
UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2008, or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____.

Commission file number: 1-3754

GMAC LLC

(Exact name of registrant as specified in its charter)

Delaware

*(State or other jurisdiction of
incorporation or organization)*

38-0572512

*(I.R.S. Employer
Identification No.)*

**200 Renaissance Center
P.O. Box 200, Detroit, Michigan
48265-2000**

*(Address of principal executive offices)
(Zip Code)*

(313) 556-5000

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒

No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a nonaccelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐

Accelerated filer ☐

Non-accelerated filer ☒

Smaller reporting company ☐

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐

No ☒

GMAC LLC

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PART I — FINANCIAL INFORMATION

Item 1. Financial Statements

GMAC LLC

CONDENSED CONSOLIDATED STATEMENTS OF INCOME (unaudited)

	Three months ended September 30,		Nine months ended September 30,	
(\$ in millions)	2008	2007	2008	2007
Revenue				
Consumer	\$1,690	\$2,432	\$5,275	\$7,398
Commercial	599	750	1,858	2,227
Loans held-for-sale	246	307	918	1,182
Operating leases	2,106	1,892	6,344	5,187
Total financing revenue	4,641	5,381	14,395	15,994
Interest expense	2,906	3,715	8,953	11,122
Depreciation expense on operating lease assets	1,412	1,276	4,209	3,530
Impairment of investment in operating leases	93	—	808	—
Net financing revenue	230	390	425	1,342
Other revenue				
Servicing fees	441	548	1,377	1,664
Servicing asset valuation and hedge activities, net	(261)	(123)	(36)	(578)
Insurance premiums and service revenue earned	1,123	1,143	3,355	3,235
Gain (loss) on mortgage and automotive loans, net	25	(320)	(1,674)	42
Investment (loss) income	(216)	13	(263)	548
Other income	373	602	2,255	2,255
Total other revenue	1,485	1,863	5,014	7,166
Total net revenue	1,715	2,253	5,439	8,508
Provision for credit losses	1,099	964	2,343	2,075
Noninterest expense				
Compensation and benefits expense	612	628	1,816	1,910
Insurance losses and loss adjustment expenses	642	659	1,986	1,795
Other operating expenses	1,967	1,211	4,778	3,640
Impairment of goodwill	16	455	16	455
Total noninterest expense	3,237	2,953	8,596	7,800
Loss before income tax (benefit) expense	(2,621)	(1,664)	(5,500)	(1,367)
Income tax (benefit) expense	(98)	(68)	94	241
Net loss	(\$2,523)	(\$1,596)	(\$5,594)	(\$1,608)

The Notes to the Condensed Consolidated Financial Statements (unaudited) are an integral part of these statements.

GMAC LLC
CONDENSED CONSOLIDATED BALANCE SHEETS (unaudited)

<i>(\$ in millions)</i>	September 30, 2008	December 31, 2007
Assets		
Cash and cash equivalents	\$13,534	\$17,677
Investment securities	10,661	16,740
Loans held-for-sale	11,979	20,559
Finance receivables and loans, net of unearned income		
Consumer (\$2,210 at fair value at September 30, 2008)	72,925	87,769
Commercial	39,497	39,745
Allowance for credit losses	(3,132)	(2,755)
Total finance receivables and loans, net	109,290	124,759
Investment in operating leases, net	30,628	32,348
Notes receivable from General Motors	2,106	1,868
Mortgage servicing rights	4,725	4,703
Premiums and other insurance receivables	2,252	2,030
Other assets	26,152	28,255
Total assets	\$211,327	\$248,939
Liabilities		
Debt		
Unsecured	\$72,612	\$102,339
Secured (\$2,466 at fair value at September 30, 2008)	88,019	90,809
Total debt	160,631	193,148
Interest payable	2,048	2,253
Unearned insurance premiums and service revenue	4,773	4,921
Reserves for insurance losses and loss adjustment expenses	3,080	3,089
Deposit liabilities	19,551	15,281
Accrued expenses and other liabilities	10,974	13,432
Deferred income taxes	1,022	1,250
Total liabilities	202,079	233,374
Equity		
Members' interest	8,920	8,912
Preferred interests	1,052	1,052
(Accumulated deficit) retained earnings	(1,144)	4,649
Accumulated other comprehensive income	420	952
Total equity	9,248	15,565
Total liabilities and equity	\$211,327	\$248,939

The Notes to the Condensed Consolidated Financial Statements (unaudited) are an integral part of these statements.

GMAC LLC

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (unaudited)

Nine Months Ended September 30, 2008 and 2007

(\$ in millions)	Members' interest	Preferred interests	(Accumulated deficit) retained earnings	Accumulated other comprehensive income	Total equity	Comprehensive income (loss)
Balance at January 1, 2007	\$6,711		\$7,173	\$485	\$14,369	
Net loss			(1,608)		(1,608)	(\$1,608)
Preferred interests dividends			(157)		(157)	
Capital contributions	1,035				1,035	
Other comprehensive income				399	399	399
Balance at September 30, 2007	\$7,746		\$5,408	\$884	\$14,038	(\$1,209)
Balance at January 1, 2008, before cumulative effect of adjustments	\$8,912	\$1,052	\$4,649	\$952	\$15,565	
Cumulative effect of a change in accounting principle, net of tax:						
Adoption of Statement of Financial Accounting Standards No. 157 (a)			23		23	
Adoption of Statement of Financial Accounting Standards No. 159 (a)			(178)		(178)	
Balance at January 1, 2008, after cumulative effect of adjustments	\$8,912	\$1,052	\$4,494	\$952	\$15,410	
Capital contributions	8				8	
Net loss			(5,594)		(5,594)	(\$5,594)
Dividends paid to members			(47)		(47)	
Other			3		3	
Other comprehensive loss				(532)	(532)	(532)
Balance at September 30, 2008	\$8,920	\$1,052	(\$1,144)	\$420	\$9,248	(\$6,126)

(a) Refer to Note 13 to the Condensed Consolidated Financial Statements for further detail.

The Notes to the Condensed Consolidated Financial Statements (unaudited) are an integral part of these statements.

GMAC LLC

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)
Nine Months Ended September 30, 2008 and 2007

(\$ in millions)	2008	2007
Operating activities		
Net cash provided by operating activities	\$10,270	\$5,431
Investing activities		
Purchases of available-for-sale securities	(12,096)	(12,427)
Proceeds from sales of available-for-sale securities	12,544	5,065
Proceeds from maturities of available-for-sale securities	4,369	6,107
Net increase in finance receivables and loans	1,071	(44,608)
Proceeds from sales of finance receivables and loans	1,329	65,700
Purchases of operating lease assets	(9,781)	(13,305)
Disposals of operating lease assets	5,551	3,878
Sales of mortgage servicing rights	484	165
Net increase in notes receivable from General Motors	(348)	(96)
Acquisitions of subsidiaries, net of cash acquired	—	(289)
Other, net	426	1,286
Net cash provided by investing activities	3,549	11,476
Financing activities		
Net decrease in short-term debt	(15,565)	(8,459)
Net increase in bank deposits	4,053	3,074
Proceeds from issuance of long-term debt	37,340	60,870
Repayments of long-term debt	(44,181)	(65,999)
Dividends paid	(82)	(126)
Other, net (a)	189	2,376
Net cash used in financing activities	(18,246)	(8,264)
Effect of exchange rate changes on cash and cash equivalents	284	(179)
Net (decrease) increase in cash and cash equivalents	(4,143)	8,464
Cash and cash equivalents at beginning of year	17,677	15,459
Cash and cash equivalents at September 30,	\$13,534	\$23,923

(a) Includes \$1 billion capital contribution from General Motors during the nine months ended September 30, 2007, pursuant to the sale of 51% of GMAC to FIM Holdings LLC.

The Notes to the Condensed Consolidated Financial Statements (unaudited) are an integral part of these statements.

GMAC LLC

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

1. Basis of Presentation

GMAC LLC was founded in 1919 as a wholly owned subsidiary of General Motors Corporation (General Motors or GM). On November 30, 2006, GM sold a 51% interest in us (the Sale Transactions) to FIM Holdings LLC (FIM Holdings). FIM Holdings is an investment consortium led by Cerberus FIM Investors, LLC, the sole managing member. The consortium also includes Citigroup Inc., Aozora Bank Ltd., and a subsidiary of The PNC Financial Services Group, Inc. The terms “GMAC,” “the Company,” “we,” “our,” and “us” refer to GMAC LLC and its subsidiaries as a consolidated entity, except where it is clear that the terms mean only GMAC LLC.

The Condensed Consolidated Financial Statements as of September 30, 2008, and for the three and nine months ended September 30, 2008 and 2007, are unaudited but, in management’s opinion, include all adjustments consisting of normal recurring adjustments necessary for the fair presentation of the results for the interim periods.

The interim-period consolidated financial statements, including the related notes, are condensed and are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) for interim reporting. The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. These interim-period Condensed Consolidated Financial Statements should be read in conjunction with our audited Consolidated Financial Statements, which are included in our Annual Report on Form 10-K for the year ended December 31, 2007, filed with the United States Securities and Exchange Commission (SEC) on February 27, 2008.

Our funding strategy and liquidity position have been adversely affected by the ongoing stress in the credit markets that began in the middle of 2007 and reached unprecedented levels during recent months. The capital markets remain highly volatile, and our access to liquidity has been significantly reduced. These conditions, in addition to the reduction in our credit ratings, have resulted in increased borrowing costs and our inability to access the unsecured debt markets in a cost-effective manner. Furthermore, we have regular renewals of outstanding bank loans and credit facilities. Although our material committed facilities due to mature in the third quarter were renewed, albeit at revised terms, some facilities have not renewed placing additional pressure on our liquidity position. Our inability to renew the remaining loans and facilities as they mature could have a further negative impact on our liquidity position. We also have significant maturities of unsecured notes each year. In addition, a significant portion of our customers are those of GM, GM dealers, and GM-related employees. As a result, a significant adverse change in GM’s business or financial position could have a an adverse effect on our profitability and financial condition.

Our business continues to be affected by these conditions and has led us to take several actions to manage resources during this volatile environment. Certain of these steps have included the following: aligning automotive originations with available committed funding sources in the United States and abroad; streamlining operations to suit the current business plans; growing GMAC Bank within applicable regulatory guidelines; reducing risk in the balance sheet; and divesting select non-core operations. We are also focused on pursuing strategies to increase flexibility and access to liquidity with the primary focus of continuing to support automotive dealers and customers. Ongoing initiatives include participating in the Federal Reserve’s commercial paper purchase program through our asset-backed conduit, New Center Asset Trust (NCAT), and evaluating the use of other government programs, such as the Troubled Asset Relief Program (the TARP). Furthermore, we are engaging in discussions with federal regulatory authorities regarding bank holding company status. We also may commence a private offer to exchange a significant amount of outstanding indebtedness for a reduced principal amount of new indebtedness. If unanticipated market factors emerge or we are unable to successfully execute some or all of our current plans, it could have a material adverse effect on our liquidity, operations, and/or financial position.

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Residential Capital, LLC (ResCap), our mortgage subsidiary, has been negatively impacted by the events and conditions in the mortgage banking industry and the broader economy. The market deterioration has led to fewer sources of, and significantly reduced levels of, liquidity available to finance ResCap's operations. Most recently, the widely publicized credit defaults and/or acquisitions of large financial institutions in the marketplace has further restricted credit in the United States and international lending markets. ResCap is highly leveraged relative to its cash flow and continues to recognize substantial losses resulting in a significant deterioration in capital. On September 30, 2008, GMAC forgave \$197 million of ResCap's debt owed to GMAC, which resulted in an increase to ResCap's tangible net worth of the same amount. Accordingly, ResCap's consolidated tangible net worth, as defined, was \$350 million as of September 30, 2008, and remained in compliance with its credit facility financial covenants, among other covenants, requiring it to maintain a monthly consolidated tangible net worth of \$250 million. For this purpose, consolidated tangible net worth is defined as ResCap's consolidated equity, excluding intangible assets and any equity in GMAC Bank to the extent included in ResCap's consolidated balance sheet. There continues to be a risk that ResCap will not be able to meet its debt service obligations, default on its financial debt covenants due to insufficient capital, and/or be in a negative liquidity position in 2008.

ResCap actively manages its liquidity and capital positions and is continually working on initiatives to address its debt covenant compliance and liquidity needs, including debt maturing in the next twelve months and the identified risks and uncertainties. The accompanying Condensed Consolidated Financial Statements continue to reflect ResCap on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business.

