreasonably small capital.

"Subsidiary": A corporation of which the Originator and/or its Subsidiaries own, directly or indirectly, such number of outstanding shares as have more than 50% of the ordinary voting power for the election of directors.

"Successor Servicer": A Person appointed as the Servicer pursuant to the terms of Section 6.12 and otherwise acceptable in all respects to the Deal Agent.

"Take-Out": The release of certain Loans and the related contracts from the Lien of this Agreement and the reduction of the Aggregate Loan Amount by at least $10,000,000 in connection with a refinancing (which may take the form of a sale) of such Loans by the Borrower using an affiliated special purpose entity.

"Take-Out Date": Defined in Section 2.13(a).

"Take-Out Release": The release to be executed pursuant to Section 2.13 hereto, substantially in the form of Exhibit E hereto.

"Taxes": All present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

"Termination Date": The earlier of: (a) the date of the declaration of the Termination Date pursuant to Section 9.2 and (b) the date of termination in whole of the Commitment pursuant to Section 2.5.

"*Term SOFR*": For any calculation with respect to:

(a) a Benchmark Loan, the Term SOFR Reference Rate for a tenor comparable to the applicable Interest Period on the day (such day, the "Periodic Term SOFR Determination Day") that is two (2) U.S. Government Securities Business Days prior to the first day of such Interest Period, as such rate is published by the Term SOFR Administrator; provided, however, that if as of 5:00 p.m. (New York City time) on any Periodic Term SOFR Determination Day the Term SOFR Reference Rate for the applicable tenor has not been published by the Term SOFR Administrator and a Benchmark Replacement Date with respect to the Term SOFR Reference Rate has not occurred, then Term SOFR will be the Term SOFR Reference Rate for such tenor as published by the Term SOFR Administrator on the first preceding U.S. Government Securities Business Day for which such Term SOFR Reference Rate for such tenor was published by the Term SOFR Administrator so long as such first preceding U.S. Government Securities Business Day is not more than three (3) U.S. Government Securities Business Days prior to such Periodic Term SOFR Determination Day, and

(b) a Base Rate Loan on any day, the Term SOFR Reference Rate for a tenor of one month on the day (such day, the "Base Rate Term SOFR Determination Day") that is two (2) U.S. Government Securities Business Days prior to such day, as such rate is published by the Term SOFR Administrator; provided, however, that if as of 5:00 p.m. (New York City time) on any Base Rate Term SOFR Determination Day the Term SOFR Reference Rate for the applicable tenor has not been published by the Term SOFR Administrator and a Benchmark Replacement Date with respect to the Term SOFR Reference Rate has not occurred, then Term SOFR will be the Term SOFR Reference Rate for such tenor as published by the Term SOFR Administrator on the first preceding U.S. Government Securities Business Day for which such Term SOFR Reference Rate for such tenor was published by the Term SOFR Administrator so long as such first preceding U.S. Government Securities Business Day is not more than three (3) U.S. Government Securities Business Days prior to such Base Rate Term SOFR Determination Day.

"*Term SOFR Adjustment*": With respect to Adjusted Term SOFR, 0.10% (10 basis points) *per annum*.

"*Term SOFR Administrator*": The CME Group Benchmark Administration Limited (CBA) (or a successor administrator of the Term SOFR Reference Rate selected by the Deal Agent in its reasonable discretion).

"*Term SOFR Reference Rate*": The forward-looking term rate based on SOFR.

"Termination Event": Defined in Section 9.1.

"Third Amendment Effective Date": July 18, 2017.

"Transaction Documents": This Agreement, the Contribution Agreement, each Hedging Agreement, the Fee Letter, the Intercreditor Agreement and any additional document the execution of which is necessary or incidental to carrying out the terms of the foregoing documents.

"UCC": The Uniform Commercial Code as from time to time in effect in the applicable jurisdiction or jurisdictions.

"Unadjusted Benchmark Replacement": The applicable Benchmark Replacement excluding the related Benchmark Replacement Adjustment.

"United States": The United States of America.

"Unmatured Termination Event": Any event that, with the giving of notice or the lapse of time, or both, would become a Termination Event.

"Unsatisfactory Audit": The occurrence of any audit exceptions resulting from any audit, inspection or review pursuant to Section 6.1(c), Section 6.2(e) or Section 6.9, which, in the reasonable judgment of the Deal Agent, would have a material adverse effect on the ability of the Servicer to identify and allocate Collections.

"Unused Fee": As defined in the Fee Letter.

"Upfront Fee": As defined in the Fee Letter.

"U.S. Government Securities Business Day": Any day except for (i) a Saturday, (ii) a Sunday or (iii) a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in United States government securities.

"U.S. Person": Any Person that is a "United States Person" as defined in Section 7701(a)(30) of the Code.

"U.S. Tax Compliance Certificate": Defined in paragraph (f) of Section 2.11.

"Weighted Average Final Score": With respect to each Payment Date during the Revolving Period, the ratio, expressed as a percentage, where (i) the numerator is equal to the aggregate for all Dealers of the product of (a) the Final Score of each Dealer and (b) the aggregate outstanding Outstanding Balance of all Eligible Loans for such Dealer and (ii) the denominator is equal to the Aggregate Outstanding Eligible Loan Balance.

"Weighted Average Original Advance Rate": With respect to each Payment Date during the Revolving Period, one minus the Weighted Average Original Advance Rate divided by the Weighted Average Final Score (expressed as a percentage).

"Weighted Average Spread Rate": With respect to each Payment Date during the Revolving Period, the difference between the Weighted Average Final Score and the Weighted Average Original Advance Rate.

"Wells Fargo": Wells Fargo Bank, National Association, and its successors and assigns.

Section 1.2. Other Terms. All accounting terms used but not specifically defined herein shall be construed in accordance with GAAP. All terms used in Article 9 of the UCC in the State of New York, and used but not specifically defined herein, are used herein as defined in such Article 9.

Section 1.3. Computation of Time Periods. Unless otherwise stated in this Agreement, in the computation of a period of time from a specified date to a later specified date, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding."

Section 1.4. Interpretation. In each Transaction Document, unless a contrary intention appears:

(i) the singular number includes the plural number and vice versa;

(ii) reference to any Person includes such Person's successors and assigns but, if applicable, only if such successors and assigns are permitted by the Transaction Documents;

(iii) reference to any gender includes each other gender;

(iv) reference to any agreement (including any Transaction Document), document or instrument means such agreement, document or instrument as amended, supplemented or modified and in effect from time to time in accordance with the terms thereof and, if applicable, the terms of the other Transaction Documents, and reference to any promissory note includes any promissory note that is an extension or renewal thereof or a substitute or replacement therefor; and

(v) reference to any Applicable Law means such Applicable Law as amended, modified, codified, replaced or reenacted, in whole or in part, and in effect from time to time, including rules and regulations promulgated thereunder and reference to any section or other provision of any Applicable Law means that provision of such Applicable Law from time to time in effect and constituting the substantive amendment, modification, codification, replacement or reenactment of such section or other provision.

Section 1.5. Rates. The Deal Agent does not warrant or accept responsibility for, and shall not have any liability with respect to (a) the continuation of, administration of, submission of, calculation of or any other matter related to the Base Rate, the Term SOFR Reference Rate, Adjusted Term SOFR or Term SOFR or any component definition thereof or rates referred to in the definition thereof, or any alternative, successor or replacement rate thereto (including any Benchmark Replacement), including whether the composition or characteristics of any such alternative, successor or replacement rate (including any Benchmark Replacement) will be similar to, or produce the same value or economic equivalence of, or have the same volume or liquidity as, the Base Rate, the Term SOFR Reference Rate, Adjusted Term SOFR, Term SOFR or any other Benchmark, prior to its discontinuance or unavailability, or (b) the effect, implementation or composition of any Conforming Changes. The Deal Agent, the Lenders, and their respective affiliates or other related entities may engage in transactions that affect the calculation of the Base Rate, the Term SOFR Reference Rate, Term SOFR, Adjusted Term SOFR, any alternative, successor or alternative rate (including any Benchmark Replacement) or any relevant adjustments thereto, in each case, in a manner adverse to the Borrower. The Deal Agent may select information sources or services in its reasonable discretion to ascertain the Base Rate, the Term SOFR Reference Rate, Term SOFR, Adjusted Term SOFR or any other Benchmark, in each case pursuant to the terms of this Agreement, and shall have no liability to the Borrower, any Lender or any other person or entity for damages of any kind, including direct or indirect, special, punitive, incidental or consequential damages, costs, losses or expenses (whether in tort, contract or otherwise and whether at law or in equity), for any error or calculation of any such rate (or component thereof) provided by any such information source or service.

Article II

The Loan Facility

Section 2.1. Funding of the Revolving Loans. (a)(i) On the terms and conditions hereinafter set forth (including, without limitation, the conditions set forth in Sections 3.1 and 3.2), the Borrower may, at its option, on the Closing Date and on any Funding Date request an advance of a loan or loans (individually a *"Revolving Loan"* and collectively the *"Revolving Loans"*) pursuant to Section 2.3. On the terms and conditions hereinafter set forth (including, without limitation, the conditions set forth in Section 3.1 and 3.2), the Lender agrees to make Revolving Loans to the Borrower on a revolving basis from time to time as requested by the Borrower during the period from the date hereof to but not including the Termination Date. Under no circumstances shall the Lender make a Revolving Loan if, after giving effect to the Funding of such Revolving Loan, the Aggregate Loan Amount would exceed the lesser of (i) the Commitment and (ii) the Borrowing Base. As provided in Section 2.3 and subject to Section 2.10(e), each Funding of Revolving Loans shall consist of Benchmark Loans. Upon the occurrence of an Amortization Event or the declaration of the Termination Date, the Borrower may not request and the Lender shall not be required to effect any Funding.

(b) The Borrower may, within 180 days, but no later than 90 days, prior to the then existing Commitment Termination Date, by written notice to the Deal Agent and the Lender, make written request for the Lender to extend the Commitment Termination Date for an additional period as specified by the Borrower. The Lender shall make a determination, in its sole discretion, not less than 30 days prior to the then applicable Commitment Termination Date as to whether or not it will agree to extend the Commitment Termination Date; *provided, however,* that the failure of the Lender, or the Deal Agent on its behalf, to make a timely response to the Borrower's request for extension of the Commitment Termination Date shall be deemed to constitute a refusal by the Lender to extend the Commitment Termination Date. If the Lender agrees to extend the Commitment Termination Date in accordance with the Borrower's request made pursuant to the first sentence of this clause (b), the Commitment Termination Date then in effect shall be extended to the date that is the last day of the additional time period specified by Borrower pursuant to the first sentence of this clause (b) or, if such day is not a Business Day, the next preceding Business Day.

(c) *The Note.* (i) The Borrower's obligation to pay the principal of and interest on all Revolving Loans advanced by the Lender pursuant to the Fundings shall be evidenced by a variable funding note of the Borrower in favor of the Lender (the *"Note"*) which shall: (1) be dated the Closing Date; (2) be in the stated principal amount equal to the Commitment; (3) bear interest as provided therein; (4) be payable to the order of the Lender; and (5) be substantially in the form of Exhibit G hereto, with blanks appropriately completed in conformity herewith. The Lender may, and is hereby authorized to, make a notation on the schedule attached to the Note of the date and the amount of the Fundings and the date and amount of the payment of principal thereon, and prior to any transfer of the Note, the Lender shall endorse the outstanding principal amount of the Note on the schedule attached thereto; *provided, however,* that failure to make such notation shall not adversely affect the Lender's rights with respect to the Note.

(ii) Although the Note shall be dated the Closing Date, interest in respect thereof shall be payable only for the periods during which amounts are outstanding thereunder. In addition, although the stated principal amount of the Note shall be equal to the Commitment, the Note shall be enforceable with respect to the Borrower's obligation to pay the principal thereof only to the extent of the unpaid Aggregate Loan Amount at the time such enforcement shall be sought.

Section 2.2. Grant of Security Interest; Acceptance by Collateral Agent. (a)(i) As security for the prompt and complete payment of the Note and the performance of all of the Borrower's obligations under the Note, this Agreement and the other Transaction Documents, the Borrower hereby grants to the Collateral Agent, for the benefit of the Secured Parties, without recourse except as expressly provided herein, a security interest in and continuing Lien on all right, title, and interest of the Borrower in the following property of the Borrower (whether now owned or hereafter created, acquired or arising, and wherever located):

> Accounts, Chattel Paper, Instruments (including Promissory Notes), Documents, General Intangibles (including Payment Intangibles and Software, patents, trademarks, tradestyles, copyrights, and all other intellectual property rights, including all applications, registration, and licenses therefor, and all goodwill of the business connected therewith or represented thereby), Letter-of-Credit Rights, Supporting Obligations, Deposit Accounts, Investment Property (including certificated and uncertificated Securities, Securities Accounts, Security Entitlements, Commodity Accounts, and Commodity Contracts), Inventory, Equipment (including all software, whether or not the same constitutes embedded software, used in the operation thereof), Commercial Tort Claims, Rights to merchandise and other Goods (including rights to returned or repossessed Goods and rights of stoppage in transit) which are represented by, arise from, or relate to any of the foregoing, Monies, personal property, and interests in personal property of the Debtor of any kind or description now held by the Secured Party or at any time hereafter transferred or delivered to, or coming into the possession, custody, or control of, the Secured Party, or any agent or affiliate of the Secured Party, whether expressly as collateral security or for any other purpose (whether for safekeeping, custody, collection or otherwise), and all dividends and distributions on or

other rights in connection with any such property, Supporting evidence and documents relating to any of the above-described property, including, without limitation, computer programs, disks, tapes and related electronic data processing media, and all rights of the Debtor to retrieve the same from third parties, written applications, credit information, account cards, payment records, correspondence, delivery and installation certificates, invoice copies, delivery receipts, notes, and other evidences of indebtedness, insurance certificates and the like, together with all books of account, ledgers, and cabinets in which the same are reflected or maintained, Accessions and additions to, and substitutions and replacements of, any and all of the foregoing, and Proceeds and products of the foregoing, and all insurance of the foregoing and proceeds thereof (each of the foregoing terms as used in this paragraph which are defined in the UCC shall have the same meanings herein as such terms are defined in the UCC in New York, unless this Agreement shall otherwise specifically provide); including, without limitation, all of its right, title and interest to: (x) the Loans, and all monies due or to become due in payment thereupon on and after the related Cut-Off Date; (y) all Related Security; and (z) all income and Proceeds of the foregoing (all of the foregoing property of the Borrower described in this Section 2.2(a)(i) collectively referred to herein as the *"Collateral"*). The foregoing pledge does not constitute an assumption by the Collateral Agent of any obligations of the Borrower to Obligors or any other Person in connection with the Collateral or under any agreement or instrument relating to the Collateral, including, without limitation, any obligation to make future advances to or on behalf of such Obligors.

(ii) In connection with such grant, the Borrower agrees to record and file, or cause to be recorded or filed, at its own expense, financing statements with respect to the Collateral now existing and hereafter created meeting the requirements of applicable state law in such manner and in such jurisdictions as are necessary to perfect the first priority security interest of the Collateral Agent for the benefit of the Secured Parties in the Collateral, and to deliver a file-stamped copy of such financing statements or other evidence of such filing to the Collateral Agent and the Deal Agent on or prior to each Funding Date. Any such financing statement may describe as the collateral covered thereby "all of the debtor's personal property or assets" or words to that effect, notwithstanding that such wording may be broader in scope than the Collateral as described in this Agreement. In addition, the Borrower and the Servicer agree to clearly and unambiguously mark their respective general ledgers and all accounting records and documents and all computer tapes and records to show that the Collateral, including that portion of the Collateral consisting of the Dealer Agreements listed on Schedule V hereto (and each addendum thereto), the Loans and the related Contracts and the rights to payment under the related Dealer Agreements, has been pledged to the Collateral Agent for the benefit of the Secured Parties hereunder.

(iii) In connection with such pledge, the Borrower (or the Servicer on its behalf) agrees to deliver to the Collateral Agent on the Closing Date or any Funding Date on which new Pools or Purchased Loans are pledged to the Collateral Agent, as the case may be, one or more computer files or microfiche lists containing true and complete lists of all applicable Dealer Agreements, Pools and Loans securing the payment of the Note and amounts due under the Transaction Documents and all of the Borrower's obligations under the Note and the Transaction

Documents as of the Closing Date or Funding Date, and all Contracts securing all such Loans, identified by, as applicable, account number, dealer number and pool number as of the end of the Collection Period immediately preceding such date. Such file shall be marked as Schedule V hereto or as an addendum thereto, shall be delivered to the Collateral Agent as confidential and proprietary, and such Schedule V and each addendum thereto are hereby incorporated into and made a part of this Agreement. Such Schedule V shall be supplemented and updated on the date of each Incremental Funding in the Revolving Period to include all Loans and Contracts pledged on the date of each such date so that, on each such date, the Collateral Agent will have a Schedule V that describes all Loans pledged by the Borrower to the Collateral Agent hereunder on or prior to said date of Incremental Funding, any related Dealer Agreements, Purchase Agreements and all Contracts securing or evidencing such Loans (other than those that have been released from the Collateral and those Dealer Loans that have been deemed to be satisfied pursuant to Section 6.15(b) hereto). Such updated Schedule V shall be deemed to replace any existing Schedule V as of the date such updated Schedule V is provided in accordance with this Section 2.2(a)(iii). Furthermore, Schedule V hereto shall be deemed to be supplemented on each date of Dealer Collections Purchase by the list set forth under Section 6.15(c). For the avoidance of doubt, any incorrect or unintended deletions or omissions from the previous version of Schedule V shall not be effective to release the rights of the Collateral Agent in such Collateral except upon compliance with the procedures and requirements of Section 2.13, Section 4.5 or Section 8.2 hereof or Section 6.1 of the Contribution Agreement.

(iv) In connection with such pledge, each of the Borrower, Credit Acceptance and the Servicer also agrees, within 180 days of the Closing Date or relevant Funding Date, as the case may be, to clearly mark at least 98% of the Contracts or Contract folders evidenced in a tangible medium and securing a Loan with the following legend: "This Agreement has been pledged to Flagstar Bank, fsb as Collateral Agent for the benefit of certain Secured Parties".

(b) The Collateral Agent hereby acknowledges its acceptance, on behalf of the Secured Parties, of the pledge by the Borrower of the Loans and all other Collateral. The Collateral Agent further acknowledges that, prior to or simultaneously with the execution and delivery of this Agreement, the Borrower delivered to the Collateral Agent the computer file or microfiche list represented by the Borrower to be the computer file or microfiche list described in Section 2.2(a)(iii).

(c) The Collateral Agent hereby agrees not to disclose to any Person (including any Secured Party) any of the account numbers or other information contained in the computer files or microfiche lists delivered to the Collateral Agent by the Borrower pursuant to Section 2.2(a)(iii), except as is required in connection with the performance of its duties hereunder or under any other provision of the Transaction Documents or in enforcing the rights of the Secured Parties or to a Successor Servicer; *provided, however,* that notwithstanding anything to the contrary in this Agreement, the Collateral Agent may reply to a request from any Person for a list of Loans, Dealer Agreements, Contracts or other information referred to in any financing statement. The Collateral Agent agrees to take such measures as shall be necessary or reasonably requested by the Borrower to protect and maintain the security and confidentiality of such information. The Collateral Agent shall provide the Borrower with written notice five (5) Business Days prior to any disclosure pursuant to this Section 2.2(c).

Section 2.3. Procedures for Funding of Revolving Loans. (a) The Borrower shall give notice to the Deal Agent by no later than 12:00 noon (New York City time) at least two (2) U.S. Government Securities Business Days before the date on which the Borrower requests the Lender to advance a Funding of Benchmark Loans. The Revolving Loans included in each Funding shall bear interest at ~~BSBY~~the then-current Benchmark (which shall initially be Adjusted Term SOFR). The Borrower shall give all such Funding Notices to the Deal Agent (with a copy to the Lender) by telephone, telecopy, or other telecommunication device acceptable to the Deal Agent (which notice shall be irrevocable once given). Each Funding Notice shall: (i) specify the desired amount of such Funding which amount must (a) in the case of the initial funding hereunder (the *"Initial Funding"*) be in a minimum amount of $1,000,000, and (b) in the case of any Incremental Funding, be in an amount equal to $1,000,000 or an integral multiple of $100,000 in excess thereof, (ii) specify the date of such Funding, and (iii) include a representation that all conditions precedent for a Funding described in Article III hereof have been met. Each Funding Notice shall be irrevocable. No Funding of Benchmark Loans shall be advanced, continued, or created by conversion if any Unmatured Termination Event or Termination Event then exists. The Borrower agrees that the Deal Agent and the Lender may rely on any such telephonic, telecopy or other telecommunication notice given by any person the Deal Agent or the Lender in good faith believes is an authorized representative of the Borrower without the necessity of independent investigation, and in the event any such notice by telephone conflicts with any written confirmation such telephonic notice shall govern if the Deal Agent or the Lender has acted in reliance thereon.

(b) On the Funding Date, the Lender shall, upon satisfaction of the applicable conditions set forth in Article III, make available to the Borrower in same day funds, no later than 3:00 p.m. (New York City time), at such bank or other location reasonably designated by Borrower in its Funding Notice given pursuant to this Section 2.3, an amount equal to the lesser of (A) the amount requested by the Borrower for such Revolving Loan or (B) the excess of the Commitment over the Aggregate Loan Amount then outstanding.

(c) In no event shall the Lender be required on any date to make any Funding which would result in the Aggregate Loan Amount, determined after giving effect to such Funding, exceeding its Commitment.

Section 2.4. Determination of Interest.

(a) *Benchmark Loans.* Each Benchmark Loan made or maintained by a Lender shall bear interest during each Interest Period it is outstanding (computed on the basis of a year of 360 days and actual days elapsed) on the unpaid principal amount thereof from the date such Revolving Loan is advanced or continued, or created by conversion from a Base Rate Loan, until maturity (whether by acceleration or otherwise) at a rate per annum equal to ~~BSBY~~the then-current Benchmark (which shall initially be Adjusted Term SOFR) applicable for such Interest Period, payable by the Borrower on each Payment Date and at maturity (whether by acceleration or otherwise).

(b) *Base Rate Loans.* Each Base Rate Loan made or maintained by a Lender shall bear interest during each Interest Period it is outstanding (computed on the basis of a year of 360 days and the actual days elapsed) on the unpaid principal amount thereof from the date such Revolving Loan is advanced, or created by conversion from a Benchmark Loan, until maturity (whether by acceleration or otherwise) at a rate per annum equal to the Base Rate from time to time in effect applicable for such Interest Period, payable by the Borrower on each Payment Date and at maturity (whether by acceleration or otherwise).

(c) *Rate Determinations.* The Lender shall determine each interest rate applicable to the Revolving Loans hereunder, and its determination thereof shall be conclusive and binding except in the case of manifest error.

(d) *Breakage Costs.* The Borrower shall pay Breakage Costs to the Lender in an amount necessary to compensate the Lender for any loss, cost, or expense incurred by the Lender as a result of a prepayment by the Borrower of any Revolving Loans or Interest on a date other than a Payment Date. Such Breakage Costs shall be payable in accordance with the provisions of Section 2.6.

The Deal Agent shall advise the Servicer on the second (2nd) Business Day after each Collection Period the amount of Interest, if any, due and payable on the related Payment Date. Prior to the next succeeding Payment Date, the Deal Agent shall determine the amount of Interest, if any, payable in connection with Section 2.13(a)(iv) and not previously paid. The amount owed in respect of the Interest for the next succeeding Interest Period, as initially determined by the Deal Agent shall be increased, if necessary and as appropriate, to reflect any Interest payable in connection with Section 2.13(a)(iv) and not previously paid.

(e) *Conforming Changes*. In connection with the use ~~or~~, administration ~~of BSBY~~, adoption or implementation of any Benchmark (including Term SOFR or any Benchmark Replacement), the Deal Agent will ~~from time to time~~ have the right to make Conforming Changes reasonably necessary for the use ~~or~~, administration ~~of BSBY~~, adoption or implementation of any such Benchmark from time to time and, notwithstanding anything to the contrary herein or in any other Transaction Document, any amendments implementing such Conforming Changes will become effective without any further action or consent of any other party to this Agreement or any other Transaction Document.

Section 2.5. Reduction of the Commitment. The Borrower may, upon at least two (2) Business Days' notice to the Deal Agent, terminate in whole or reduce in part the portion of the Commitment that exceeds the Aggregate Loan Amount; *provided, however,* that each partial reduction of the Commitment shall be in an aggregate amount equal to $1,000,000 or an integral multiple thereof. Each notice of reduction or termination pursuant to this Section 2.5 shall be irrevocable.

Section 2.6. Settlement Procedures. (a) On each Payment Date, the Collateral Agent shall withdraw Available Funds and any Excess Reserve Amount (to be applied in accordance with Section 2.6(c)) and investment earnings on amounts on deposit in the Collection Account from the Collection Account and allocate and distribute such amounts to the applicable Person in the following order of priority:

(i) *First,* to the Hedge Counterparty, if any, an amount equal to any Hedge Costs (exclusive of termination payments) and any such Hedge Costs (exclusive of termination payments) unpaid from any prior Payment Date;

(ii) *Second,* to the Servicer, an amount equal to any accrued and unpaid Servicing Fees due in respect of such Payment Date and any Servicing Fees unpaid from any prior Payment Date;

(iii) *Third,* to the Deal Agent for the account of the Lender, an amount equal to the sum of any accrued and unpaid (A) Interest and Breakage Costs, (B) the Program Fee, and (C) the Unused Fee, Increased Costs and any Additional Amounts due in respect of such Payment Date and any such amounts unpaid from any prior Payment Date;

(iv) *Fourth,* during the Revolving Period, to the Deal Agent for the account of the Lender, an amount equal to the Monthly Principal Payment Amount for such Payment Date;

(v) *Fifth,* during the Amortization Period, to the Deal Agent for the account of the Lender, the Additional Principal Payment Amount, until the Aggregate Loan Amount has been reduced to zero;

(vi) *Sixth,* to the Deal Agent for the account of the Lender and any Successor Servicer, an amount equal to Increased Costs, any Additional Amounts and Indemnified Amounts due in respect of such Payment Date and unpaid from any prior Payment Date;

(vii) *Seventh,* to the Reserve Account, (A) an amount equal to any outstanding Reserve Advances and (B) the amount necessary to cause the amount on deposit in the Reserve Account to equal the Required Reserve Account Amount (after giving effect to any deposits made in subclause (A));

(viii) *Eighth,* to any other applicable Person, all remaining amounts up to all Aggregate Unpaids (during the Revolving Period, other than the Aggregate Loan Amount) until paid in full; and

(ix) *Ninth,* to the Borrower any remaining amounts.

(b) One (1) Business Day per calendar month, the date of which is to be chosen by the Borrower, the Collateral Agent shall, upon two (2) Business Days' prior written request of the Borrower, withdraw from the Collection Account an amount not to exceed the amount on deposit therein on the date of such request. The Collateral Agent shall distribute such amount to the Deal Agent for the account of the Lender, to be distributed by the Deal Agent to the Lender, as a payment in reduction of the Aggregate Loan Amount. Notwithstanding anything in this Section 2.6(b) to the contrary, the Collateral Agent shall not be required to effect any such withdrawal or the Deal Agent make any such distribution until a Responsible Officer of the Servicer or a representative of the Servicer designated by a Responsible Officer of the Servicer has certified to the Collateral Agent and the Deal Agent in writing (which shall include electronic transmission) that it reasonably believes that at the end of the related Collection Period the sum of Available Funds and Excess Reserve Amount, after giving effect to such payment, will be greater than the amount needed to make the payments required pursuant to Section 2.6(a)(i) through (viii).

