

GMAC FLOOR PLAN INVITATION

May 7, 2009

Most Chrysler dealers have received a letter inviting them to apply for a GMAC floor plan. The invitation has a response deadline of the evening of May 8, 2009. If you respond to the letter, and qualify, GMAC will send you a packet to apply for a GMAC floor plan. Additionally, it will give you an interim floor plan until they have time to evaluate your creditworthiness. The interim floor plan can be used to floor units you acquire. You cannot transfer your existing floor plan to it.

WARNING: After evaluating your creditworthiness, GMAC will increase, decrease, or terminate the interim floor plan. Additionally, GMAC may ask for additional collateralization, capitalization, guarantees, stricter covenants, etc. **BE PREPARED:** Do not believe that everything will be just “peachy.”

A significant issue is that GMAC is not taking over the existing floor plan but is attempting to instate a floor plan along side your Chrysler Financial floor plan. In order for GMAC to do this Chrysler Financial has to provide a waiver, which makes sense because CFC likely has a blanket security agreement.

Chrysler Financial is not overly eager to agree or cooperate. We’ve heard that CFC executives are telling everyone to stay put. You should be looking for options at this point regardless of what GMAC is offering. As you probably know, it is very difficult to get a floor plan in today’s market. After the “Great Flood” the floor plan providers should begin to emerge. Start talking to them now.

You may contact Ron Smith, Donn Wray, Mike Shanahan or Jeff Halbert of Stewart & Irwin for further information at 317-639-5454.