ResCap's initiatives include, but are not limited to, the following: continue to work with all of its key credit providers to optimize all available liquidity options; continued reduction of assets and other restructuring activities; focused production on government and prime conforming products; exploration of strategic alternative such as alliances, joint ventures, and other transactions with third parties; pursuit of possible liquidity and capital benefits from the TARP; and continued exploration of opportunities for funding and capital support from GMAC and its affiliates. Most of these initiatives are outside of ResCap's control resulting in an increased uncertainty to their successful execution. There are currently no substantive binding contracts, agreements or understandings with respect to any particular transaction outside the normal course of business.

ResCap remains heavily dependent on GMAC and its affiliates for funding and capital support and there can be no assurance that GMAC or its affiliates will continue such actions. If additional financing or capital were to be obtained from GMAC, its affiliates, and/or third parties, the terms may contain covenants that restrict ResCap's freedom to operate its business. Additionally, ResCap's ability to participate in any governmental investment program or the TARP, either directly or indirectly through GMAC, is unknown at this time.

In light of ResCap's liquidity and capital needs, combined with volatile conditions in the marketplace, there is substantial doubt about ResCap's ability to operate as a going concern. If GMAC no longer continues to support the capital or liquidity needs of ResCap or ResCap is unable to successfully execute its other initiatives, it would have a material adverse effect on ResCap's business, results of operations, and financial position.

Recently Adopted Accounting Standards

SFAS No. 157 — On January 1, 2008, we adopted Statement of Financial Accounting Standards No. 157, *Fair Value Measurements* (SFAS 157). SFAS 157 provides a definition of fair value, establishes a framework for measuring fair value under GAAP, and requires expanded disclosures about fair value measurements. The standard applies when GAAP requires or allows assets or liabilities to be measured at fair value; therefore, it does not expand the use of fair value in any new circumstance. We adopted SFAS 157 on a prospective basis. SFAS 157 required retrospective adoption of the rescission of Emerging Issues Task Force Issue No. 02-3, *Issues Involved in Accounting for Derivative Contracts Held for Trading Purposes and Contracts Involved in Energy Trading and Risk Management Activities* (EITF 02-3), and certain other guidance. The impact of adopting SFAS 157 and the rescission of EITF 02-3 on January 1, 2008, was an increase to beginning retained earnings through a cumulative effect of a change in accounting principle of approximately \$23 million, related

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to the recognition of day-one gains on purchased mortgage servicing rights (MSRs) and certain residential loan commitments. Refer to Note 13 to the Condensed Consolidated Financial Statements for further detail.

SFAS No. 158 — In September 2006, the Financial Accounting Standards Board (FASB) issued SFAS No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans* (SFAS 158), which amends SFAS No. 87, *Employers' Accounting for Pensions*; SFAS No. 88, *Employers' Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits*; SFAS No. 106, *Employers' Accounting for Postretirement Benefits Other Than Pensions*; and SFAS No. 132(R), *Employers' Disclosures about Pensions and Other Postretirement Benefits* (revised 2003). This Statement requires companies to recognize an asset or liability for the overfunded or underfunded status of their benefit plans in their financial statements. The asset or liability is the offset to accumulated other comprehensive income, consisting of previously unrecognized prior service costs and credits, actuarial gains or losses, and accumulated transition obligations and assets. SFAS 158 also requires the measurement date for plan assets and liabilities to coincide with the sponsor's year-end. The standard provides two transition alternatives for companies to make the measurement-date provisions. During the year ended December 31, 2007, we adopted the recognition and disclosure elements of SFAS 158, which did not have a material effect on our consolidated financial position, results of operations, or cash flows. In addition, we will adopt the measurement elements of SFAS 158 for the year ending December 31, 2008. We do not expect the adoption of the measurement elements to have a material impact on our consolidated financial condition or results of operations.

SFAS No. 159 — On January 1, 2008, we adopted SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities* (SFAS 159). SFAS 159 permits entities to choose to measure at fair value many financial instruments and certain other items that are not currently required to be measured at fair value. Subsequent changes in fair value for designated items are required to be reported in earnings in the current period. SFAS 159 also establishes presentation and disclosure requirements for similar types of assets and liabilities measured at fair value. We elected to measure at fair value certain financial assets and liabilities, including certain collateralized debt obligations and certain mortgage loans held-for-investment in financing securitization structures. The cumulative effect to beginning retained earnings was a decrease through a cumulative effect of a change in accounting principle of approximately \$178 million on January 1, 2008. Refer to Note 13 to the Condensed Consolidated Financial Statements for further detail.

FASB Staff Position (FSP) FIN 39-1 — On January 1, 2008, we adopted FSP FIN 39-1, *Amendment of FAS Interpretation No. 39* (FSP FIN 39). FSP FIN 39-1 defines "right of setoff" and specifies what conditions must be met for a derivative contract to qualify for this right of setoff. It also addresses the applicability of a right of setoff to derivative instruments and clarifies the circumstances in which it is appropriate to offset amounts recognized for those instruments in the statement of financial position. In addition, this FSP requires an entity to make an election related to the offsetting of fair value amounts recognized for multiple derivative instruments executed with the same counterparty under a master netting arrangement and fair value amounts recognized for the right to reclaim cash collateral (a receivable) or the obligation to return cash collateral (a payable) arising from the same master netting arrangement as the derivative instruments without regard to the company's intent to settle the transactions on a net basis. We have elected to present these items gross; therefore, upon adoption of FSP FIN 39-1, we increased December 31, 2007, other assets and other liabilities equally by approximately \$1.2 billion.

SEC Staff Accounting Bulletin No. 109 — On January 1, 2008, we adopted Staff Accounting Bulletin No. 109, *Written Loan Commitments Recorded at Fair Value Through Earnings* (SAB 109). SAB 109 provides the SEC staff's views on the accounting for written loan commitments recorded at fair value under GAAP and revises and rescinds portions of SAB 105, *Application of Accounting Principles to Loan Commitments* (SAB 105). SAB 105 provided the views of the SEC staff regarding derivative loan commitments that are accounted for at fair value through earnings pursuant to SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities* (SFAS 133). SAB 105 states that in measuring the fair value of a derivative loan commitment, the staff believed it would be inappropriate to incorporate the expected net

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future cash flows related to the associated servicing of the loan. SAB 109 supersedes SAB 105 and expresses the current view of the SEC staff that, consistent with the guidance in SFAS No. 156, *Accounting for Servicing of Financial Assets*, and SFAS 159, the expected net future cash flows related to the associated servicing of the loan should be included in the measurement of all written loan commitments that are accounted for at fair value through earnings. SAB 105 also indicated that the SEC staff believed that internally developed intangible assets (such as customer relationship intangible assets) should not be recorded as part of the fair value of a derivative loan commitment. SAB 109 retains that SEC staff view and broadens its application to all written loan commitments that are accounted for at fair value through earnings. The impact of adopting SAB 109 did not have a material impact on our consolidated financial condition or results of operations.

FSP FAS 157-3 — In October 2008, the FASB issued FSP FAS 157-3, *Determining Fair Value of a Financial Asset in a Market that is not Active* (FSP FAS 157-3). This FSP applies to financial assets within the scope of all accounting pronouncements that require or permit fair value measurements in accordance with SFAS 157. This FSP clarifies the application of SFAS 157 in a market that is not active and provides key considerations in determining the fair value of a financial asset when the market for that financial asset is not active. This FSP is effective upon issuance, including prior periods for which financial statements have not been issued. Revisions resulting from a change in the valuation technique or its application shall be accounted for as a change in accounting estimate in accordance with FASB Statement No. 154, *Accounting Changes and Error Corrections* (SFAS 154). The disclosure provisions of SFAS 154 for a change in accounting estimate are not required for revisions resulting from a change in valuation technique or its application. The impact of adopting FSP FAS 157-3 did not have a material impact on our consolidated financial condition or results of operations.

Recently Issued Accounting Standards

SFAS No. 141(R) — In December 2007, the FASB issued SFAS No. 141(R), *Business Combinations* (SFAS 141(R)), which replaces SFAS No. 141, *Business Combinations*. SFAS 141(R) establishes principles and requirements for how an acquiring company recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree; recognizes and measures the goodwill acquired in the business combination or a gain from a bargain purchase; and determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination. SFAS 141(R), effective for GMAC on January 1, 2009, applies to all transactions or other events in which GMAC obtains control in one or more businesses. Management will assess each transaction on a case-by-case basis as they occur.

SFAS No. 160 — In December 2007, the FASB issued SFAS No. 160, *Noncontrolling Interests in Consolidated Financial Statements — an amendment of ARB No. 51* (SFAS 160), which requires the ownership interests in subsidiaries held by parties other than the parent be clearly identified, labeled, and presented in the consolidated statement of financial position within equity, but separate from the parent's equity. It also requires the amount of consolidated net income attributable to the parent and to the noncontrolling interest be clearly identified and presented on the face of the consolidated statement of income. SFAS 160 will be effective for GMAC on January 1, 2009. SFAS 160 shall be applied prospectively as of the beginning of the fiscal year in which it is initially applied, except for the presentation and disclosure requirements. The presentation and disclosure requirements shall be applied retrospectively for all periods presented. Management is currently assessing the retrospective impacts of adoption and will assess new transactions as they occur.

SFAS No. 161 — In March 2008, the FASB issued SFAS No. 161, *Disclosures about Derivative Instruments and Hedging Activities* (SFAS 161). SFAS 161 requires specific disclosures regarding the location and amounts of derivative instruments in the financial statements; how derivative instruments and related hedged items are accounted for; and how derivative instruments and related hedged items affect financial position, financial performance, and cash flows. SFAS 161 will be effective for GMAC on January 1, 2009. Early adoption is permitted. Because SFAS 161 impacts the disclosure and not the accounting treatment for

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derivative instruments and related hedged items, the adoption of SFAS 161 will not have an impact on our consolidated financial condition or results of operations.

SFAS No. 162 — In May 2008, the FASB issued SFAS No. 162, *The Hierarchy of Generally Accepted Accounting Principles* (SFAS 162). SFAS 162 identifies a consistent framework, or hierarchy, for selecting accounting principles to be used in preparing financial statements that are presented in conformity with U.S. generally accepted accounting principles for nongovernmental entities (the Hierarchy). The Hierarchy within SFAS 162 is consistent with that previously defined in the AICPA Statement on Auditing Standards No. 69, *The Meaning of Present Fairly in Conformity With Generally Accepted Accounting Principles* (SAS 69). SFAS 162 is effective 60 days following the SEC's approval of the Public Company Accounting Oversight Board amendments to AU Section 411, *The Meaning of Present Fairly in Conformity With Generally Accepted Accounting Principles*. The adoption of SFAS 162 will not have a material effect on our consolidated financial statements because we have utilized the guidance within SAS 69.

FSP FAS No. 140-3 — In February 2008, the FASB issued FSP FAS No. 140-3, *Accounting for Transfers of Financial Assets and Repurchase Financing Transactions* (FSP FAS No. 140-3), which provides a consistent framework for the evaluation of a transfer of a financial asset and subsequent repurchase agreement entered into with the same counterparty. FSP FAS No. 140-3 provides guidelines that must be met in order for an initial transfer and subsequent repurchase agreement to not be considered linked for evaluation. If the transactions do not meet the specified criteria, they are required to be accounted for as one transaction. This FSP will be effective for GMAC on January 1, 2009, and will be applied prospectively to initial transfers and repurchase financings for which the initial transfer is executed on or after adoption. Management is currently assessing the impact of adoption.

FSP FAS No. 142-3 — In April 2008, the FASB issued FSP No. FAS 142-3, *Determination of the Useful Life of Intangible Assets* (FSP FAS 142-3). FSP FAS 142-3 amends the factors that should be considered in developing a renewal or extension assumptions used for purposes of determining the useful life of a recognized intangible asset under SFAS 142, *Goodwill and Other Intangible Assets* (SFAS 142). FSP FAS 142-3 is intended to improve the consistency between the useful life of a recognized intangible asset under SFAS 142 and the period of expected cash flows used to measure the fair value of the asset under SFAS 141(R) and other GAAP. FSP FAS 142-3 is effective for fiscal years beginning after December 15, 2008. Earlier application is not permitted. We believe the impact of adopting FSP FAS 142-3 will not have a material effect on our consolidated financial condition or results of operations.

