

Edgar Filing: CREDIT ACCEPTANCE CORP - Form 8-K

- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

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. *

Item 1.01 Entry into a Material Definitive Agreement.

The information set forth below under Item 2.03 is hereby incorporated by reference into this Item 1.01.

Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

On December 1, 2017, Credit Acceptance Corporation (the “Company”, “we”, “our”, or “us”) entered into a \$150.0 million revolving secured warehouse facility with an institutional investor (the “facility”). The parties to this transaction are the Company, as originator, servicer and custodian, CAC Warehouse Funding LLC VII, as borrower, the lenders identified therein, Credit Suisse AG, New York Branch, as deal agent and Wells Fargo Bank, National Association as collateral agent and backup servicer.

Under the facility, we will contribute loans to a wholly-owned special purpose entity (“SPE”) and the SPE may generally borrow up to the lesser of 80% of the net book value of the contributed loans or \$150.0 million during the facility’s revolving period. The facility will cease to revolve on December 1, 2019, and must be repaid by November 30, 2021. No borrowings were initially made on the facility.

Borrowings under the facility will generally bear interest at a rate equal to the commercial paper rate plus 190 basis points to class A lenders and the commercial paper rate plus 220 basis points to class B lenders.

We will receive a servicing fee of 6.0% of the cash flows related to the underlying consumer loans. The remaining 94.0%, less amounts due to dealers for payments of dealer holdback, will be used to pay principal and interest on asset-backed notes as well as the ongoing costs of the financing. The facility is structured so as not to affect our contractual relationships with our dealers and to preserve the dealers’ rights to future payments of dealer holdback.

The facility provides for events, referred to as termination events, including nonpayment, misrepresentation, breach of covenants, bankruptcy and failure to maintain certain financial ratios and results, including in respect of the pledged loans. It is also such an event (i) if an event with a material adverse effect occurs, (ii) if we fail to make any required payment on debt for borrowed money having a principal amount in excess of \$15.0 million or default in the performance of any conditions, covenants or agreements under agreements relating to any such debt that results in such debt being (or permits such debt to be) accelerated or (iii) with respect to our role as servicer of the loans, any “Servicer Termination Event” occurs. Upon the occurrence of any event described above, the creditors may, after the applicable grace period, declare the entire unpaid principal amount outstanding under the facility and all accrued interest thereon to be immediately due and payable and exercise other remedies, including foreclosing on the collateral. In addition, upon the declaration of the termination event by the creditors, the SPE is not permitted to request any new funding under the facility.

The above summary of the terms and conditions of this transaction does not purport to be complete and is qualified in its entirety by the agreements attached as Exhibits 4.96 to 4.99 to this Form 8-K which agreements are incorporated herein by reference.

On December 1, 2017, we issued a press release announcing the completion of the facility. The press release is attached as Exhibit 99.1 to this Form 8-K and incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No.	Description
<u>4.96</u>	Loan and Security Agreement, dated as of December 1, 2017, among the Company, CAC Warehouse Funding LLC VII, Credit Suisse AG, New York Branch and Wells Fargo Bank, National Association.
<u>4.97</u>	Contribution Agreement, dated as of December 1, 2017, between the Company and CAC Warehouse Funding LLC VII.
<u>4.98</u>	Backup Servicer Agreement, dated as of December 1, 2017, among the Company, CAC Warehouse Funding LLC VII, Credit Suisse AG, New York Branch and Wells Fargo Bank, National Association.
<u>4.99</u>	Amended and Restated Intercreditor Agreement, dated as of December 1, 2017, among the Company, CAC Warehouse Funding Corporation II, CAC Warehouse Funding LLC IV, CAC Warehouse Funding LLC V, CAC Warehouse Funding LLC VI, CAC Warehouse Funding LLC VII, Credit Acceptance Funding LLC 2017-3, Credit Acceptance Funding LLC 2017-2, Credit Acceptance Funding LLC 2017-1, Credit Acceptance Funding LLC 2016-3, Credit Acceptance Funding LLC 2016-2, Credit Acceptance Funding LLC 2016-1, Credit Acceptance Funding LLC 2015-2, Credit Acceptance Funding LLC 2015-1, Credit Acceptance Auto Loan Trust 2017-3, Credit Acceptance Auto Loan Trust 2017-2, Credit Acceptance Auto Loan Trust 2017-1, Credit Acceptance Auto Loan Trust 2016-3, Credit Acceptance Auto Loan Trust 2016-2, Credit Acceptance Auto Loan Trust 2015-2, Credit Acceptance Auto Loan Trust 2015-1, Wells Fargo Bank, National Association, as agent, Fifth Third Bank, as agent, Bank of Montreal, as agent, Flagstar Bank, FSB, as agent and Comerica Bank, as agent.
<u>99.1</u>	Press Release dated December 1, 2017.

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 hereunto duly authorized.

CREDIT ACCEPTANCE
CORPORATION

Date: December 7, 2017 By: /s/ Douglas W. Busk
Douglas W. Busk
Senior Vice President and Treasurer