(c) (i) If on any Payment Date the amount paid pursuant to Section 2.6(a)(iii) and (iv) is insufficient to cover all amounts due thereunder on such Payment Date, the Collateral Agent shall withdraw from the Reserve Account an amount equal to the lesser of such shortfall and the amount of funds on deposit in the Reserve Account (such withdrawal, a *"Reserve Advance"*) and deposit such amount to the Collection Account. The Collateral Agent shall pay such amount to the Deal Agent for payment to the Lender.

(ii) If on any Payment Date during the Amortization Period, the amount paid pursuant to Section 2.6(a)(v) is insufficient to reduce the Aggregate Loan Amount to zero, the Deal Agent, in its sole discretion, may direct the Collateral Agent to withdraw any or all of the amount on deposit in the Reserve Account, and pay such amount to the Deal Agent, for payment to the Lender.

Section 2.7. Collections and Allocations.

(a) *Collections.* The Servicer shall transfer, or cause to be transferred, all Collections on deposit in the form of available funds in the Credit Acceptance Payment Account to the Collection Account by the close of business on the second Business Day such Collections are received therein. The Servicer shall promptly (but in no event later than the second Business Day after the receipt thereof) deposit all Collections received directly by it in the Collection Account. The Servicer shall make such deposits or payments on the date indicated therein by wire transfer, in immediately available funds or by automated clearing house (ACH).

(b) *Initial Deposits.* On each Funding Date on which Collateral is contributed, the Servicer will deposit (in immediately available funds) into the Collection Account all Collections received on and after the applicable Cut-Off Date and through and including the day that is two days immediately preceding such Funding Date, in respect of the Loans.

(c) *Investment of Funds.* (i) Until the occurrence of a Termination Event or Unmatured Termination Event, to the extent there are uninvested amounts on deposit in the Collection Account and the Reserve Account, all amounts shall be invested as set forth in Section 6.7(c).

(ii) On the date on which the Aggregate Loan Amount is reduced to zero and all Aggregate Unpaids have been indefeasibly paid in full, all Collateral is released from the Lien of this Agreement, and this Agreement is terminated, any amounts on deposit in the Reserve Account shall be released to the Borrower.

(d) *Allocation of Collections.* The Servicer will allocate Collections monthly in accordance with the actual amount of Collections received. The Servicer shall determine each month the amount of Collections received during such month which constitutes amounts which, pursuant to the terms of any Dealer Agreement, are required to be remitted to the applicable Dealer (such collections, *"Dealer Collections"*) and shall so notify the Collateral Agent. Notwithstanding any other provision hereof, the Collateral Agent, at the direction of the Servicer, shall distribute on each Payment Date: (i) to the Borrower, an amount equal to the aggregate amount of Dealer Collections received during or with respect to the prior Collection Period and (ii) to any Successor Servicer, an amount equal to any Repossession Expenses related to the prior Collection Period prior to the distribution of Available Funds pursuant to Section 2.6.

Section 2.8. Payments, Computations, Etc. (a) Unless otherwise expressly provided herein, all amounts to be paid or deposited by the Borrower or the Servicer hereunder shall be paid or deposited in accordance with the terms hereof no later than 11:00 a.m. (New York City time) on the day when due in lawful money of the United States in immediately available funds to the Agent's Account and the Deal Agent shall distribute such amounts actually received by it to the Persons entitled thereto no later than 2:00 p.m. (New York City time). Any amounts received in the Agent's Account after 11:00 a.m. (New York City time) shall be deemed to be received on the next subsequent Business Day and the Deal Agent shall distribute such amounts to the Persons entitled thereto no later than 2:00 p.m. (New York City time) on such next subsequent Business Day. The Borrower shall, to the extent permitted by law, pay to the Secured Parties interest on all amounts not paid or deposited when due hereunder 3.00% per annum above the Base Rate, payable on demand; *provided, however,* that such interest rate shall not at any time exceed the maximum rate permitted by Applicable Law. All computations of interest and all computations of Interest and other fees hereunder and under the Fee Letter shall be made on the basis of a year of 360 days for the actual number of days (including the first but excluding the last day) elapsed.

(b) Whenever any payment hereunder shall be stated to be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day, and such extension of time shall in such case be included in the computation of payment of Interest, interest or any fee payable hereunder, as the case may be.

(c) If the Revolving Loan requested by the Borrower for any Funding Date is not made or effectuated for any reason other than the Lender's failure to honor its obligations hereunder, as the case may be, on the requested Funding Date, the Borrower shall indemnify the Lender against any reasonable loss, cost or expense incurred by the Lender, including, without limitation, any loss (including loss of anticipated profits, net of anticipated profits in the reemployment of such funds in the manner determined by the Lender), cost or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by the Lender to fund or maintain the Funding.

Section 2.9. Fees. (a) The Borrower shall pay to the Deal Agent, for the account of the Lender, from the Collection Account on each Payment Date, monthly in arrears, the Program Fee and Unused Fee agreed to in each Fee Letter.

(b) The Servicer shall be entitled to receive the Servicing Fee, monthly in arrears in accordance with Section 2.6(a).

(c) *[Reserved]*.

(d) The Borrower shall pay to the Deal Agent, on the Closing Date, the Upfront Fee and reasonable out-of-pocket expenses (including, without limitation, rating agency fees, filing fees and expenses incurred by the Deal Agent, as agent for the Lender, in connection with the preparation and execution of the Agreement and other Transaction Documents and the carrying out of the transactions contemplated hereby and thereby) in immediately available funds.

(e) The Borrower shall pay to Chapman and Cutler LLP, as counsel to the Deal Agent, on the Closing Date, its estimated reasonable fees and out-of-pocket expenses (which shall be evidenced by a detailed invoice) in immediately available funds and shall pay all additional reasonable fees and out-of-pocket expenses of Chapman and Cutler LLP within ten (10) Business Days after receiving a detailed invoice for such amounts.

Section 2.10. Increased Costs; Capital Adequacy; Illegality; Inability to Determine Rates. (a) If any Change in Law shall (A) subject an Affected Party to any Tax (except for Taxes on the overall net income of such Affected Party), duty or other charge with respect to the Revolving Loans made by it hereunder, or any right to make the Funding hereunder, or on any payment made hereunder, (B) impose, modify or deem applicable any reserve requirement (including, without limitation, any reserve requirement imposed by the Board of Governors of the Federal Reserve System, but excluding any reserve requirement, if any, included in the determination of Interest), special deposit or similar requirement against assets of, deposits with or for the amount of, or credit extended by, any Affected Party or (C) impose any other condition affecting the Revolving Loans made by it hereunder or the Lender's rights hereunder, the result of which is to increase the cost to any Affected Party or to reduce the amount of any sum received or receivable by an Affected Party under this Agreement, then within ten (10) days after demand by such Affected Party (which demand shall be accompanied by a statement setting forth the basis for such demand), the Borrower shall pay directly to such Affected Party such additional amount or amounts as will compensate such Affected Party for such additional or increased cost incurred or such reduction suffered.

(b) If any Change in Law shall occur regarding capital or liquidity requirements which has or would have the effect of reducing the rate of return on the capital of any Affected Party or would otherwise result in the imposition of an internal capital or liquidity charge on such Affected Person as a consequence of its obligations hereunder or arising in connection herewith to a level below that which any such Affected Party could have achieved but for such reduction or charge (taking into consideration the policies of such Affected Party with respect to capital adequacy) by an amount deemed by such Affected Party to be material, then from time to time, within ten (10) days after demand by such Affected Party (which demand shall be accompanied by a statement setting forth the basis for such demand), the Borrower shall pay directly to such Affected Party such additional amount or amounts as will compensate such Affected Party for such reduction suffered or charge imposed. For avoidance of doubt, any interpretation of Accounting Research Bulletin No. 51 by the Financial Accounting Standards Board shall constitute an adoption, change, request or directive subject to this Section 2.10(b).

(c) In determining any amount provided for in this Section, the Affected Party may use any reasonable averaging and attribution methods. Any Affected Party making a claim under this section shall submit to the Servicer a written description as to such additional or increased cost or reduction and the calculation thereof, which written description shall be conclusive absent demonstrable error.

(d) If any Lender determines that any applicable law has made it unlawful, or that any Governmental Authority has asserted that it is unlawful for any Lender or its applicable lending office to make, maintain or fund Loans whose interest is determined by reference to SOFR, the Term SOFR Reference Rate, Adjusted Term SOFR or Term SOFR, or to determine or charge interest based upon SOFR, the Term SOFR Reference Rate, Adjusted Term SOFR or Term SOFR, then, upon notice thereof by such Lender to the Borrower (through the Deal Agent), (A) any obligation of such Lender to make Benchmark Loans, and any right of the Borrower to continue Benchmark Loans or to convert Base Rate Loans to Benchmark Loans, shall be suspended, (B) the interest rate on any such Base Rate Loans shall, if necessary to avoid such illegality, be determined by the Deal Agent without reference to clause (b) of the definition of "Base Rate", in each case until such Lender notifies the Deal Agent and the Borrower that the circumstances giving rise to such determination no longer exist and (C) the Borrower shall, if necessary to avoid such illegality, upon demand from such Lender (with a copy to the Deal Agent), prepay or convert such Benchmark Loans to, at the Borrower's option, Base Rate Loans (subject to clause (B) of this Section 2.10(d)) or to Loans that bear interest at the Benchmark Replacement (which Benchmark Replacement shall be determined and implemented by the Deal Agent in accordance with the provisions for unavailability set forth in Section 2.14, as applicable), in each case, on the last day of the Interest Period therefor, if such affected Lender may lawfully continue to maintain such Benchmark Loans to such day, or immediately, if such Lender may not lawfully continue to maintain such Benchmark Loans to such day. Upon any such prepayment or conversion, the Borrower shall also pay accrued interest on the amount so prepaid or converted.

(e) Subject to Section 2.14, if, on or prior to the first day of any Interest Period for any Benchmark Loans:

(i) The Deal Agent determines (which determination shall be conclusive and binding absent manifest error) that "Term SOFR" (or any component thereof) cannot be determined pursuant to the definition thereof, or

(ii) the Lenders determine that for any reason in connection with any request for a Benchmark Loan or a conversion thereto or a continuation thereof that Adjusted Term SOFR for any requested Interest Period with respect to a proposed Benchmark Loan does not adequately and fairly reflect the cost to such Banks of funding or maintaining such Advance, and the Lenders have provided notice of such determination to the Deal Agent, then, in each case, the Deal Agent will promptly so notify the Borrower.

Upon notice thereof by the Deal Agent to the Borrower, (i) any obligation of the Lenders to make Benchmark Loans, and any right of the Borrower to continue Benchmark Loans, or to convert Base Rate Loans to Benchmark Loans, shall be suspended (to the extent of the affected Benchmark Loans or affected Interest Periods) until the Deal Agent (with respect to clause (ii) of this Section 2.10(e), at the instruction of the Lenders) revokes such notice, (ii) the Borrower may revoke any pending request for a borrowing of, conversion to or continuation of Benchmark Loans (to the extent of the affected Benchmark Loans or affected Interest Periods) or, failing that, the Borrower will be deemed to have converted any such request into a request for a borrowing of or conversion to Base Rate Loans in the amount specified therein and (iii) any outstanding affected Benchmark Loans will be deemed to have been converted into Base Rate Loans at the end of the applicable Interest Period. Upon any such conversion, the Borrower shall also pay accrued interest on the amount so converted. Subject to Section 2.14, if the Deal Agent determines (which determination shall be conclusive and binding absent manifest error) that "Term SOFR" (or any component thereof) cannot be determined pursuant to the definition thereof on any given day, the interest rate on Base Rate Loans shall be determined by the Deal Agent until the Deal Agent revokes such determination.

Section 2.11. Taxes.

(a) *Defined Terms*. For purposes of this Section 2.11, the term "applicable law" includes FATCA.

(b) *Payments Free of Taxes*. Any and all payments by or on account of any obligation of the Borrower or the Servicer under any Transaction Document shall be made without deduction or withholding for any Taxes, except as required by applicable law. If any applicable law (as determined in the good faith discretion of an applicable withholding agent) requires the deduction or withholding of any Tax from any such payment by a withholding agent, then the applicable withholding agent shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with applicable law and, if such Tax is an Indemnified Tax, then the sum payable by the Borrower or the Servicer, as applicable, shall be increased as necessary (such increase, the *"Additional Amount"*) so that after such deduction or withholding has been made (including such deductions and withholdings applicable to additional sums payable under this Section) the applicable recipient receives an amount equal to the sum it would have received had no such deduction or withholding been made.

(c) *Payment of Other Taxes by the Borrower.* The Borrower shall timely pay to the relevant Governmental Authority in accordance with applicable law, or at the option of the Deal Agent or the relevant Lender timely reimburse it for the payment of, any Other Taxes.

(d) *Indemnification by the Borrower.* The Borrower shall indemnify each recipient, within 10 days after demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section) payable or paid by such recipient or required to be withheld or deducted from a payment to such recipient and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Borrower by a Lender or the Deal Agent shall be conclusive absent manifest error.

(e) *Evidence of Payments.* As soon as practicable after any payment of Taxes by the Borrower to a Governmental Authority pursuant to this Section 2.11, the Borrower shall deliver to the applicable Lender the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the applicable Lender.

(f) *Indemnification by the Lenders.* Each Lender shall severally indemnify the Deal Agent, within 10 days after demand therefor, for (i) any Indemnified Taxes attributable to such Lender (but only to the extent that the Borrower has not already indemnified the Deal Agent for such Indemnified Taxes and without limiting the obligation of the Borrower to do so), (ii) any Taxes attributable to such Lender's failure to comply with the provisions of Section 12.1 (relating to the maintenance of a Participant Register) and (iii) any Excluded Taxes attributable to such Lender, in each case, that are payable or paid by the Deal Agent in connection with any Transaction Document, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to any Lender by the Deal Agent shall be conclusive absent manifest error. Each Lender hereby authorizes the Deal Agent to set off and apply any and all amounts at any time owing to such Lender under any Transaction Document or otherwise payable by the Deal Agent to the Lender from any other source against any amount due to the Deal Agent under this paragraph (f).

(g) *Status of Lenders.* (i) Any Lender that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Transaction Document shall deliver to the Borrower and the Deal Agent, at the time or times reasonably requested by the Borrower, such properly completed and executed documentation reasonably requested by the Borrower or the Deal Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if reasonably requested by the Borrower or the Deal Agent, shall deliver such other documentation prescribed by applicable law or reasonably requested by the Borrower or the Deal Agent as will enable the Borrower or the Deal Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in Section 2.11(g) (ii)(A), (ii)(B) and (ii)(D) below) shall not be required if in the Lender's reasonable judgment such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender.

(ii) Without limiting the generality of the foregoing, in the event that the Borrower is a U.S. Person,

(A) any Lender that is a U.S. Person shall deliver to the Borrower and the Deal Agent on or prior to the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Deal Agent), executed originals of Internal Revenue Service ("IRS") Form W-9 certifying that such Lender is exempt from U.S. federal backup withholding tax;

(B) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Deal Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Deal Agent), whichever of the following is applicable:

(i) in the case of a Foreign Lender claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under any Transaction Document, executed originals of IRS Form W-8BEN or W-8BEN-E establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "interest" article of such tax treaty and (y) with respect to any other applicable payments under any Transaction Document, IRS Form W-8BEN or W-8BEN-E establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "business profits" or "other income" article of such tax treaty;

(ii) executed originals of IRS Form W-8ECI;

(iii) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (x) a certificate substantially in the form of Exhibit K-1 to the effect that such Foreign Lender is not a "bank" within the meaning of Section 881(c)(3)(A) of the Code, a "10 percent shareholder" of the Borrower within the meaning of Section 881(c)(3)(B) of the Code, or a "controlled foreign corporation" described in Section 881(c)(3)(C) of the Code (a *"U.S. Tax Compliance Certificate"*) and (y) executed originals of IRS Form W-8BEN or W-8BEN-E; or

(iv) to the extent a Foreign Lender is not the beneficial owner, executed originals of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN or W-8BEN-E, a U.S. Tax Compliance Certificate substantially in the form of Exhibit K-2 or Exhibit K-3, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable; provided that if the Foreign Lender is a partnership and one or more direct or indirect partners of such Foreign Lender are claiming the portfolio interest exemption, such Foreign Lender may provide a U.S. Tax Compliance Certificate substantially in the form of Exhibit K-4 on behalf of each such direct and indirect partner;

(C) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Deal Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Deal Agent), executed originals of any other form prescribed by applicable law as a basis for claiming exemption from or a reduction in U.S. federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by applicable law to permit the Borrower and the Deal Agent to determine the withholding or deduction required to be made; and

(D) if a payment made to a Lender under any Transaction Document would be subject to U.S. federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to the Borrower and the Deal Agent at the time or times prescribed by law and at such time or times reasonably requested by the Borrower or the Deal Agent such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Borrower or the Deal Agent as may be necessary for the Borrower and the Deal Agent to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (D), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

Each Lender agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify the Borrower and the Deal Agent in writing of its legal inability to do so.

(h) *Treatment of Certain Refunds.* If any party determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified pursuant to this Section 2.11 (including by the payment of Additional Amounts pursuant to this Section 2.11), it shall pay to the indemnifying party an amount equal to such refund (but only to the extent of indemnity payments made under this Section with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) of such indemnified party and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund). Such indemnifying party, upon the request of such indemnified party, shall repay to such indemnified party the amount paid over pursuant to this paragraph (h) (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event that such indemnified party is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this paragraph (h), in no event will the indemnified party be required to pay any amount to an indemnifying party pursuant to this paragraph (h) the payment of which would place the indemnified party in a less favorable net after-Tax position than the indemnified party would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or Additional Amounts with respect to such Tax had never been paid. This paragraph shall not be construed to require any indemnified party to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to the indemnifying party or any other Person.

(i) *Survival.* Each party's obligations under this Section 2.11 shall survive the assignment of rights by, or the replacement of, a Lender, the termination of the Commitments and the repayment, satisfaction or discharge of all obligations under any Transaction Document.

Section 2.12. *Assignment of the Contribution Agreement and the Hedging Agreement.* The Borrower hereby assigns to the Collateral Agent, for the ratable benefit of the Secured Parties hereunder, all of the Borrower's right, title and interest in and to, but none of its obligations under, the Contribution Agreement and, if applicable, the Hedging Agreement. The

Borrower confirms that the Collateral Agent on behalf of the Secured Parties shall have the sole right to enforce the Borrower's rights and remedies under the Contribution Agreement and, if applicable, the Hedging Agreement for the benefit of the Secured Parties.

Section 2.13. *Take-Out.* (a) On any Business Day (the *"Take-Out Date"*), but subject to the limitation contained in clause (d) below, the Borrower shall have the right to effect a Take-Out and require the Collateral Agent to release its security interest and Lien on the related Contracts and Loans, subject to the following terms and conditions:

(i) The Borrower shall have given the Deal Agent, the Collateral Agent and the Servicer at least three (3) Business Days' prior written notice of its intent to effect the Take-Out, which notice shall be irrevocable; *provided, however,* failure to effect such Take-Out on the Take-Out Date shall not result in a Termination Event, but the Borrower shall be obligated to pay any Breakage Costs and any other losses incurred by the Lender in connection therewith.

(ii) Unless the Take-Out is to be effected on a Payment Date (in which case the relevant calculations with respect to such Take-Out shall be reflected on the applicable Monthly Report), the Servicer shall deliver to the Deal Agent an Officer's Certificate, together with evidence to the reasonable satisfaction of the Deal Agent (which evidence may consist solely of the Officer's Certificate signed by an officer of the Servicer) that the Borrower shall have sufficient funds on the related Take-Out Date to effect the contemplated Take-Out in accordance with this Agreement. In effecting the Take-Out, the Borrower may use the proceeds of sales of the Loans (which sales must be made in arm's-length transactions).

(iii) After giving effect to the Take-Out and the release to the Borrower of the Loans and related Contracts on the Take-Out Date, (x) the representations and warranties contained in Section 4.1 and 4.2 hereof shall continue to be correct in all material respects, except to the extent relating to an earlier date and (y) neither an Unmatured Termination Event nor a Termination Event shall have resulted.

(iv) On the Take-Out Date, the Collateral Agent shall have received, for the benefit of the Secured Parties and the Hedge Counterparties, as applicable, in immediately available funds, an amount equal to the sum of: (A) the Aggregate Loan Amount being paid *plus* (B) an amount equal to the related unpaid Interest to the end of the Interest Period *plus* (C) an aggregate amount equal to the sum of all other amounts due and owing to the Deal Agent, the Collateral Agent, the Lender, the Successor Servicer, the Hedge Counterparties and the other Secured Parties, as applicable, under this Agreement and the other Transaction Documents, to the extent accrued to such date and to accrue thereafter (including, without limitation, Breakage Costs and Hedge Costs) *plus* (D) all other Aggregate Unpaids. No such reduction shall be given effect unless the Borrower has complied with the terms of any Hedging Agreement requiring that any derivative transaction related thereto be terminated in whole or in part as a result of any such reduction in the Aggregate Loan Amount and the Borrower has paid all Hedge Costs due to the relevant Hedge Counterparty for any such termination.

(v) Upon receipt of the amount set forth in Section 2.13(a)(iv), the Collateral Agent shall apply such amounts first to the pro-rata reduction of the Aggregate Loan Amount, second to the payment of accrued Interest on the amount of Aggregate Loan Amount to be repaid and to the payment of any Breakage Costs, by paying such amounts to the Lender, and third to pay any Hedge Costs related to such reduction of the Aggregate Loan Amount due to the relevant Hedge Counterparty, and fourth to pay all other Aggregate Unpaids related to such reduction of the Aggregate Loan Amount due to the relevant party.

(vi) The Borrower shall certify in writing to the Collateral Agent and the Deal Agent that no adverse selection was employed in the selection of the Loans and Contracts to be released.

(vii) On the Take-Out Date, the Servicer shall submit to the Deal Agent a report setting forth the Forecasted Collections in respect of the Loans remaining as part of the Collateral after giving effect to such Take-Out.

(b) The Borrower hereby agrees to pay the reasonable legal fees and expenses of the Lender, the Deal Agent and the Collateral Agent in connection with any Take-Out (including, but not limited to, expenses incurred in connection with the release of the Lien of the Collateral Agent, for the benefit of the Secured Parties, and any expenses of the Lender, the Deal Agent or any other party having such an interest in the Loans in connection with such Take-Out).

(c) In connection with any Take-Out, on the related Take-Out Date, the Collateral Agent, on behalf of the Lender, the Deal Agent and the other Secured Parties, shall, at the expense of the Borrower: (i) execute such instruments of release with respect to the portion of the Loans to be released to the Borrower, in favor of the Borrower as the Borrower may reasonably request; (ii) deliver any portion of the Loans to be released to the Borrower in its possession to the Borrower; and (iii) otherwise take such actions, and cause or permit the Borrower to take such actions, as are necessary and appropriate to release the Lien of the Collateral Agent on the Loans to be released to the Borrower and deliver to the Borrower such Loans.

Section 2.14. Benchmark Replacement Setting. (a) *Benchmark Replacement.* Notwithstanding anything to the contrary herein or in any other Transaction Document, if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred prior to any setting of the then-current Benchmark, and if a Benchmark Replacement is determined in accordance with the definition of "Benchmark Replacement" for such Benchmark Replacement Date, then such Benchmark Replacement will replace such Benchmark for all purposes hereunder and under any Transaction Document in respect of such Benchmark setting and subsequent Benchmark settings without any amendment to, or further action or consent of any other party to, this Agreement or any other Transaction Document. No Hedging Agreement shall constitute a "Transaction Document" for purposes of this Section 2.14.

(b) *Benchmark Replacement Conforming Changes.* In connection with the use, administration, adoption or implementation of a Benchmark Replacement, the Deal Agent will have the right to make Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Transaction Document, any amendments implementing such Conforming Changes will become effective without any further action or consent of any other party to this Agreement or any other Transaction Document.

(c) *Notices; Standards for Decisions and Determination.* The Deal Agent will promptly notify the Borrower and the Lender of (i) the implementation of any Benchmark Replacement and (ii) the effectiveness of any Conforming Changes in connection with the use, administration, adoption or implementation of a Benchmark Replacement. The Deal Agent will promptly notify the Borrower of (x) the removal or reinstatement of any tenor of a Benchmark pursuant to this Section 2.14 and (y) the commencement of any Benchmark Unavailability Period. Any determination, decision or election that may be made by the Deal Agent or, if applicable, the Lender pursuant to this Section 2.14, including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection, will be conclusive and binding absent manifest error and may be made in its or their sole discretion and without consent from any other party to this Agreement or any other Transaction Document, except, in each case, as expressly required pursuant to this Section 2.14.

(d) *Unavailability of Tenor of Benchmark.* Notwithstanding anything to the contrary herein or in any other Transaction Document, at any time (including in connection with the implementation of a Benchmark Replacement) (A) if the then-current Benchmark is a term rate (including the Term SOFR Reference Rate) and either (1) any tenor for such Benchmark is not displayed on a screen or other information service that publishes such rate from time to time as selected by the Deal Agent in its reasonable discretion or (2) the administrator of such Benchmark or the regulatory supervisor for the administrator of such Benchmark has provided a public statement or publication of information announcing that any tenor for such Benchmark is not or will not be representative or in compliance with or aligned with the International Organization of Securities Commissions (IOSCO) Principles for Financial Benchmarks, then the Deal Agent may modify the definition of "Interest Period" (or any similar or analogous definition) for any Benchmark settings at or after such time to remove such unavailable~~ or~~, non-representative, non-compliant or non-aligned tenor and (B) if a tenor that was removed pursuant to clause (A) above either (1) is subsequently displayed on a screen or information service for a Benchmark (including a Benchmark Replacement) or (2) is not, or is no longer, subject to an announcement that it is not or will not be representative or in compliance with or aligned with the International Organization of Securities Commissions (IOSCO) Principles for Financial Benchmarks for a Benchmark (including a Benchmark Replacement), then the Deal Agent may modify the definition of "Interest Period" (or any similar or analogous definition) for all Benchmark settings at or after such time to reinstate such previously removed tenor.

(e) *Benchmark Unavailability Period.* ~~Notwithstanding anything to the contrary herein or in any other Transaction Document, at any time (including in connection with the implementation~~Upon the Borrower's receipt of notice of the commencement of a Benchmark ~~Replacement)~~Unavailability Period,~~ if~~ (i) ~~a~~the Borrower may revoke any pending request for a borrowing of, conversion to or continuation of a Benchmark Loan to be made, converted or continued during any Benchmark Unavailability Period ~~occurs or (ii) a relevant setting of~~and, failing that, the Borrower will be deemed to have converted any such request into a request for a Borrowing of or conversion to Base Rate Loan and (ii) any outstanding affected Benchmark Loans will be deemed to have been converted to Base Rate Loans at the end of the applicable Interest Period. During a Benchmark Unavailability Period or at any time that a tenor for the then-current Benchmark is ~~temporarily unavailable due to a systemic market disruption, as determined by the Deal Agent in its reasonable discretion, then the Deal Agent will utilize the last available setting of~~not an Available Tenor, the component of Base Rate based upon the then-current Benchmark ~~until~~or such ~~time as (A) the Benchmark Unavailability Period ends or (B) the source and/or publisher of the then-current Benchmark resumes timely publication of~~tenor for such Benchmark~~'s settings~~, as applicable, will not be used in any determination of Base Rate.