FSP FAS No. 133-1 and FIN 45-4 — In September 2008, the FASB issued FSP FAS No. 133-1 and FIN 45-4, *Disclosures about Credit Derivatives and Certain Guarantees: An Amendment of FASB Statement No. 133 and FASB Interpretation No. 45*; and *Clarification of the Effective Date of FASB Statement No. 161* (FSP FAS No. 133-1 and FIN 45-4). FSP FAS 133-1 and FIN 45-4 amends SFAS 133 to require disclosures by sellers of credit derivatives, including credit derivatives embedded in a hybrid instrument. This FSP also amends FASB Interpretation No. 45, *Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others*, to require an additional disclosure about the current status of the payment/performance risk of a guarantee. Further, this FSP clarifies the Board's intent about the effective date of SFAS 161. FSP FAS 133-1 and FIN 45-4 is effective for annual and interim reporting periods ending after November 15, 2008. In addition, this FSP encourages that the amendments be applied in periods earlier than the effective date to facilitate comparisons at initial adoption. Because this impacts the disclosure and not the accounting treatment for credit derivative instruments and other guarantees, the adoption of this FSP will not have an impact on our consolidated financial condition or results of operations.

EITF Issue No. 08-5 — In September 2008, The Emerging Issues Task Force (EITF) issued EITF No. 08-5, *Issuer's Accounting for Liabilities at Fair Value with a Third-Party Credit Enhancement* (EITF 08-5). EITF 08-5 states that the issuer of debt with a third-party credit enhancement that is inseparable from the debt instrument shall not include the effect of the credit enhancement in the fair value measurement of the liability. EITF 08-5 is effective on a prospective basis for periods beginning after December 15, 2008.

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The impact of adopting EITF 08-5 is not expected to have a material impact on our consolidated financial condition or results of operations.

2. Other Income

Details of other income were as follows:

(\$ in millions)	Three months ended September 30,		Nine months ended September 30,	
	2008	2007	2008	2007
Gain on retirement of debt	\$59	\$—	\$1,163	\$—
Real estate services, net	(25)	24	(34)	292
Interest and service fees on transactions with GM (a)	70	86	193	245
Interest on cash equivalents	61	103	188	312
Other interest revenue	57	168	338	466
Full-service leasing fees	106	84	312	239
Late charges and other administrative fees	41	46	127	132
Mortgage processing fees and other mortgage (loss) income	4	21	(248)	84
Interest on restricted cash deposits	30	28	106	114
Real estate and other investments, net	(8)	10	(46)	71
Insurance service fees	36	37	113	115
Factoring commissions	14	14	38	41
Specialty lending fees	11	9	33	30
Fair value adjustment on certain derivatives (b)	(60)	18	37	53
Changes in fair value for SFAS 159 elections, net (c)	(72)	—	(200)	—
Other	49	(46)	135	61
Total other income	\$373	\$602	\$2,255	\$2,255

(a) Refer to Note 12 for a description of related party transactions.

(b) Refer to Note 9 for a description of derivative instruments and hedging activities.

(c) Refer to Note 13 for a description of SFAS 159 fair value option elections.

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3. Other Operating Expenses

Details of other operating expenses were as follows:

(\$ in millions)	Three months ended September 30,		Nine months ended September 30,	
	2008	2007	2008	2007
Insurance commissions	\$236	\$237	\$706	\$702
Technology and communications expense	164	177	476	478
Professional services	151	104	481	303
Advertising and marketing	55	72	163	225
Mortgage representation and warranty expense, net	112	(26)	213	176
Premises and equipment depreciation	43	45	136	145
Rent and storage	52	55	156	169
Full-service leasing vehicle maintenance costs	96	78	281	215
Lease and loan administration	38	50	117	156
Automotive remarketing and repossession	79	76	236	170
Restructuring expenses	97	—	181	—
Operating lease disposal loss (gain)	94	1	217	(6)
Other	750	342	1,415	907
Total other operating expenses	\$1,967	\$1,211	\$4,778	\$3,640

4. Impairment of Investment in Operating Leases

We evaluate the carrying value of our operating lease assets and test for impairment in accordance with SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets* (SFAS 144), when events or circumstances necessitate the evaluation. Generally, impairment is determined to exist if the undiscounted expected future cash flows are lower than the carrying value of the asset.

In light of recent significant declines in used vehicle prices for trucks in Canada, we concluded a triggering event had occurred during the three months ended September 30, 2008, requiring an evaluation of certain Canadian operating lease assets within our North American Automotive Finance operations for recoverability as of September 30, 2008. We grouped these operating lease assets at the lowest level that we could reasonably estimate the identifiable cash flows. In assessing for recoverability, we compared our estimates of future cash flows related to these lease assets to their corresponding carrying values. We considered all of the expected cash flows, including customer payments, the expected residual value upon remarketing the vehicle at lease termination, and any payments from GM under residual risk sharing agreements. To the extent these undiscounted cash flows were less than their respective carrying values, we discounted the cash flows to arrive at an estimated fair value. As a result of this evaluation, during the three months ended September 30, 2008, we concluded that \$604 million of the \$8.1 billion total net investment in Canadian operating leases was impaired by a total of \$93 million. Therefore, we reduced our carrying value to equal the estimated fair value and recorded an impairment charge in the three months ended September 30, 2008, for this amount. When combined with a similar impairment charge for the United States and Canada recorded during the three months ended June 30, 2008, our North American Automotive Finance operations has realized impairment charges on its investment in operating leases assets of \$808 million for the nine months ended September 30, 2008. No similar impairment charges were realized during the three months ended March 31, 2008.

While we believe our estimates of discounted future cash flows used for the impairment analysis were reasonable based on current market conditions, the process required the use of significant estimates and assumptions. In developing these estimates and assumptions, management used all available evidence.

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However, because of uncertainties associated with estimating the amounts, timing, and likelihood of possible outcomes, actual cash flows could ultimately differ from those estimated as part of the recoverability and impairment analyses.

5. Finance Receivables and Loans, and Loans Held-for-Sale

The composition of finance receivables and loans outstanding was as follows:

(\$ in millions)	September 30, 2008			December 31, 2007		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Consumer						
Retail automotive	\$17,593	\$25,426	\$43,019	\$20,030	\$25,576	\$45,606
Residential mortgages (a)	24,575	5,331	29,906	34,839	7,324	42,163
Total consumer	42,168	30,757	72,925	54,869	32,900	87,769
Commercial						
Automotive:						
Wholesale	16,353	9,325	25,678	14,689	8,272	22,961
Leasing and lease financing	253	783	1,036	296	930	1,226
Term loans to dealers and other	2,604	657	3,261	2,478	857	3,335
Commercial and industrial	5,217	1,758	6,975	6,431	2,313	8,744
Real estate construction and other	2,150	397	2,547	2,943	536	3,479
Total commercial	26,577	12,920	39,497	26,837	12,908	39,745
Total finance receivables and loans (b)	\$68,745	\$43,677	\$112,422	\$81,706	\$45,808	\$127,514

(a) Domestic residential mortgages include \$2.2 billion at fair value as a result of election made under SFAS 159 as of September 30, 2008. Refer to Note 13 for additional information.

(b) Net of unearned income of \$3.9 billion and \$4.0 billion as of September 30, 2008, and December 31, 2007, respectively.

The composition of loans held-for-sale was as follows:

(\$ in millions)	September 30, 2008	December 31, 2007
Consumer		
Retail automotive	\$6,116	\$8,400
Residential mortgages	4,153	12,078
Total consumer	10,269	20,478
Commercial		
Automotive		
Wholesale	459	81
Commercial and industrial	1,251	—
Total commercial	1,710	81
Total loans held-for-sale	\$11,979	\$20,559

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The following tables present an analysis of the activity in the allowance for credit losses on finance receivables and loans.

(\$ in millions)	Three months ended September 30,					
	2008			2007		
	Consumer	Commercial	Total	Consumer	Commercial	Total
Allowance at July 1,	\$1,918	\$630	\$2,548	\$3,062	\$402	\$3,464
Provision for credit losses	910	189	1,099	878	86	964
Charge-offs						
Domestic	(403)	(53)	(456)	(596)	(36)	(632)
Foreign	(79)	(10)	(89)	(71)	(13)	(84)
Total charge-offs	(482)	(63)	(545)	(667)	(49)	(716)
Recoveries						
Domestic	46	16	62	43	11	54
Foreign	18	1	19	13	4	17
Total recoveries	64	17	81	56	15	71
Net charge-offs	(418)	(46)	(464)	(611)	(34)	(645)
Reduction of allowance due to deconsolidation (a)	—	—	—	(306)	—	(306)
Impacts of foreign currency translation	(43)	(8)	(51)	8	3	11
Allowance at September 30,	\$2,367	\$765	\$3,132	\$3,031	\$457	\$3,488

(\$ in millions)	Nine months ended September 30,					
	2008			2007		
	Consumer	Commercial	Total	Consumer	Commercial	Total
Allowance at January 1,	\$2,141	\$614	\$2,755	\$2,969	\$607	\$3,576
Provision for credit losses	1,989	354	2,343	1,761	314	2,075
Charge-offs						
Domestic	(1,203)	(209)	(1,412)	(1,438)	(416)	(1,854)
Foreign	(258)	(11)	(269)	(159)	(73)	(232)
Total charge-offs	(1,461)	(220)	(1,681)	(1,597)	(489)	(2,086)
Recoveries						
Domestic	153	19	172	153	15	168
Foreign	53	3	56	41	5	46
Total recoveries	206	22	228	194	20	214
Net charge-offs	(1,255)	(198)	(1,453)	(1,403)	(469)	(1,872)
Reduction of allowance due to deconsolidation (a)	—	—	—	(306)	—	(306)
Reduction of allowance due to fair value option election (b)	(489)	—	(489)	—	—	—
Impacts of foreign currency translation	(19)	(5)	(24)	10	5	15
Allowance at September 30,	\$2,367	\$765	\$3,132	\$3,031	\$457	\$3,488

(a) During the three months ended September 30, 2007, ResCap completed the sale of residual cash flows related to a number of on-balance sheet securitizations. ResCap completed the approved actions that resulted in the securitization trusts to satisfy the qualifying special-purpose entity requirement of SFAS No. 140, *Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*. The actions resulted in the deconsolidation of various securitization trusts.

(b) Represents the reduction of allowance as a result of fair value option election made under SFAS 159 effective January 1, 2008. Refer to Note 13 for additional information.

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6. Mortgage Servicing Rights

The following table summarizes activity related to mortgage servicing rights (MSRs) carried at fair value.

(\$ in millions)	Nine months ended September 30,	
	2008	2007
Estimated fair value at January 1,	\$4,703	\$4,930
Additions obtained from sales of financial assets	1,025	1,304
Additions from purchases of servicing rights	—	3
Subtractions from sales of servicing assets	(484)	—
Subtractions from disposals	—	(165)
Changes in fair value:		
Due to changes in valuation inputs or assumptions used in the valuation model	125	(56)
Recognized day-one gains on previously purchased MSRs upon adoption of SFAS 157 (a)	11	—
Other changes in fair value	(655)	(466)
Other changes that affect the balance	—	(3)
Estimated fair value at September 30,	\$4,725	\$5,547

(a) Refer to Note 13 for additional information.

As of September 30, 2008, we pledged MSRs of \$3.0 billion as collateral for borrowings, compared to \$2.7 billion as of December 31, 2007. For a description of MSRs and the related hedging strategy, refer to Notes 9 and 16 to the Consolidated Financial Statements in our 2007 Annual Report on Form 10-K.

Changes in fair value, due to changes in valuation inputs or assumptions used in the valuation models, include all changes due to revaluation by a model or by a benchmarking exercise. Other changes in fair value primarily include the accretion of the present value of the discount related to forecasted cash flows and the economic runoff of the portfolio, foreign currency translation adjustments, and the extinguishment of MSRs related to the exercise of clean-up calls of securitization transactions.

Key assumptions we use in valuing our MSRs are as follows:

	September 30,	
	2008	2007
Range of prepayment speeds	0.7 – 46.5%	0.4–53.6%
Range of discount rates	4.8 – 31.6%	7.7–13.0%

The primary risk of our servicing rights is interest rate risk and the resulting impact on prepayments. A significant decline in interest rates could lead to higher-than-expected prepayments, which could reduce the value of the MSRs. Historically, we have economically hedged the income statement impact of these risks with both derivative and nonderivative financial instruments. These instruments include interest rate swaps, caps and floors, options to purchase these items, futures, and forward contracts and/or purchasing or selling U.S. Treasury and principal-only securities. At September 30, 2008, the fair value of derivative financial instruments used to mitigate these risks amounted to \$369 million. There were no nonderivative instruments used to mitigate these risks at September 30, 2008. At September 30, 2007, the fair value of derivative and nonderivative financial instruments used to mitigate these risks amounted to \$534 million and \$839 million, respectively. The change in fair value of the derivative financial instruments amounted to a gain of \$493 million and a loss of \$58 million for the nine months ended September 30, 2008 and 2007, respectively,

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and is included in servicing asset valuation and hedge activities, net in the Condensed Consolidated Statements of Income.

