

October 21, 2008

Peter K. Welch
President & CEO
California New Car Dealers Association
1415 L Street, Suite 700
Sacramento, CA 95814

Dear Mr. Welch:

Thank you for your letter dated Oct. 20, 2008 on behalf of the California New Car Dealers Association. While it was difficult for me to read, I understand your frustration. GMAC took the recent actions on pricing and underwriting, which we hope will be temporary, with great reluctance and only after careful deliberation. They were particularly difficult for us because of our long-standing objective of supporting sales of GM vehicles by buying as much retail paper as we prudently can, without regard to race, ethnicity, or any other prohibited basis. That remains our objective, and we are proud of our record. Indeed, our retail purchase policy was broader and deeper than those of many other finance sources for a longer period of time.

We acted because current market conditions dictated that we act. Turbulence in the markets reduced our access to funds and increased the cost of funds where available. In response, we adjusted our credit policy to reflect the reduced level of funding availability. Our focus is on managing the business during this difficult market environment to preserve our ability to support dealers and their customers to the maximum degree possible.

We look forward to the day when credit markets and the auto financing business return to normal. In the meantime, we continue to work with dealers on an individual basis. We also hope that you will join us in support of federal initiatives that recognize the critical role of automotive financing in stabilizing the U.S. financial system.

Regards,
Al de Molina

Chief Executive Officer
GMAC Financial Services
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