Article III

Conditions to the Closing and each Funding

Section 3.1. Conditions to the Closing and the Initial Funding. The Closing Date shall not occur and the Lender shall not be obligated to make a Revolving Loan hereunder on the occasion of the Initial Funding, nor shall the Lender, the Deal Agent or the Collateral Agent be obligated to take, fulfill or perform any other action hereunder, until (i) in the case of the Closing Date, the conditions set forth in clauses (a)(i), (d), (e) and (f) and (ii) in the case of the Initial Funding, all of the following conditions, after giving effect to the proposed Revolving Loan, in each case, have been satisfied, in the sole discretion of, or waived in writing by, the Deal Agent:

(a) (i) Each Transaction Document shall have been duly executed by, and delivered to, the parties hereto and thereto and the Deal Agent shall have received such other documents, instruments, agreements and legal opinions as the Deal Agent shall reasonably request in connection with the transactions contemplated by this Agreement, including, without limitation, all those specified in the Conditions Precedent Documents attached hereto as Schedule I, each in form and substance satisfactory to the Deal Agent, *provided, however,* that Schedule V to the Agreement, Exhibit A to the Contribution Agreement, the Funding Date Officer's Certificate regarding the Agreement, the Funding Date Officer's Certificate regarding the Contribution Agreement, the filed financing statements on Form UCC-1, legal opinions relating to the transfer of the Collateral, evidence that the Reserve Account has been funded, the Funding Notice and any applicable contractual release (and UCC-3 termination statements, in applicable) shall not be required prior to the Initial Funding on the Initial Funding Date, and (ii) the executed Note in the aggregate face amount of $75,000,000 shall have been delivered to the Deal Agent.

(b) The Deal Agent shall have received (i) satisfactory evidence that the Borrower, the Originator and the Servicer have obtained all required consents and approvals of all Persons, including all requisite Governmental Authorities, to the execution, delivery and performance of this Agreement and the other Transaction Documents to which each is a party and the consummation of the transactions contemplated hereby or thereby, or (ii) an Officer's Certificate from each of the Borrower, the Originator and the Servicer in form and substance satisfactory to the Deal Agent affirming that no such consents or approvals are required; it being understood that the acceptance of such evidence or Officer's Certificate shall in no way limit the recourse of the Deal Agent or any Secured Party against the Borrower, the Originator or Servicer for a breach of its representation or warranty that all such consents and approvals have, in fact, been obtained.

(c) The Borrower, the Originator and the Servicer shall each be in compliance in all material respects with all Applicable Laws and shall have delivered an Officer's Certificate to the Deal Agent as to this and other closing matters.

(d) The Borrower shall have paid all fees required to be paid by it on the Closing Date, including all fees required hereunder and under the Fee Letter and shall have reimbursed the Lender, the Deal Agent and the Collateral Agent for all fees, costs and expenses of closing the transactions contemplated hereunder and under the other Transaction Documents, including the attorney fees and any other legal and document preparation costs incurred by the Lender, the Deal Agent and/or the Collateral Agent.

(e) No Amortization Event, Termination Event or Unmatured Termination Event shall have occurred.

(f) No Servicer Termination Event or any event that, with the giving of notice or the lapse of time, or both, would become a Servicer Termination Event shall have occurred.

(g) No materially adverse selection procedures were used by the Borrower with respect to the Loans, Contracts or Dealer Agreements; provided, for the avoidance of doubt, it is expressly understood that during the Revolving Period, the Borrower in its sole discretion may elect to pledge Dealer Loans secured by either Open Pools or Closed Pools.

(h) The Borrower shall have deposited to the Reserve Account an amount equal to the Required Reserve Account Amount.

Section 3.2. Conditions Precedent To All Fundings. Each request for a Funding hereunder (each, a *"Transaction"*) shall be subject to the further conditions precedent:

(a) With respect to any Funding (including the Initial Funding), the Borrower shall have delivered to the Deal Agent, on or prior to the date of the Funding in form and substance satisfactory to the Deal Agent, (i) the Funding Notice and (ii) Exhibit A to the Contribution Agreement, including the Schedule of Loans and Contracts attached thereto dated within three (3) Business Days prior to the date of the Funding and containing such additional information as may be reasonably requested by the Deal Agent.

(b) On the date of such Transaction the following statements shall be true and the Borrower shall be deemed to have certified that, after giving effect to the proposed Funding and pledge of Additional Loans:

(i) The representations and warranties contained in Sections 4.1, 4.2 and 4.3 are true and correct on and as of such day as though made on and as of such day and shall be deemed to have been made on such day;

(ii) On and as of such day, after giving effect to the proposed Funding, the outstanding Aggregate Loan Amount does not exceed the lesser of (1) the Borrowing Base and (2) the Commitment;

(iii) On and as of such day, the Borrower, the Originator and the Servicer each has performed all of the agreements contained in this Agreement and the other Transaction Documents to which it is a party to be performed by such person at or prior to such day; and

(iv) No law or regulation shall prohibit, and no order, judgment or decree of any federal, state or local court or governmental body, agency or instrumentality shall prohibit or enjoin, the making of the Funding by the Lender in accordance with the provisions hereof.

(c) The Borrower shall have delivered to the Collateral Agent the information described in Section 2.2(a)(iii).

(d) All financing statements necessary to perfect the Collateral Agent's first priority security interest in the Collateral shall have been filed in the appropriate filing offices.

(e) Forecasted Collections for the Aggregate Outstanding Eligible Loan Balance (after giving effect to the proposed Funding) shall be greater than or equal to the Aggregate Loan Amount, after giving effect to the proposed Funding.

(f) (i) All other documents, opinions, certificates and documents listed on Schedule I hereto shall have been delivered to the Deal Agent, in form and substance reasonably satisfactory to the Deal Agent and its counsel and (ii) all conditions required to be satisfied in the Contribution Agreement shall have been satisfied.

(g) No Amortization Event, Termination Event or Unmatured Termination Event shall have occurred.

(h) No Servicer Termination Event or any event, that with the giving of notice or the lapse of time, or both, would become a Servicer Termination Event shall have occurred.

(i) No materially adverse selection procedures were used by the Borrower with respect to the Loans, Contracts or Dealer Agreements; provided, for the avoidance of doubt, it is expressly understood that during the Revolving Period, the Borrower in its sole discretion may elect to pledge Dealer Loans secured by either Open Pools or Closed Pools.

(j) The amount on deposit in the Reserve Account shall not be less than the Required Reserve Account Amount.

(k) The Deal Agent shall have received such other approvals, opinions or documents as the Deal Agent or its counsel may reasonably require.

Article IV

Representations and Warranties

Section 4.1. Representations and Warranties of the Borrower. The Borrower represents and warrants to the Collateral Agent, the Deal Agent, and the Secured Parties on the Closing Date and each Funding Date as follows:

(a) *Organization and Good Standing.* The Borrower has been duly formed, and is validly existing as a limited liability company in good standing under the laws of the State of Delaware, with all requisite power and authority to own or lease its properties and conduct its business as such business is presently conducted, and the Borrower had at all relevant times, and now has all necessary power, authority and legal right to acquire, own and pledge the Collateral and perform its obligations under this Agreement.

(b) *Due Qualification.* The Borrower is duly qualified to do business and is in good standing as a limited liability company and has obtained all material necessary licenses and approvals, in all jurisdictions in which the ownership or lease of property or the conduct of its business requires such qualification, licenses or approvals.

(c) *Power and Authority; Due Authorization.* The Borrower: (i) has all necessary power, authority and legal right to: (A) execute and deliver this Agreement and the other Transaction Documents to which it is a party, (B) carry out the terms of the Transaction Documents to which it is a party, and (C) transfer and assign each Loan, Related Security and all other Collateral on the terms and conditions herein provided and (ii) has duly authorized by all necessary action the execution, delivery and performance of this Agreement and the other Transaction Documents to which it is a party and the transfer and assignment of the Loans, Related Security and all other Collateral on the terms and conditions herein provided. This Agreement and each other Transaction Document to which it is a party have been duly executed and delivered by it.

(d) *Binding Obligation.* This Agreement and each other Transaction Document to which the Borrower is a party constitutes a legal, valid and binding obligation of the Borrower, each enforceable against the Borrower in accordance with its terms.

(e) *No Violation.* The consummation of the transactions contemplated by this Agreement and the other Transaction Documents to which it is a party and the fulfillment of the terms hereof and thereof will not (i) conflict with, result in any breach of any of the terms and provisions of, or constitute (with or without notice or lapse of time or both) a default under, the Borrower's certificate of formation, limited liability company agreement or any Contractual Obligation of the Borrower, (ii) result in the creation or imposition of any Lien upon any of the Borrower's properties pursuant to the terms of any such Contractual Obligation, other than this Agreement, or (iii) violate any Applicable Law.

(f) *No Proceedings.* There is no litigation, proceeding or investigation pending or, to the best knowledge of the Borrower, threatened against the Borrower, before any Governmental Authority (i) asserting the invalidity of this Agreement or any other Transaction Document to which the Borrower is a party, (ii) seeking to prevent the consummation of any of the transactions contemplated by this Agreement or any other Transaction Document to which the Borrower is a party or (iii) seeking any determination or ruling that could reasonably be expected to have Material Adverse Effect.

(g) *All Consents Required.* All approvals, authorizations, consents, orders or other actions of any Person or of any Governmental Authority (if any) required for the due execution, delivery and performance by the Borrower of this Agreement and any other Transaction Document to which the Borrower is a party have been obtained except where the failure to so obtain is not reasonably expected to result in a Material Adverse Effect.

(h) *Bulk Sales.* The execution, delivery and performance of this Agreement do not require compliance with any "bulk sales" act or similar law by Borrower.

(i) *Solvency.* The transactions under this Agreement and any other Transaction Document to which the Borrower is a party do not and will not render the Borrower not Solvent and the Borrower shall deliver to the Deal Agent on the Closing Date a certification in the form of Exhibit D. The Originator has confirmed in writing to the Borrower that, until one year and one day after the Collection Date, the Originator will not cause the Borrower to file a voluntary petition under the Bankruptcy Code or any other Insolvency Laws.

(j) *Selection Procedures.* No procedures believed by the Borrower to be materially adverse to the interests of the Collateral Agent or the Lender were utilized by the Borrower in identifying and/or selecting Loans or Dealer Agreements. In addition, each Loan shall have been underwritten in accordance with and satisfy, in each case in all material respects, the standards of any Credit Guidelines that have been established by the Borrower or the Originator and are then in effect.

(k) *Taxes*. The Borrower has filed or caused to be filed all tax returns that are required to be filed by it. The Borrower has paid or made adequate provisions for the payment of all material Taxes and assessments made against it or any of its property (other than any amount of Tax the validity of which is currently being contested in good faith by appropriate proceedings and with respect to which reserves in accordance with GAAP have been provided on the books of the Borrower), and no tax lien has been filed and, to the Borrower's knowledge, no claim is being asserted, with respect to any such Tax, fee or other charge.

(l) *Exchange Act Compliance; Regulations T, U and X.* None of the transactions contemplated herein (including, without limitation, the use of the proceeds from the pledge of the Collateral) will violate or result in a violation of Section 7 of the Securities Exchange Act of 1934, as amended, or any regulations issued pursuant thereto, including, without limitation, Regulations T, U and X of the Board of Governors of the Federal Reserve System, 12 C.F.R., Chapter II. The Borrower does not own or intend to carry or purchase, and no proceeds from the pledge of the Collateral will be used to carry or purchase, any "margin stock" within the meaning of Regulation U or to extend "purchase credit" within the meaning of Regulation U.

(m) *Quality of Title.* Each Loan, together with the Related Security related thereto, shall, at all times, be owned by the Borrower free and clear of any Lien except as provided in Section 4.2(a)(iii), and upon each Funding, the Collateral Agent as agent for the Secured Parties shall acquire a valid and perfected first priority security interest in such Loans, the Related Security related thereto and all Collections then existing or thereafter arising, free and clear of any Lien, except as provided in Section 4.2(a)(iii). No effective financing statement or other instrument similar in effect covering any Loan or Dealer Agreement shall at any time be on file in any recording office except such as may be filed (i) in favor of the Borrower in accordance with the Contribution Agreement or (ii) in favor of the Collateral Agent in accordance with this Agreement.

(n) *Security Interest.* The Borrower has granted a security interest (as defined in the UCC) to the Collateral Agent, as agent for the Secured Parties, in the Collateral, which is enforceable in accordance with applicable law upon execution and delivery of this Agreement. Upon the filing of UCC-1 financing statements naming the Collateral Agent as secured party and the Borrower as debtor, the Collateral Agent, as agent for the Secured Parties, shall have a first priority perfected security interest in the Collateral. All filings (including, without limitation, such UCC filings) as are necessary in any jurisdiction to perfect the interest of the Collateral Agent, as agent for the Secured Parties, in the Collateral have been made.

(o) *Accuracy of Information.* All information heretofore furnished by the Borrower (including without limitation, the Monthly Report and Credit Acceptance's financial statements) to the Deal Agent, the Collateral Agent or the Lender for purposes of or in connection with this Agreement or any other Transaction Document, or any transaction contemplated hereby or thereby, will be true, correct, complete and accurate in every material respect, on the date such information is stated or certified.

(p) *Location of Offices.* The principal place of business and chief executive office of the Borrower and the office where the Borrower keeps all the Records (other than Certificates of Title) are located at the address of the Borrower referred to in Section 13.2 hereof, and the office where the Borrower keeps all the Certificates of Title is located at 200 Galleria Officentre, Suite 125, Southfield, Michigan 48034 (or, in each case, at such other locations as to which the notice and other requirements specified in Section 5.2(f) shall have been satisfied); *provided,* that, Credit Acceptance temporarily (or permanently, solely in the case of a Contract that is repurchased, liquidated or paid in full) may move or transfer individual Contract Files or Records, or any portion thereof without notice in accordance with Section 6.2(c)(iii).

(q) *OFAC.* None of the Borrower, any Subsidiary or any Affiliate of the Borrower (i) is a Sanctioned Person, (ii) has more than 10% of its assets in Sanctioned Countries or (iii) derives more than 10% of its operating income from investments in, or transactions with Sanctioned Persons or Sanctioned Countries. The proceeds of any Funding will not be used and have not been used to fund any operations in, finance any investments or activities in or make any payments to, a Sanctioned Person or a Sanctioned Country.

(r) *Tradenames; Place of Business; Correct Legal Name.* (i) Except as described in Schedule III, the Borrower has no trade names, fictitious names, assumed names or "doing business as" names or other names under which it has done or is doing business; (ii) the principal place of business and chief executive office of the Borrower are located at the address of the Borrower set forth on the signature pages hereto; and (iii) *"CAC Warehouse Funding LLC VI"* is the correct legal name of the Borrower indicated on the public records of the Borrower's jurisdiction of organization.

(s) *Contribution Agreement.* The Contribution Agreement is the only agreement pursuant to which the Borrower purchases Loans from the Originator.

(t) *Value Given.* The Borrower shall have given reasonably equivalent value to the Originator in consideration for the transfer to the Borrower of the Loans and Related Security under the Contribution Agreement, no such transfer shall have been made for or on account of an antecedent debt owed by the Originator to the Borrower, and no such transfer is or may be voidable or subject to avoidance under any section of the Bankruptcy Code.

(u) *Accounting.* The Borrower accounts for the transfers to it from the Originator of Loans and Related Security under the Contribution Agreement as sales or contributions to capital of such Loans and Related Security in its books, records and financial statements, in each case prepared as presented within the audited consolidated financial statements of Credit Acceptance and its subsidiaries and with the requirements set forth herein.

(v) *Special Purpose Entity.* The Borrower is in compliance with Section 5.2(n) hereof.

(w) *Confirmation from the Originator*. The Borrower has received in writing from the Originator confirmation that, until one year and one day after the Collection Date, the Originator will not cause the Borrower to file a voluntary petition under the Bankruptcy Code or any other bankruptcy or insolvency laws. Each of the Borrower and the Originator is aware that in light of the circumstances described in the preceding sentence and other relevant facts, the filing of a voluntary petition under the Bankruptcy Code for the purpose of making any Loan or any other assets of the Borrower available to satisfy claims of the creditors of the Originator would not result in making such assets available to satisfy such creditors under the Bankruptcy Code.

(x) *[Reserved]*

(y) *ERISA*. The present value of all benefits vested under all "employee pension benefit plans," as such term is defined in Section 3 of ERISA, maintained by the Borrower, or in which employees of the Borrower are entitled to participate, as from time to time in effect (herein called the *"Pension Plans"*), does not exceed the value of the assets of the Pension Plan allocable to such vested benefits (based on the value of such assets as of the last annual violation date). No prohibited transactions, accumulated funding deficiencies, withdrawals or reportable events have occurred with respect to any Pension Plans that, in the aggregate, could subject the Borrower to any material tax, penalty or other liability. No notice of intent to terminate a Pension Plan has been billed, nor has any Pension Plan been terminated under Section 4041(f) of ERISA, nor has the Pension Benefit Guaranty Corporation instituted proceedings to terminate, or appoint a trustee to administer a Pension Plan and no event has occurred or condition exists that might constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Pension Plan.

(z) *Patriot Act*. To the extent applicable, each of the Borrower, the Originator and their Affiliates is in compliance, in all material respects, with the (a) Trading with the Enemy Act, as amended, and each of the foreign assets control regulations of the United States Treasury Department (31 C.F.R., Subtitle B, Chapter V, as amended) and any other enabling legislation or executive order relating thereto, and (b) Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA Patriot Act of 2001) (the *"Patriot Act"*). No part of the proceeds of any Funding made hereunder will be used, directly or indirectly, for any payments to any governmental official or employee, political party, official of a political party, candidate for political office, or anyone else acting in an official capacity, in order to obtain, retain or direct business or obtain any improper advantage, in violation of the United States Foreign Corrupt Practices Act of 1977, as amended.

(aa) *Representations and Warranties in Contribution Agreement*. The representations and warranties made by the Originator to the Borrower in the Contribution Agreement are hereby remade by the Borrower on each date to which they speak in the Contribution Agreement as if such representations and warranties were set forth herein. For purposes of this Section 4.1(aa), such representations and warranties are incorporated herein by reference as if made by the Borrower to the Deal Agent, to the

Collateral Agent and to each of the Secured Parties under the terms hereof *mutatis mutandis*.

(bb) *Amount of Loans and Contracts; Computer File.* When new Pools or Purchased Loans are pledged to the Collateral Agent, the related Funding Notice shall provide (A) the aggregate Outstanding Balance of the Contracts to be pledged to the Collateral Agent on the related Funding Date; and (B) the Aggregate Outstanding Eligible Loan Balance, each as of the applicable Cut-Off Date and as reported in the Servicer's loan servicing system. The computer file or microfiche list delivered pursuant to Section 2.2(a)(iii) hereof is complete and accurately reflects the information regarding the Loans, applicable Dealer Agreements and Contracts in all material respects.

(cc) *Use of Proceeds.* The proceeds of each Funding will be used by the Borrower to purchase the Loans and related Collateral from the Originator pursuant to the Contribution Agreement or, subject to Section 5.2(e), to make distributions to Credit Acceptance in respect of its equity interest in the Borrower.

(dd) *Subsidiaries.* The Borrower does not have any Subsidiaries.

(ee) *Equity in Borrower.* The Borrower has neither sold nor pledged any limited liability company interest in the Borrower to any entity other than Credit Acceptance.

(ff) *Not a Covered Fund.* The Borrower (i) is not a "covered fund" under the Volcker Rule (Section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act and the regulations implemented thereunder) and (ii) is not, and after giving effect to the transactions contemplated hereby, will not be required to register as, an "investment company" within the meaning of the Investment Company Act of 1940, as amended, or any successor statute.

The representations and warranties set forth in this Section 4.1 shall survive the Borrower's pledge of the Collateral to the Collateral Agent and the termination of the rights and obligations of the Servicer. Upon discovery by the Borrower, the Servicer, Credit Acceptance or the Collateral Agent of a breach of any of the representations and warranties set forth herein, the party discovering such breach shall give prompt written notice to the other parties of such breach.

Section 4.2. Representations and Warranties of the Borrower Relating to the Loans and the Related Contracts.

(a) *Eligibility of Loans.* The Borrower hereby represents and warrants to the Deal Agent, the Collateral Agent and the Secured Parties as of the Closing Date and each Funding

Date with respect to the Dealer Agreements, Loans, Contracts and Related Security pledged to the Collateral Agent on such date that:

(i) each Loan classified as an *"Eligible Dealer Loan"* (or included in any aggregation of balances of *"Eligible Dealer Loans"*) or as an *"Eligible Purchased Loan"* (or included in any aggregation of balances of *"Eligible Purchased Loans"*) by the Borrower or the Servicer in any document or report delivered hereunder satisfied the requirements contained in the definition of Eligible Dealer Loan or Eligible Purchased Loan, as applicable, on the date so delivered; each Contract classified as an "Eligible Dealer Loan Contract" or "Eligible Purchased Loan Contract" (or included in any aggregation of balances of "Eligible Dealer Loan Contracts" or "Eligible Purchased Loan Contract") by the Borrower or the Servicer in any document or report delivered hereunder satisfied the requirements contained in the definition of Eligible Dealer Loan Contract or Eligible Purchased Loan Contract, as applicable, on the date so delivered;

(ii) all information with respect to the Dealer Agreements, Purchase Agreements and the Loans and the Contracts and the other Collateral provided to the Collateral Agent or the Deal Agent by the Borrower or the Servicer was true and correct in all material respects as of the date such information was provided to the Collateral Agent or the Deal Agent, as applicable;

(iii) each Loan and all other Collateral has been pledged to the Collateral Agent free and clear of any Lien of any Person (other than, with respect to the Dealer Loan Contracts, the second priority Lien of the related Dealer therein as set forth in the related Dealer Agreement) and in compliance, in all material respects, with all Applicable Laws;

(iv) with respect to each Dealer Agreement, Purchase Agreement, Loan, Contract and all other Collateral, all consents, licenses, approvals or authorizations of or registrations or declarations with any Governmental Authority required to be obtained, effected or given by the Borrower, in connection with the pledge of such Dealer Agreement, Purchase Agreement, Loan, Contract or other Collateral to the Collateral Agent have been duly obtained, effected or given and are in full force and effect;

(v) Schedule V to this Agreement (and any addendum thereto) is and will be an accurate and complete listings of all Loans, Contracts and Dealer Agreements in all material respects on the date each such Loan, Contract or Dealer Agreement was pledged to the Collateral Agent hereunder, and the information contained therein is and will be true and correct in all material respects as of such date;

(vi) each Contract and Purchased Loan constitutes tangible or electronic chattel paper; and

(vii) no selection procedure believed by the Borrower to be materially adverse to the interests of the Secured Parties has been or will be used in selecting the Dealer Agreements, Loans or Contracts; *provided* that for the avoidance of doubt, during the

Revolving Period, Credit Acceptance in its sole discretion may elect to sell to the Borrower Dealer Loans secured by either Open Pools or Closed Pools.

(b) *Notice of Breach.* The representations and warranties set forth in this Section 4.2 shall survive the pledge of the Collateral to the Collateral Agent and the termination of the rights and obligations of the Servicer. Upon discovery by the Borrower, Credit Acceptance, the Servicer or the Collateral Agent of a breach of any of the representations and warranties set forth in this Section 4.2, the party discovering such breach shall give prompt written notice to the other parties of such breach.

Section 4.3. Representations and Warranties of the Servicer. The Servicer represents and warrants as follows on the Closing Date and each Funding Date:

(a) *Organization and Good Standing.* The Servicer has been duly organized and is validly existing as a corporation in good standing under the laws of the State of Michigan, with all requisite corporate power and authority to own or lease its properties and to conduct its business as such business is presently conducted and to enter into and perform its obligations pursuant to this Agreement and the other Transaction Documents to which it is a party.

(b) *Due Qualification.* The Servicer is duly qualified to do business as a corporation and is in good standing as a corporation, and has obtained all necessary licenses and approvals in all jurisdictions in which the ownership or lease of its property and or the conduct of its business requires such qualification, licenses or approvals.

(c) *Power and Authority; Due Authorization.* The Servicer (i) has all necessary power, authority and legal right to (A) execute and deliver this Agreement and the other Transaction Documents to which it is a party and (B) carry out the terms of this Agreement and the other Transaction Documents to which it is a party, and (ii) has duly authorized by all necessary corporate action the execution, delivery and performance of this Agreement and the other Transaction Documents to which it is a party. This Agreement and each other Transaction Document to which it is a party have been duly executed and delivered by the Servicer.

(d) *Binding Obligation.* This Agreement and each other Transaction Document to which the Servicer is a party constitutes a legal, valid and binding obligation of the Servicer, each enforceable against the Servicer in accordance with its terms.

(e) *No Violation.* The consummation of the transactions contemplated by this Agreement and the other Transaction Documents to which it is a party and the fulfillment of the terms hereof and thereof will not (i) conflict with, result in any breach of any of the terms and provisions of, or constitute (with or without notice or lapse of time or both) a default under, the Servicer's certificate of incorporation, bylaws or any Contractual Obligation of the Servicer, (ii) result in the creation or imposition of any Lien upon any of the Servicer's properties pursuant to the terms of any such Contractual Obligation, or (iii) violate any Applicable Law.

(f) *No Proceedings.* There is no litigation, proceeding or investigation pending or, to the best knowledge of the Servicer, threatened against the Servicer, before any Governmental Authority (i) asserting the invalidity of this Agreement or any other Transaction Document to which the Servicer is a party, (ii) seeking to prevent the consummation of any of the transactions contemplated by this Agreement or any other Transaction Document to which the Servicer is a party or (iii) seeking any determination or ruling that could reasonably be expected to have a Material Adverse Effect.

(g) *All Consents Required.* All approvals, authorizations, consents, orders or other actions of any Person or of any Governmental Authority (if any) required for the due execution, delivery and performance by the Servicer of this Agreement and any other Transaction Document to which the Servicer is a party have been obtained except where the failure to so obtain is not reasonably expected to result in a Material Adverse Effect.

(h) *Reports Accurate.* All Monthly Reports and other written and electronic information, exhibits, financial statements, documents, books, records or reports furnished by the Servicer to the Deal Agent, the Collateral Agent or the Lender in connection with this Agreement are accurate, true, complete and correct in all material respects as of the date delivered.

(i) *Servicer's Performance.* The Servicer has the knowledge, the experience and the systems, financial and operational capacity available to timely perform each of its obligations hereunder and under each other Transaction Document to which it is a party.

(j) *Compliance With Credit Guidelines and Collection Guidelines.* The Servicer has, with respect to the Loans and Contracts, complied in all material respects with the Credit Guidelines and the Collection Guidelines or otherwise as required by Applicable Law.

Section 4.4. [Reserved].

Section 4.5. Breach of Representations and Warranties.