The components of servicing fees on MSRs were as follows:

(\$ in millions)	Three months ended September 30,		Nine months ended September 30,	
	2008	2007	2008	2007
Contractual servicing fees, net of guarantee fees, and including subservicing	\$307	\$391	\$959	\$1,155
Late fees	27	35	94	110
Ancillary fees	35	25	101	86
Total	\$369	\$451	\$1,154	\$1,351

During the third quarter of 2008, ResCap's consolidated tangible net worth, as defined, fell below \$1.0 billion giving Fannie Mae the right to pursue certain remedies under the master agreement and contract between GMAC Mortgage, LLC, its consolidated subsidiary, and Fannie Mae. In light of the decline in ResCap's consolidated tangible net worth, as defined, Fannie Mae has requested additional security for some of ResCap's potential obligations under its agreements with them. ResCap has reached an agreement in principle with Fannie Mae, under the terms of which ResCap will provide them additional collateral valued at \$200 million, and agree to sell and transfer the servicing on mortgage loans having an unpaid principal balance of approximately \$12.7 billion, or approximately 9% of the total principal balance of loans ResCap services for them. Fannie Mae has indicated that in return for these actions, they will agree to forbear, until January 31, 2009, from exercising contractual remedies otherwise available due to the decline in consolidated tangible net worth, as defined. Actions based on these remedies could have included, among other things, reducing ResCap's ability to sell loans to them, reducing its capacity to service loans for them, or requiring it to transfer servicing of loans ResCap services for them. Management believes that selling the servicing related to the loans described above will have an incremental positive impact on ResCap's liquidity and overall cost of servicing, since it will no longer be required to advance delinquent payments on those loans. Meeting Fannie Mae's collateral request will have a negative impact on ResCap's liquidity. Moreover, if Fannie Mae deems ResCap's consolidated tangible net worth, as defined, to be inadequate following the expiration of the forbearance period referred to above, and if Fannie Mae then determines to exercise their contractual remedies as described above, it would adversely affect our profitability and financial condition.

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7. Other Assets

Other assets consisted of:

<i>(\$ in millions)</i>	September 30, 2008	December 31, 2007
Property and equipment at cost	\$1,628	\$1,759
Accumulated depreciation	(1,177)	(1,200)
Net property and equipment	451	559
Cash reserve deposits held-for-securitization trusts (a)	3,521	3,350
Fair value of derivative contracts in receivable position	3,123	5,677
Real estate and other investments (b)	1,483	2,237
Restricted cash collections for securitization trusts (c)	3,462	2,397
Goodwill	1,453	1,496
Deferred policy acquisition cost	1,656	1,702
Accrued interest and rent receivable	644	881
Reposessed and foreclosed assets, net, at lower of cost or fair value	1,188	1,347
Debt issuance costs	836	601
Servicer advances	2,159	1,847
Securities lending (d)	—	856
Investment in used vehicles held-for-sale, at lower of cost or fair value	829	792
Subordinated note receivable	252	250
Intangible assets, net of accumulated amortization	73	93
Other assets	5,022	4,170
Total other assets	\$26,152	\$28,255

(a) Represents credit enhancement in the form of cash reserves for various securitization transactions we have executed.

(b) Includes residential real estate investments of \$260 million and \$1.1 billion and related accumulated depreciation of \$3 million and \$16 million at September 30, 2008, and December 31, 2007, respectively.

(c) Represents cash collections from customer payments on securitized receivables. These funds are distributed to investors as payments on the related secured debt.

(d) During the three months ended June 30, 2008, our Insurance operations ceased securities-lending activities within its investment portfolio.

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8. Debt

(\$ in millions)	September 30, 2008			December 31, 2007		
	Unsecured	Secured	Total	Unsecured	Secured	Total
Short-term debt						
Commercial paper	\$674	\$—	\$674	\$1,439	\$—	\$1,439
Demand notes	3,878	—	3,878	6,584	—	6,584
Bank loans and overdrafts	4,801	—	4,801	7,182	—	7,182
Repurchase agreements and other (a)	1,767	7,846	9,613	678	17,923	18,601
Total short-term debt	11,120	7,846	18,966	15,883	17,923	33,806
Long-term debt						
Due within one year	13,173	18,924	32,097	17,661	19,868	37,529
Due after one year	47,959	61,249	109,208	68,224	53,018	121,242
Total long-term debt (b)	61,132	80,173	141,305	85,885	72,886	158,771
Fair value adjustment (c)	360	—	360	571	—	571
Total debt	\$72,612	\$88,019	\$160,631	\$102,339	\$90,809	\$193,148

(a) Repurchase agreements consist of secured financing arrangements with third parties at ResCap. Other primarily includes nonbank secured borrowings and notes payable to GM. Refer to Note 12 for additional information.

(b) Secured long-term debt includes \$2,466 million at fair value as a result of election made under SFAS 159. Refer to Note 13 for additional information.

(c) To adjust designated fixed-rate debt to fair value in accordance with SFAS 133.

The following table presents the scheduled maturity of long-term debt at September 30, 2008, assuming that no early redemptions occur. The actual payment of secured debt may vary based on the payment activity of the related pledged assets.

Year ended December 31, (\$ in millions)	Unsecured	Secured	Total
2008	\$1,795	\$5,612	\$7,407
2009	12,799	19,747	32,546
2010	8,752	22,541	31,293
2011	12,304	12,565	24,869
2012	6,064	2,831	8,895
2013 and thereafter	19,418	9,868	29,286
Long-term debt	61,132	73,164	134,296
Collateralized borrowings in securitization trusts (a)	—	7,009	7,009
Total long-term debt	\$61,132	\$80,173	\$141,305

(a) Collateralized borrowings in securitization trusts represents mortgage lending related debt that is repaid upon the principal payments of the underlying assets.

Under a revolving credit facility, we are subject to a leverage ratio covenant under which adjusted consolidated debt should not exceed 11 times adjusted consolidated net worth. As of September 30, 2008, our leverage ratio calculated under the terms of this facility was 10.0:1.

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The following summarizes assets restricted as collateral for the payment of the related debt obligations.

	September 30, 2008		December 31, 2007	
	Assets (a)	Related secured debt (b)	Assets	Related secured debt (b)
<i>(\$ in millions)</i>				
Loans held-for-sale	\$4,499	\$1,819	\$10,437	\$6,765
Mortgage assets held-for-investment and lending receivables	38,490	19,576	45,534	33,911
Retail automotive finance receivables	30,483	23,044	23,079	19,094
Commercial automotive finance receivables	15,910	12,011	10,092	7,709
Investment securities	817	725	880	788
Investment in operating leases, net	25,259	19,691	20,107	17,926
Real estate investments and other assets	20,448	11,153	14,429	4,616
Total	\$135,906	\$88,019	\$124,558	\$90,809

- (a) GMAC has a senior position on certain assets pledged by ResCap with subordinate positions held by GM, affiliates of Cerberus, and ultimately some third parties.
- (b) Included as part of secured debt are repurchase agreements of \$1.5 billion and \$3.6 billion through which we have pledged assets as collateral at September 30, 2008, and December 31, 2007, respectively.

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Liquidity Facilities

Liquidity facilities represent additional funding sources. The financial institutions providing the uncommitted facilities are not legally obligated to advance funds under these facilities. Capacity under the secured facilities is generally available to the extent we contribute incremental collateral to a facility. The following table summarizes the liquidity facilities that we maintain.

	Total capacity		Current capacity (a)		Potential capacity (b)		Outstanding	
	Sept 30, 2008	Dec 31, 2007	Sept 30, 2008	Dec 31, 2007	Sept 30, 2008	Dec 31, 2007	Sept 30, 2008	Dec 31, 2007
<i>(\$ in billions)</i>								
Committed unsecured:								
Global Automotive Finance operations	\$2.1	\$8.9	\$0.1	\$7.0	\$—	\$—	\$2.0	\$1.9
ResCap	—	3.6	—	1.8	—	—	—	1.8
Other	—	0.1	—	0.1	—	—	—	—
Committed secured:								
Global Automotive Finance operations (c)	61.2	62.0	0.5	0.1	17.1	22.9	43.6	39.0
ResCap	9.6	33.2	—	—	3.7	17.4	5.9	15.8
Other	3.3	3.8	—	—	0.8	1.7	2.5	2.1
Total committed facilities	76.2	111.6	0.6	9.0	21.6	42.0	54.0	60.6
Uncommitted unsecured:								
Global Automotive Finance operations	4.4	8.5	0.1	1.2	—	—	4.3	7.3
ResCap	0.4	0.6	0.3	0.2	—	—	0.1	0.4
Other	—	0.2	—	—	—	—	—	0.2
Uncommitted secured:								
Global Automotive Finance operations	4.4	—	0.1	—	4.1	—	0.2	—
ResCap	11.0	21.6	—	—	0.4	9.5	10.6	12.1
Total uncommitted facilities	20.2	30.9	0.5	1.4	4.5	9.5	15.2	20.0
Total	\$96.4	\$142.5	\$1.1	\$10.4	\$26.1	\$51.5	\$69.2	\$80.6
Whole-loan forward flow agreements (d)	\$20.8	\$37.4	\$—	\$—	\$20.8	\$37.4	\$—	\$—
Total commitments	\$117.2	\$179.9	\$1.1	\$10.4	\$46.9	\$88.9	\$69.2	\$80.6

(a) Funding is generally available upon request as excess collateral resides in certain facilities.

(b) Funding is generally available to the extent incremental collateral is contributed to the facilities.

(c) Potential capacity includes undrawn credit commitments that serve as backup liquidity to support our asset-backed commercial paper program (NCAT). There was \$9.0 billion and \$12.0 billion of potential capacity that was supporting \$5.9 billion and \$6.9 billion of outstanding NCAT commercial paper as of September 30, 2008 and December 31, 2007 respectively. The NCAT commercial paper outstanding is not included in our Condensed Consolidated Balance Sheets.

(d) Represents commitments to purchase U.S. automotive retail assets.

9. Derivative Instruments and Hedging Activities

We enter into interest rate and foreign-currency futures, forwards, options, and swaps in connection with our market risk management activities. In accordance with SFAS 133, as amended, we record derivative financial instruments on the balance sheet as assets or liabilities at fair value. Accounting for changes in fair value depends on the use of the derivative financial instrument and whether it is part of a qualifying hedge accounting relationship.

Effective May 1, 2007, we designated certain interest rate swaps as fair value hedges of callable fixed-rate debt instruments funding our North American Automotive Finance operations. Prior to May 1, 2007, these

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swaps were deemed to be economic hedges of this callable fixed-rate debt. Effectiveness of these hedges is assessed using regression of thirty quarterly data points for each relationship, the results of which must meet thresholds for R-squared, slope, F-statistic, and T-statistic. Any ineffectiveness measured in these relationships is recorded in earnings.

The following table summarizes the pretax earnings effect for each type of hedge classification, segregated by the asset or liability being hedged.

(\$ in millions)	Three months ended September 30,		Nine months ended September 30,		Income statement classification
	2008	2007	2008	2007	
Fair value hedge ineffectiveness					
(loss) gain:					
Debt obligations	(\$10)	\$51	(\$32)	(\$27)	Interest expense
Loans held-for-sale	—	—	—	(1)	Gain (loss) on mortgage and automotive loans, net
Economic hedge change in fair value:					
Off-balance sheet securitization activities:					
Global Automotive Finance	8	—	23	30	Other income operations
Foreign-currency debt (a)	3	26	1	26	Interest expense
Loans held-for-sale or investment	238	(265)	252	(86)	Gain (loss) on mortgage and automotive loans, net
Mortgage servicing rights	326	580	493	(58)	Servicing asset valuation and hedge activities, net
Mortgage-related securities	—	(51)	1	(119)	Investment (loss) income
Callable debt obligations	56	8	49	43	Interest expense
Other	(172)	(3)	(46)	(16)	Other income, Interest expense, Other operating expenses
Net gains (losses)	\$449	\$346	\$741	(\$208)	

(a) Amount represents the difference between the changes in the fair values of the currency swap, net of the revaluation of the related foreign-denominated debt.

10. Income Taxes

Effective November 28, 2006, GMAC along with certain U.S. subsidiaries, became pass-through entities for U.S. federal income tax purposes (pass-through entities). Subsequent to November 28, 2006, U.S. federal, state, and local income tax expense has generally not been incurred by these entities as they ceased to be taxable entities in all but a few local tax jurisdictions that continue to tax LLCs or partnerships. Our banking, insurance, and foreign subsidiaries are generally taxable corporations and continue to be subject to U.S. federal, state, local, and foreign income taxes (taxable entities). The income tax expense or benefit related to the taxable entities along with other miscellaneous state, local, and franchise taxes are included in our income tax expense in the Condensed Consolidated Statements of Income.

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A reconciliation of the statutory U.S. federal income tax rate to our effective income tax rate is shown in the following table.

