

CHRYSLER UPDATE

May 12, 2009

●We understand that there has been a general agreement between GMAC and Chrysler Credit on joint security interest in dealership assets during this period where floor plans are being switched from Chrysler Credit to GMAC. That agreement should be blessed in the next day or so and published. We have had several calls regarding concerns over the financing statements being at odds, with each claiming to hold a first security interest. The agreement will take care of that. Dealers will be able to process their GMAC requests without being concerned that they are violating the Chrysler Franchise Agreement.

●We received calls from a couple of Chrysler dealerships who are also farm equipment dealerships. They should be careful that the security interest pledged to GMAC is only that of the automotive inventory, parts and equipment. Don't allow a lien interest to be taken on any farm equipment because that would run afoul of your agreements with the manufacturer since most manufacturers self finance or place equipment interest free for an extended period of time on dealership premises. The farm equipment manufacturer would have the appropriate first lien on that equipment. You might double check to make sure that they have not claimed any lien in all the equipment which would amount to a lien on the automotive equipment also.

●If you feel there is a likelihood that your dealership will be one of the ones rejected, there will probably be a very short window in which to try to get that decision reversed. You should, right now, get a short, concise statement backed up by facts and figures as to your sales penetration, CSI, your market area, and lack of other Chrysler consumer opportunities in that area, etc. If you are not on the preliminary list, then you may wish to seek assistance relative to putting together a quick presentation to try to get that decision reversed.

For further information, please contact Ronald C. Smith, Michael P. Shanahan, Jeffrey B. Halbert or Donn H. Wray at 317-639-5454.