(a) *Payment in respect of an Ineligible Loan and Ineligible Contract.* If a Loan or a Contract is an Ineligible Loan or Ineligible Contract, no later than the earlier of (i) knowledge by the Borrower of such Loan or Contract being an Ineligible Loan or Ineligible Contract and (ii) receipt by the Borrower from the Deal Agent, the Collateral Agent or the Servicer of written notice thereof the Borrower shall, by no later than the first Payment Date occurring after the Collection Period during which such discovery or notice thereof occurred, make a payment to the Collection Account in respect of each such Loan or Contract in an amount equal to the related Release Price. On and after the date of such payment, any such Loan or Contract shall for all purposes of this Agreement be deemed to be an Ineligible Loan or Ineligible Contract. The Borrower shall make a deposit to the Collection Account (for allocation pursuant to Section 2.6) in immediately available funds an amount (the "Release Price") equal to the sum of (i): in the case of an Ineligible Loan, the product of (x) the Outstanding Balance related to such Loan as of the last day of the related Collection Period and (y) the Net Advance Rate in effect on the date of such payment; and in the case of an Ineligible Contract, the product of (x) the Outstanding Balance related to such Contract as of the last day of the related Collection Period and (y) a ratio the numerator of which is the Aggregate Loan Amount as of the date of such payment and the denominator of which is the Outstanding Balance of all Contracts as of the last day of the related Collection Period; (ii) accrued and unpaid Carrying Costs, Increased Costs, Indemnified Amounts and Additional Amounts related to such Loan or Contract through the date of such deposit; and (iii) all Hedge Costs due to the relevant Hedge Counterparties for any termination in whole or in part of one or more transactions related to the relevant Hedging Agreement, as required by the terms of any Hedging Agreement. Notwithstanding the foregoing, with respect to any Ineligible Contracts, the Borrower may repurchase the Loans related thereto in lieu of such Ineligible Contracts and deposit into the Collection Account the Release Price of such Loans (as if such Loans were Ineligible Loans). Each Loan or Contract which is subject to a payment in accordance with this <u>Section 4.5(a)</u> shall, upon payment in full of the related Release Price, be released from the lien created pursuant to this Agreement and shall no longer constitute Collateral. The Collateral Agent as agent for the Secured Parties shall, at the sole expense of the Servicer, execute and deliver such instruments of transfer, in each case without recourse, representation or warranty, as shall be prepared and reasonably requested by the Servicer on behalf of the Borrower to vest in the Borrower, or its designee or assignee, all right, title and interest of the Collateral Agent as agent for the Secured Parties in, to and under the Loans or Contract subject to a payment in accordance with this Section 4.5(a).

(b) *Retransfer of All of the Loans.* In the event of a breach of any representation or warranty set forth in Section 4.2 hereof which breach could reasonably be expected to have a Material Adverse Effect, by notice then given in writing to the Borrower, the Deal Agent may direct the Borrower to accept the release by the Collateral Agent of all of the Loans, in which case the Borrower shall be obligated to accept the release of such Loans on a Payment Date specified by the Deal Agent (such date, the *"Release Date"*); *provided, however,* that no such release shall be given effect unless the Borrower has complied with the terms of any Hedging Agreement requiring that any derivative transaction related thereto be terminated in whole or in part and the Borrower has paid all Hedge Costs due with respect to such termination. The Borrower shall deposit in the Collection Account on the Release Date an amount equal to: (A) the Aggregate Unpaids minus (B) the amount, if any, available in the Collection Account and the Reserve Account on such Payment Date (the *"Retransfer Amount"*) for allocation and distribution in accordance with Section 2.6. On the Release Date, *provided* that the full Retransfer Amount has been deposited into the Collection Account, the Loans and Related Security related thereto shall be transferred to the Borrower; and the Collateral Agent as agent for the Secured Parties shall, at the sole expense of the Servicer, execute and deliver such instruments of transfer, in each case without recourse, representation or warranty, as shall be prepared and reasonably requested by the Servicer on behalf of the Borrower to vest in the Borrower, or its designee or assignee, all right, title and interest of the Collateral Agent as agent for the Secured Parties in, to and under the Loans.

(c) *Remedy for Breach.* The parties hereto agree that the sole remedy for the breach by the Borrower of the representations and warranties set forth in Section 4.2 hereof with respect to the eligibility of a Loan or Contract shall be set forth in this Section 4.5 and Section 6.2(c)(ii).

(d) *Application.* Amounts paid in accordance with Section 4.5(a) and (b) shall be distributed on the next succeeding Payment Date in accordance with Section 2.6.

(e) Notwithstanding anything herein to the contrary, during the Revolving Period, payments required under Section 4.5(a) and (b) shall not be required if the Aggregate Loan Amount is equal to or less than the Borrowing Base.

Article V

General Covenants

Section 5.1. Affirmative Covenants of the Borrower. From the date hereof until the Collection Date:

(a) *Compliance with Laws.* The Borrower will comply in all material respects with all Applicable Laws, including those with respect to the Loans and Dealer Agreements.

(b) *Preservation of Limited Liability Company Existence; Conduct of Business.* The Borrower will preserve and maintain its existence, rights, franchises and privileges in the jurisdiction of its formation, and qualify and remain qualified in good standing as a foreign limited liability company in each jurisdiction where the failure to preserve and maintain such existence, rights, franchises, privileges and qualification has had, or could reasonably be expected to have, a Material Adverse Effect. The Borrower will carry on and conduct its business in substantially the same manner and in substantially the same fields of enterprise as it is presently conducted and do all things necessary to remain duly organized, validly existing and in good standing as a domestic limited liability company in its jurisdiction of organization and maintain all requisite authority to conduct its business in each jurisdiction in which its business is conducted.

(c) *Performance and Compliance with Loans, Dealer Agreements and Contracts.* The Borrower will, at its expense, timely and fully perform and comply (or cause the Originator to perform and comply pursuant to the Contribution Agreement) with all provisions, covenants and other promises required to be observed by it under the Loans, Dealer Agreements and Contracts in and all other agreements related thereto in all material respects.

(d) *Keeping of Records and Books of Account.* The Borrower will maintain or cause to be maintained and implement administrative and operating procedures (including, without limitation, an ability to recreate records evidencing Loans in the event of the destruction of the originals thereof), and keep and maintain or cause to be kept and maintained all documents, books, records and other information reasonably necessary or advisable for the collection of all Loans.

(e) *Originator Assets.* With respect to each Loan acquired by the Borrower, the Borrower will: (i) acquire such Loan pursuant to and in accordance with the terms of the Contribution Agreement; (ii) take all action necessary to perfect, protect and more fully evidence the Borrower's ownership of such Loan, including, without limitation, (A) filing and maintaining, effective financing statements (Form UCC-1) against the Originator in all necessary or appropriate filing offices, and filing continuation statements, amendments or assignments with respect thereto in such filing offices, and (B) executing or causing to be executed such other instruments or notices as may be necessary or appropriate; and (iii) take all additional action that the Deal Agent or the Collateral Agent may reasonably request to perfect, protect and more fully evidence the respective interests of the parties to this Agreement in the Collateral.

(f) *Delivery of Collections.* Subject to Section 2.7(d) hereof, the Borrower will deposit or cause to be deposited to the Collection Account promptly (but in no event later than two (2) Business Day(s) after receipt) all Collections received by Borrower in respect of the Loans or the Contracts.

(g) *Separate Corporate Existence.* The Borrower shall be in compliance with the requirements set forth in Section 5.2(n).

(h) *Credit Guidelines and Collection Guidelines.* The Borrower will comply in all material respects with the Credit Guidelines and the Collection Guidelines with respect to each Loan and Contract unless otherwise required under Applicable Law.

(i) *Taxes.* The Borrower will file all tax returns that are required to be filed by it and pay any and all Taxes (other than any amount of Tax the validity of which is being contested in good faith by appropriate proceedings and with respect to which reserves in accordance with GAAP have been provided on the books of the Borrower).

(j) *Use of Proceeds.* The Borrower will use the proceeds of the Funding only to acquire Loans pursuant to the Contribution Agreement or to make distributions to Credit Acceptance.

(k) *Reporting.* The Borrower will maintain for itself a system of accounting established and administered in accordance with GAAP and furnish or cause to be furnished to the Deal Agent the following information:

(i) *Annual Reporting*. Within 120 days after the close of the Borrower's and Credit Acceptance's fiscal years, (A) audited consolidated financial statements for Credit Acceptance and all of its Subsidiaries, accompanied by an unqualified audit report certified by independent certified public accountants, acceptable to the Deal Agent, and prepared in accordance with GAAP and any management letter prepared by said accountants and (B) unaudited financial statements for the Borrower, including balance sheets as of the end of such period and related statements of operations, prepared as presented within the audited consolidated financial statements of Credit Acceptance and all of its Subsidiaries;

(ii) *Quarterly Reporting*. Within sixty (60) days after the close of the first three quarterly periods of each of the Borrower's and Credit Acceptance's fiscal years, (A) unaudited consolidated financial statements for Credit Acceptance and all of its Subsidiaries, including the consolidated balance sheets as of the end of each such period and consolidated related statements of operations and cash flows for the period from the beginning of such fiscal year to the end of such quarter, prepared in accordance with GAAP and certified by its chief financial officer or treasurer as true, accurate and complete in all material respects and (B) unaudited financial statements for the Borrower, including balance sheets as of the end of each such period and related statement of operations for the period from the beginning of such fiscal year to the end of such quarter, prepared as presented within the unaudited consolidated financial statements of Credit Acceptance and all of its Subsidiaries and certified by its chief financial officer or treasurer as true, accurate and complete in all material respects;

(iii) *Compliance Certificate*. Together with the financial statements required hereunder, a compliance certificate signed by the Borrower's or Credit Acceptance's, as applicable, chief financial officer or treasurer stating that (A) the attached consolidated financial statements of Credit Acceptance and all of its Subsidiaries have been prepared in accordance with GAAP and accurately reflect the financial condition of Credit Acceptance, (B) the attached financial statements of the Borrower have been prepared as presented within the consolidated financial statements of Credit Acceptance and all of its Subsidiaries and accurately reflect the financial condition of the Borrower, and (C) to the best of such Person's knowledge, no Termination Event or Unmatured Termination Event exists, or if any Termination Event or Unmatured Termination Event exists, stating the nature and status thereof;

(iv) *Shareholders Statements and Reports.* Promptly upon the furnishing thereof to the members of the Borrower or the shareholders of Credit Acceptance, copies of all financial statements, reports and proxy statements so furnished, to the extent such information has not been provided pursuant to another clause of this Section 5.1(k);

(v) *S.E.C. Filings.* Promptly upon the filing thereof, copies of all registration statements and annual, quarterly, monthly or other regular reports which Credit Acceptance or any subsidiary files with the Securities and Exchange Commission;

(vi) *Notice of Termination Events or Unmatured Termination Events.* As soon as possible and in any event within two (2) days after the occurrence of each Termination Event or each Unmatured Termination Event, a statement of the chief financial officer or treasurer of the Borrower setting forth details of such Termination Event or Unmatured Termination Event and the action which the Borrower proposes to take with respect thereto;

(vii) *Reserved*;

(viii) *Collection Guidelines.* On the Closing Date, a complete copy of the Collection Guidelines then in effect;

(ix) *ERISA.* Promptly after the filing or receiving thereof, copies of all reports and notices with respect to any Reportable Event (as defined in Article IV of ERISA) which the Borrower, Credit Acceptance or any ERISA Affiliate of the Borrower or Credit Acceptance files under ERISA with the Internal Revenue Service, the Pension Benefit Guaranty Corporation or the U.S. Department of Labor or which the Borrower, Credit Acceptance or any ERISA Affiliates of the Borrower or Credit Acceptance receives from the Internal Revenue Service, the Pension Benefit Guaranty Corporation or the U.S. Department of Labor;

(x) *Proceedings.* As soon as possible and in any event within two (2) Business Days after any executive officer of the Borrower receives notice or obtains knowledge thereof, any settlement of, material judgment (including a material judgment with respect to the liability phase of a bifurcated trial) in or commencement of any labor controversy litigation, action, suit or proceeding (in each case, of a material nature), before any court or governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, affecting the Borrower or any of its Affiliates;

(xi) *Notice of Material Events.* Promptly upon becoming aware thereof, notice of any other event or circumstances that, in the reasonable judgment of the Borrower, is likely to have a Material Adverse Effect; and

(xii) *Other Information.* Such other information, documents, records or reports (including non-financial information) as the Deal Agent or the Collateral Agent may from time to time reasonably request with respect to Credit Acceptance, the Borrower, the Servicer or any Subsidiary of any of the foregoing.

(l) *Compliance with Applicable Law.* The Borrower shall duly satisfy in all material respects its obligations under or in connection with each Loan and Contract, will maintain in effect all material qualifications required under all Applicable Law, and will comply in all material respects with all other Applicable Law in connection with each Loan and Contract the failure to comply with which would have a material adverse effect on the interests of the Secured Parties in the Collateral.

(m) *Furnishing of Information and Inspection of Records.* The Borrower will furnish to the Deal Agent and the Collateral Agent, from time to time, such information with respect to the Loans and Contracts as may be reasonably requested, including, without limitation, a computer file, microfiche list or other list identifying each Loan and Contract by pool number, account number and dealer number and by the Outstanding Balance and identifying the Obligor on such Loan or Contract. The Borrower will, at any time and from time to time during regular business hours, upon reasonable notice, permit the Deal Agent and the Collateral Agent, or their agents or representatives, to examine and make copies of and abstracts from all Records, to visit the offices and properties of the Borrower for the purpose of examining such Records, and to discuss matters relating to the Loans or Contracts or the Borrower's performance hereunder and under the other Transaction Documents with any of the officers, directors, employees or independent public accountants of the Borrower having knowledge of such matters; *provided, however,* that the Deal Agent and the Collateral Agent each acknowledges that in exercising the rights and privileges conferred in this Section 5.1(m) it or its agents and representatives may, from time to time, obtain knowledge of information, practices, books, correspondence and records of a confidential nature and in which the Borrower has a proprietary interest. The Deal Agent and the Collateral Agent each agrees that all such information, practices, books, correspondence and records are to be regarded as confidential information and agrees that it shall retain in strict confidence and shall use its reasonable efforts to ensure that its agents and representatives retain in strict confidence, and will not disclose without the prior written consent of the Borrower, any such information, practices, books, correspondence and records furnished to them except that it may disclose such information: (i) to its officers, directors, employees, agents, counsel, accountants, auditors, affiliates, advisors or representatives (*provided* that such Persons are informed of the confidential nature of such information); (ii) to the extent such information has become available to the public other than as a result of a disclosure by or through the Deal Agent, the Collateral Agent or their officers, directors, employees, agents, counsel, accountants, auditors, affiliates, advisors or representatives; (iii) to the extent such information was available to the Deal Agent or the Collateral Agent on a non-confidential basis prior to its disclosure hereunder; (iv) to the extent the Deal Agent or the Collateral Agent should be (A) required under the Transaction Documents or in connection with any legal or regulatory proceeding or (B) requested by any bank regulatory authority to disclose such information; (v) to any prospective assignee; *provided,* that the relevant party shall notify such assignee of the confidentiality provisions of this Section 5.1(m).

(n) *Keeping of Records and Books of Account.* The Borrower will maintain and implement or cause to be maintained and implemented administrative and operating procedures (including, without limitation, an ability to recreate records evidencing the Loans and Contracts in the event of the destruction of the originals thereof), and keep and maintain, or obtain, as and when required, all documents, books, records and other information reasonably necessary or advisable for the collection of all amounts due under the Loans and Contracts (including, without limitation, records adequate to permit adjustments to amounts due under each existing Loan and Contract). The Borrower will give the Deal Agent notice of any material change in the administrative and operating procedures of the Borrower referred to in the previous sentence.

(o) *Notice of Liens and Breaches.* The Borrower will advise the Deal Agent and the Collateral Agent promptly, in reasonable detail of: (i) any Lien asserted by a Person against any of the Loans or Contracts or other Collateral; (ii) any breach by the Borrower, the Originator or the Servicer of any of its representations, warranties and covenants contained herein or in any other Transaction Document; and (iii) of the occurrence of any other event which would have a Material Adverse Effect.

(p) *Protection of Interest in Collateral.* The Borrower shall file or cause to be filed such continuation statements and any other documents reasonably requested by the Collateral Agent, the Deal Agent or the Lender or which may be required by law to fully preserve and protect the interest of the Collateral Agent and the Secured Parties in and to the Loans, the Contracts and the other Collateral.

(q) *Contribution Agreement.* The Borrower will at all times enforce the covenants and agreements of Credit Acceptance in the Contribution Agreement (including, without limitation, the rights and remedies against the Dealers).

(r) *Notice of Delegation of Servicer's Duties.* The Borrower promptly shall notify the Collateral Agent of any delegation by the Servicer of any of the Servicer's duties under this Agreement which is not in the ordinary course of business of the Servicer.

(s) *Organizational Documents.* The Borrower shall only amend, alter, change or repeal its certificate of formation or limited liability company agreement with the prior written consent of the Deal Agent.

Section 5.2. Negative Covenants of the Borrower. From the date hereof until the Collection Date:

(a) *Other Business.* Borrower will not: (i) engage in any business other than the transactions contemplated by the Transaction Documents; (ii) incur any indebtedness, obligation, liability or contingent obligation of any kind other than pursuant to the Transaction Documents; or (iii) form any Subsidiary or make any Investments in any other Person.

(b) *Loans Not to Be Evidenced by Instruments.* The Borrower will take no action to cause any Loan that is not, as of the Closing Date, evidenced by an Instrument, to be so evidenced except in connection with the enforcement or collection of such Loan.

(c) *Security Interests.* The Borrower will not sell, pledge, assign or transfer to any other Person, or grant, create, incur, assume or suffer to exist any Lien (other than the Lien described in Section 4.2(a)(iii)) on any Loan, Contract, Related Security or any other Collateral, whether now existing or hereafter transferred hereunder, or any interest therein, and the Borrower will not sell, pledge, assign or suffer to exist any Lien on its interest, if any, hereunder. The Borrower will promptly notify the Collateral Agent of the existence of any Lien on any Loan, Contract, Related Security or any other Collateral and the Borrower shall defend the right, title and interest of the Collateral Agent as agent for the Secured Parties in, to and under the Loans, Contracts, Related Security and other Collateral, against all claims of third parties.

(d) *Mergers, Acquisitions, Sales, etc.* The Borrower will not be a party to any merger or consolidation, or purchase or otherwise acquire all or substantially all of the assets or any stock of any class of, or any partnership or joint venture interest in, any other Person, or, sell, transfer, convey or lease all or any substantial part of its assets, or sell or assign with or without recourse any Loan, Contracts, Related Security or other Collateral or any interest therein (other than pursuant to and in accordance with the Transaction Documents).

(e) *Distributions.* The Borrower shall not declare or pay, directly or indirectly, any dividend or make any other distribution (whether in cash or other property) with respect to the profits, assets or capital of the Borrower or any Person's interest therein, or purchase, redeem or otherwise acquire for value any of its limited liability company interests now or hereafter outstanding, except that so long as no Termination Event or Unmatured Termination Event has occurred and is continuing or would result therefrom, the Borrower may declare and pay cash or in-kind dividends or other distributions on its limited liability company interests.

(f) *Change of Name or Location of Records Files.* The Borrower shall not (x) change its name or state of organization, move the location of its principal place of business and chief executive office, and the offices where it keeps the Records from the location referred to in Section 13.2 or (y) move, or consent to the Custodian or Servicer moving, the Records/Contract Files from the location thereof on the Closing Date, unless the Borrower has given at least thirty (30) days' written notice to the Deal Agent and the Collateral Agent and has taken all actions required under the UCC of each relevant jurisdiction in order to continue the first priority perfected security interest of the Collateral Agent, as agent for the Secured Parties, in the Collateral; *provided,* that, Credit Acceptance may move or transfer individual Contract Files or Records, or any portion thereof without notice in accordance with Section 6.2(c)(iii).

(g) *Accounting of the Contribution Agreement.* The Borrower will not account for or treat (whether in financial statements or otherwise) the transaction contemplated by the Contribution Agreement in any manner other than as a contribution, or absolute assignment, of the Loans and related assets by the Originator to the Borrower.

(h) *ERISA Matters.* The Borrower will not: (i) engage or permit any ERISA Affiliate to engage in any prohibited transaction for which an exemption is not available or has not previously been obtained from the United States Department of Labor; (ii) permit to exist any accumulated funding deficiency, as defined in Section 302(a) of ERISA and Section 412(a) of the Code, or funding deficiency with respect to any Benefit

Plan other than a Multiemployer Plan; (iii) fail to make any payments to a Multiemployer Plan that the Borrower or any ERISA Affiliate may be required to make under the agreement relating to such Multiemployer Plan or any law pertaining thereto; (iv) terminate any Benefit Plan so as to result in any liability; or (v) permit to exist any occurrence of any reportable event described in Title IV of ERISA.

(i) *Contribution Agreement.* The Borrower will not amend, modify, waive or terminate any provision of the Contribution Agreement without the prior written consent of the Deal Agent. The Borrower will not take any action under the Contribution Agreement which would have a Material Adverse Effect.

(j) *Changes in Payment Instructions to Obligors.* The Borrower will not make any change, or permit Servicer to make any change, in its instructions to Obligors regarding where payments in respect of Contracts are to be made to Borrower or Servicer, unless the Deal Agent shall have consented to such change in writing and has received duly executed copies of all documentation related thereto.

(k) *Extension or Amendment.* The Borrower will not, except as otherwise permitted hereunder or by law, extend, amend or otherwise modify, or permit the Servicer to extend, amend or otherwise modify, the terms of any Dealer Agreement, Loan or Contract; *provided, however,* the Dealer Agreements may be amended in connection with the closing of or opening of a pool.

(l) *Collection Guidelines.* The Borrower will not permit the amendment, modification, restatement or replacement, in whole or in part, of the Collection Guidelines, which change would materially impair the collectibility of any Loan or Contract or otherwise adversely affect the interests or the remedies of the Collateral Agent or the Secured Parties under this Agreement or any other Transaction Document, without the prior written consent of the Deal Agent or as required by Applicable Law.

(m) *No Assignments.* The Borrower will not assign or delegate, or grant any interest in, or permit any Lien to exist upon, any of its rights, obligations or duties under this Agreement without the prior written consent of the Deal Agent.

(n) *Special Purpose Entity.* The Borrower has not and shall not:

(i) engage in any business or activity other than the purchase and receipt of Loans and related assets from the Originator under the Contribution Agreement, the pledge of Loans and related assets under the Transaction Documents and such other activities as are incidental thereto;

(ii) acquire or own any material assets other than (A) the Loans and related assets from the Originator under the Contribution Agreement and (B) incidental property as may be necessary for the operation of the Borrower;

(iii) merge into or consolidate with any Person or dissolve, terminate or liquidate in whole or in part, transfer or otherwise dispose of all or substantially all of its assets or change its legal structure, without in each case first obtaining the Deal Agent's consent;

(iv) fail to preserve its existence as an entity duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization or formation, or without the prior written consent of the Deal Agent, amend, modify, terminate, fail to comply with the provisions of its limited liability company agreement, or fail to observe limited liability company formalities;

(v) own any subsidiary or make any investment in any Person without the consent of the Deal Agent;

(vi) commingle its assets or funds with the assets or funds of any of its Affiliates, or of any other Person, except for (A) Dealer Collections, (B) erroneous deposits or (C) prior to the identification and separation of such funds or assets by the Servicer in accordance with the Servicer's normal and customary business practices;

(vii) incur any debt, secured or unsecured, direct or contingent (including guaranteeing any obligation), other than (A) indebtedness to the Lender hereunder or in conjunction with a repayment of Aggregate Unpaids owed to the Lender, (B) indebtedness to the Originator under the Contribution Agreement in respect of the purchase of Loans (which indebtedness, if any, shall be subordinate to the indebtedness arising hereunder), and (C) trade payables in the ordinary course of its business, *provided* that such debt is not evidenced by a note and is paid when due;

(viii) become insolvent or fail to pay its debts and liabilities from its assets as the same shall become due;

(ix) fail to maintain its records, books of account and bank accounts separate and apart from those of its principal and Affiliates, and any other Person;

(x) enter into any contract or agreement with any of its principals or Affiliates or any other Person, except upon terms and conditions that are commercially reasonable and intrinsically fair and substantially similar to those that would be available on an arms-length basis with third parties other than any principal or Affiliates;

(xi) seek its dissolution or winding up in whole or in part;

(xii) fail to correct any known misunderstandings regarding the separate identity of Borrower or Affiliate thereof or any other Person;

(xiii) guarantee, become obligated for, or hold itself out to be responsible for the debt of another Person;

(xiv) make any loan or advances to any third party, including any Affiliate, or hold evidence of indebtedness issued by any other Person (other than cash and investment-grade securities);

(xv) fail either to hold itself out to the public as a legal entity separate and distinct from any other Person or to conduct its business solely in its own name in order not (A) to mislead others as to the identity with which such other party is transacting business, or (B) to suggest that it is responsible for the debts of any third party (including any of its Affiliates);

(xvi) fail to maintain adequate capital for the normal obligations reasonably foreseeable in a business of its size and character and in light of its contemplated business operations;

(xvii) file or consent to the filing or any petition, either voluntary or involuntary, to take advantage of any applicable insolvency, bankruptcy, liquidation or reorganization statute, or make an assignment for the benefit of creditors;

(xviii) share any common logo with or hold itself out as or be considered as a department or division of (A) any of its Affiliates or (B) any other Person;

(xix) permit any transfer (whether in any one or more transactions) of more than a 49% direct or indirect ownership interest in the Borrower, unless the Borrower delivers to the Deal Agent an acceptable non-consolidation opinion;

(xx) fail to maintain separate financial statements, showing its assets and liabilities separate and apart from those of any other Person, or have its assets listed on the financial statement of any other Person;

(xxi) fail to pay its own liabilities and expenses only out of its own funds;

(xxii) fail to pay the salaries of its own employees in light of its contemplated business operations;

(xxiii) acquire the obligations or securities of its Affiliates or members;

(xxiv) fail to allocate fairly and reasonably any overhead expenses that are shared with an Affiliate, including paying for office space and services performed by any employee of an Affiliate;

(xxv) to the extent it has invoices or checks, fail to use separate invoices or checks bearing its own name;

(xxvi) pledge its assets for the benefit of any other Person, other than with respect to payment of the indebtedness to the Lender hereunder;

(xxvii) fail at any time to have at least two (2) independent directors (each, an *"Independent Director"*) on its board of directors that (A) is not and has not been for at least five (5) years a director, officer, employee, trade creditor or shareholder (or spouse, parent, sibling or child of the foregoing) of (I) the Servicer, (II) the Borrower, or (III) any Affiliate of the Servicer or the Borrower; *provided, however,* such Independent Director may be an independent director or manager of another special purpose entity affiliated with the Servicer, and (B) has, (I) prior experience as an Independent Director for a corporation or limited liability company whose charter documents required the unanimous consent of all Independent Directors thereof before such corporation or limited liability company could consent to the institution of bankruptcy or insolvency proceedings against it or could file a petition seeking relief under any applicable federal or state law relating to bankruptcy and (II) at least three years of employment experience with one or more entities that provide, in the ordinary course of their respective businesses, advisory, management or placement services to issuers of securitization or structured finance instruments, agreements or securities;

(xxviii) fail to provide that the unanimous consent of all directors (including the consent of the Independent Directors) is required for the Borrower to (A) dissolve or liquidate, in whole or part, or institute proceedings to be adjudicated bankrupt or insolvent, (B) institute or consent to the institution of bankruptcy or insolvency proceedings against it, (C) file a petition seeking or consent to reorganization or relief under any applicable federal or state law relating to bankruptcy or insolvency, (D) seek or consent to the appointment of a receiver, liquidator, assignee, trustee, sequestrator, custodian or any similar official for the Borrower, (E) make any assignment for the benefit of the Borrower's creditors, (F) admit in writing its inability to pay its debts generally as they become due, or (G) take any action in furtherance of any of the foregoing; and

(xxix) take or refrain from taking, as applicable, each of the activities specified in the non-consolidation opinion of Skadden, Arps, Slate, Meagher & Flom LLP, delivered on the Closing Date, upon which the conclusions expressed therein are based.