	Three months ended September 30,		Nine months ended September 30,	
	2008	2007	2008	2007
Statutory U.S. federal tax rate	35.0%	35.0%	35.0%	35.0%
Change in tax rate resulting from:				
LLC loss not subject to federal or state income taxes	(23.6)	(29.8)	(18.0)	(54.3)
Effect of valuation allowance change	(6.2)	—	(15.3)	—
Foreign income tax rate differential	(3.1)	1.3	(4.1)	3.2
State and local income taxes, net of federal income tax benefit	1.1	0.6	0.6	0.6
Tax-exempt income	0.1	(2.0)	0.2	(2.1)
Other	0.4	(1.0)	(0.1)	—
Effective tax rate	3.7%	4.1%	(1.7)%	(17.6)%

Our results segregated by tax status are provided below.

	Three months ended September 30,					
	2008			2007		
<i>(\$ in millions)</i>	Pass-through entities	Taxable entities	Consolidated	Pass-through entities	Taxable entities	Consolidated
Pretax loss	(\$1,775)	(\$846)	(\$2,621)	(\$1,346)	(\$318)	(\$1,664)
Tax (benefit) expense	(25)	(73)	(98)	8	(76)	(68)
Net loss	(\$1,750)	(\$773)	(\$2,523)	(\$1,354)	(\$242)	(\$1,596)
Effective tax rate	1.4%	8.6%	3.7%	(0.6)%	23.9%	4.1%

	Nine months ended September 30,					
	2008			2007		
<i>(\$ in millions)</i>	Pass-through entities	Taxable entities	Consolidated	Pass-through entities	Taxable entities	Consolidated
Pretax (loss) income	(\$2,878)	(\$2,622)	(\$5,500)	(\$1,952)	\$585	(\$1,367)
Tax (benefit) expense	(32)	126	94	6	235	241
Net (loss) income	(\$2,846)	(\$2,748)	(\$5,594)	(\$1,958)	\$350	(\$1,608)
Effective tax rate	1.1%	(4.8)%	(1.7)%	(0.3)%	40.2%	(17.6)%

The effective rate of our taxable entities was lower for the three months and nine months ended September 30, 2008, compared to the same periods in 2007. Our consolidated tax expense decreased 44% and 61% for the three months and nine months ended September 30, 2008, respectively, compared to the same periods in 2007. The decrease in tax expense was primarily due to earnings reductions in both the United States and international automotive finance and mortgage operations.

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Included within tax expense were additional valuation allowances in the three and nine months ended September 30, 2008, of \$99 million and \$764 million, respectively. These valuation allowances related to deferred tax assets of certain foreign operations, primarily mortgage operations in continental Europe, United Kingdom, Canada, and Australia. These valuation allowances were established because, based on historical losses and expected future taxable income, it was no longer more-likely-than-not that these net deferred tax assets would be realized.

Gross unrecognized tax benefits totaled \$170 million and \$155 million as of September 30, 2008, and December 31, 2007, respectively.

11. Share-based Compensation Plans

In 2006, the Compensation and Leadership Committee approved the Long-Term Phantom Interest Plan (LTIP) and the Management Profits Interest Plan (MPI). In July 2008, the Compensation and Leadership Committee approved the Long-Term Equity Compensation Incentive Plan (LTECIP) to replace the LTIP and MPI. As such, there will be no further MPI or LTIP awards granted. The LTECIP provides for future grants of Restricted Share Units (RSUs) and Share Appreciation Rights (SARs). Each of these compensation plans were designed to provide our executives with an opportunity to share in the future growth in value of GMAC, which is necessary to attract and retain key executives. These incentive plans are share-based compensation plans accounted for under Statement of Financial Accounting Standards No. 123(R), *Share-Based Payment* (SFAS 123(R)).

During the third quarter of 2008, the Compensation and Leadership Committee approved the repurchase of the majority of the MPI equity-based awards from the participants. The MPI awards were held by senior executives throughout GMAC. At the time of the repurchase, only a portion of the awards were vested. The total cash paid for the repurchased MPI awards was \$28 million. Total compensation expense recognized during the three months ended September 30, 2008, for the MPI plan was \$26 million, which mainly represents the accelerated recognition at the repurchase date of the previously unrecognized compensation expense associated with the repurchase of the nonvested awards as required under SFAS 123(R). Compensation expense recognized for the nine months ended September 30, 2008, was \$28 million compared to compensation expense of \$3 million for the nine months ended September 30, 2007. The MPI repurchase agreements also contain provisions that were designed to enhance GMAC's ability to retain the senior executives who participated in the repurchase. These provisions could require the executive to return all or a portion of the cash received under the repurchase program and require the executive to comply with certain restrictive covenants. We will continue to recognize an insignificant amount of compensation expense for the awards not repurchased.

Also, during the three months ended September 30, 2008, the Compensation and Leadership Committee approved an exchange of the majority of outstanding LTIP liability-based awards with RSUs. Based on GMAC's results and the program requirements for payout, we did not have any compensation expense accrued for the LTIP awards at the time of the exchange. We recognized a reduction of compensation expense for the LTIP awards of \$12 million for the nine months ended September 30, 2008, compared to compensation expense of \$10 million for the nine months ended September 30, 2007. We recognized the reduction of compensation expense due to a decline in the estimated fair value of the liability in the second quarter of 2008, mainly as a result of changes in assumptions due to updated market information obtained during the period, as well as award forfeitures.

The RSU awards were granted to participants in terms of basis points in the fair value of GMAC. The majority of awards vest ratably based on continued service over five years beginning on December 31, 2008, and at each of the next four anniversaries thereafter. Certain awards vest over three years beginning on December 31, 2008, and at each of the next two anniversaries thereafter. Annual award payouts are made in the quarter following their vesting and are based on the fair value of GMAC at each year-end as determined by the Compensation and Leadership Committee. Participants have the option at grant date to defer the

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valuation and payout for any tranche until the final year of the award. Under SFAS 123(R), the awards require liability treatment and are remeasured quarterly at fair value until they are paid. The compensation costs related to these awards are ratably charged to expense over the five-year or three-year service period, as applicable. We utilize an internal process to estimate the fair value of the RSU awards based on the estimated fair value of GMAC using changes in our performance, market, and industry. Changes in fair value relating to the portion of the awards that have vested and have not been paid are recognized in earnings in the period in which the changes occur. The Compensation and Leadership Committee considered the cash and compensation expense impact of the MPI award repurchase program described above when determining the RSU award pool available for grant. The total RSU awards outstanding at September 30, 2008, represented approximately 198 basis points of fair value in GMAC. We recognized compensation expense of \$9 million for the three months ended September 30, 2008, related to the RSU awards granted during the quarter.

12. Related Party Transactions

Balance Sheet

A summary of the balance sheet effect of transactions with GM, FIM Holdings, and affiliated companies follows:

(\$ in millions)	September 30, 2008	December 31, 2007
Assets		
Available-for-sale investment in asset-backed security (a)	\$35	\$35
Finance receivables and loans, net of unearned income:		
Wholesale auto financing (b)	574	717
Term loans to dealers (b)	121	166
Lending receivables (c)	139	145
Investment in operating leases, net (d)	320	330
Notes receivable from GM (e)	2,106	1,868
Other assets:		
Subvention receivables (rate and residual support)	156	365
Lease pull-ahead receivable	36	22
Other	43	60
Liabilities		
Unsecured debt:		
Notes payable to GM	742	585
Secured debt:		
Subordinated participation in ResCap Facility — GM	368	—
Subordinated participation in ResCap Facility — Cerberus Fund	382	—
Cerberus model home term loan	125	—
Accrued expenses and other liabilities:		
Wholesale payable	898	466
Deferred revenue — GM (f)	440	—
Other payables	102	55

(a) In November 2006, GMAC retained an investment in a note secured by operating lease assets transferred to GM. As part of the transfer, GMAC provided a note to a trust, a wholly owned subsidiary of GM. The note is classified in investment securities on our Condensed Consolidated Balance Sheets.

(b) Represents wholesale financing and term loans to certain dealerships wholly owned by GM or in which GM has an interest.

(c) Primarily represents loans with various affiliates of FIM Holdings.

(d) Includes vehicles, buildings, and other equipment classified as operating lease assets that are leased to GM-affiliated and FIM Holdings-affiliated entities.

(e) Represents wholesale financing we provide to GM for vehicles, parts, and accessories in which GM retains title while consigned to us or dealers in the UK, Italy, and Germany. The financing to GM remains outstanding until the title is transferred to the dealers. The amount of financing provided to GM under this arrangement varies based on inventory levels.

(f) Represents prepayments made by GM pursuant to the terms of the Sale Transactions requiring that the aggregate amount of certain unsecured obligations of GM to us not exceed \$1.5 billion.

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Income Statement

A summary of the income statement effect of transactions with GM, FIM Holdings, and affiliated companies follows:

(\$ in millions)	Three months ended September 30,		Nine months ended September 30,	
	2008	2007	2008	2007
Net financing revenue:				
GM and affiliates lease residual value support (a)	\$431	\$276	\$1,254	\$729
GM and affiliates rate support	248	359	773	1,065
Wholesale subvention and service fees from GM	78	62	236	193
Interest expense on loans with GM	(16)	(6)	(37)	(10)
Interest (expense) income on loans with FIM Holdings affiliates, net	(28)	3	(20)	14
Consumer lease payments from GM (b)	21	8	45	21
Other revenue:				
Insurance premiums earned from GM	68	63	178	192
Interest on notes receivable from GM and affiliates	8	36	99	101
Interest on wholesale settlements (c)	57	47	82	134
Revenues from GM leased properties, net	5	3	12	10
Derivatives (d)	(7)	(6)	3	1
Losses on model home asset sales with an affiliate of Cerberus	(27)	—	(27)	—
Other	2	—	6	1
Servicing fees:				
U.S. Automotive operating leases (e)	8	8	22	21
Servicing asset valuation:				
Losses on sales of securitized excess servicing loans to Cerberus	(24)	—	(24)	—
Expense:				
Employee retirement plan costs allocated by GM	—	—	—	(1)
Off-lease vehicle selling expense reimbursement (f)	(15)	(12)	(35)	(29)
Payments to GM for services, rent, and marketing expenses (g)	55	36	123	112

- (a) Represents total amount of residual support and risk sharing earned under the residual support and risk-sharing programs as well as earned revenue (previously deferred) related to the settlement of residual support and risk-sharing obligations in 2006 for a portion of the lease portfolio.
- (b) GM sponsors lease pull-ahead programs whereby consumers are encouraged to terminate lease contracts early in conjunction with the acquisition of a new GM vehicle, with the customer's remaining payment obligation waived. For certain programs, GM compensates us for the waived payments, adjusted based on the remarketing results associated with the underlying vehicle.
- (c) The settlement terms related to the wholesale financing of certain GM products are at shipment date. To the extent that wholesale settlements with GM are made before the expiration of transit, we receive interest from GM.
- (d) Represents income or (expense) related to derivative transactions that we enter into with GM as counterparty.
- (e) Represents servicing income related to automotive leases distributed to GM on November 22, 2006.
- (f) An agreement with GM provides for the reimbursement of certain selling expenses incurred by us on off-lease vehicles sold by GM at auction.
- (g) We reimburse GM for certain services provided to us. This amount includes rental payments for our primary executive and administrative offices located in the Renaissance Center in Detroit, Michigan, as well as exclusivity and royalty fees.

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Statement of Changes in Equity

A summary of the changes to the statement of changes in equity related to transactions with GM, FIM Holdings, and affiliated companies follows:

<i>(\$ in millions)</i>	Nine months ended September 30, 2008	Year ended December 31, 2007
Equity		
Dividends paid to members (a)	\$47	\$—
Preferred interests (b)	—	1,052
Conversion of preferred membership interests (b)	—	1,121
Capital contributions received (c)	8	1,080
Preferred interest dividends	—	192
(a) Primarily represents remittances to GM for tax settlements and refunds received related to tax periods prior to the Sale Transactions as required per the terms of the Purchase and Sale Agreement between GM and FIM Holdings.		
(b) During the fourth quarter of 2007, GM and FIM Holdings converted \$1.1 billion of preferred membership interest into common equity interests. Refer to Note 1 of the Notes to Consolidated Financial Statements of our 2007 Annual Report on Form 10-K for further discussion.		
(c) During the first quarter of 2007, under the terms of the Sale Transactions, GM made a capital contribution of \$1 billion to GMAC.		

Retail and Lease Programs

GM may elect to sponsor incentive programs (on both retail contracts and operating leases) by supporting financing rates below the standard market rates at which we purchase retail contracts and leases. These marketing incentives are also referred to as rate support or subvention. When GM utilizes these marketing incentives, they pay us the present value of the difference between the customer rate and our standard rate at contract inception, which we defer and recognize as a yield adjustment over the life of the contract.

