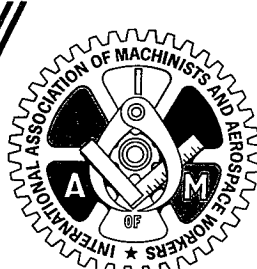


**International
Association of
Machinists and
Aerospace Workers**



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OFFICE OF THE INTERNATIONAL PRESIDENT

GL 2 - Legislative

March 25, 2008

The Honorable Timothy F. Geithner
Secretary
Department of the Treasury
1500 Pennsylvania Avenue, N.W.
Washington, DC 20220

Dear Secretary Geithner:

We have serious concerns about actions currently being taken by General Motors Acceptance Corporation (GMAC) to limit access to credit for General Motors (GM) dealerships. As you know, GMAC received federal funds under the Troubled Asset Relief Program (TARP). To that end, we want to ensure that GMAC is using taxpayer money properly and effectively to make credit available for small businesses in the automotive industry.


Several GM dealerships with mechanics represented by the IAM have expressed concerns about harsh, unfair, financial demands that GMAC is imposing upon franchised dealers. Dealerships across the country depend on GMAC financing to make wholesale purchases of GM cars and trucks for sale to consumers. In the past, GMAC has provided funding to dealerships to cover the entire cost of new vehicle inventory purchases, and dealerships in return repaid GMAC with proceeds from customers' down payments and consumer car loan payments. However, GMAC has recently instituted a harsh new policy that requires dealers to reduce (curtail) principal balances on much of their inventory by up to 10 percent per month, even though they are current on all of their regular payments. For example, a small GM dealership with a one million dollar inventory (approximately 40 vehicles) may be required to make a \$50,000 monthly curtailment payment on half of its vehicle inventory. GM dealerships with larger vehicle inventories are faced with dramatically higher monthly curtailment payments. Such costs present a dire economic situation for many GM dealers.

Indeed, the impact of GMAC's new curtailment policy on dealerships is dramatic. Car dealerships are already suffering financially from current economic conditions. GM dealerships are reporting significant reductions in sales during 2008. Imposing significant new costs creates unsustainable financial demands for many dealerships that cannot absorb additional costs given their diminished profits. Not surprisingly, dealerships are concerned that GMAC's new financing policy will force them to close their doors and lay off employees. Because car dealerships are large employers and are a foundation of the local tax base, the loss of dealerships will be particularly devastating.

Ultimately, we are concerned that GMAC's new financing policy is limiting the ability of credit worthy dealerships to access critical financial resources. This has translated to job loss, a reduction of the tax base, and lost opportunities for consumers to purchase new automobiles and have their cars repaired in their communities. We urge you to take measures that will stop GMAC from unreasonably imposed restrictions on access to capital that ultimately drives car dealerships out of business.

Thank you for your time. We look forward to your quick response to this important issue.

Sincerely,

A handwritten signature in cursive script that reads "R. Thomas Buffenbarger".

R. Thomas Buffenbarger
International President