Section 5.3. Reserved.

Section 5.4. Affirmative Covenants of the Servicer. From the date hereof until the Collection Date:

(a) *Compliance with Law.* The Servicer will comply in all material respects with all Applicable Laws, including those with respect to the Contracts, the Loans and the Dealer Agreements or any part thereof.

(b) *Preservation of Existence.* The Servicer will preserve and maintain its existence, rights, franchises and privileges in the jurisdiction of its formation, and qualify and remain qualified in good standing as a foreign corporation in each jurisdiction where the failure to preserve and maintain such existence, rights, franchises, privileges and qualification has had, or could reasonably be expected to have, a Material Adverse Effect.

(c) *Obligations and Compliance with Loans and Contracts.* The Servicer will duly fulfill and comply with all material obligations on the part of the Borrower to be fulfilled or complied with under or in connection with each Loan and each Contract and will do nothing to impair the rights of the Collateral Agent as agent for the Secured Parties or of the Secured Parties in, to and under the Collateral.

(d) *Keeping of Records and Books of Account.* The Servicer will maintain and implement administrative and operating procedures (including, without limitation, an ability to recreate records evidencing the Loans and Contracts in the event of the destruction of the originals thereof), and keep and maintain all documents, books, records and other information reasonably necessary or advisable for the collection of all Loans.

(e) *Preservation of Security Interest*. The Servicer will file such financing and continuation statements and any other documents that may be required by any law or regulation of any Governmental Authority to preserve and protect fully the security interest of the Collateral Agent as agent for the Secured Parties in, to and under the Collateral. In its capacity as Custodian, it will maintain possession of, or control over, the Contract Files and Records, as Custodian for the Secured Parties, as set forth in Section 6.2(c).

(f) *Collection Guidelines.* (i) The Servicer will comply in all material respects with the Collection Guidelines in regard to each Loan and Contract.

(ii) The Servicer will not agree to or otherwise permit to occur any material change in the Collection Guidelines, which change would impair the collectibility of any Loan or Contract or otherwise adversely affect the interests or remedies of the Deal Agent, the Collateral Agent or the Secured Parties under this Agreement or any other Transaction Document, without the prior written consent of the Deal Agent or unless required by Applicable Law.

(g) *Amortization Events and Termination Events.* The Servicer will furnish to the Deal Agent, as soon as possible and in any event within two (2) Business Days after the occurrence of each Amortization Event, each Termination Event and each Unmatured Termination Event, a written statement of the chief financial officer or treasurer of the Servicer setting forth the details of such event and the action that the Servicer purposes to take with respect thereto.

(h) *Other*. The Servicer will furnish to the Deal Agent or the Collateral Agent, as applicable, promptly, from time to time, such other information, documents, records or reports respecting the Collateral or the condition or operations, financial or otherwise, of Borrower or the Servicer as the Deal Agent or the Collateral Agent may from time to time reasonably request in order to protect the interests of the Collateral Agent or the Secured Parties under or as contemplated by this Agreement.

(i) *Losses, Etc.* In any suit, proceeding or action brought by the Collateral Agent or any Secured Party for any sum owing thereto, the Servicer shall save, indemnify and keep the Deal Agent, the Collateral Agent and the Secured Parties harmless from and against all expense, loss or damage suffered by reason of any defense, setoff, counterclaim, recoupment or reduction of liability whatsoever of the Obligor under a Loan or Contract, arising out of a breach by the Servicer of any obligation under the related Loan or Contract or arising out of any other agreement, indebtedness or liability at any time owing to or in favor of such Obligor or its successor from the Servicer, and all such obligations of the Servicer shall be and remain enforceable against and only against the Servicer and shall not be enforceable against the Deal Agent, the Collateral Agent or any Secured Party.

(j) *Notice of Liens.* The Servicer shall advise the Collateral Agent and the Deal Agent promptly, in reasonable detail of: (i) any Lien asserted or claim made against any portion of the Collateral; (ii) the occurrence of any breach by the Servicer of any of its representations, warranties and covenants contained herein or in any other Transaction Document; and (iii) the occurrence of any other event which would have a Material Adverse Effect.

(k) *Realization on Loans or Contracts.* In the event that the Servicer realizes upon any Loan or Contract, the methods utilized by the Servicer to realize upon such Loan or Contract or otherwise enforce any provisions of such Loan or Contract will not subject the Servicer, the Borrower, any Secured Party, the Deal Agent or the Collateral Agent to liability under any federal, state or local law, and such enforcement by the Servicer will be conducted in material accordance with the provisions of the Credit Guidelines, the Collection Guidelines, Applicable Law and, in the case of Credit Acceptance, this Agreement.

(l) *[Reserved].*

(m) *Change in Accounting Policies or Debt Rating.* The Servicer shall notify the Collateral Agent of any material change in or amendment to the Servicer's accounting policies within ten (10) days after the date such change or amendment has been made. Within five (5) days after the date of any change in the Borrower's or Credit Acceptance's public or private debt ratings, if any, the Servicer shall furnish the Collateral Agent with a written certification of the Borrower's or Credit Acceptance's public and private debt ratings after giving effect to any such change.

(n) *Monthly Reports.* Not later than the Determination Date preceding each Payment Date, the Servicer will furnish to the Deal Agent and the Collateral Agent a Monthly Report relating to the immediately preceding Collection Period.

Section 5.5. Negative Covenants of the Servicer. From the date hereof until the Collection Date:

(a) *Mergers, Acquisition, Sales, etc.* The Servicer will not consolidate with or merge into any other Person or convey or transfer its properties and assets substantially as an entirety to any Person, unless the Servicer is the surviving entity and unless:

(i) the Servicer has delivered to the Deal Agent an Officer's Certificate and an Opinion of Counsel each stating that any consolidation, merger, conveyance or transfer comply with this Section 5.5 and that all conditions precedent herein provided for relating to such transaction have been complied with;

(ii) the Servicer shall have delivered notice of such consolidation, merger, conveyance or transfer to the Deal Agent; and

(iii) after giving effect thereto, no Termination Event, Unmatured Termination Event or Servicer Termination Event or event that with notice or lapse of time, or both, would constitute a Servicer Termination Event shall have occurred.

(b) *Change of Name or Location of Records.* The Servicer shall not (x) change its name or its state of organization, move the location of its principal place of business and chief executive office, and the offices where it keeps records concerning the Loans from the location referred to in Section 13.2 or (y) move, or consent to the Custodian moving, the Records from the location thereof on the Closing Date, unless the Servicer has given at least thirty (30) days' written notice to the Deal Agent and has taken all actions required under the UCC of each relevant jurisdiction in order to continue the first priority perfected security interest of the Collateral Agent as agent for the Secured Parties in the Collateral; *provided,* that, Credit Acceptance may move or transfer individual Contract Files or Records, or any portion thereof without notice in accordance with Section 6.2(c)(iii).

(c) *Change in Payment Instructions to Obligors.* The Servicer will not make any change in its instructions to Obligors regarding where payments in respect of Contracts are to be made, unless the Deal Agent has consented to such change and has received duly executed documentation related thereto.

(d) *No Instruments.* The Servicer shall take no action to cause any Loan to be evidenced by any Instrument except for Instruments obtained with respect to defaulted Loans.

(e) *No Liens.* The Servicer shall not sell, pledge, assign or transfer to any other Person, or grant, create, incur, assume or suffer to exist any Lien (other than the Lien described in Section 4.2(a)(iii)) on the Collateral or any interest therein; the Servicer will notify the Collateral Agent and the Deal Agent of the existence of any Lien on any portion of the Collateral immediately upon discovery thereof, and the Servicer shall defend the right, title and interest of the Collateral Agent on behalf of the Secured Parties in, to and under the Collateral against all claims of third parties claiming through or under the Servicer.

(f) *Information.* The Servicer shall, within five (5) Business Days of its receipt thereof, respond to reasonable written directions or written requests for information that the Borrower, the Deal Agent or the Collateral Agent might have with respect to the administration of the Loans.

(g) *Consent.* The Servicer will promptly advise the Borrower, the Deal Agent and the Collateral Agent of any inquiry received from an Obligor which requires the consent of the Borrower, the Deal Agent or the Collateral Agent.

(h) *Credit Guidelines and Collection Guidelines.* The Servicer will not amend, modify, restate or replace in any material way the Credit Guidelines or the Collection Guidelines, which change would impair the collectibility of any Loan or Contract or otherwise adversely affect the interests or the remedies of the Deal Agent, the Collateral Agent or the Secured Parties under this Agreement or any other Transaction Document, without the prior written consent of the Deal Agent or unless required by Applicable Law.

Article VI

Administration and Servicing of Contracts

Section 6.1. *Servicing.* (a) The Borrower, the Deal Agent and the Collateral Agent hereby appoint Credit Acceptance as servicer hereunder and Credit Acceptance hereby accepts such appointment and agrees to manage, collect and administer each of the Loans and Contracts as Servicer. In the event of a Servicer Termination Event, the Deal Agent shall have the right to terminate Credit Acceptance as servicer hereunder. Upon termination of Credit Acceptance as servicer of the Loans pursuant to Section 6.11 hereof, the Deal Agent shall have the right to appoint a Successor Servicer and enter into a servicing agreement with such Successor Servicer at such time and exercise all of its rights under Section 6.3 hereof. Such servicing agreement shall specify the duties and obligations of such Successor Servicer, and all references herein to the Servicer shall be deemed to refer to such Successor Servicer.

(b) The Borrower shall cause the Servicer to deposit all Collections to the Collection Account no later than two (2) Business Days after receipt. The Servicer agrees to deposit all Collections to the Collection Account no later than two (2) Business Days after receipt.

(c) On or before 120 days after the end of each fiscal year of the Servicer, beginning with the fiscal year ending December 31, 2016, the Servicer shall cause a firm of independent public accountants (who may also render other services to the Servicer or the Borrower) to furnish a report to the Collateral Agent, the Deal Agent and the Secured Parties to the effect that they have (i) compared the information contained in the Monthly Reports delivered during such fiscal year, based on a sample size provided by the Collateral Agent, with the information contained in the Loans, the Contracts and the Servicer's records and computer systems for such period, and that, on the basis of such agreed upon procedures, such firm is of the opinion that the information contained in the Monthly Reports reconciles with the information contained in the Loans and the Contracts and the Servicer's records and computer system and that the servicing of the Loans and the Contracts has been conducted in compliance with this Agreement and (ii) verified the Aggregate Outstanding Eligible Loan Balance as of the end of each Collection Period during such fiscal year, except, in each case for (a) such exceptions as such firm shall believe to be immaterial (which exceptions need not be enumerated) and (b) such other exceptions as shall be set forth in such statement.

Section 6.2. Duties of the Servicer and Custodian. (a) The Servicer shall take or cause to be taken all such action as may be necessary or advisable to collect all amounts due under the Loans and Contracts from time to time, all in material accordance with applicable laws, rules and regulations, with reasonable care and diligence, and in material accordance with the Collection Guidelines and Credit Guidelines, it being understood that there shall be no recourse to the Servicer with regard to the Loans and Contracts except as otherwise provided herein and in the other Transaction Documents. In performing its duties as Servicer, the Servicer shall use the same degree of care and attention it employs with respect to similar contracts and loans which it services for itself or others. Each of the Borrower, the Deal Agent, the Collateral Agent and the Secured Parties hereby appoints as its agent the Servicer, from time to time designated pursuant to Section 6.1 hereof, to enforce its respective rights and interests in and under the Collateral. If the Servicer shall commence a legal proceeding to enforce a Loan or a Contract (for purposes of collection or otherwise), or if in any enforcement or other legal proceeding it shall be held that the Servicer may not enforce a Loan or a Contract, on the grounds that it shall not be a real party in interest or a holder entitled to enforce the Loan or Contract or on similar grounds, the Collateral Agent shall thereupon be deemed to have automatically assigned to the Servicer, solely for the purpose of enforcement, such Loan or Contract. Without limiting the foregoing, the Collateral Agent (and the Lender, if applicable) shall furnish the Servicer with an affidavit prepared by the Servicer that the Servicer may use in any such legal proceedings confirming the Servicer's power and authority to sue and otherwise enforce the Loans and Contracts in its own name, consistent with this Section 6.2, and any powers of attorney or other documents prepared by the Servicer reasonably necessary or appropriate to enable the Servicer to carry out its servicing and administrative duties hereunder. The Servicer shall hold in trust for the Secured Parties all Records and any amounts it receives in respect of the Collateral. In the event that a Successor Servicer is appointed, the outgoing Servicer shall deliver to the Successor Servicer and the Successor Servicer shall hold in trust for the Borrower and the Secured Parties all records which evidence or relate to all or any part of the Collateral.

(b) The Servicer, if other than Credit Acceptance, shall as soon as practicable upon demand, deliver to the Borrower all records in its possession which evidence or relate to indebtedness of an Obligor which is not a Loan or a Contract.

(c) (i) The Borrower, the Deal Agent and the Collateral Agent hereby revocably appoint Credit Acceptance as custodian, and Credit Acceptance hereby accepts such appointment, to hold and maintain physical possession of the Contract Files and all Records (or with respect to any Contract constituting electronic chattel paper, to maintain "control" (within the meaning of Section 9-105 of the UCC) of the Authoritative Electronic Copy thereof) (in such capacity together with its successors in such capacity, the “Custodian”). The Contract Files and Records are to be delivered to the Custodian or its designated bailee by or on behalf of the Borrower, the Deal Agent and the Collateral Agent within two (2) Business Days preceding the Funding Date or within 2 Business Days after each Addition Date, as the case may be, with respect to each Loan acquired on the Funding Date or Addition Date.

(ii) The Custodian shall within 180 days after the Closing Date or Funding Date, as applicable, review 100% of the Contract Files to verify the presence of the original retail installment contract and security agreement and/or installment loans with respect to each Contract, *provided, however,* that the Certificate of Title or other evidence of lien with respect to a Contract need not be verified. If the number of Contracts for which any of the foregoing documents have not been delivered to the Custodian within 180 days of the Closing Date or relevant Funding Date, as the case may be, or corrected (each such Contract, a *“Nonconforming Contract”*), exceeds 2% of the aggregate Contract Files required to be reviewed pursuant to this Section 6.2(c)(ii), the Borrower shall make a deposit to the Reserve Account only with respect to the excess number of Nonconforming Contracts, in an amount equal to the related Nonconforming Contract Payment Amount. Once per month, the amount on deposit in the Reserve Account in respect of Nonconforming Contracts shall be adjusted to account for increases or decreases in the excess number of Nonconforming Contracts and for changes in the Outstanding Balance of such Nonconforming Contracts. The Borrower shall, in the case of an increase, promptly deposit to the Reserve Account the amount of any such increase. In the case of a decrease, the amount of any such decrease shall be deemed to be part of the Excess Reserve Amount. During the Revolving Period, payments required under this Section 6.2(c)(ii) shall not be required if the Aggregate Loan Amount is equal to or less than the Borrowing Base by the amount of the payment that would otherwise be required to be made by this clause.

(iii) The Custodian agrees to maintain the Contract Files and Records which are delivered to it at the offices of the Custodian as shall from time to time be identified to the Deal Agent by written notice. Subject to the foregoing, Credit Acceptance may temporarily (or permanently, in the case of a Contract that is repurchased, liquidated or paid in full) move or transfer to an agent of the Servicer individual Contract Files or Records, or any portion thereof without notice as necessary to allow the Servicer to conduct collection and other servicing activities in accordance with its customary practices and procedures.

(iv) The Custodian shall have the following powers and perform the following duties:

(A) hold the Contract Files and Records for the benefit of the Secured Parties and maintain a current inventory thereof; and

(B) carry out such policies and procedures in accordance with its customary actions with respect to the handling and custody of the Contract Files and Records so that the integrity and physical possession of the Contract Files and Records (or with respect to any Contract constituting electronic chattel paper, the integrity and "control" (for UCC purposes) of the Authoritative Electronic Copy thereof) will be maintained.

In performing its duties as custodian, the Custodian agrees to act with reasonable care, using that degree of skill and care that it exercises with respect to similar Contracts or Loans owned or held by it for its own account or for any other Person.

(v) Credit Acceptance shall have the obligation (i) to physically segregate the Contract Files (to the extent held in physical form) from the other custodial files it is holding for its own account or on behalf of any other Person, (ii) to physically mark the Contract folders (to the extent held in physical form) to demonstrate the transfer of Contract Files and the Collateral Agent's security interest hereunder, (iii) mark its computer records indicating the transfer of any Contract Files relating to Contracts constituting electronic chattel paper and the Collateral Agent's security interest hereunder, and (iv) with respect to each Contract constituting electronic chattel paper, cause the single "authoritative copy" (within the meaning of Section 9-105 of the UCC) to be communicated to and maintained at all times by Credit Acceptance such that the "authoritative copy" constitutes an Authoritative Electronic Copy at all times.

(d) (i) If (A) an Unsatisfactory Audit occurs or (B) a Servicer Termination Event or potential Servicer Termination Event occurs, the Deal Agent shall have the right to terminate Credit Acceptance as the Custodian hereunder and the Deal Agent shall have the right to appoint a successor Custodian hereunder who shall assume all the rights and obligations of the *"Custodian"* hereunder. On the effective date of the termination of Credit Acceptance as Servicer, Credit Acceptance shall be released of all of its obligations as Custodian arising on or after such date. The Contract Files and Records shall be delivered by Credit Acceptance to the successor Custodian, on or before the date which is two (2) Business Days prior to such date.

(ii) Upon the occurrence of a Servicer Termination Event or potential Servicer Termination Event, the Servicer and the Borrower shall, at the request of the Deal Agent, in its sole discretion, take all steps necessary to cause the Certificate of Title or other evidence of ownership of each Financed Vehicle to be revised to name the Collateral Agent on behalf of the Secured Parties as lienholder. Any costs associated with such revision of the Certificate of Title (*"Reliening Expenses"*) shall be paid by the Servicer and, to the extent such costs are not paid by the Servicer, such unpaid costs shall be recovered as described in Section 2.6 hereof. In no event shall the Collateral Agent be required to expend funds in connection with this Section 6.2(d).

(iii) The Custodian shall provide to the Deal Agent access to the Contract Files and Records and all other documentation regarding the Contracts, Dealer Agreements and the Loans and the related Financed Vehicles in such cases where the Collateral Agent is required in connection with the enforcement of the rights or interests of the Secured Parties, or by applicable statutes or regulations to review such documentation, such access being afforded without charge.

(e) Two times per calendar year, at the expense of the Servicer, the Deal Agent may review the Servicer's collection and administration of the Loans, Dealer Agreements and Contracts in order to assess compliance by the Servicer with the Servicer's written policies and procedures, as well as with this Agreement and, at the expense of the Deal Agent of the Lender, may conduct an audit of the Loans, Dealer Agreements and Contracts and Contract Files in conjunction with such a review. On and after the occurrence of a Termination Event or Servicer Termination Event, the Deal Agent may conduct such reviews and audits without limitation, at the Servicer's expense.

Section 6.3. Rights After Designation of Successor Servicer. At any time following the designation of a Successor Servicer pursuant to Section 6.12(a):

(i) The Collateral Agent may intercept payments made by or on behalf of Obligors and direct that payment of all amounts payable under any Loan or Contract be made directly to the Collateral Agent or its designee; *provided,* that the Collateral Agent shall pay to any Dealer, to the extent to which such Dealer is entitled, all related Dealer Collections.

(ii) The Borrower shall, at the Collateral Agent's request and at the Borrower's expense, give notice of the Collateral Agent's interest in the Loans and Contracts to each Obligor and direct that payments be made directly to the Collateral Agent or its designee.

(iii) The Borrower and Credit Acceptance shall, at the Collateral Agent's request and at the Borrower's expense, (A) assemble all of the records relating to the Collateral, including all Records with respect to the Loans and Contracts, and shall make the same available to the Collateral Agent at a place selected by the Collateral Agent or its designee, and (B) segregate all cash, checks and other instruments received by it from time to time constituting collections of Collateral in a manner acceptable to the Collateral Agent and shall, promptly upon receipt but in any event within two (2) Business Days, remit all such cash, checks and instruments, duly endorsed or with duly executed instruments of transfer, to the Collateral Agent or its designee.

(iv) The Borrower hereby authorizes the Collateral Agent to take any and all steps in the Borrower's name and on behalf of the Borrower necessary or desirable, in the determination of the Collateral Agent, to collect all amounts due under any and all of the Collateral with respect thereto, including, without limitation, endorsing the Borrower's name on checks and other instruments representing Collections and enforcing the Loans and Contracts.

Section 6.4. Responsibilities of the Borrower. Anything herein to the contrary notwithstanding, the Borrower shall (i) perform all of its obligations under the Loans and

Contracts to the same extent as if a security interest in such Loans and Contracts had not been granted hereunder and the exercise by the Collateral Agent of its rights hereunder shall not relieve the Borrower from such obligations and (ii) pay when due any taxes, including without limitation, any sales taxes payable in connection with the Loans or Contracts and their creation and satisfaction. Neither the Collateral Agent nor any Secured Party shall have any obligation or liability with respect to any Loan, nor shall any of them be obligated to perform any of the obligations of the Borrower thereunder.

Section 6.5. Reports.

(a) *Monthly Report.* On each Determination Date, the Servicer shall deliver to the Deal Agent and the Collateral Agent a report in substantially the form of Exhibit B attached hereto (the *"Monthly Report"*) for the related Collection Period. The Deal Agent shall provide to the Borrower and the Servicer by the second (2^{nd}) Business Day after each Collection Period, information relating to the amount of each obligation which comprises Carrying Costs, Increased Costs, Indemnified Amounts and Additional Amounts for such Collection Period. The Monthly Report shall specify whether an Amortization Event, Termination Event or Unmatured Termination Event has occurred with respect to the Collection Period preceding such Determination Date. Upon receipt of the Monthly Report, the Deal Agent and the Collateral Agent shall rely (and shall be fully protected in so relying) on the information contained therein for the purposes of making distributions and allocations as provided for herein. Each Monthly Report shall be certified by a Responsible Officer of the Servicer.

(b) *Credit Agreement.* The Servicer shall deliver to the Deal Agent all reports or certificates required to be delivered under Section 7.3 of the Credit Agreement at the times set forth therein.

(c) *Financial Statements.* The Servicer will submit to the Deal Agent and the Collateral Agent, within 60 days of the end of each of its fiscal quarters, commencing September 30, 2015 unaudited financial statements as of the end of each such fiscal quarter. The Servicer will submit to the Deal Agent and the Collateral Agent, within 120 days of the end of each of its fiscal years, commencing with the fiscal year ending December 31, 2015 audited financial statements as of the end of each such fiscal year. The Servicer will submit to the Deal Agent and the Collateral Agent an analysis of the static pool performance of Credit Acceptance for each fiscal quarter.

(d) *Annual Statement as to Compliance.* The Servicer will provide to the Deal Agent and the Collateral Agent, within 120 days following the end of each fiscal year of the Servicer, commencing with the fiscal year ending on December 31, 2015 an annual report signed by a Responsible Officer of the Servicer certifying that (a) a review of the activities of the Servicer, and the Servicer's performance pursuant to this Agreement, for the period ending on the last day of such fiscal year has been made under such Person's supervision and (b) the Servicer has performed or has caused to be performed in all material respects all of its obligations under this Agreement throughout such year (or in the case of a Successor Servicer which has been Servicer for less than one year, for so long as such Successor Servicer has been Servicer) and no Servicer Termination Event or potential Servicer Termination Event has occurred and is continuing (or if a Servicer Termination Event has so occurred and is continuing, specifying each such event, the nature and status thereof and the steps necessary to remedy such event, and, if a Servicer Termination Event or potential Servicer Termination Event occurred during such year and no notice thereof has been given to the Deal Agent and the Collateral Agent, specifying such Servicer Termination Event or potential Servicer Termination Event and the steps taken to remedy such event).

(e) *Loss Rate Report.* On each Quarterly Determination Date, the Servicer shall deliver to the Deal Agent and the Collateral Agent a report in form and substance reasonably satisfactory to the Deal Agent which sets forth the Loss Rate as of the most recent month-end in respect of the Servicer's entire dealer loans portfolio which shall be aggregated by Dealer.

(f) *Forecasted Collections*. On each Quarterly Determination Date, the Servicer will submit to the Deal Agent a report setting forth the Forecasted Collections as of the most recent month-end in respect of all Loans which are part of the Collateral.

Section 6.6. Additional Representations and Warranties of Credit Acceptance as Servicer. Credit Acceptance, in its capacity as Servicer, represents and warrants to the Collateral Agent and the Deal Agent as of the Closing Date and the Funding Date, that the only material servicing computer systems and related software utilized by the Servicer to service the Loans and Contracts are: (i) provided by Ontario Systems Corporation under an existing licensing agreement and related resource agreement, each of which may be amended from time to time, and (ii) the "loan servicing system" software developed by Credit Acceptance, which is owned by Credit Acceptance. Should the Servicer or any of its Affiliates develop or implement computer software for servicing that is owned by or exclusively licensed to the Servicer or an Affiliate and utilize such software in the servicing of the Loans and Contracts, the Collateral Agent shall be entitled to compel a license or sublicense for the benefit of the Collateral Agent or its designee of any such rights to the extent the Collateral Agent deems reasonably necessary and appropriate to assure that it or a duly appointed Successor Servicer would be able to continue to service the Loans and Contracts should that be required in accordance with the terms hereof.

Section 6.7. Establishment of the Accounts.

(a) *Establishment of the Collection Account and Reserve Account.* The Servicer shall cause to be established, on or before the Closing Date, and maintained in the name of the Collateral Agent as agent for the Secured Parties, with an office or branch of a depository institution or trust company (i) a segregated corporate trust account entitled *"Collection Account for Flagstar Bank, as collateral agent for the Secured Parties"* (the *"Collection Account"*) and (ii) a segregated corporate trust account entitled *"Reserve Account for Flagstar Bank, as collateral agent for the Secured Parties"* (the *"Reserve Account"*), in each case, over which the Collateral Agent as agent for the Secured Parties shall have sole dominion and control and from which none of the Originator, the Servicer or the Borrower shall have any right of withdrawal; *provided, however,* that at all times such depository institution or trust company shall be a depository institution or trust company organized under the laws of the United States of America or any one of the States thereof or the District of Columbia (or any domestic branch of a foreign bank), (i)(A) that has either (1) a long-term unsecured debt rating of AA- or better by S&P and Aa3 or better by Moody's or (2) a short-term unsecured debt rating or certificate of deposit rating of A-1 or better by S&P or P-1 or better by Moody's, (B) the parent corporation which has either (1) a long-term unsecured debt rating of AA- or better by S&P and Aa3 or better by Moody's or (2) a short-term unsecured debt rating or certificate of deposit rating of A-1 or better by S&P and P-1 or better by Moody's or (C) is otherwise acceptable to the Deal Agent and (ii) whose deposits are insured by the Federal Deposit Insurance Corporation (any such depository institution or trust company, a *"Qualified Institution"*).

(b) *Adjustments.* If (i) the Servicer makes a deposit into the Collection Account in respect of a Collection of a Loan and such Collection was received by the Servicer in the form of a check or other form of payment that is not honored for any reason or (ii) the Servicer makes a mistake with respect to the amount of any Collection and deposits an amount that is less than or more than the actual amount of such Collection, the Servicer shall appropriately adjust the amount subsequently deposited into the Collection Account to reflect such dishonored check or mistake. Any payment in respect of which a dishonored check or other form of payment is received shall be deemed not to have been paid.