GM may also sponsor residual support programs as a way to lower customer monthly payments. Under residual support programs, the customer's contractual residual value is adjusted above our standard residual values. Prior to the Sale Transactions, GM reimbursed us at the time of the vehicle's disposal if remarketing sales proceeds were less than the customer's contractual residual value limited to our standard residual value. In addition, under risk-sharing programs, GM shares equally in residual losses to the extent that remarketing proceeds are below our standard residual values (limited to a floor).

In connection with the Sale Transactions, GM settled its estimated liabilities with respect to residual support and risk sharing on a portion of our operating lease portfolio and on the U.S. balloon retail receivables portfolio in a series of lump-sum payments. A negotiated amount totaling approximately \$1.4 billion was agreed to by GM under these leases and balloon contracts and was paid to us in 2006. The payments were recorded as a deferred amount in accrued expenses and other liabilities on our Condensed Consolidated Balance Sheets. As these contracts terminate and the vehicles are sold at auction, any remaining payments are treated as a component of sales proceeds in recognizing the gain or loss on sale of the underlying assets. As of September 30, 2008, the remaining deferred amount was \$74 million.

In addition, with regard to North American lease originations and balloon retail contract originations occurring in the United States after April 30, 2006, and in Canada after November 30, 2006, that remained with us after the consummation of the Sale Transactions, GM agreed to begin payment of the present value of the expected residual support owed to us at the time of contract origination as opposed to after contract termination at the time of sale of the related vehicle. The residual support amount GM actually owes us is finalized as the leases actually terminate. Under the terms of the residual support program, in cases where the estimate was incorrect, GM may be obligated to pay us, or we may be obligated to reimburse GM. For the

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affected contracts originated during the three months and nine months ended September 30, 2008, GM paid or agreed to pay us a total of \$123 million and \$590 million, respectively.

Based on the September 30, 2008, outstanding North American operating lease portfolio, the additional maximum amount that could be paid by GM under the residual support programs is approximately \$1.5 billion and would only be paid in the unlikely event that the proceeds from the entire portfolio of lease assets were lower than both the contractual residual value and our standard residual rates.

Based on the September 30, 2008, outstanding North American operating lease portfolio, the maximum amount that could be paid under the risk-sharing arrangements is approximately \$1.9 billion and would only be paid in the unlikely event that the proceeds from all outstanding lease vehicles were lower than our standard residual rates.

Retail and lease contracts acquired by us that included rate and residual subvention from GM, payable directly or indirectly to GM dealers as a percent of total new retail and lease contracts acquired, were as follows:

	Nine months ended September 30,	
	2008	2007
GM and affiliates subvented contracts acquired:		
North American operations	80%	85%
International operations	40%	42%

Other

We have entered into various services agreements with GM that are designed to document and maintain our current and historical relationship. We are required to pay GM fees in connection with certain of these agreements related to our financing of GM consumers and dealers in certain parts of the world.

GM also provides payment guarantees on certain commercial assets we have outstanding with certain third-party customers. As of September 30, 2008, and December 31, 2007, commercial obligations guaranteed by GM were \$83 million and \$107 million, respectively. In addition, we have a consignment arrangement with GM for commercial inventories in Europe. As of September 30, 2008, and December 31, 2007, commercial inventories related to this arrangement were \$143 million and \$90 million, respectively, and are reflected in other assets on our Condensed Consolidated Balance Sheets.

On June 4, 2008, GMAC entered into a Loan Agreement (ResCap Facility) with Residential Funding Company, LLC (RFC) and GMAC Mortgage, LLC (GMAC Mortgage) (guaranteed by ResCap and certain of its subsidiaries), pursuant to which GMAC provides a senior secured credit facility with a capacity of up to \$3.5 billion. In connection with this agreement, GMAC entered into a Participation Agreement (Participation Agreement) with GM and Cerberus ResCap Financing LLC (Cerberus Fund), pursuant to which GMAC sold GM and Cerberus Fund \$750 million in subordinated participations (Participations) in the loans made pursuant to the ResCap Facility. GM and Cerberus Fund acquired 49% and 51% of the Participations, respectively.

In June 2008, Cerberus Capital Management, L.P., or its designee(s) (Cerberus) purchased certain assets of ResCap with a carrying value of approximately \$479 million for consideration consisting of \$230 million in cash and Series B junior preferred membership interests in a newly formed entity, CMH Holdings, LLC (CMH), which is not a subsidiary of ResCap and the managing member of which is an affiliate of Cerberus. CMH purchased model home and lot option assets from ResCap. CMH is consolidated into ResCap, and thus GMAC, under FIN 46(R), *Consolidation of Variable Interest Entities*, as ResCap remains the primary beneficiary. In conjunction with this agreement, Cerberus has entered into both term and revolving loans with CMH. The term loan principal amount is equal to \$230 million and the revolving loan maximum amount is

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\$10 million. The loans will mature on June 30, 2013, and are secured by a pledge of all of the assets of CMH. At September 30, 2008, the outstanding balance of the term loan was \$125 million, and interest expense was \$23 million and \$25 million for the three months and nine months ended September 30, 2008, respectively.

During the second quarter of 2008, Cerberus committed to purchase certain assets at ResCap's option consisting of performing and nonperforming mortgage loans, mortgage-backed securities, and other assets for net cash proceeds of \$300 million. During the third quarter, the following transactions were completed with Cerberus:

- On July 14 and 15, 2008, ResCap, through its consolidated subsidiary GMAC Mortgage, agreed to sell securitized excess servicing on two populations of loans to Cerberus consisting of \$13.8 billion in unpaid principal balance of Freddie Mac loans and \$24.8 billion in unpaid principal balance of Fannie Mae loans, capturing \$591 million and \$982 million of notional interest-only securities, respectively. The sales closed on July 30, 2008, with net proceeds of \$175 million to ResCap and a loss on sale of \$24 million.
- On September 30, 2008, ResCap completed the sale of certain of its model home assets to MHPool Holdings LLC (MHPool Holdings), an affiliate of Cerberus, for cash consideration consisting of approximately \$80 million, subject to certain adjustments, primarily relating to the sales of homes between June 20, 2008, and September 30, 2008, resulting in a net purchase price from MHPool Holdings of approximately \$59 million. The loss on sale was \$27 million. The purchase price is subject to further post-closing adjustments that are not expected to be material.

These transactions entered into between ResCap and Cerberus satisfy the previously announced commitment by Cerberus to purchase assets of \$300 million.

In addition, Cerberus committed to make firm bids to purchase the auction assets for net cash proceeds of \$650 million. ResCap intends, but is not obligated, to undertake an orderly sale of certain of its assets consisting of performing and nonperforming mortgage loans and mortgage-backed securities in arm's-length transactions through the retention of nationally recognized brokers.

On July 22, 2008, we made a dividend of 100% of the voting interest of GMACI Holdings LLC, the holding company for our Insurance operations, to the current holders of our common membership equity, which include FIM Holdings and subsidiaries of GM. The dividend was made pro rata in accordance with the current common equity ownership percentages held by these entities. We continue to hold 100% of the economic interests and fully consolidate GMACI in accordance with GAAP.

13. Fair Value

Fair Value Measurements (SFAS 157)

We adopted SFAS 157 on January 1, 2008, which provides a definition of fair value, establishes a framework for measuring fair value, and requires expanded disclosures about fair value measurements. The standard applies when GAAP requires or allows assets or liabilities to be measured at fair value; therefore, it does not expand the use of fair value in any new circumstance.

SFAS 157 nullified guidance in EITF 02-3. EITF 02-3 required the deferral of day-one gains on derivative contracts, unless the fair value of the derivative contracts was supported by quoted market prices or similar current market transactions. In accordance with EITF 02-3, we previously deferred day-one gains on purchased MSRs and certain residential loan commitments. When SFAS 157 was adopted on January 1, 2008, the day-one gains previously deferred under EITF 02-3 were recognized as a cumulative effect adjustment that increased beginning retained earnings by \$23 million.

SFAS 157 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. SFAS 157 clarifies that

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fair value should be based on the assumptions market participants would use when pricing an asset or liability and establishes a fair value hierarchy that prioritizes the information used to develop those assumptions. The fair value hierarchy gives the highest priority to quoted prices available in active markets (i.e., observable inputs) and the lowest priority to data lacking transparency (i.e., unobservable inputs). Additionally, SFAS 157 requires an entity to consider all aspects of nonperformance risk, including the entity's own credit standing, when measuring the fair value of a liability.

SFAS 157 establishes a three-level hierarchy to be used when measuring and disclosing fair value. An instrument's categorization within the fair value hierarchy is based on the lowest level of significant input to its valuation. Following is a description of the three hierarchy levels:

- Level 1** Inputs are quoted prices in active markets for identical asset or liabilities as of the measurement date. Additionally, the entity must have the ability to access the active market, and the quoted prices cannot be adjusted by the entity.
- Level 2** Inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices in active markets for similar assets or liabilities; quoted prices in inactive markets for identical or similar assets or liabilities; or inputs that are observable or can be corroborated by observable market data by correlation or other means for substantially the full term of the assets or liabilities.
- Level 3** Unobservable inputs are supported by little or no market activity. The unobservable inputs represent management's best assumptions of how market participants would price the assets or liabilities. Generally, Level 3 assets and liabilities are valued using pricing models, discounted cash flow methodologies, or similar techniques that require significant judgment or estimation.

Following are descriptions of the valuation methodologies used to measure material assets and liabilities at fair value and details of the valuation models, key inputs to those models, and significant assumptions utilized.

Available-for-sale securities — Available-for-sale securities are carried at fair value, which is primarily based on observable market prices. If observable market prices are not available, our valuations are based on internally developed discounted cash flow models that use a market-based discount rate and consider recent market transactions, experience with similar securities, current business conditions, and analysis of the underlying collateral, as available. In order to estimate cash flows, we are required to utilize various significant assumptions including market observable inputs (e.g., forward interest rates) and internally developed inputs (including prepayment speeds, delinquency levels, and credit losses). We classified 12% of the available-for-sale securities reported at fair value as Level 3. Available-for-sale securities account for 28% of all assets reported at fair value at September 30, 2008.

Trading securities — Trading securities are recorded at fair value and include retained interests in assets sold through off-balance sheet securitizations and purchased securities. The securities may be asset-backed or asset-related asset-backed securities (including senior and subordinated interests), interest-only, principal-only, or residual interests and may be investment grade, noninvestment grade, or unrated securities. We base our valuation of trading securities on observable market prices when available; however, observable market prices are not available for a significant portion of these assets due to illiquidity in the markets. When observable market prices are not available, valuations are primarily based on internally developed discounted cash flow models that use a market-based discount rate. The valuation considers recent market transactions, experience with similar securities, current business conditions, and analysis of the underlying collateral, as available. In order to estimate cash flows, we utilize various significant assumptions including market observable inputs (e.g., forward interest rates) and internally developed inputs (e.g., prepayment speeds, delinquency levels, and credit losses). We classified 79% of the trading securities reported at fair value as Level 3. Trading securities account for 9% of all assets reported at fair value at September 30, 2008.

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Loans held-for-sale — The entire loans held-for-sale portfolio is accounted for at the lower of cost or fair value. Only loans that are currently being carried at fair value are included within the accompanying nonrecurring fair value measurement tables. We classified 49% of the loans held-for-sale reported at fair value as Level 3. Loans held-for-sale account for 21% of all assets reported at fair value at September 30, 2008.

Approximately 19% of the total loans held-for-sale and carried at fair value are automotive loans. We based our valuation of automotive loans held-for-sale on internally developed discounted cash flow models and have classified all these loans as Level 3. These valuation models estimate the exit price we expect to receive in the loan's principal market, which depending upon characteristics of the loans may be the whole-loan or securitization market. Although we utilize and give priority to market observable inputs, such as interest rates and market spreads within these models, we are typically required to utilize internal inputs, such as prepayment speeds, credit losses, and discount rates. While numerous controls exist to calibrate, corroborate, and validate these internal inputs, these internal inputs require the use of judgment and can have a significant impact on the determination of the loan's value. Accordingly, we classified all automotive loans held-for-sale as Level 3.

Approximately 60% of the total loans carried at fair value are mortgage loans. We originate or purchase mortgage loans in the United States that we intend to sell to Fannie Mae, Freddie Mac, and Ginnie Mae (collectively, the Agencies). Additionally, we originate or purchase mortgage loans both domestically and internationally that we intend to sell into the secondary markets via whole-loan sales or securitizations.

