

NOTICE OF PROPOSED CLASS ACTION SETTLEMENT

GMAC REPOSSESSION CASES ADMINISTRATOR

c/o Rust Consulting, Inc.

P.O. Box 1699

Faribault, MN 55021-1699

«refaccount»

Dear: «firstname» «lastname»,
«NEW_ADDRESS»
«NEW_CITY» «NEW_ST» «NEW_ZIP_»

You were previously sent a “Notice of Pendency of Class Action” and a later “Notice and Class Member Questionnaire” in the **GMAC Repossession Cases**. You were sent the Class Notice and the Notice and Class Member Questionnaire because you had been identified by GMAC as a potential class member in these cases. The purpose of this Notice is to inform you that the parties have reached a proposed class action settlement in these cases. **This Notice contains important information concerning your rights as a Settlement Class Member. Please read it carefully.**

SUMMARY OF THE GMAC REPOSSESSION CASES

The GMAC Repossession Cases are two certified class actions that were coordinated in the Santa Clara Superior Court. The first case, called Roseanna Smith v. General Motors Acceptance Corporation, (the “Smith case”), was filed in the Superior Court of Santa Clara County on August 20, 1998. The second case, called Joseph Garza and Kathryn Brown v. General Motors Acceptance Corporation, (the “Garza case”), was filed in the Superior Court of Butte County on February 16, 2000. The Garza case was subsequently transferred to Santa Clara County and coordinated with the Smith case. The cases are referred to jointly as the GMAC Repossession Cases.

The GMAC Repossession Cases (“the Cases”) alleged that GMAC had violated provisions of California law, including the terms of the Rees-Levering Automobile Sales Financing Act, Civil Code §2981, et seq., when it issued post-repossession notices of intent to dispose of repossessed or voluntarily surrendered vehicles to California borrowers during the relevant period (which was between August of 1994 through June 30, 2001). In particular, the Cases alleged that GMAC had issued post-repossession notices that lacked certain disclosures required by Civil Code §2982.2(a) concerning the borrower’s rights and remedies following the repossession of a vehicle. The Cases further alleged that, as a matter of law, borrowers who were issued notices without the required disclosure were not liable for any deficiency balance following the sale of their vehicle, and that GMAC had unlawfully and improperly demanded and collected deficiency balances from borrowers who did not owe the money. The Cases sought restitution of amounts paid by class members on deficiency balances, an injunction against future collections by GMAC on deficiency balances that were not owed, and other relief, including attorneys’ fees and costs.

The defendant in the Cases, GMAC denied the allegations made in the Cases, denied that it engaged in any unlawful, unfair or deceptive practices, and denied any and all liability with respect to any and all facts and claims alleged in the Cases.

The Court certified the class in the Smith case on May 21, 2001. The Court certified the class in the Garza case on April 3, 2003.

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THE INITIAL PHASE OF TRIAL/CLASS MEMBER QUESTIONNAIRE

An initial phase of the trial was held in the GMAC Repossession Cases in July of 2003. On November 19, 2003, the Court issued a Statement of Decision/Initial Phase of Trial in which it ruled that GMAC had violated certain provisions of California law with respect to post-repossession notices that had been sent to class members during the relevant period. The Court ordered that a Notice and Class Member Questionnaire be sent to all borrowers who had previously been identified as potential class members. The purpose of the Notice was to inform class members of the Court's Statement of Decision, and also to request information that would be used to determine entitlement to refunds and class membership.

The Notice and Class Member Questionnaire informed class members that, in order to obtain a refund in the GMAC Repossession Cases, they were required to return a completed Questionnaire by the designated due date.

The Notice and Class Member Questionnaire was sent to all potential class members, at the last known address of the class member, on March 1, 2004. If the Notice and Class Member Questionnaire was returned as undeliverable by the Postal Service, an address search was performed in an effort to obtain a more recent address for the class member, and there was a second mailing of the Notice and Class Member Questionnaire in June of 2004.

You were previously sent a Notice and Class Member Questionnaire. If you did not receive this Notice and Class Member Questionnaire it was because, despite the best efforts of the parties and the Administrator, a current address could not be located for you.

After the designated deadline for the return of all Class Member Questionnaires, the parties reviewed the completed Questionnaires in order to determine who was eligible for a refund, based on the Court's decision in the initial phase of trial.

THE TERMS OF THE PROPOSED SETTLEMENT

Shortly before the second phase of trial was scheduled to begin in these Cases, the parties reached a proposed class action settlement ("the Settlement"). The terms of the Settlement, and your rights as a member of the Settlement Class, are described briefly below.