(c) *Eligible Investments.* Funds on deposit in the Collection Account and the Reserve Account shall be invested in Permitted Investments by or at the written direction of the Borrower, *provided* that if a Termination Event or Unmatured Termination Event shall have occurred, such amounts shall be invested in Permitted Investments described in clause (g) of the definition thereof. Any such written directions shall specify the particular investment to be made and shall certify that such investment is a Permitted Investment and is permitted to be made under this Agreement. Funds on deposit in the Collection Account and the Reserve Account shall be invested in Permitted Investments that will mature so that such funds will be available no later than the Business Day prior to the next Payment Date, except that in the case of funds representing Collections with respect to a succeeding Collection Period, such Permitted Investments may mature so that such funds will be available no later than the Business Day prior to the Payment Date for such Collection Period. No Permitted Investment may be liquidated or disposed of prior to its maturity. All proceeds of any Permitted Investment shall be deposited in the Collection Account or the Reserve Account, as applicable. Investments may be made in either account on any date (*provided* such investments mature in accordance herewith), only after giving effect to deposits to and withdrawals from such account on such date. Realized losses, if any, on amounts invested in Permitted Investments shall be charged against investment earnings on amounts on deposit in the Collection Account or the Reserve Account, as applicable.

Section 6.8. Payment of Certain Expenses by Servicer. The Servicer will be required to pay all expenses incurred by it in connection with its activities under this Agreement, including fees and disbursements of independent accountants, Taxes imposed on the Servicer, expenses incurred in connection with payments and reports pursuant to this Agreement, and all other fees and expenses not expressly stated under this Agreement for the account of the Borrower. The Servicer will be required to pay all reasonable fees and expenses owing to any bank or trust company in connection with the maintenance of the Collection Account, the Reserve Account and the Credit Acceptance Payment Account. The Servicer shall be required to pay such expenses for its own account and shall not be entitled to any payment therefor other than the Servicing Fee.

Section 6.9. Annual Independent Public Accountant's Servicing Reports. The Servicer will cause a firm of nationally recognized independent public accountants (who may also render other services to the Servicer) to furnish to the Deal Agent, within 120 days following the end of each fiscal year of the Servicer, commencing with the fiscal year ending on December 31, 2016: (i) a report relating to such fiscal year to the effect that (A) such firm has reviewed certain documents and records relating to the servicing of the Loans and Contracts included in the Collateral, and (B) based on such examination, such firm is of the opinion that the Monthly Reports for such year were prepared in compliance with this Agreement, except for such exceptions as it believes to be immaterial and such other exceptions as will be set forth in such firm's report and (ii) a report covering such fiscal year to the effect that such accountants have applied certain agreed-upon procedures, as set forth in Section 6.1(c) (which procedures shall have been approved by the Deal Agent) to certain documents and records relating to the Loans under any Transaction Document, compared the information contained in the Monthly Reports delivered during the period covered by such report with such documents and records and that no matters came to the attention of such accountants that caused them to believe that such servicing was not conducted in compliance with Article VI of this Agreement, except for such exceptions as such accountants shall believe to be immaterial and such other exception as shall be set forth in such statement.

Section 6.10. The Servicer Not to Resign. The Servicer shall not resign from the obligations and duties hereby imposed on it hereunder except upon the Servicer's determination that (i) the performance of its duties hereunder is or becomes impermissible under Applicable Law and (ii) there is no reasonable action that the Servicer could take to make the performance of its duties hereunder permissible under Applicable Law. Any such determination permitting the resignation of the Servicer shall be evidenced as to clause (i) above by an Opinion of Counsel to such effect delivered to the Deal Agent and the Collateral Agent. No such resignation shall become effective until a Successor Servicer shall have assumed the responsibilities and obligations of the Servicer in accordance with Section 6.12.

Section 6.11. Servicer Termination Events. If any one of the following events (a *"Servicer Termination Event"*) shall occur and be continuing:

(a) any failure by the Servicer to make any payment, transfer or deposit as required by this Agreement or any other Transaction Document, other than any such failure resulting from an administrative or technical error of the Servicer in the amount so paid, transferred or deposited; *provided* that within one (1) Business Day after the Servicer becomes aware that, as a result of an administrative or technical error of the Servicer, any amount previously paid, transferred or deposited by the Servicer was less than the amount required to be paid, transferred or deposited by the Servicer, the Servicer pays, transfers or deposits the amount of such shortfall;

(b) any failure by the Servicer to give instructions or notice to the Deal Agent as required by this Agreement or any other Transaction Document, or to deliver any required Monthly Report or other required reports hereunder on or before the date occurring two (2) Business Days after the date such instruction, notice or report is required to be made or given, as the case may be, under the terms of this Agreement or the relevant Transaction Document;

(c) any failure on the part of the Servicer duly to observe or perform in any material respect any other covenants or agreements of the Servicer set forth in this Agreement or the other Transaction Documents (other than as set forth in clauses (a) or (b) above) to which the Servicer is a party, which continues unremedied for a period of 10 days ;

(d) any material representation, warranty or certification made by the Servicer in any Transaction Document or in any certificate delivered pursuant to any Transaction Document shall prove to have been incorrect when made, which continues unremedied for more than thirty (30) days (or a longer period, not in excess of sixty (60) days, as may be reasonably necessary to remedy such default, if the default is capable of remedy within sixty (60) days or less and the Servicer delivers an Officer's Certificate to the Deal Agent to the effect that it has commenced, or will promptly commence and diligently pursue, all reasonable efforts to remedy the default);

(e) an Insolvency Event shall occur with respect to the Servicer;

(f) Reserved;

(g) any financial information related to the Collateral reasonably requested by the Deal Agent, the Collateral Agent or the Lender as provided herein is not reasonably provided as requested;

(h) the rendering against the Servicer of one or more final judgments, decrees or orders for the payment of money in excess of United States $15,000,000 in the aggregate, and the continuance of such judgment, decree or order unsatisfied and in effect for any period of more than sixty (60) consecutive days without a stay of execution;

(i) the Servicer shall fail to pay any principal of or premium or interest on any indebtedness in an aggregate outstanding principal amount of $15,000,000 or more (*"Material Debt"*), when the same becomes due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise) and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to such Material Debt; or any other default under any agreement or instrument relating to any Material Debt or any other event, shall occur and shall continue after the applicable grace period, if any, specified in such agreement or instrument if the effect of such default or event is to accelerate, or to permit the acceleration of, the maturity of such Material Debt; or any such Material Debt shall be declared to be due and payable or required to be prepaid (other than by a regularly scheduled required prepayment) prior to the stated maturity thereof;

(j) any change in the control of the Servicer that takes the form of either a merger or consolidation in which the Servicer is not the surviving entity;

(k) a Material Adverse Effect shall have occurred;

(l) a Termination Event shall have occurred and such Termination Event has not been waived by the Deal Agent; or

(m) the occurrence of the thirtieth (30th) day after the end of the fiscal quarter in which a breach of any covenant set forth in Sections 7.5, 7.6 and 7.7 of the Credit Agreement shall occur unless prior to such date, such breach is cured or waived by the Deal Agent in the Deal Agent's sole discretion;

then notwithstanding anything herein to the contrary, so long as any such Servicer Termination Event shall not have been remedied, within any applicable cure period prior to the date of the Servicer Termination Notice (defined below), the Deal Agent may, or at the direction of the Lender shall, by written notice to the Servicer (a *"Servicer Termination Notice"*), terminate all of the rights and obligations of the Servicer as Servicer under this Agreement.

Section 6.12. Appointment of Successor Servicer. (a) On and after the receipt by the Servicer of a Servicer Termination Notice pursuant to Section 6.11 or Section 9.2, the Servicer shall continue to perform all servicing functions under this Agreement until the date specified in the Servicer Termination Notice or otherwise specified by the Deal Agent in writing or, if no such date is specified in such Servicer Termination Notice or otherwise specified by the Deal Agent, until a date mutually agreed upon by the Servicer and the Deal Agent. The Deal Agent may at the time described in the immediately preceding sentence at the direction of the Lender appoint a Successor Servicer by written notice as the Servicer hereunder, and such Successor Servicer shall on such date (which date shall be no less than thirty (30) days after receipt of such written notice) assume all obligations of the Servicer hereunder by a written assumption in a form acceptable to the Deal Agent, and all authority and power of the Servicer under this Agreement shall pass to and be vested in the Successor Servicer. In the event that a Successor Servicer has not accepted its appointment at the time when the Servicer ceases to act as Servicer, the Deal Agent shall petition a court of competent jurisdiction to appoint any established financial institution having a net worth of not less than United States $50,000,000 and whose regular business includes the servicing of Loans as the Successor Servicer hereunder.

(b) Upon its assumption as Successor Servicer (subject to Section 6.12(a)), any Successor Servicer, shall be the successor in all respects to the Servicer with respect to servicing functions under this Agreement and shall be subject to all the responsibilities, duties and liabilities relating thereto placed on the Servicer by the terms and provisions hereof, and all references in this Agreement and the other Transaction Documents to the Servicer shall be deemed to refer to such Successor Servicer. In no event shall the Successor Servicer be liable for any actions or omissions of any predecessor Servicer or a predecessor Servicer be liable for any acts or omissions of any Successor Servicer.

(c) All authority and power granted to the Servicer under this Agreement shall automatically cease and terminate upon termination of this Agreement and shall pass to and be vested in the Borrower and, without limitation, the Borrower is hereby authorized and empowered to execute and deliver, on behalf of the Servicer, as attorney-in-fact or otherwise, all documents and other instruments, and to do and accomplish all other acts or things necessary or appropriate to effect the purposes of such transfer of servicing rights. The Servicer agrees to cooperate with the Borrower in effecting the termination of the responsibilities and rights of the Servicer to conduct servicing on the Loans and the Contracts.

Section 6.13. Responsibilities of the Borrower. Anything herein to the contrary notwithstanding, the Borrower shall (i) perform all of its obligations under the Loans to the same extent as if a security interest in such Loans had not been granted hereunder and (ii) pay when due, from funds available to the Borrower under Section 2.6 hereof, any taxes. Neither the Deal Agent, Collateral Agent nor any Secured Party shall have any obligation or liability with respect to any Loan, nor shall any of them be obligated to perform any of the obligations of the Borrower thereunder.

Section 6.14. Segregated Payment Account. Upon the occurrence of a Servicer Termination Event, a potential Servicer Termination Event or an Unsatisfactory Audit, the Deal Agent shall have the right to require the Borrower and the Servicer (i) to establish a segregated payment trust account in the name of the Collateral Agent for Collections related to the Collateral and (ii) to direct all Obligors to make payments into such account.

Section 6.15. Dealer Collections Repurchase; Replacement of Dealer Loan with Related Purchased Loans. The parties hereto acknowledge the following:

(a) During its ordinary course of business in managing its serviced portfolio of Dealer Loans (and not based on the poor credit quality of the Dealer Loan Contracts), Credit Acceptance may from time to time agree to enter into an agreement (a *"Dealer Collections Purchase Agreement"*) with a Dealer, pursuant to which the Dealer agrees to sell and assign to Credit Acceptance all of its rights, interests and entitlement in and to one or more Pools of Dealer Loan Contracts securing the related Dealer Loans, including such Dealer's ownership interest in such Dealer Loan Contracts and rights to receive the related Dealer Collections (a *"Dealer Collections Purchase"*).

(b) Credit Acceptance has assigned all of its rights under any Dealer Collections Purchase Agreements to the Borrower pursuant to the Contribution Agreement. Upon the payment by Credit Acceptance to the applicable Dealer under a Dealer Collections Purchase Agreement of the purchase price thereunder (the *"Dealer Collections Purchase Price"*), the related Dealer Loans (including the rights to the related Dealer Loan Collections thereunder) shall be deemed to be satisfied and pursuant to the Contribution Agreement the Dealer Loan Contracts securing such Dealer Loans shall be assigned by Credit Acceptance to Borrower as Purchased Loan Contracts and the loans thereunder shall be deemed Purchased Loans. For the avoidance of doubt, all Collections on such Purchased Loan Contracts shall be included in Available Funds.

(c) On the date of each Dealer Collections Purchase, Credit Acceptance shall deliver to the Collateral Agent a list identifying (A) all Dealer Loans satisfied as a result of such Dealer Collections Purchase, (B) each Dealer Loan Contract previously securing such Dealer Loans and (C) the Purchased Loans and Purchased Loan Contracts evidencing such Purchased Loans resulting from such Dealer Collections Purchase, in each case, identified by account number, dealer number and pool number, as applicable. Such list shall be deemed to supplement Exhibit A to the Contribution Agreement and Schedule V hereto as of the date of such Dealer Collections Purchase.

Article VII

[Reserved]

Article VIII

Security Interest

Section 8.1. Security Agreement. (a) The parties hereto intend that this Agreement constitute a security agreement and the transactions effected hereby constitute secured loans by the Lender to the Borrower under Applicable Law.

(b) The Borrower hereby authorizes the Collateral Agent to file one or more financing or continuation statements, and amendments thereto, relating to all or any part of the Collateral and Proceeds thereof without the signature of the Borrower where permitted by law. A photographic or other reproduction of this Agreement or any financing statement covering the Collateral or any part thereof shall be sufficient as a financing statement where permitted by law.

Section 8.2. Release of Lien. At the same time as any Loan by its terms and all amounts in respect thereof has been paid by the related Obligor and deposited in the Collection Account, the Collateral Agent as agent for the Secured Parties will, to the extent requested by the Servicer, release its interest in such Loan and Related Security. The Collateral Agent as agent for the Secured Parties will after the deposit by the Servicer of the proceeds of such sale into the Collection Account, at the sole expense of the Servicer, execute and deliver to the Servicer any assignments, termination statements and any other releases and instruments as the Servicer may reasonably request in order to effect such release and transfer; *provided*, that the Collateral Agent as agent for the Secured Parties will make no representation or warranty, express or implied, with respect to any such Loan and Related Security in connection with such sale or transfer and assignment.

Section 8.3. Further Assurances. The provisions of Section 13.12 shall apply to the security interest granted under Section 2.2(a) as well as to each Funding hereunder.

Section 8.4. Remedies. Upon the occurrence of a Termination Event, the Deal Agent, the Collateral Agent and Secured Parties shall have, with respect to the Collateral granted pursuant to Section 2.2(a), and in addition to all other rights and remedies available to the Deal Agent, the Collateral Agent and Secured Parties under this Agreement or other Applicable Law, all rights and remedies of a secured party upon default under the UCC.

Section 8.5. Waiver of Certain Laws. Each of the Borrower and the Servicer agrees, to the full extent that it may lawfully so agree, that neither it nor anyone claiming through or under it will set up, claim or seek to take advantage of any appraisement, valuation, stay, extension or redemption law now or hereafter in force in any locality where all or any portion of the Collateral may be situated in order to prevent, hinder or delay the enforcement or foreclosure of this Agreement, or the absolute sale of all or any portion of the Collateral, or the final and absolute putting into possession thereof, immediately after such sale, of the purchasers thereof, and each of the Borrower and the Servicer, for itself and all who may at any time claim through or under it, hereby waives, to the full extent that it may be lawful so to do, the benefit of all such laws, and any and all right to have any of the properties or assets constituting the Collateral marshaled upon any such sale, and agrees that the Deal Agent, the Collateral Agent or any court having jurisdiction to foreclosure the security interests granted in this Agreement may sell the Collateral as an entirety or in such parcels as the Deal Agent, the Collateral Agent or such court may determine.

Section 8.6. Power of Attorney. The Borrower hereby irrevocably appoints the Collateral Agent and the Servicer and any Successor Servicer as its true and lawful attorney (with full power of substitution) in its name, place and stead and at its expense, in connection with the enforcement of the rights and remedies provided for in this Agreement, including without limitation the following powers: (a) to give any necessary receipts or acquittance for amounts collected or received hereunder, (b) to make all necessary transfers of the Collateral in connection with any such sale or other disposition made pursuant hereto, (c) to execute and deliver for value all necessary or appropriate bills of sale, assignments and other instruments in connection with any such sale or other disposition, the Borrower hereby ratifying and confirming all that such attorney (or any substitute) shall lawfully do hereunder and pursuant hereto, and (d) to sign any agreements, orders or other documents in connection with or pursuant to any Transaction Document or Hedging Agreement. Nevertheless, if so requested by the Deal Agent, the Servicer, any Successor Servicer, the Collateral Agent or a purchaser of the Collateral, the Borrower shall ratify and confirm any such sale or other disposition by executing and delivering to the Deal Agent, the Collateral Agent or such purchaser all proper bills of sale, assignments, releases and other instruments as may be designated in any such request.

Article IX

Termination Events

Section 9.1. Termination Events. The following events shall be termination events (*"Termination Events"*) hereunder:

(a) the Aggregate Loan Amount exceeds, for a period of two (2) Business Days or more, the sum of (i) all amounts on deposit in the Collection Account that would be available to be distributed to the Lender on such date pursuant to clause (vi) or (viii), as applicable, of Section 2.6(a) hereof if such date was a Payment Date, and (ii) the Borrowing Base; or

(b) a Servicer Termination Event occurs and is continuing; or

(c) (i) failure on the part of the Borrower or the Originator to make any payment or deposit required by the terms of any other Transaction Document on the day such payment or deposit is required to be made; or

(ii) failure on the part of the Borrower or the Originator to observe or perform any of its covenants or agreements set forth in this Agreement or any Transaction Document and such failure continues unremedied for more than five (5) Business Days after written notice to the Borrower or the Originator; or

(d) any representation or warranty made or deemed to be made by the Borrower or the Originator under or in connection with this Agreement, any of the other Transaction Documents or any information required to be given by the Borrower or the Originator to the Deal Agent or the Collateral Agent to identify Loans or Contracts pursuant to any Transaction Document, shall prove to have been false or incorrect in any material respect when made, deemed made or delivered, and such failure continues unremedied for more than thirty (30) days after the earlier of (x) the date on which the Borrower or Credit Acceptance discovers such breach and (y) the date on which the Borrower or Credit Acceptance receives written notice of such breach; or

(e) the occurrence of an Insolvency Event relating to the Originator, the Borrower or the Servicer; or

(f) the Borrower shall become an “investment company” within the meaning of the Investment Company Act of 1940, as amended, or the arrangements contemplated by the Transaction Document shall require registration as an “investment company” within the meaning of the Investment Company Act of 1940, as amended; or

(g) a regulatory, tax or accounting body has ordered that the activities of the Borrower or any Affiliate of the Borrower contemplated hereby be terminated or, as a result of any other event or circumstance, the activities of the Borrower contemplated hereby may reasonably be expected to cause the Borrower or any of its respective Affiliates to suffer materially adverse regulatory, accounting or tax consequences; or

(h) there shall exist any event or occurrence that has a reasonable possibility of causing a Material Adverse Effect; or

(i) the Borrower, the Servicer or Credit Acceptance shall enter into any merger, consolidation or conveyance transaction, unless in the case of Credit Acceptance or the Servicer, the Servicer or Credit Acceptance, as applicable, is the surviving entity; or

(j) the Internal Revenue Service shall file notice of a lien pursuant to Section 6323 of the Code with regard to any assets of the Borrower or the Originator and such lien shall not have been released within five (5) Business Days, or the Pension Benefit Guaranty Corporation shall file notice of a lien pursuant to Section 4068 of ERISA with regard to any of the assets of the Borrower or the Originator and such lien shall not have been released within five (5) Business Days; or

(k) the Collateral Agent, as agent for the secured parties, shall fail for any reason to have a first priority perfected security interest in a material portion of the Collateral free and clear of all Liens other than Permitted Liens; provided, however, that the failure of the Collateral Agent at any time to have a first priority perfected security interest in Contracts with an aggregate Outstanding Balance at such time not exceeding 3.00% of the aggregate Outstanding Balance of all Eligible Contracts at such time shall not constitute a Termination Event pursuant to this clause (k) so long as such failure does not have a Material Adverse Effect; or

(l) any Change-in-Control shall occur; or

(m) (i) any Transaction Document, or any lien or security interest granted thereunder, shall (except in accordance with its terms), in whole or in part, terminate, cease to be effective or cease to be the legally valid, binding and enforceable obligation of the Borrower, the Originator, or the Servicer, (ii) the Borrower, the Originator or the Servicer shall, directly or indirectly, contest in any manner such effectiveness, validity, binding nature or enforceability or (iii) any security interest securing any obligation under any Transaction Document shall, in whole or in part, cease to be a perfected first priority security interest free and clear of all Liens other than Permitted Liens; or

(n) Credit Acceptance shall fail to pay any principal of or premium or interest on any Material Debt, when the same becomes due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise) and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to such Material Debt; or any other default under any agreement or instrument relating to any Material Debt or any other event, shall occur and shall continue after the applicable grace period, if any, specified in such agreement or instrument if the effect of such default or event is to accelerate, or to permit the acceleration of, the maturity of such Material Debt; or any such Material Debt shall be declared to be due and payable or required to be prepaid (other than by a regularly scheduled required prepayment) prior to the stated maturity thereof; or

(o) Collections are less than 75.0% of Forecasted Collections for any three consecutive Collection Periods.

Section 9.2. Remedies. (a) Upon the occurrence of a Termination Event (other than a Termination Event described in Section 9.1(e)), the Deal Agent may, or at the direction of the Lender shall, by notice to the Borrower declare the Termination Date to have occurred.

(b) Upon the occurrence of a Termination Event described in Section 9.1(e), the Termination Date shall automatically occur.

(c) Upon any Termination Date that occurs following a Termination Event pursuant to this Section 9.2: (i) the applicable Interest Rate on the Aggregate Loan Amount shall be equal to the Default Rate; (ii) the Deal Agent may, or at the direction of the Lender shall, by delivery of a Servicer Termination Notice, terminate the Servicer; and (iii) the Deal Agent may, or at the direction of the Lender shall, declare the entire outstanding principal amount of the Note to be immediately due and payable. The Deal Agent, the Collateral Agent and the Secured Parties shall have, in addition to all other rights and remedies under this Agreement or otherwise, all other rights and remedies provided of a secured party under the UCC of each applicable jurisdiction and other applicable laws, which rights shall be cumulative.

(d) If the Note has been declared due and payable pursuant to Section 9.2(c), the Collateral Agent may institute proceedings to collect amounts due, exercise remedies as a secured party (including foreclosure or sale of the Collateral) or elect to maintain the Collateral and continue to apply the proceeds from the Collateral as if there had been no declaration of acceleration.

(e) Upon the occurrence of an Amortization Event or the declaration of the Termination Date, the Borrower may not request and the Lender shall not be required to effect any Funding.

Article X

Indemnification

Section 10.1. Indemnities by the Borrower. (a) Without limiting any other rights that any such Person may have hereunder or under Applicable Law, the Borrower hereby agrees to indemnify the Deal Agent, the Collateral Agent, the Successor Servicer, the Lender, the Secured Parties, and each of their respective Affiliates and officers, directors, employees and agents thereof (collectively, the *"Indemnified Parties"*), forthwith on demand, from and against any and all damages, losses, claims, liabilities and related costs and expenses, including attorneys' fees and disbursements (all of the foregoing being collectively referred to as the *"Indemnified Amounts"*) awarded against or incurred by such Indemnified Party or other non-monetary damages of any such Indemnified Party, any of them arising out of or as a result of this Agreement or the financing or maintenance of the Aggregate Loan Amount or in respect of any Loan or any Contract, excluding, however, (a) Indemnified Amounts to the extent resulting from gross negligence or willful misconduct on the part of such Indemnified Party or (b) Indemnified Amounts that have the effect of recourse for non-payment of the Loans due to credit problems of the Obligors (except as otherwise specifically provided in this Agreement). If the Borrower has made any indemnity payment pursuant to this Section 10.1 and such payment fully indemnified the recipient thereof and the recipient thereafter collects any payments from others in respect of such Indemnified Amounts, then the recipient shall repay to the Borrower an amount equal to the amount it has collected from others in respect of such indemnified amounts. Without limiting the foregoing, the Borrower shall indemnify each Indemnified Party for Indemnified Amounts relating to or resulting from:

(i) any Contract or Loan treated as or represented by Credit Acceptance to be an Eligible Loan or an Eligible Contract that is not at the applicable time an Eligible Loan or an Eligible Contract;

(ii) reliance on any representation or warranty made or deemed made by the Borrower or any of its officers under or in connection with this Agreement, which shall have been false or incorrect in any material respect when made or deemed made or delivered;

(iii) the failure by the Borrower to comply with any term, provision or covenant contained in this Agreement or any agreement executed in connection with this Agreement, or with any Applicable Law, with respect to any Loan, Dealer Agreement, Purchase Agreement or any Contract, or the nonconformity of any Loan, Dealer Agreement, Purchase Agreement or Contract with any such Applicable Law;

(iv) the failure to vest and maintain vested in the Collateral Agent for the Secured Parties a first priority perfected security interest in the Collateral, together with all Collections, free and clear of any Lien whether existing at the time of any Funding or at any time thereafter;

(v) the failure to file, or any delay in filing, financing statements or other similar instruments or documents under the UCC of any applicable jurisdiction or other Applicable Laws with respect to the Collateral, whether at the time of the Funding or at any subsequent time;

(vi) any dispute, claim, offset or defense (other than the discharge in bankruptcy of the Obligor) of the Obligor to the payment of any Loan or Contract (including, without limitation, a defense based on such Loan or Contract not being a legal, valid and binding obligation of such Obligor enforceable against it in accordance with its terms);

(vii) any failure of the Borrower to perform its duties or obligations in accordance with the provisions of this Agreement or any failure by the Borrower to perform its respective duties under the Loans;

(viii) the failure by the Borrower to pay when due any Taxes for which the Borrower is liable, including without limitation, sales, excise or personal property taxes payable in connection with the Collateral;

(ix) any repayment by the Deal Agent or a Secured Party of any amount previously distributed in reduction of the Aggregate Loan Amount or payment of Interest or any other amount due hereunder or under any Hedging Agreement, in each case which amount the Deal Agent or a Secured Party believes in good faith is required to be repaid;

(x) the commingling of Collections of the Collateral at any time with other funds;

(xi) any investigation, litigation or proceeding related to this Agreement or the use of proceeds of the Funding or the funding of or maintenance of the Aggregate Loan Amount or in respect of any Loan or Contract;

(xii) any failure by the Borrower to give reasonably equivalent value to the Originator in consideration for the transfer by the Originator to the Borrower of the Loans, Related Security or any portion thereof or any attempt by any Person to void or otherwise avoid any such transfer under any statutory provision or common law or equitable action, including, without limitation, any provision of the Bankruptcy Code;

(xiii) the use of the Proceeds of the Funding in a manner other than as provided in this Agreement and the Contribution Agreement; or

(xiv) the failure of the Borrower or any of its agents or representatives to remit to the Servicer, the Deal Agent, the Collateral Agent or any other Secured Party entitled thereto any Collections of the Collateral remitted to the Borrower or any such agent or representative.

(b) Any amounts subject to the indemnification provisions of this Section 10.1 shall be paid by the Borrower to the relevant Indemnified Party on the next Payment Date.

(c) The obligations of the Borrower under this Section 10.1 shall survive the resignation or removal of the Deal Agent, the Collateral Agent, the Successor Servicer, the Lender or the termination of this Agreement.