Mortgage loans held-for-sale are typically pooled together and sold into certain exit markets, depending upon underlying attributes of the loan, such as agency eligibility (domestic only), product type, interest rate, and credit quality. Two valuation methodologies are used to determine the fair value of loans held-for-sale. The methodology used depends on the exit market as described below.

Loans valued using observable market prices for identical or similar assets — This includes all domestic loans that can be sold to the Agencies, which are valued predominantly by published forward agency prices. This will also include all nonagency domestic loans or international loans where recently negotiated market prices for the loan pool exist with a counterparty (which approximates fair value) or quoted market prices for similar loans are available. As these valuations are derived from quoted market prices, we classify these valuations as Level 2 in the fair value disclosures. As of September 30, 2008, 85% of the mortgage loans held-for-sale currently being carried at fair value are classified as Level 2. Due to the current illiquidity of the mortgage market, it may be necessary to look for alternative sources of value, including the whole-loan purchase market for similar loans and place more reliance on the valuations using internal models.

Loans valued using internal models — To the extent observable market prices are not available, we will determine the fair value of loans held-for-sale using internally developed valuation models. These valuation models estimate the exit price we expect to receive in the loan's principal market, which depending upon characteristics of the loan, may be the whole-loan or securitization market. Although we utilize and give priority to market observable inputs such as interest rates and market spreads within these models, we are typically required to utilize internal inputs, such as prepayment speeds, credit losses, and discount rates. While numerous controls exist to calibrate, corroborate, and validate these internal inputs, these internal inputs require the use of judgment and can have a significant impact on the determination of the loan's fair value. Accordingly, we classify these valuations as Level 3 in the fair value disclosures. As of September 30, 2008, 15% of the mortgage loans held-for-sale currently being carried at fair value are classified as Level 3.

Due to limited sales activity and periodically unobservable prices in certain markets, certain loans held-for-sale may transfer between Level 2 and Level 3 in future periods.

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Consumer finance receivables and loans, net of unearned income — Under SFAS 159, we elected the fair value option for certain mortgage loans held-for-investment. The elected loans collateralized on-balance sheet securitization debt in which we estimated credit reserves pertaining to securitized assets that could have, or already had, exceeded our economic exposure. The elected loans represent a portion of the consumer finance receivable and loans on the Condensed Consolidated Balance Sheets. The balance that was not elected under SFAS 159 was reported on the balance sheet at the principal amount outstanding, net of charge-offs, allowance for loan losses, and net deferred loan fees.

The mortgage loans held-for-investment that collateralized securitization debt were legally isolated from us and are beyond the reach of our creditors. The loans are measured at fair value using a portfolio approach or an in-use premise. The objective in fair valuing the loans and related securitization debt is to properly account for our retained economic interest in the securitizations. As a result of reduced liquidity in capital markets, values of both these loans and the securitized bonds are expected to be volatile.

Since this approach involves the use of significant unobservable inputs, we classified all the mortgage loans held-for-investment elected under SFAS 159 as Level 3. As of September 30, 2008, 83% of all consumer finance receivables and loans reported at fair value are classified as Level 3. Consumer finance receivables and loans account for 10% of all assets reported at fair value at September 30, 2008. Refer to the section within this note titled *Fair Value Option of Financial Assets and Financial Liabilities (SFAS 159)* for additional information.

Investment in operating leases, net — In light of the prevailing market conditions, particularly weakness in the economy and the associated decline in demand for certain used vehicle values, we concluded triggering events occurred during the three months ended September 30, 2008, and the three months ended June 30, 2008, that required an evaluation of certain operating leases held by our North American Automotive Finance operations in accordance with SFAS 144. A \$93 million impairment of vehicle operating leases was recognized by our North American Automotive Finance operations during the three months ended September 30, 2008, that resulted from a sharp decline in used vehicle prices for trucks in Canada, reducing our expected residual value for these vehicles. When combined with a similar impairment charge recognized during the three months ended June 30, 2008, related to sport-utility vehicles and trucks in the United States and Canada, our North American Automotive Finance operations realized impairment charges on its investment in operating lease assets of \$808 million for the nine months ended September 30, 2008. The impaired operating leases were included within the nonrecurring fair value measurement tables. We determined a lease was impaired when the undiscounted expected cash flows was lower than the carrying value of the asset. The fair value of these impaired leases was then measured based upon discounted cash flows. We considered all the discounted expected cash flows when determining the fair value, including customer payments, the expected residual value upon remarketing the vehicle at lease termination, and future payments from GM under residual risk-sharing agreements. Based upon the use of internally developed discounted cash flow models, we classified all the impaired leases as Level 3. Our investment in operating leases accounts for 2% of all assets reported at fair value at September 30, 2008. For further details with respect to impaired operating leases, refer to Note 4 — Impairment of Investment in Operating Leases.

Mortgage servicing rights — We typically retain MSRs when we sell assets into the secondary market. MSRs do not trade in an active market with observable prices; therefore, we use internally developed discounted cash flow models to estimate the fair value of MSRs. These internal valuation models estimate net cash flows based on internal operating assumptions that we believe would be used by market participants, combined with market-based assumptions for loan prepayment rates, interest rates, and discount rates that we believe approximate yields required by investors in this asset. Cash flows primarily include servicing fees, float income, and late fees, in each case less operating costs to service the loans. The estimated cash flows are discounted using an option-adjusted spread derived discount rate. All MSRs are classified as Level 3 at September 30, 2008. MSRs account for 16% of all assets reported at fair value at September 30, 2008.

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Derivative instruments — We manage risk through our balance of loan production and servicing businesses while using portfolios of financial instruments, including derivatives, to manage risk related specifically to the value of loans held-for-sale, loans held-for-investment, MSR, foreign currency debt, and off-balance sheet securitizations. During the nine months ended September 30, 2008, we recorded net economic hedge gains of \$773 million. Derivatives economically hedging MSR accounted for 64% of the gains and the remaining 36% primarily of gains on economic hedges for finance receivable and loans, loans held-for-sale, and foreign currency debt.

We enter into a variety of derivative financial instruments as part of our hedging strategies. Certain of these derivatives are exchange traded, such as Eurodollar futures, or traded within highly active dealer markets, such as agency to-be-announced securities. In order to determine the fair value of these instruments, we utilize the exchange price or dealer market price for the particular derivative contract; therefore, these contracts are classified as Level 1. We classified 1% of the derivative assets and 4% of the derivative liabilities reported at fair value as Level 1 at September 30, 2008.

We also execute over-the-counter derivative contracts, such as interest rate swaps, floors, caps, corridors, and swaptions. We utilize third-party-developed valuation models that are widely accepted in the market to value these over-the-counter derivative contracts. The specific terms of the contract are entered into the model, as well as market observable inputs such as interest rate forward curves and interpolated volatility assumptions. As all significant inputs into these models are market observable, these over-the-counter derivative contracts are classified as Level 2 at September 30, 2008. We classified 76% of the derivative assets and 47% of the derivative liabilities reported at fair value as Level 2 at September 30, 2008.

We also hold certain derivative contracts that are structured specifically to meet a particular hedging objective. These derivative contracts often are utilized to hedge risks inherent within certain on-balance sheet securitizations. In order to hedge risks on particular bond classes or securitization collateral, the derivative's notional amount is often indexed to the hedged item. As a result, we typically are required to use internally developed prepayment assumptions as an input into the model, in order to forecast future notional amounts on these structured derivative contracts. Accordingly, these derivative contracts were classified as Level 3. We classified 23% of the derivative assets and 49% of the derivative liabilities reported at fair value as Level 3 at September 30, 2008.

SFAS 157 requires an entity to consider all aspects of nonperformance risk, including the entity's own credit standing, when measuring fair value of a liability. We consider our credit risk and the credit risk of our counterparties in the valuation of derivative instruments through a credit valuation adjustment (CVA). The CVA calculation utilizes our credit default swap spreads and the spreads of the counterparty. In situations where our net position with a counterparty is a liability, our credit default spread is used to calculate the required adjustment. In net asset positions, the counterparty's credit default spread is used.

CVA calculations are not utilized when securities are collateralized, when asset-backed securities are in a liability position, or when netting arrangements are in place with our derivative counterparties. Under netting arrangements, cash collateral is required to be posted based upon the net underlying market value of the open positions. The posting of cash collateral typically occurs daily, subject to certain dollar thresholds. As a result, our exposure to credit risk is considered materially mitigated; therefore, we do not adjust these valuations specifically for credit.

Derivative assets account for 11% of all assets reported at fair value at September 30, 2008. Derivative liabilities account for 39% of all liabilities reported at fair value at September 30, 2008.

Reposessed and foreclosed assets — Foreclosed upon or reposessed assets resulting from loan defaults are carried at the lower of either cost or fair value less costs to sell and are included in other assets on the Condensed Consolidated Balance Sheets. Only assets that are being carried at fair value less costs to sell are included in the fair value disclosures.

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The majority of assets acquired due to default are foreclosed assets. We revalue foreclosed assets on a periodic basis. Properties that are valued based upon independent third-party appraisals less costs to sell are classified as Level 2. When third-party appraisals are not obtained, valuations are typically obtained from third-party broker price opinion; however, depending on the circumstances, the property list price or other sales price information may be used in lieu of a broker price opinion. Based on historical experience, these values are adjusted downward to take into account damage and other factors that typically cause the actual liquidation value of foreclosed properties to be less than broker price opinion or other price sources. This valuation adjustment is necessary to ensure the valuation ascribed to these assets considers unique factors and circumstances surrounding the foreclosed asset. As a result of applying internally developed adjustments to the third-party-provided valuation of the foreclosed property, these assets are classified as Level 3 in the fair value disclosures. As of September 30, 2008, 38% and 62% of foreclosed and repossessed properties carried at fair value less costs to sell are classified as Level 2 and Level 3, respectively. Repossessed and foreclosed assets account for 3% of all assets reported at fair value at September 30, 2008.

Investment in used vehicles held-for-sale — Our investment in used vehicles is carried at the lower of either cost or fair value less costs to sell and is included in other assets on the Condensed Consolidated Balance Sheets. Only assets that are being carried at fair value less costs to sell are included in the nonrecurring fair value tables. The prevailing market conditions, primarily weakness in the economy of the United States and Canada, have created a decline in used vehicle prices, which lowered the fair value of certain vehicles below cost, primarily sport-utility vehicles and trucks. The fair value was determined based on our recent remarketing experience related to our investment in used vehicles held-for-sale. We classified all these assets as Level 3. Our investment in used vehicles held-for-sale accounts for less than 1% of all assets reported at fair value at September 30, 2008.

On-balance sheet securitization debt — Under SFAS 159, we elected the fair value option for certain mortgage loans held-for-investment and on-balance sheet securitization debt. In particular, we elected the fair value option on securitization debt issued by domestic on-balance sheet securitization vehicles as of January 1, 2008, in which we estimated credit reserves pertaining to securitized assets could have, or already had, exceeded our economic exposure. The objective in measuring the loans and related securitization debt at fair value was to approximate our retained economic interest and economic exposure to the collateral securing the securitization debt. The remaining on-balance sheet securitization debt that was not elected under SFAS 159 is reported on the balance sheet at cost, net of premiums or discounts and issuance costs.

We value securitization debt that was elected pursuant to the fair value option and any economically retained positions using market observable prices whenever possible. The securitization debt is principally in the form of asset- and mortgage-backed securities collateralized by the underlying mortgage loans held-for-investment. Due to the attributes of the underlying collateral and current market conditions, observable prices for these instruments are typically not available in active markets. In these situations, we consider observed transactions as Level 2 inputs in our discounted cash flow models. Additionally, the discounted cash flow models utilize other market observable inputs such as interest rates, and internally derived inputs including prepayment speeds, credit losses, and discount rates. Fair value option elected financing securitization debt is classified as Level 3 as a result of the reliance on significant assumptions and estimates for model inputs. On-balance sheet securitization debt accounts for 56% of all liabilities reported at fair value at September 30, 2008. As a result of reduced liquidity in capital markets, values of both the elected loans and the securitized debt are expected to be volatile. Refer to the section within this note *Fair Value Option for Financial Assets and Financial Liabilities (SFAS 159)* for a complete description of these securitizations.

Collateralized Debt Obligations — We elected the fair value option for all collateralized debt obligations (CDOs). CDOs are collateralized by trading securities, which are already carried at fair value. Due to the availability of market information on the CDO collateral, we derive the fair value of CDO debt using the CDO collateral fair value and adjust accordingly for any retained economic positions. While a portion of the CDO

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collateral may utilize market observable prices for valuation purposes, the majority of the CDO collateral is valued using valuation models that utilize significant internal inputs. Further, the retained economic positions also use valuation models that utilize significant internal inputs. As a result, CDO debt is classified as Level 3. CDOs account for 4% of all liabilities reported at fair value at September 30, 2008. Refer to the section within this note titled *Fair Value Option for Financial Assets and Financial Liabilities (SFAS 159)* for a complete description of the CDOs.