Elimination of Deficiency Balances. **All** members of the Settlement Class will receive the following relief and benefits under the proposed Settlement: (1) GMAC will agree that the Settlement Class Members do not owe any outstanding deficiency balances on their account and have no obligation to pay any such deficiency balance; (2) GMAC will change its internal account records for Settlement Class Members to reflect a zero balance on all such accounts; (3) GMAC will take no further action to collect, or to attempt to collect, deficiency balances from Settlement Class Members, will recall the accounts of Settlement Class Members from any internal collection departments and from any outside collection agencies, and will dismiss any pending legal actions against Settlement Class Members; (4) GMAC will transmit an electronic request to the major credit reporting agencies that they delete the GMAC entry (tradeline) for the relevant account from the credit reports of all Settlement Class Members; (5) GMAC will respond to any inquiries from Settlement Class Members regarding their accounts that the account balance is zero and that the Settlement Class Member has no obligation to pay the deficiency balance; and (6) if any Settlement Class Member makes a payment on a deficiency balance after the settlement is finalized, GMAC will return the payment with a written statement that the deficiency balance is not owed.

Settlement Fund/Refunds. In addition, under the terms of the Settlement, GMAC will pay the total sum of \$5,000,000 (\$5 million) for the creation of a Settlement Fund. This Settlement Fund will be distributed according to a Plan of Distribution that will be drafted by Class Counsel, and approved by the Court. GMAC

will have no role in the drafting of the Plan of Distribution. The Plan of Distribution, if and as approved by the Court, will provide that the Settlement Fund will be used to pay the following: (1) the costs of providing notice of this proposed Settlement to the Settlement Class Members; (2) the costs of administering the settlement; (3) the attorneys' fees, costs and expenses of Class Counsel, in an amount to be approved and awarded by the Court; (4) proportional refunds of amounts paid on deficiency balances by **Refund Eligible Settlement Class Members**; and (5) incentive awards to the three named plaintiffs.

Refund Eligible Settlement Class Members include the following people: (1) Settlement Class Members who returned a Class Member Questionnaire to the Administrator before the deadline; **and** (2) who responded on the Class Member Questionnaire that they had made payments on a deficiency balance after the repossession of their vehicle; **and** (3) for whom GMAC's records verify at least one credit on a post-repossession deficiency balance.

Members of the Settlement Class who did **not** fill out and return a Class Member Questionnaire by the deadline, or who did not make payments on a deficiency balance after the repossession of their vehicle, are **not** Refund Eligible Settlement Class Members, and will not be receiving any payment from the Settlement Fund.

The amount of the refunds to be paid to Refund Eligible Settlement Class Members will be determined, **on a proportional basis**, by: (1) GMAC's records of the total amount of credits on the Settlement Class Member's deficiency balance; and (2) the amount of the Settlement Fund that is available for distribution of refunds after deductions for the costs of notice and administration, incentive awards, and for attorneys' fees and costs. In other words, each Refund Eligible Settlement Class Member will receive a **proportional** refund of the credits reflected in GMAC's records for their own deficiency account, determined on a percentage basis by the amount of available Settlement Funds as compared to the total amount of credits on the deficiency accounts of all Refund Eligible Settlement Class Members.

At this time, Class Counsel estimate that Refund Eligible Settlement Class Members will receive refunds of approximately 50 percent of the total amount of credits that are reflected on their deficiency balance accounts in GMAC's records. The actual refunds may be more or less than 50 percent.

Attorneys Fees and Costs. The attorneys for the plaintiffs and classes in these Cases will receive attorneys' fees, costs, and expenses in an amount to be determined by the Court and paid from the Settlement Fund. Class counsel will request an award of fees, costs and expenses in the amount of \$2 million.

Incentive Awards. Class counsel will ask the Court to award the three named plaintiffs in these Cases (Roseanna Smith, Joseph Garza and Kathryn Brown) incentive awards, to be paid from the Settlement Fund, in the amount of \$7,500 each.

Release of Claims. Under the proposed Settlement, all members of the Settlement Class will be bound by the judgment to be entered by the Court. All claims of the Settlement Class against GMAC relating to the post-repossession notices issued, the collection of deficiency balances, and the reporting of deficiency balances to credit reporting agencies will be released as and to the extent provided in the Settlement Agreement, and Settlement Class Members will be forever barred from seeking further relief on any of these released claims. Upon the Court's final approval of the settlement, a judgment will be entered fully and finally settling this lawsuit as to all Settlement Class Members.