Section 10.2. Indemnities by the Servicer. (a) Without limiting any other rights that any such Person may have hereunder or under Applicable Law, the Servicer hereby agrees to indemnify each Indemnified Party, forthwith on demand, from and against any and all Indemnified Amounts awarded against or incurred by any such Indemnified Party by reason of any acts, omissions or alleged acts or omissions of the Servicer, including, but not limited to: (i) any representation or warranty made by the Servicer under or in connection with any Transaction Document, any Monthly Report or any other information or report delivered by or on behalf of the Servicer pursuant hereto, which shall have been false, incorrect or misleading in any material respect when made or deemed made; (ii) the failure by the Servicer to comply with any Applicable Law; (iii) the failure of the Servicer to comply with its duties or obligations in accordance with this Agreement or any other Transaction Document to which it is a party; (iv) any litigation, proceedings or investigation against the Servicer; (v) the commingling of Collections at any time with other funds; or (vi) the failure of the Servicer or any of its agents or representatives to remit to the Collection Account, the Deal Agent or the Collateral Agent any Collections or Proceeds of the Collateral. The provisions of this indemnity shall run directly to and be enforceable by an Indemnified Party subject to the limitations hereof.

(b) Any amounts subject to the indemnification provisions of this Section 10.2 shall be paid by the Servicer to the relevant Indemnified Party within five (5) Business Days following such Person’s demand therefor.

(c) The Servicer shall have no liability for making indemnification hereunder to the extent any such indemnification constitutes recourse for uncollectible Contracts.

(d) The obligations of the Servicer under this Section 10.2 shall survive the resignation or removal of the Deal Agent, the Collateral Agent, the Successor Servicer or the Lender and the termination of this Agreement.

(e) Any indemnification pursuant to this Section 10.2 shall not be payable from the Collateral.

Section 10.3. After-Tax Basis. Indemnification under Sections 10.1 and 10.2 shall be in an amount necessary to make the Indemnified Party whole after taking into account any tax consequences to the Indemnified Party of the receipt of the indemnity provided hereunder, including the effect of such tax or refund on the amount of tax measured by net income or profits that is or was payable by the Indemnified Party.

Article XI

The Deal Agent and the Collateral Agent

Section 11.1. Authorization and Action. (a) Each Secured Party hereby designates and appoints Flagstar Bank, fsb as Deal Agent hereunder, and authorizes the Deal Agent to take such actions as agent on its behalf and to exercise such powers as are delegated to the Deal Agent by the terms of this Agreement together with such powers as are reasonably incidental thereto. The Deal Agent shall not have any duties or responsibilities, except those expressly set forth herein, or any fiduciary relationship with any Secured Party, and no implied covenants, functions, responsibilities, duties, obligations or liabilities on the part of the Deal Agent shall be read into this Agreement or otherwise exist for the Deal Agent. In performing its functions and duties hereunder, the Deal Agent shall act solely as agent for the Secured Parties and does not assume nor shall be deemed to have assumed any obligation or relationship of trust or agency with or for the Borrower or any of its successors or assigns. The Deal Agent shall not be required to take any action that exposes the Deal Agent to personal liability or that is contrary to this Agreement or Applicable Law. The appointment and authority of the Deal Agent hereunder shall terminate upon the indefeasible payment in full of the Aggregate Unpaids.

(b) Each Secured Party hereby designates and appoints Flagstar Bank, fsb as Collateral Agent hereunder, and authorizes the Collateral Agent to take such actions as agent on its behalf and to exercise such powers as are delegated to the Collateral Agent by the terms of this Agreement together with such powers as are reasonably incidental thereto. The Collateral Agent shall not have any duties or responsibilities, except those expressly set forth herein, or any fiduciary relationship with any Secured Party, and no implied covenants, functions, responsibilities, duties, obligations or liabilities on the part of the Collateral Agent shall be read into this Agreement or otherwise exist for the Collateral Agent. In performing its functions and duties hereunder, the Collateral Agent shall act solely as agent for the Secured Parties and does not assume nor shall be deemed to have assumed any obligation or relationship of trust or agency with or for the Borrower or any of its successors or assigns. The Collateral Agent shall not be required to take any action that exposes the Collateral Agent to personal liability or that is contrary to this Agreement or Applicable Law. The appointment and authority of the Collateral Agent hereunder shall terminate upon the indefeasible payment in full of the Aggregate Unpaids.

Section 11.2. Delegation of Duties. (a) The Deal Agent may execute any of its duties under this Agreement by or through agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The Deal Agent shall not be responsible for the negligence or misconduct of any agents or attorneys-in-fact selected by it with reasonable care.

(b) The Collateral Agent may execute any of its duties under this Agreement by or through agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The Collateral Agent shall not be responsible for the negligence or misconduct of any agents or attorneys-in-fact selected by it with reasonable care.

Section 11.3. Exculpatory Provisions. (a) Neither the Deal Agent nor any of its directors, officers, agents or employees shall be (i) liable for any action lawfully taken or omitted to be taken by it or them under or in connection with this Agreement (except for its, their or such Person's own gross negligence or willful misconduct or, in the case of the Deal Agent, the breach of its obligations expressly set forth in this Agreement), or (ii) responsible in any manner to any of the Secured Parties for any recitals, statements, representations or warranties made by the Borrower contained in this Agreement or in any certificate, report, statement or other document referred to or provided for in, or received under or in connection with, this Agreement for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other document furnished in connection herewith, or for any failure of the Borrower to perform its obligations hereunder, or for the satisfaction of any condition specified in Article III. The Deal Agent shall not be under any obligation to any Secured Party to ascertain or to inquire as to the observance or performance of any of the agreements or covenants contained in, or conditions of, this Agreement, or to inspect the properties, books or records of the Borrower. The Deal Agent shall not be deemed to have knowledge of any Amortization Event, Unmatured Termination Event, Termination Event or Servicer Termination Event unless the Deal Agent has received notice from the Borrower or a Secured Party.

(b) Neither the Collateral Agent nor any of its directors, officers, agents or employees shall be (i) liable for any action lawfully taken or omitted to be taken by it or them under or in connection with this Agreement (except for its, their or such Person's own gross negligence or willful misconduct or, in the case of the Collateral Agent, the breach of its obligations expressly set forth in this Agreement), or (ii) responsible in any manner to any of the Secured Parties for any recitals, statements, representations or warranties made by the Borrower contained in this Agreement or in any certificate, report, statement or other document referred to or provided for in, or received under or in connection with, this Agreement for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other document furnished in connection herewith, or for any failure of the Borrower to perform its obligations hereunder, or for the satisfaction of any condition specified in Article III. The Collateral Agent shall not be under any obligation to any Secured Party to ascertain or to inquire as to the observance or performance of any of the agreements or covenants contained in, or conditions of, this

Agreement, or to inspect the properties, books or records of the Borrower. The Collateral Agent shall not be deemed to have knowledge of any Amortization Event, Unmatured Termination Event, Termination Event or Servicer Termination Event unless the Collateral Agent has received notice from the Borrower or a Secured Party.

Section 11.4. *Reliance.* (a) The Deal Agent shall in all cases be entitled to rely, and shall be fully protected in relying, upon any document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including, without limitation, counsel to the Borrower), independent accountants and other experts selected by the Deal Agent. The Deal Agent shall in all cases be fully justified in failing or refusing to take any action under this Agreement or any other document furnished in connection herewith unless it shall first receive such advice or concurrence of all of the Secured Parties, as it deems appropriate or it shall first be indemnified to its satisfaction by the Secured Parties, *provided* that unless and until the Deal Agent shall have received such advice, the Deal Agent may take or refrain from taking any action, as the Deal Agent shall deem advisable and in the best interests of the Secured Parties. The Deal Agent shall in all cases be fully protected in acting, or in refraining from acting, in accordance with a request of all of the Secured Parties, and such request and any action taken or failure to act pursuant thereto shall be binding upon all the Secured Parties.

(b) The Collateral Agent shall in all cases be entitled to rely, and shall be fully protected in relying, upon any document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including, without limitation, counsel to the Borrower), independent accountants and other experts selected by the Collateral Agent. The Collateral Agent shall in all cases be fully justified in failing or refusing to take any action under this Agreement or any other document furnished in connection herewith unless it shall first receive such advice or concurrence of all of the Secured Parties, as it deems appropriate or it shall first be indemnified to its satisfaction by the Secured Parties, *provided* that unless and until the Collateral Agent shall have received such advice, the Collateral Agent may take or refrain from taking any action, as the Collateral Agent shall deem advisable and in the best interests of the Secured Parties. The Collateral Agent shall in all cases be fully protected in acting, or in refraining from acting, in accordance with a request of all of the Secured Parties, and such request and any action taken or failure to act pursuant thereto shall be binding upon all the Secured Parties.

Section 11.5. *Non-Reliance on Deal Agent and Collateral Agent.* Each Secured Party expressly acknowledges that neither the Deal Agent, the Collateral Agent nor any of their respective officers, directors, employees, agents, attorneys-in-fact or affiliates has made any representations or warranties to it and that no act by the Deal Agent, the Collateral Agent hereafter taken, including, without limitation, any review of the affairs of the Borrower, shall be deemed to constitute any representation or warranty by the Deal Agent or the Collateral Agent. Each Secured Party represents and warrants to the Deal Agent or the Collateral Agent that it has and will, independently and without reliance upon the Deal Agent, Collateral Agent or any other Secured Party and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, operations, property, prospects, financial and other conditions and creditworthiness of the Borrower and made its own decision to enter into this Agreement or any Hedging Agreement, as the case may be.

Section 11.6. Reimbursement and Indemnification. The Lender agrees to reimburse and indemnify the Deal Agent, the Collateral Agent and each of their respective officers, directors, employees, representatives and agents ratably according to their pro rata shares, to the extent not paid or reimbursed by the Borrower (i) for any amounts for which the Deal Agent, acting in its capacity as Deal Agent, or the Collateral Agent, acting in its capacity as Collateral Agent, is entitled to reimbursement by the Borrower hereunder and (ii) for any other expenses incurred by the Deal Agent, in its capacity as Deal Agent, or the Collateral Agent, acting in its capacity as Collateral Agent and acting on behalf of the Secured Parties, in connection with the administration and enforcement of this Agreement.

Section 11.7. Deal Agent and Collateral Agent in their Individual Capacities. The Deal Agent, the Collateral Agent and their respective Affiliates may make loans to, accept deposits from and generally engage in any kind of business with the Borrower or any Affiliate of the Borrower as though the Deal Agent or the Collateral Agent were not the Deal Agent or the Collateral Agent hereunder. With respect to each Funding pursuant to this Agreement, the Deal Agent, the Collateral Agent and each of their respective Affiliates shall have the same rights and powers under this Agreement as the Lender and may exercise the same as though it were not the Deal Agent or the Collateral Agent, as the case may be, and the term "Lender" shall include the Deal Agent or the Collateral Agent, as the case may be, in its individual capacity.

Section 11.8. Successor Deal Agent or Collateral Agent. (a) The Deal Agent may, upon five (5) days' notice to the Borrower and the Secured Parties, and the Deal Agent will, upon the direction of all of the Secured Parties and five (5) days' notice to the Borrower, resign as Deal Agent. If the Deal Agent shall resign, then the Secured Parties, during such five (5) day period shall appoint a successor agent. If for any reason no successor Deal Agent is appointed by the Secured Parties during such five (5) day period, then effective upon the expiration of such five (5) day period, the Secured Parties shall perform all of the duties of the Deal Agent hereunder and the Borrower shall make all payments in respect of the Aggregate Unpaids or under any fee letter delivered in connection herewith directly to the applicable Secured Party and for all purposes shall deal directly with each Secured Party. After any retiring Deal Agent's resignation hereunder as Deal Agent, the provisions of Article X and this Article XI shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Deal Agent under this Agreement.

(b) The Collateral Agent may, upon five (5) days' notice to the Borrower and the Secured Parties, and the Collateral Agent will, upon the direction of all of the Secured Parties and five (5) days' notice to the Borrower, resign as Collateral Agent. If the Collateral Agent shall resign, then the Secured Parties, during such five (5) day period shall appoint a successor agent. If for any reason no successor Collateral Agent is appointed by the Secured Parties during such five (5) day period, then effective upon the expiration of such five (5) day period, the Secured Parties shall perform all of the duties of the Collateral Agent hereunder and the Borrower shall make all payments in respect of the Aggregate Unpaids or under any fee letter delivered in connection herewith directly to the applicable Secured Party and for all purposes shall deal directly with each Secured Party. After any retiring Collateral Agent's resignation hereunder as Collateral Agent, the provisions of Article X and this Article XI shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Collateral Agent under this Agreement.

Article XII

Assignments; Participations

Section 12.1. Assignments and Participations. (a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that (i) the Borrower may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Lender, and (ii) the Lender may not assign or otherwise transfer any of its rights or obligations hereunder to anyone other than an Eligible Assignee; *provided,* that the Lender shall provide prior notice of such assignment to the Borrower. Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, or any participants to the extent provided in Section 12.1(b) hereof) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) The Lender shall have the right to grant participations in all or a portion of the Lender's rights and/or obligations under this Agreement (including all or a portion of its Commitment and/or the Revolving Loans owing to it) to one or more other banking institutions (each such person a *"Participant"*), and such Participants shall be entitled to the benefits of this Agreement, including, without limitation, Sections 2.10 and 2.11 hereof, to the same extent as if they were a direct party hereto; *provided* that (i) the Lender's obligations under this Agreement shall remain unchanged, (ii) the Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) the Borrower and the other parties hereto, shall continue to deal solely and directly with the Lender in connection with the Lender's rights and obligations under this Agreement, and *provided further* that no such Participant shall be entitled to receive payment hereunder of any amount greater than the amount which would have been payable had the Lender not granted a participation to such Participant, unless the sale of the participation to such Participant is made with the Borrower's prior written consent (which consent may be withheld if any such Participant would be entitled to any such greater amount or conditioned on such Participant not receiving any such greater amount). Upon the grant of a participation of the Lender's rights and/or obligations under this Agreement, the Lender will promptly notify the Borrower of the Participant and the proportionate amount granted under such participation. Each Lender that sells a participation shall, acting solely for this purpose as an agent of the Borrower, maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the Loans or other obligations under the Transaction Documents (the *"Participant Register"*); provided that no Lender shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any Participant or any information relating to a Participant's interest in any commitments, loans, letters of credit or its other obligations under any Transaction Document) to any Person except to the extent that such disclosure is necessary to establish that such commitment, loan, letter of credit or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations.

(c) The Deal Agent, acting solely for this purpose as an agent of the Borrower, shall maintain at one of its offices in 151 Corporate Drive Troy, MI 48098 a copy of each assignment agreement delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amounts (and stated interest) of the Loans owing to, each Lender pursuant to the terms hereof from time to time (the *"Register"*). The entries in the Register shall be conclusive absent manifest error, and the Borrower, the Deal Agent and the Lenders shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement. The Register shall be available for inspection by the Borrower and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(d) Nothing herein shall prohibit the Lender from pledging or assigning as collateral any of its rights under this Agreement to any Federal Reserve Bank in accordance with Applicable Law and any such pledge or collateral assignment may be made without compliance with Section 12.1(a) or Section 12.1(b).

Article XIII

Miscellaneous

Section 13.1. Amendments and Waivers. No amendment, waiver or other modification of any provision of this Agreement shall be effective without the written agreement of the Borrower, the Deal Agent, the Collateral Agent and the Lender; *provided, however,* that no such amendment, waiver or modification shall affect the rights or obligations of any Hedge Counterparty without the written agreement of such Person. Any waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

Section 13.2. Notices, Etc. All notices and other communications provided for hereunder shall, unless otherwise stated herein, be in writing (including telex communication and communication by facsimile copy) and mailed, telexed, transmitted or delivered, as to each party hereto, at its address set forth under its name on the signature pages hereof, or at such other address as shall be designated by such party in a written notice to the other parties hereto. All such notices and communications shall be effective, upon receipt, or in the case of (a) notice by mail, five days after being deposited in the United States mail, first class postage prepaid, (b) notice by telex, when telexed against receipt of answer back, or (c) notice by facsimile copy, when verbal communication of receipt is obtained, except that notices and communications pursuant to this Article XIII shall not be effective until received with respect to any notice sent by mail or telex.

Section 13.3. Ratable Payments. If any Secured Party, whether by setoff or otherwise, has payment made to it with respect to any portion of the Aggregate Unpaids owing to such Secured Party (other than payments received pursuant to Section 10.1) in a greater proportion than that received by any other Secured Party, such Secured Party agrees, promptly upon demand, to purchase for cash without recourse or warranty a portion of the Aggregate Unpaids held by the other Secured Parties so that after such purchase each Secured Party will hold its ratable proportion of the Aggregate Unpaids; *provided, however,* that if all or any portion of such excess amount is thereafter recovered from such Secured Party, such purchase shall be rescinded and the purchase price restored to the extent of such recovery, but without interest.

Section 13.4. *No Waiver; Remedies.* No failure on the part of the Deal Agent, the Collateral Agent or a Secured Party to exercise, and no delay in exercising, any right or remedy hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right or remedy hereunder preclude any other or further exercise thereof or the exercise of any other right. The rights and remedies herein provided are cumulative and not exclusive of any rights and remedies provided by law.

Section 13.5. *Binding Effect; Benefit of Agreement.* This Agreement shall be binding upon and inure to the benefit of the Borrower, the Deal Agent, the Collateral Agent, the Secured Parties and their respective successors and permitted assigns and, in addition, the provisions of Sections 2.6(a)(i) and 2.6(a)(viii) shall inure to the benefit of each Hedge Counterparty, whether or not that Hedge Counterparty is a Secured Party.

Section 13.6. *Term of this Agreement.* This Agreement, including, without limitation, the Borrower's representations, warranties and covenants set forth in Articles IV and V, and the Servicer's representations, warranties and covenants set forth in Articles IV and V hereof, create and constitute the continuing obligation of the parties hereto in accordance with its terms, and shall remain in full force and effect until the Collection Date; *provided, however,* that the rights and remedies with respect to any breach of any representation and warranty made or deemed made by the Borrower or Servicer pursuant to Articles IV and V and the indemnification and payment provisions of Article X and Article XI and the provisions of Section 13.10 and Section 13.11 shall be continuing and shall survive any termination of this Agreement.

Section 13.7. *Governing Law; Consent to Jurisdiction; Waiver of Objection to Venue.* This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York. Each of the Parties hereto and each Hedge Counterparty hereby agrees to the non-exclusive jurisdiction of any federal court located within the State of New York. Each of the parties hereto and each secured party hereby waives any objection based on forum non conveniens, and any objection to venue of any action instituted hereunder in any of the aforementioned courts and consents to the granting of such legal or equitable relief as is deemed appropriate by such court.

Section 13.8. *Waiver of Jury Trial.* To the extent permitted by applicable law, each of the parties hereto and each hedge counterparty hereby waives any right to have a jury participate in resolving any dispute, whether sounding in contract, tort, or otherwise between the parties hereto arising out of, connected with, related to, or incidental to the relationship between any of them in connection with this Agreement or the transactions contemplated hereby. Instead, any such dispute resolved in court will be resolved in a bench trial without a jury.

Section 13.9. Costs, Expenses and Taxes. (a) In addition to the rights of indemnification granted to the Deal Agent, any Successor Servicer, the Collateral Agent, the Secured Parties and its or their Affiliates and officers, directors, employees and agents thereof under Article X hereof, the Borrower agrees to pay on demand all costs and expenses of the Deal Agent, a Successor Servicer, the Collateral Agent and the Secured Parties incurred in connection with the preparation, execution, delivery, administration (including periodic auditing), amendment or modification of, or any waiver or consent issued in connection with, this Agreement, the other Transaction Documents and the other documents to be delivered hereunder or thereunder, or in connection herewith or therewith (excluding any Hedging Agreement), including, without limitation, the reasonable fees and out-of-pocket expenses of counsel for the Deal Agent, the Successor Servicer, the Collateral Agent and the Secured Parties with respect thereto and with respect to advising the Deal Agent, any Successor Servicer, the Collateral Agent and the Secured Parties as to their respective rights and remedies under this Agreement, the other Transaction Documents and the other documents to be delivered hereunder or thereunder, or in connection herewith or therewith (excluding any Hedging Agreement), and all costs and expenses, if any (including reasonable counsel fees and expenses), incurred by the Deal Agent, a Successor Servicer, the Collateral Agent or the Secured Parties in connection with the enforcement of this Agreement, the other Transaction Documents and the other documents to be delivered hereunder or thereunder, or in connection herewith or therewith (including any Hedging Agreement).

(b) The Borrower shall pay on demand any and all stamp, sales, excise and other taxes and fees payable or determined to be payable in connection with the execution, delivery, filing and recording of this Agreement, the other Transaction Documents, or the other documents to be delivered hereunder.

Section 13.10. No Petition. Each of the parties hereto and each Hedge Counterparty (by accepting the benefits of this Agreement) hereby agrees that it will not institute against, or join any other Person in instituting against the Borrower any Insolvency Proceeding so long as there shall not have elapsed one year and one day since the Collection Date.

Section 13.11. Recourse Against Certain Parties. No recourse under or with respect to any obligation, covenant or agreement (including, without limitation, the payment of any fees or any other obligations) of any Secured Party as contained in this Agreement or any other agreement, instrument or document entered into by it pursuant hereto or in connection herewith shall be had against any administrator of such Secured Party or any incorporator, affiliate, stockholder, officer, employee or director of such Secured Party or of any such administrator, as such, by the enforcement of any assessment or by any legal or equitable proceeding, by virtue of any statute or otherwise; it being expressly agreed and understood that the agreements of such Secured Party contained in this Agreement and all of the other agreements, instruments and documents entered into by it pursuant hereto or in connection herewith are, in each case, solely the corporate obligations of such Secured Party, and that no personal liability whatsoever shall attach to or be incurred by any administrator of such Secured Party or any incorporator, stockholder, affiliate, officer, employee or director of such Secured Party or of any such administrator, as such, or any other of them, under or by reason of any of the obligations, covenants or agreements of such Secured Party contained in this Agreement or in any other such instruments, documents or agreements, or that are implied therefrom, and that any and all personal liability of every such administrator of such Secured Party and each incorporator, stockholder, affiliate, officer, employee or director of such Secured Party or of any such administrator, or any of them, for breaches by such Secured Party of any such obligations, covenants or agreements, which liability may arise either at common law or in equity, by statute or constitution, or otherwise, is hereby expressly waived as a condition of and in consideration for the execution of this Agreement. The provisions of this Section 13.11 shall survive the termination of this Agreement.

Section 13.12. Protection of Right, Title and Interest in Assets; Further Action Evidencing the Funding. (a) Each of the Borrower and the Servicer shall cause this Agreement, all amendments hereto and/or all financing statements and continuation statements and any other necessary documents covering the right, title and interest of the Collateral Agent as agent for the Secured Parties and of the Secured Parties to the Collateral to be promptly recorded, registered and filed, and at all times to be kept recorded, registered and filed, all in such manner and in such places as may be required by law fully to preserve and protect the right, title and interest of the Collateral Agent as agent for the Secured Parties hereunder to all property comprising the Collateral. Each of the Borrower and the Servicer shall deliver to the Collateral Agent file-stamped copies of, or filing receipts for, any document recorded, registered or filed as provided above, as soon as available following such recording, registration or filing. The Borrower shall cooperate fully with the Servicer in connection with the obligations set forth above and will execute any and all documents reasonably required to fulfill the intent of this Section 13.12(a).

(b) Each of the Borrower and the Servicer agrees that from time to time, at its expense, it will promptly execute and deliver all instruments and documents, and take all actions, that the Collateral Agent may reasonably request in order to perfect, protect or more fully evidence the Funding hereunder, or to enable the Collateral Agent or the Secured Parties to exercise and enforce their rights and remedies hereunder or under any other Transaction Document.

(c) If the Borrower or the Servicer fails to perform any of its obligations hereunder, the Collateral Agent or any Secured Party may (but shall not be required to) perform, or cause performance of, such obligation; and the Collateral Agent's or such Secured Party's costs and expenses incurred in connection therewith shall be payable by the Borrower (if the Servicer that fails to so perform is the Borrower or an Affiliate thereof) as provided in Article X, as applicable. The Borrower irrevocably authorizes the Collateral Agent and appoints the Collateral Agent as its attorney-in-fact to act on behalf of the Borrower (i) to execute on behalf of the Borrower as debtor and to file financing statements necessary or desirable in the Collateral Agent's sole discretion to perfect and to maintain the perfection and priority of the interest of the Secured Parties in the Collateral and (ii) to file a carbon, photographic or other reproduction of this Agreement or any financing statement with respect to the Collateral as a financing statement in such offices as the Collateral Agent in its sole discretion deems necessary or desirable to perfect and to maintain the perfection and priority of the interests of the Secured Parties in the Collateral. This appointment is coupled with an interest and is irrevocable.

(d) Without limiting the generality of the foregoing, Borrower will, not earlier than six (6) months and not later than three (3) months prior to the fifth anniversary of the date of filing of the financing statement referred to in Section 3.1 or any other financing statement filed pursuant to this Agreement or in connection with the Funding hereunder, unless the Collection

Date shall have occurred, execute and deliver and file or cause to be filed an appropriate continuation statement with respect to such financing statement.

(e) In addition to the foregoing, the Borrower will deliver or cause to be delivered to the Collateral Agent within 90 days after the beginning of the calendar year beginning with 2020 and each five year anniversary thereafter (each such year, an *"Opinion Delivery Year"*), an opinion of the counsel for Borrower, dated as of a date during such 90 day period, stating that, in the opinion of such counsel, the existing financing statement naming the Borrower as debtor and the Collateral Agent as secured party and any related continuation statement or amendment (the *"Financing Statement"*) will remain effective and no additional financing statements, continuation statements or amendments with respect to the Financing Statement (other than a continuation statement to be filed within the period that is six months prior to the expiration of the Financing Statement, as applicable) will be required to be filed from the date of such opinion through the date that is the five year anniversary of the date of such opinion to maintain the perfection of the security interest of the Collateral Agent as such lien otherwise exists on the date of such opinion. Such opinion of counsel shall (i) describe the filing of any financing statements and continuation statements that will, in the opinion of such counsel, be required to preserve and protect the interest of the Collateral Agent in the Collateral, until the 90th day in the following Opinion Delivery Year and (ii) specify any action necessary (as of the date of such opinion) to be taken in the following calendar years prior to the next succeeding Opinion Delivery Year to preserve perfection of such interest.

Section 13.13. Confidentiality; Tax Treatment Disclosure. (a) Each of the Deal Agent, the Secured Parties, the Servicer, the Collateral Agent and the Borrower shall maintain and shall cause each of its employees and officers to maintain the confidentiality of this Agreement and all information with respect to the other parties, including all information regarding the business of the Borrower and the Servicer hereto and their respective businesses obtained by it or them in connection with the structuring, negotiating and execution of the transactions contemplated herein, except that each such party and its officers and employees may (i) disclose such information to its external accountants, attorneys, investors, potential investors and the agents of such Persons (*"Excepted Persons"*), *provided, however,* that each Excepted Person shall, as a condition to any such disclosure, agree for the benefit of the Secured Parties, the Servicer, the Deal Agent, the Collateral Agent and the Borrower that such information shall be used solely in connection with such Excepted Person's evaluation of, or relationship with, the Borrower and its affiliates, (ii) disclose the existence of this Agreement, but not the financial terms hereof, (iii) disclose such information as is required by the Transaction Documents or Applicable Law and (iv) disclose this Agreement and such information in any suit, action, proceeding or investigation (whether at law or in equity or pursuant to arbitration) involving any of the Transaction Documents for the purpose of defending itself, reducing its liability, or protecting or exercising any of its claims, rights, remedies, or interests under or in connection with any of the Transaction Documents. It is understood that the financial terms that may not be disclosed except in compliance with this Section 13.13(a) include, without limitation, all fees and other pricing terms, and all Termination Events, Servicer Termination Events, and priority of payment provisions.