OPTION TO REMAIN IN SETTLEMENT CLASS OR BE EXCLUDED

You have the right to decide whether you want to remain in the Settlement Class, or be excluded. If you remain in the Settlement Class, you will be entitled to the relief provided by the settlement as described above, if approved by the Court, **and you will be bound by the judgment to be entered at the time of final approval of the settlement.**

Alternatively, you may choose to be excluded from the Settlement Class. If you request exclusion from the Settlement Class, your name will be removed from the Settlement Class list, you will receive no further notifications, **and you will not be entitled to share in any relief provided under the settlement.** You will **not** be bound by any final judgment entered in the action.

IF YOU WISH TO BE EXCLUDED, YOU MUST SUBMIT A WRITTEN REQUEST. The request should say: "I DO NOT WANT TO BE PART OF THE SETTLEMENT CLASS IN THE GMAC REPOSSESSION CASES." The request must be signed by you, with your name and address printed legibly below your signature. **YOU MUST MAIL YOUR REQUEST FOR EXCLUSION BY AUGUST 25, 2006.** You should mail the REQUEST FOR EXCLUSION request to:

GMAC REPOSSESSION CASES ADMINISTRATOR
C/O RUST CONSULTING, INC.
P.O. Box 1699
Faribault, MN 55021-1699

IF YOU EXCLUDE YOURSELF, YOU WILL NOT BE ENTITLED TO SHARE IN ANY BENEFITS THAT THE SETTLEMENT CLASS OBTAINS THROUGH THE SETTLEMENT. If you do not request exclusion, you may, if you desire and at your own expense, enter an appearance through an attorney of your choosing. If you do not request exclusion and you do not enter an appearance through your attorney, your interests will be represented by the plaintiffs as class representatives through class counsel, at no out-of-pocket cost to you.

THE COURT HEARING AND RIGHT TO OBJECT

The proposed Settlement has been preliminarily approved by the Court; the Court also approved the terms of this Notice. Before the settlement is final, the Court will hold a further hearing to decide whether to grant final approval of the Settlement as fair, reasonable and adequate. The Final Approval Hearing will be October 6, 2006 at 9:00 a.m., in the Santa Clara Superior Court, Department 17C (the Honorable Jack Komar), located at 161 N. First Street, San Jose, California.

If you wish, and if you do **not** request exclusion, you may submit a written statement concerning the proposed Settlement and appear at the hearing, in person or through an attorney retained at your own expense, to object to the proposed Settlement. If you wish to appear at the hearing to make a statement, you **must** notify the Court and counsel for the parties, **in advance and in writing**, of your intention to do so. **DO NOT CALL THE COURT.** Your **written** objections to the proposed Settlement and notice of your intent to appear at the hearing must be mailed to the Clerk of the Court and to the attorneys for the parties, at the addresses listed below, no later than August 25, 2006. Objections received after this date will be untimely and will not be considered. You must state the factual basis and legal grounds for any objection, and also provide a Proof of Service showing that you mailed your objections to the attorneys listed below. The Clerk's address is Clerk of the Superior Court, 191 N. First St., San Jose, California, 95113. All documents you file with the Court must identify the case name (GMAC Repossession Cases) and number of the suit (JCCP No. 4225). Copies of any papers that you file with the Court **must be mailed or delivered at the same time to the attorneys for the class and to the attorneys for GMAC**, at the addresses listed below:

Attorneys for the Class

Mark A. Chavez
Kim E. Card
Chavez & Gertler LLP
42 Miller Avenue
Mill Valley, California 94941
(415) 381-5599 (800) 908-8892
info@chavezgertler.com

Attorneys for GMAC

John B. Sullivan
Mark D. Lonergan
Mary Kate Sullivan
Severson & Werson
A Professional Corporation
One Embarcadero Center, Suite 2600
San Francisco, CA 94111

If the Court approves this settlement, the distribution of the Settlement Fund will occur after the Court's judgment approving this settlement becomes final, unless an objection is filed and an appeal is taken. If the settlement is not approved, this lawsuit will proceed.

ADDITIONAL INFORMATION

DO NOT CONTACT THE COURT CONCERNING THIS CASE. If you have any questions, contact the attorneys for the class listed above. You may also call the following toll free information line, which has been established by the attorneys for the class: (800) 908-8892.

EXAMINATION OF PAPERS

This Notice does not fully describe this lawsuit. You may inspect the Court files (excluding any documents filed under seal) at the Office of the Court Clerk, 191 No. First Street, San Jose, California, 95113, during the hours of 9:00 a.m. to 4:00 p.m., Monday through Friday.

Dated: June 23, 2006

The Honorable Jack Komar
Judge of the Superior Court

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PO Box 1699
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