(b) Anything herein to the contrary notwithstanding, each of the Borrower and the Servicer hereby consents to the disclosure of any nonpublic information with respect to it (i) to the Deal Agent, the Collateral Agent, any Successor Servicer, or the Secured Parties by each other, or (ii) by the Deal Agent or the Lender to any of its prospective or actual assignee or participants or to any officers, directors, employees, outside accountants and attorneys of any of the foregoing, *provided* each such Person is informed of the confidential nature of such information. In addition, the Secured Parties, any Successor Servicer, and the Deal Agent, may disclose any such nonpublic information as required pursuant to any law, rule, regulation, direction, request or order of any judicial, administrative or regulatory authority or proceedings (whether or not having the force or effect of law).

(c) Notwithstanding anything herein to the contrary, the foregoing shall not be construed to prohibit (i) disclosure of any and all information that is or becomes publicly known, (ii) disclosure of any and all information (A) if required to do so by any applicable statute, law, rule or regulation, (B) to any government agency or regulatory body having or claiming authority to regulate or oversee any aspects of the Collateral Agent's or any Successor Servicer's business or that of their affiliates, (C) pursuant to any subpoena, civil investigative demand or similar demand or request of any court, regulatory authority, arbitrator or arbitration to which the Collateral Agent or any Successor Servicer, or an affiliate or an officer, director, employer or shareholder thereof is a party, (D) in any preliminary or final offering circular, registration statement or contract or other document pertaining to the transactions contemplated herein approved in advance by the Borrower or the Servicer or (E) to any affiliate, independent or internal auditor, agent, employee or attorney of the Collateral Agent or any Successor Servicer, having a need to know the same, *provided* that the Collateral Agent or any Successor Servicer, advises such recipient of the confidential nature of the information being disclosed, or (iii) any other disclosure authorized by the Transaction Documents or the Borrower or Servicer.

(d) Notwithstanding anything herein to the contrary, any party to this Agreement (and any employee, representative or other agent of any party to this Agreement) may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of the transactions contemplated by this Agreement and all materials of any kind (including opinions or other tax analyses) that are provided to it relating to such tax treatment and tax structure; *provided, however,* that such disclosure may not be made to the extent required to be kept confidential to comply with any applicable federal or state securities laws; and *provided, further,* that (to the extent not inconsistent with the foregoing) such disclosure shall be made without disclosing the names or other identifying information of any party.

Section 13.14. Execution in Counterparts; Severability; Integration. This Agreement 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 agreement. In case any provision in or obligation under this Agreement shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby. This Agreement and any agreements or letters (including fee letters) executed in connection herewith contains the final and complete integration of all prior expressions by the parties hereto with respect to the subject matter hereof and shall constitute the entire agreement among the parties hereto with respect to the subject matter hereof, superseding all prior oral or written understandings other than any fee letter delivered by the Originator to the Deal Agent or the Lender.

Section 13.15. *Patriot Act Compliance.* The Deal Agent hereby notifies the Borrower that pursuant to the requirements of the Patriot Act, it and the Lender may be required to obtain, verify and record information that identifies the Borrower, which information includes the name and address of the Borrower, organizational documentation, director and shareholder information, and other information that will allow the Deal Agent and the Lender to identify the Borrower in accordance with the Patriot Act. This notice is given in accordance with the requirements of the Patriot Act and is effective for the Deal Agent and the Lender.

[Remainder of Page Intentionally Left Blank.]

In Witness Whereof, the parties have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

The Borrower:

CAC Warehouse Funding LLC VI

By:
Name:
Title:

CAC Warehouse Funding LLC VI
Silver Triangle Building
25505 West Twelve Mile Road
Southfield, Michigan 48034-8339
Attention: Jeff Soutar
Facsimile No.: (877) 320-1576
Confirmation No.: (248) 353-2700 (ext. 5646)

The Servicer and The Custodian:

Credit Acceptance Corporation

By:
Name:
Title:

CAC Warehouse Funding LLC VI
Silver Triangle Building
25505 West Twelve Mile Road
Southfield, Michigan 48034-8339
Attention: Jeff Soutar
Facsimile No.: (877) 320-1576
Confirmation No.: (248) 353-2700 (ext. 5646)

[Signatures Continued on the Following Page]

The Lender and the Collateral Agent:

Flagstar Bank, fsb

By:
Name: Kelly Hamrick
Title: First Vice President

For General Notices:

Flagstar Bank, FSB
5151 Corporate Drive
Troy, MI 48098
Attention: Kelly Hamrick
Facsimile No.: 248-250-5845
Telephone No.: 248-312-2593
Email: Kelly.Hamrick@flagstar.com

For Funding Notices, prepayments, Monthly Reports, interest and fee calculations:

Flagstar Bank, FSB
5151 Corporate Drive, MD: E-203-3
Troy, MI 48098
Attention: Deanna Sims
Facsimile No.: 866-805-2946
Telephone No.: 248-312-6384
Email: CMLOANOPS@FLAGSTAR.COM

With a copy to the address listed above for general notices.

[Signatures Continued on the Following Page]

The Deal Agent:

Flagstar Bank, fsb

By:
Name: Kelly Hamrick
Title: First Vice President

For General Notices:

Flagstar Bank, FSB
5151 Corporate Drive
Troy, MI 48098
Attention: Kelly Hamrick
Facsimile No.: 248-250-5845
Telephone No.: 248-312-2593
Email: Kelly.Hamrick@flagstar.com

For Funding Notices, prepayments, Monthly Reports, interest and fee calculations:

Flagstar Bank, FSB
5151 Corporate Drive, MD: E-203-3
Troy, MI 48098
Attention: Deanna Sims
Facsimile No.: 866-805-2946
Telephone No.: 248-312-6384
Email: CMLOANOPS@FLAGSTAR.COM

With a copy to the address listed above for general notices.

Exhibit A

Form of Funding Notice

Reference is made to the Loan and Security Agreement, dated as of September 30, 2015 (as amended, supplemented or otherwise modified and in effect from time to time, the *"Agreement"*), by and among CAC Warehouse Funding LLC VI, as borrower (in such capacity, the *"Borrower"*), Credit Acceptance Corporation, as Servicer and as Custodian, Flagstar Bank, fsb, as Deal Agent, and Flagstar Bank, fsb, as Lender and Collateral Agent. Terms defined in the Agreement, or incorporated therein by reference, are used herein as therein defined.

(A) *Funding Request.* The Borrower hereby requests the Funding pursuant to Section 2.1 and Section 2.3 of the Agreement.

(B) *Funding Information.* The Funding shall (i) take place on **[__________]** and (ii) shall be in an amount equal to $**[_______]**. Such Funding shall consist of Benchmark Loans.

(C) *Representations.* The Borrower hereby represents and warrants that (i) all conditions precedent to the Funding described in Article III of the Agreement have been satisfied and (ii) no Termination Event or Unmatured Termination Event shall have occurred. This Funding Notice has been made in accordance with the provisions of Section 2.1(a) of the Agreement.

(D) *Irrevocable.* This Funding Notice shall be irrevocable.

(E) *Governing Law.* This Funding Notice shall be governed by, and construed in accordance with, the laws of the State of New York.

In Witness Whereof, the undersigned has caused this Funding Notice to be duly executed and delivered by its duly authorized officer as of the date first above written.

CAC Warehouse Funding LLC VI

By:
Name:
Title:

Exhibit B

Form of Monthly Report

[Intentionally Omitted]

Exhibit C

Form of Hedging Agreement

[Intentionally Omitted]

Exhibit D

Form of Officer's Certificate
as to Solvency

Attached

Exhibit E

Form of Take-Out Release

Reference is hereby made to the Loan and Security Agreement, dated as of September 30, 2015 (as amended, supplemented or otherwise modified and in effect from time to time, the *"Agreement"*), by and among CAC Warehouse Funding LLC VI, as borrower (in such capacity, the *"Borrower"*), Credit Acceptance Corporation, as servicer (in such capacity, the *"Servicer"*) and as custodian, Flagstar Bank, fsb, as deal agent (the *"Deal Agent"*), and Flagstar Bank, fsb (*"Flagstar"*), as Lender and Collateral Agent.

Capitalized terms not defined herein shall have the meaning given such terms in the Agreement.

Pursuant to Section 2.13(a) of the Agreement, the Borrower requests the Collateral Agent to release all of its right, title and interest, including any security interest and Lien, in and to the Loans and Related Security identified on Schedule 1 hereto (the *"Released Loans and the Related Security"*). The Take-Out Date is as of **[_______________________]**.

Pursuant to Section 2.13(a)(ii) of the Agreement, the Servicer and the Borrower hereby certify that the Borrower will have sufficient funds on the Take-Out Date to effect the Take-Out in accordance with the Agreement.

Pursuant to Section 2.13(a)(iii) of the Agreement, the Servicer and the Borrower hereby certify that after giving effect to the Take-Out and the release to the Borrower of the Loans and Related Security on the Take-Out Date, (x) the representations and warranties contained in Article IV of the Agreement shall continue to be correct in all material respects, except to the extent relating to an earlier date, and (y) neither an Unmatured Termination Event nor a Termination Event has occurred.

Upon deposit in the Collection Account of $**[____________]** in immediately available funds, the Collateral Agent hereby releases all of its right, title and interest, including any security interest and Lien, in and to:

(i) the Released Loans and the Related Security, all monies due or to become due with respect thereto, whether accounts, chattel paper, general intangibles or other property, and all monies or remittances on deposit in the Credit Acceptance Payment Account which constitute proceeds of such Released Loans and the Related Security;

(ii) the security interests in the Contracts granted by Obligors pursuant to the related Released Loans and the Related Security;

(iii) all of the Borrower's rights under (x) the Contribution Agreement and (y) each Dealer Agreement, in each case with respect to such Released Loans and the Related Security; and

(iv) the proceeds of any and all of the foregoing.

[Remainder of Page Blank. Signature Page Follows.]

Executed as of _____________.

Credit Acceptance Corporation, as the Servicer

By:
Name:
Title:

CAC Warehouse Funding LLC VI, as the Borrower

By:
Name:
Title:

Flagstar Bank, fsb, as the Lender, Collateral Agent and Deal Agent

By:
Name:
Title:

Exhibit F

Form of Contribution Agreement

[Intentionally Omitted]

Exhibit G

Form of Variable Funding Note

September 30, 2015

For Value Received, the undersigned, CAC Warehouse Funding LLC VI, a Delaware limited liability company (the *"Borrower"*), promises to pay to the order of Flagstar Bank, fsb (the *"Lender"*), on the date specified in Section 2.1(c) of the Loan and Security Agreement (as hereinafter defined), at Troy, Michigan, in lawful money of the United States of America and in immediately available funds, the principal amount of up to Seventy-Five Million Dollars ($75,000,000), or, if less, the Aggregate Loan Amount of the Lender to the Borrower pursuant to the Loan and Security Agreement, and to pay interest at such office, in like money, from the date hereof on the Aggregate Loan Amount from time to time outstanding at the rates and on the dates specified in the Loan and Security Agreement.

The Lender is authorized to record, on the schedules annexed hereto and made a part hereof or on other appropriate records of the Lender, the date and the amount of the Revolving Loan made by the Lender, each continuation thereof, the funding period for such Revolving Loan and the date and amount of each payment or prepayment of principal thereof. Any such recordation shall constitute *prima facie* evidence of the accuracy of the information so recorded; *provided* that the failure of the Lender to make any such recordation (or any error in such recordation) shall not affect the obligations of the Borrower hereunder and under the Loan and Security Agreement in respect of the Aggregate Loan Amount.

This Variable Funding Note is the Note referred to in the Loan and Security Agreement, dated as of September 30, 2015 (as amended, supplemented or otherwise modified and in effect from time to time, the *"Loan and Security Agreement"*), by and among CAC Warehouse Funding LLC VI, as borrower (in such capacity, the *"Borrower"*), Credit Acceptance Corporation, as servicer (in such capacity, the *"Servicer"*) and as custodian, the Lender, Flagstar Bank, fsb, as deal agent (the *"Deal Agent"*), and Flagstar Bank, fsb, as collateral agent (in such capacity, the *"Collateral Agent"*), and is entitled to the benefits thereof. Capitalized terms used herein and not defined herein have the meanings given to them in the Loan and Security Agreement.

This Variable Funding Note is subject to optional and mandatory prepayment as provided in the Loan and Security Agreement.

Upon the occurrence of a Termination Event, the Secured Parties shall have all of the remedies specified in the Loan and Security Agreement. The Borrower hereby waives presentment, demand, protest, and all notices of any kind.

This variable funding note shall be governed by, and construed and interpreted in accordance with, the laws of the State of New York.

CAC Warehouse Funding LLC VI, as Borrower

By:
Name:
Title:

Schedule 1 to
Variable Funding Note

Principal of the Revolving Loans	Interest on the Revolving Loans	Prepayment of the Revolving Loans	Notation by Date

Exhibit H

Form of Dealer Agreement

[Intentionally Omitted]

Exhibit I

Forms of Contracts

[Intentionally Omitted]

Exhibit J

Form of Purchase Agreement

[Intentionally Omitted]

Exhibit K-1

Form of

U.S. Tax Compliance Certificate
(For Foreign Lenders That Are Not Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to the Loan and Security Agreement, dated as of September 30, 2015 (as amended, supplemented or otherwise modified and in effect from time to time, the *"Agreement"*), by and among CAC Warehouse Funding LLC VI, as borrower (in such capacity, the *"Borrower"*), Credit Acceptance Corporation, as servicer (in such capacity, the *"Servicer"*) and as custodian, Flagstar Bank, fsb, as deal agent (the *"Deal Agent"*), and Flagstar Bank, fsb (*"Flagstar"*), as Lender and Collateral Agent.

Pursuant to the provisions of Section 2.11 of the Agreement, the undersigned hereby certifies that (i) it is the sole record and beneficial owner of the Loan(s) (as well as any Note(s) evidencing such Loan(s)) in respect of which it is providing this certificate, (ii) it is not a bank within the meaning of Section 881(c)(3)(A) of the Code, (iii) it is not a ten percent shareholder of the Borrower within the meaning of Section 871(h)(3)(B) of the Code and (iv) it is not a controlled foreign corporation related to the Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished the Deal Agent and the Borrower with a certificate of its non-U.S. Person status on IRS Form W-8BEN. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform the Borrower and the Deal Agent, and (2) the undersigned shall have at all times furnished the Borrower and the Deal Agent with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Agreement and used herein shall have the meanings given to them in the Agreement.

[NAME OF LENDER]
By:
Name:
Title:

Date: ________ __, 20[ ]

Exhibit K-2

Form of

U.S. Tax Compliance Certificate
(For Foreign Participants That Are Not Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to the Loan and Security Agreement, dated as of September 30, 2015 (as amended, supplemented or otherwise modified and in effect from time to time, the *"Agreement"*), by and among CAC Warehouse Funding LLC VI, as borrower (in such capacity, the *"Borrower"*), Credit Acceptance Corporation, as servicer (in such capacity, the *"Servicer"*) and as custodian, Flagstar Bank, fsb, as deal agent (the *"Deal Agent"*), and Flagstar Bank, fsb (*"Flagstar"*), as Lender and Collateral Agent.

Pursuant to the provisions of Section 2.11 of the Agreement, the undersigned hereby certifies that (i) it is the sole record and beneficial owner of the participation in respect of which it is providing this certificate, (ii) it is not a bank within the meaning of Section 881(c)(3)(A) of the Code, (iii) it is not a ten percent shareholder of the Borrower within the meaning of Section 871(h)(3)(B) of the Code, and (iv) it is not a controlled foreign corporation related to the Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished its participating Lender with a certificate of its non-U.S. Person status on IRS Form W-8BEN. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform such Lender in writing, and (2) the undersigned shall have at all times furnished such Lender with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Agreement and used herein shall have the meanings given to them in the Agreement.

[NAME OF PARTICIPANT]

By:
Name:
Title:

Date: ________ __, 20[ ]

Exhibit K-3

Form of

U.S. Tax Compliance Certificate
(For Foreign Participants That Are Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to the Loan and Security Agreement, dated as of September 30, 2015 (as amended, supplemented or otherwise modified and in effect from time to time, the *"Agreement"*), by and among CAC Warehouse Funding LLC VI, as borrower (in such capacity, the *"Borrower"*), Credit Acceptance Corporation, as servicer (in such capacity, the *"Servicer"*) and as custodian, Flagstar Bank, fsb, as deal agent (the *"Deal Agent"*), and Flagstar Bank, fsb (*"Flagstar"*), as Lender and Collateral Agent.

Pursuant to the provisions of Section 2.11 of the Agreement, the undersigned hereby certifies that (i) it is the sole record owner of the participation in respect of which it is providing this certificate, (ii) its direct or indirect partners/members are the sole beneficial owners of such participation, (iii) with respect to such participation, neither the undersigned nor any of its direct or indirect partners/members is a bank extending credit pursuant to a loan agreement entered into in the ordinary course of its trade or business within the meaning of Section 881(c)(3)(A) of the Code, (iv) none of its direct or indirect partners/members is a ten percent shareholder of the Borrower within the meaning of Section 871(h)(3)(B) of the Code and (v) none of its direct or indirect partners/members is a controlled foreign corporation related to the Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished its participating Lender with IRS Form W-8IMY accompanied by one of the following forms from each of its partners/members that is claiming the portfolio interest exemption: (i) an IRS Form W-8BEN or (ii) an IRS Form W-8IMY accompanied by an IRS Form W-8BEN from each of such partner's/member's beneficial owners that is claiming the portfolio interest exemption. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform such Lender and (2) the undersigned shall have at all times furnished such Lender with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Agreement and used herein shall have the meanings given to them in the Agreement.

[NAME OF PARTICIPANT]

By:

Name:
Title:

Date: ________ __, 20[ ]

Exhibit K-4

Form of

U.S. Tax Compliance Certificate

(For Foreign Lenders That Are Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to the Loan and Security Agreement, dated as of September 30, 2015 (as amended, supplemented or otherwise modified and in effect from time to time, the *"Agreement"*), by and among CAC Warehouse Funding LLC VI, as borrower (in such capacity, the *"Borrower"*), Credit Acceptance Corporation, as servicer (in such capacity, the *"Servicer"*) and as custodian, Flagstar Bank, fsb, as deal agent (the *"Deal Agent"*), and Flagstar Bank, fsb (*"Flagstar"*), as Lender and Collateral Agent.

Pursuant to the provisions of Section 2.11 of the Agreement, the undersigned hereby certifies that (i) it is the sole record owner of the Revolving Loan(s) (as well as any Note(s) evidencing such Revolving Loan(s)) in respect of which it is providing this certificate, (ii) its direct or indirect partners/members are the sole beneficial owners of such Revolving Loan(s) (as well as any Note(s) evidencing such Revolving Loan(s)), (iii) with respect to the extension of credit pursuant to this Agreement or any other Transaction Document, neither the undersigned nor any of its direct or indirect partners/members is a bank extending credit pursuant to a loan agreement entered into in the ordinary course of its trade or business within the meaning of Section 881(c)(3)(A) of the Code, (iv) none of its direct or indirect partners/members is a ten percent shareholder of the Borrower within the meaning of Section 871(h)(3)(B) of the Code and (v) none of its direct or indirect partners/members is a controlled foreign corporation related to the Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished the Deal Agent and the Borrower with IRS Form W-8IMY accompanied by one of the following forms from each of its partners/members that is claiming the portfolio interest exemption: (i) an IRS Form W-8BEN or (ii) an IRS Form W-8IMY accompanied by an IRS Form W-8BEN from each of such partner's/member's beneficial owners that is claiming the portfolio interest exemption. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform the Borrower and the Deal Agent, and (2) the undersigned shall have at all times furnished the Borrower and the Deal Agent with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Agreement and used herein shall have the meanings given to them in the Agreement.

[NAME OF LENDER]

By:

Name:

Title:

Date: ________ __, 20[ ]

Schedule I

Condition Precedent Documents

Condition Precedent Documents	Responsible Party
Transaction Documents	
Loan and Security Agreement	C&C
Contribution Agreement	Skadden
Fee Letter	C&C
Amended and Restated Intercreditor Agreement	Skadden
Note	C&C
Documents Relating to the Borrower	
Secretary's Certificate of the Borrower certifying and attaching the following items: - Resolutions of the Board of Directors - Certificate of Formation - Limited Liability Company Agreement - Incumbency	Borrower
Officer's Certificate of the Borrower certifying the matters set forth in Section 3.1 and 3.2 of the Loan and Security Agreement, and the Solvency Certificate described in Section 4.1(i) of the Loan and Security Agreement	Borrower
Good Standing Certificate issued by the Secretary of State of the State of Delaware with respect to Borrower	Borrower
Form UCC-1 financing statements naming the Borrower as debtor and the Collateral Agent, for the benefit of the Secured Parties, as secured party	Borrower
Form W-9 for Borrower	Borrower
Documents Relating to Servicer	
Secretary's Certificate of the Servicer certifying and attaching the following items: - Resolutions of the Board of Directors - Certificate of Incorporation - Bylaws - Incumbency	Servicer

Officer’s Certificate of the Servicer certifying that no Unmatured Termination Event, Termination Event, Servicer Termination Event or potential Servicer Termination Event shall have occurred and the matters set forth in Section 3.1 of the Loan and Security Agreement	Servicer
Good Standing Certificate issued by the Secretary of State of the State of Michigan with respect to Servicer	Servicer
Form UCC-1 financing statements naming the Originator as the debtor/seller, the Borrower as the secured party/purchaser, and the Collateral Agent as Assignee	Servicer
Form W-9 for Servicer	Servicer
Opinions of Counsel	
Opinion of Skadden as to true sale matters	Skadden
Opinion of Skadden covering non-consolidation matters	Skadden
Opinion of Skadden as to certain corporate matters	Skadden
Opinion of Skadden as to certain perfection matters	Skadden
Opinion of Dykema as to Michigan UCC and corporate matters	Dykema
Additional Closing Documents/Actions	Borrower
Funding Notice	Skadden
UCC search results (i) for the Borrower in Delaware and (ii) for Credit Acceptance in Michigan	Servicer
Evidence that the Collection Account and the Reserve Account have been established	Borrower
Evidence that the Upfront Fee and any other amounts due and payable on the Closing Date in accordance with the Fee Letter have been paid in full	
Evidence that the Reserve Account has been funded	Borrower
Blocked Account Agreement with respect to the Collection Account and Reserve Account	Borrower

Schedule II

Credit Guidelines and Collection Guidelines

[On File with Servicer]

Schedule III

Tradenames, Fictitious Names and “Doing Business As” Name

None.

Schedule IV

Location of Records and Contract Files

Credit Acceptance Corporation
25505 West Twelve Mile Road
Southfield, MI 48034

Schedule V
List of Loans, Contracts, Dealer Agreements and Pools

[Disc on File with Lender]

Schedule VI

Forecasted Collections

SECOND AMENDMENT
TO THE
CREDIT ACCEPTANCE CORPORATION
AMENDED AND RESTATED
INCENTIVE COMPENSATION PLAN

THIS SECOND AMENDMENT (this "Amendment") to the Credit Acceptance Corporation Amended and Restated Incentive Compensation Plan (the "Plan"), previously amended effective as of June 5, 2024, was adopted by the Board of Directors of the Company (the "Board") on September 19, 2024, effective as of the date set forth below. Any capitalized terms used and not defined herein shall have the meanings set forth in the Plan.

WHEREAS, pursuant to Section 7.08 of the Plan, the Board may amend or modify the Plan at any time and from time to time, subject to shareholder approval if required for any such amendment, but no amendment shall be made that would adversely affect any award previously granted under the Plan in any material way without the Participant's consent;

WHEREAS, the Board has determined that it is advisable and in the best interests of the Company to allow for the grant of Restricted Stock Awards and/or Restricted Stock Unit Awards in fractional shares of Common Stock, the vesting of such Awards with respect to fractional shares of Common Stock and for the settlement of such Awards in fractional shares of Common Stock, all subject to the overall limitations set forth in the Plan; and

WHEREAS, the Board desires to amend the Plan to provide for the foregoing, effective as of the date hereof.

NOW, THEREFORE, the Plan is amended as follows, effective as of the date hereof:

1. Section 3.01 of the Plan ("*Restricted Stock and Restricted Stock Units*") is hereby replaced in its entirety with the following:

   "The Committee shall have the authority to grant Restricted Stock Awards and Restricted Stock Units to such Participants and for such number of shares of Common Stock (including with respect to fractional shares of Common Stock) as it shall designate. Such Restricted Stock Awards and Restricted Stock Units shall be evidenced by an Agreement that shall specify the terms thereof, including the Restricted Period, the number of shares of Common Stock subject to the Restricted Stock Award or Restricted Stock Unit, and such other provisions, which may include, among other things, vesting and performance goals, as the Committee shall determine."

2. Section 6.01 of the Plan ("*Adjustments*") is hereby amended to replace the final sentence of Section 6.01(b) thereof with the following sentence:

   "Any such adjustment may result in fractional shares becoming subject to an Award, *provided*, *however*, that the Committee may determine, in its sole discretion, to provide for the elimination of any fractional share that might otherwise become subject to an Award."

3. Section 7.01 of the Plan ("*Partial Exercise/Fractional Shares*") is hereby replaced in its entirety with the following:

   "The Committee may permit, and shall establish procedures for, the partial exercise of Options granted under the Plan, *provided* that any such exercise of an Option shall be made with respect to a whole number of shares of Common Stock. Unless otherwise provided in an Agreement pursuant to Section 3.01 of the Plan, an Award shall only be issued and settled in a whole number of shares and the Fair Market Value of any fractional shares shall be paid in cash, or at the discretion of the Committee, the number of shares shall be rounded down to the nearest whole number of shares, and any fractional shares shall be disregarded."

4. This Amendment shall be and is hereby incorporated into and forms a part of the Plan.

5. Except as expressly provided, all of the terms, covenants, conditions, restrictions and other provisions contained in the Plan shall remain in full force and effect.

IN WITNESS WHEREOF, the undersigned being all of the members of the Board have executed this consent effective as of the date of last signature.

/s/ Thomas N. Tryforos
Thomas N. Tryforos, Lead Director

/s/ Scott J. Vassalluzzo
Scott J. Vassalluzzo, Director

/s/ Glenda J. Flanagan
Glenda J. Flanagan, Director

/s/ Vinayak R. Hegde
Vinayak R. Hegde, Director

/s/ Sean E. Quinn
Sean E. Quinn, Director

/s/ Kenneth S. Booth
Kenneth S. Booth, Director

EXHIBIT 31.1

CERTIFICATIONS

I, Kenneth S. Booth, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Credit Acceptance Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 30, 2024

/s/ Kenneth S. Booth
Kenneth S. Booth
Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATIONS

I, Jay D. Martin, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Credit Acceptance Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 30, 2024

/s/ Jay D. Martin
Jay D. Martin
Chief Financial Officer
(Principal Financial Officer)

EXHIBIT 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Credit Acceptance Corporation (the “Company”) for the quarterly period ended September 30, 2024 (the “Report”), I, Kenneth S. Booth, as Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934;

and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: October 30, 2024

/s/ Kenneth S. Booth
Kenneth S. Booth
Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Credit Acceptance Corporation (the "Company") for the quarterly period ended September 30, 2024 (the "Report"), I, Jay D. Martin, as Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934;

and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: October 30, 2024

/s/ Jay D. Martin
Jay D. Martin
Chief Financial Officer
(Principal Financial Officer)