Recurring Fair Value

The following table displays the assets and liabilities measured at fair value on a recurring basis, including financial instruments elected for the fair value option under SFAS 159. We often economically hedge the fair value change of our assets or liabilities with derivatives and other financial instruments. The table below displays the hedges separately from the hedged items; therefore, it does not directly display the impact of our risk management activities.

September 30, 2008 (\$ in millions)	Recurring fair value measures			
	Level 1	Level 2	Level 3	Total
Assets				
Investment securities:				
Available-for-sale securities	\$2,070	\$5,064	\$970	\$8,104
Trading securities	1	540	2,016	2,557
Consumer finance receivables and loans, net of unearned income (a)	—	—	2,210	2,210
Mortgage servicing rights	—	—	4,725	4,725
Other assets:				
Cash reserve deposits held-for-securitization trusts	—	—	42	42
Derivative assets (liabilities), net (b)	(30)	1,665	(60)	1,575
Restricted cash collections for securitization trusts	—	—	7	7
Total assets	\$2,041	\$7,269	\$9,910	\$19,220
Liabilities				
Secured debt:				
On-balance sheet securitization debt (a)	\$—	\$—	(\$2,285)	(\$2,285)
Collateralized debt obligations (a)	—	—	(181)	(181)
Other liabilities	(6)	—	—	(6)
Total liabilities	(\$6)	\$—	(\$2,466)	(\$2,472)

(a) Carried at fair value due to fair value option election under SFAS 159.

(b) At September 30, 2008, derivative assets within Level 1, Level 2, and Level 3 were \$35 million, \$2.4 billion, and \$713 million, respectively. Additionally, derivative liabilities within Level 1, Level 2, and Level 3 were \$65 million, \$740 million, and \$773 million, respectively.

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The following tables present a reconciliation for all Level 3 assets and liabilities measured at fair value on a recurring basis. We often economically hedge the fair value change of our assets or liabilities with derivatives and other financial instruments. The Level 3 items presented below may be hedged by derivatives and other financial instruments that are classified as Level 1 or Level 2. Thus, the following tables do not fully reflect the impact of our risk management activities.

Level 3 recurring fair value measurements							Net unrealized gains (losses) included in earnings still held as of September 30, 2008
(\$ in millions)	Fair value as of June 30, 2008	Net realized/ unrealized gains (losses)		Purchases, issuances, and settlements, net	Net transfers in (out) of Level 3	Fair value as of September 30, 2008	
		Included in earnings	Included in other comprehensive income				
Assets							
Investment securities							
Available-for-sale securities	\$936	(\$41) (b)	(\$1)	\$76	\$—	\$970	(\$34) (b)
Trading securities	2,314	(164) (c)	(2)	(132)	—	2,016	(228) (c)
Consumer finance receivables and loans, net of unearned income (a)							
	2,658	94 (d)	—	(542)	—	2,210	(126) (d)
Mortgage servicing rights	5,417	(589) (e)	—	(103)	—	4,725	(587) (e)
Other assets							
Cash reserve deposits held-for-securitization trusts	51	(8) (c)	—	(1)	—	42	(99) (c)
Fair value of derivative contracts in receivable (liability) position, net	(19)	6 (f)	10	(59)	2	(60)	139 (f)
Restricted cash collections for securitization trusts	92	(3) (g)	(4)	(78)	—	7	(3) (g)
Total assets	\$11,449	(\$705)	\$3	(\$839)	\$2	\$9,910	(\$938)
Liabilities							
Secured debt							
On-balance sheet securitization debt (a)	(\$2,754)	(\$87) (h)	\$—	\$556	\$—	(\$2,285)	\$7 (h)
Collateralized debt obligations (a)	(248)	47 (c)	—	20	—	(181)	50 (c)
Total liabilities	(\$3,002)	(\$40)	\$—	\$576	\$—	(\$2,466)	\$57
(a) Carried at fair value due to fair value option election under SFAS 159.							
(b) Reported as investment income (loss) in the Condensed Consolidated Statements of Income, except securitization trust interests, which are reported as other income in the Condensed Consolidated Statements of Income.							
(c) Reported as investment income (loss) in the Condensed Consolidated Statements of Income.							
(d) The fair value adjustment is reported as other income, and the related interest is reported as consumer financing revenue in the Condensed Consolidated Statements of Income.							
(e) Reported as servicing asset valuation and hedge activities, net in the Condensed Consolidated Statements of Income.							
(f) Derivative instruments relating to risks associated with debt are reported as interest expense in the Condensed Consolidated Statements of Income, while derivatives relating to risks associated with mortgage loans held-for-sale are reported as investment income (loss). The remaining derivative earnings are reported as other income in the Condensed Consolidated Statements of Income.							
(g) Reported as other operating expenses in the Condensed Consolidated Statements of Income.							
(h) The fair value adjustment is reported as other income, and the related interest is reported as interest expense in the Condensed Consolidated Statements of Income.							

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	Level 3 recurring fair value measurements						Net unrealized gains (losses) included in earnings still held as of September 30, 2008
	Fair value as of January 1, 2008	Net realized/ unrealized gains (losses)		Purchases, issuances, and settlements, net	Net transfers in (out) of Level 3	Fair value as of September 30, 2008	
		Included in earnings	Included in other comprehensive income				
<i>(\$ in millions)</i>							
Assets							
Investment securities							
Available-for-sale securities	\$1,249	(\$79) (b)	\$6	(\$206)	\$—	\$970	(\$71) (b)
Trading securities	2,726	(666) (c)	(3)	(41)	—	2,016	(703) (c)
Consumer finance receivables and loans, net of unearned income (a)							
	6,684	(2,494) (d)	—	(1,980)	—	2,210	(3,392) (d)
Mortgage servicing rights	4,713	(548) (e)	—	560	—	4,725	(529) (e)
Other assets							
Cash reserve deposits held-for-securitization trusts	30	— (c)	—	12	—	42	(181) (c)
Fair value of derivative contracts in receivable (liability) position, net	(46)	123 (f)	27	(166)	2	(60)	335 (f)
Restricted cash collections for securitization trusts	111	(15) (g)	(6)	(83)	—	7	(15) (g)
Total assets	\$15,467	(\$3,679)	\$24	(\$1,904)	\$2	\$9,910	(\$4,556)
Liabilities							
Secured debt							
On-balance sheet securitization debt (a)	(\$6,734)	\$2,544 (h)	\$—	\$1,905	\$—	(\$2,285)	\$2,873 (h)
Collateralized debt obligations (a)	(351)	82 (c)	—	88	—	(181)	93 (c)
Total liabilities	(\$7,085)	\$2,626	\$—	\$1,993	\$—	(\$2,466)	\$2,966
(a) Carried at fair value due to fair value option election under SFAS 159.							
(b) Reported as investment income in the Condensed Consolidated Statements of Income, except securitization trust interests, which are reported as other income in the Condensed Consolidated Statements of Income.							
(c) Reported as investment income in the Condensed Consolidated Statements of Income.							
(d) The fair value adjustment is reported as other income, and the related interest is reported as consumer financing revenue in the Condensed Consolidated Statements of Income.							
(e) Reported as servicing asset valuation and hedge activities, net in the Condensed Consolidated Statements of Income.							
(f) Derivative instruments relating to risks associated with debt are reported as interest expense in the Condensed Consolidated Statements of Income, while derivatives relating to risks associated with mortgage loans held-for-sale are reported as investment income. The remaining derivative earnings are reported as other income in the Condensed Consolidated Statements of Income.							
(g) Reported as other operating expenses in the Condensed Consolidated Statements of Income.							
(h) The fair value adjustment is reported as other income, and the related interest is reported as interest expense in the Condensed Consolidated Statements of Income.							

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Nonrecurring Fair Value

We may be required to measure certain assets and liabilities at fair value from time to time. These periodic fair value measures typically result from the application of lower of cost or fair value accounting or certain impairment measures under GAAP. These items would constitute nonrecurring fair value measures under SFAS 157.

The following table displays the assets and liabilities measured at fair value on a nonrecurring basis.

September 30, 2008 (\$ in millions)	Nonrecurring fair value measures				Lower of cost or fair value or credit allowance	Total gains (losses) included in earnings for the three months ended	Total gains (losses) included in earnings for the nine months ended
	Level 1	Level 2	Level 3	Total			
Assets							
Loans held-for-sale (a)	\$—	\$3,037	\$2,940	\$5,977	(\$1,540)	(i)	(i)
Consumer finance receivables and loans, net of unearned income (b)	—	480	94	574	(466)	(i)	(i)
Commercial finance receivables and loans, net of unearned income (c)	—	—	1	1	(10)	(i)	(i)
Investment in operating leases, net (d)	—	—	484	484	(h)	(\$93)	(\$808)
GMAC Home Services assets held-for-sale (e)	—	—	182	182	(14)	(i)	(i)
Other assets:							
Real estate and other investments (d)	—	141	—	141	(h)	(30)	(51)
Reposessed and foreclosed assets, net (f)	—	311	500	811	(272)	(i)	(i)
Goodwill (g)	—	—	—	—	(h)	(16)	(16)
Investment in used vehicles held-for-sale (a)	—	—	22	22	(4)	(i)	(i)
Total assets	\$—	\$3,969	\$4,223	\$8,192	(\$2,306)	(\$139)	(\$875)

n/m = not meaningful

- (a) Represents assets held-for-sale that are required to be measured at lower of cost or fair value in accordance with SFAS No. 65, *Accounting for Certain Mortgage Banking Activities* or SOP 01-6, *Accounting by Certain Entities (Including Entities With Trade Receivables) That Lend to or Finance the Activities of Others*. Only assets with fair values below cost as of September 30, 2008, are included in the table above. The related valuation allowance represents the cumulative adjustment to fair value of those specific loans.
- (b) Includes only receivables with a specific reserve established using the fair value of the underlying collateral. The related credit allowance represents the cumulative adjustment to fair value of those specific receivables.
- (c) Represents the portion of the commercial portfolio impaired as of September 30, 2008, under SFAS No. 114, *Accounting by Creditors for Impairment of a Loan*. The related credit allowance represents the cumulative adjustment to fair value of those specific receivables.
- (d) Represents assets impaired within ResCap's model home portfolio as of September 30, 2008, under SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*. The total loss included in earnings represents adjustments to the fair value of the portfolio based on actual sales during the three months and nine months ended September 30, 2008.
- (e) GMAC Home Services is a business unit under contract for sale and impaired as of September 30, 2008, under SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*. The allowance amount represents the difference between the carrying value and the estimated sale price and represents the impact to various balance sheet accounts.
- (f) The allowance provided for reposessed and foreclosed assets represents any cumulative valuation adjustment recognized to adjust the assets to fair value less costs to sell.
- (g) Represents goodwill impaired as of September 30, 2008, under SFAS No. 142, *Goodwill and Other Intangible Assets*. The entire goodwill balance of our North American Automotive Finance operations and our Commercial Finance Group were deemed to have a fair value of zero as of September 30, 2008.
- (h) The total loss included in earnings is the most relevant indicator of the impact on earnings.
- (i) We consider the applicable valuation or credit loss allowance to be the most relevant indicator of the impact on earnings caused by the fair value measurement. The carrying values are inclusive of the respective valuation or credit loss allowance.

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Fair Value Option for Financial Assets and Financial Liabilities (SFAS 159)

Effective January 1, 2008, we adopted SFAS 159, which permits entities to choose to measure at fair value many financial instruments and certain other items that are not currently required to be measured at fair value. Subsequent changes in fair value for designated items are required to be reported in earnings in the current period. SFAS 159 also establishes presentation and disclosure requirements for similar types of assets and liabilities measured at fair value.

We elected to measure at fair value certain financial assets and liabilities held by our ResCap operations including certain collateralized debt obligations and certain mortgage loans held-for-investment and related debt held in financing securitization structures that existed as of adoption. Our intent in electing fair value for these items was to mitigate a divergence between accounting losses and economic exposure for certain assets and liabilities as described in the paragraphs following the table below. The after-tax cumulative effect to retained earnings for these fair value elections was a decrease of \$178 million on January 1, 2008.

The following table represents the carrying value of the affected instruments before and after the changes in accounting related to the adoption of SFAS 159.

(\$ in millions)	December 31, 2007 carrying value before adoption	Cumulative effect adjustment to January 1, 2008 retained earnings gain (loss)	January 1, 2008 carrying value after adoption
Assets			
Consumer finance receivables and loans, net of unearned income (a)	\$10,531	(\$3,847)	\$6,684
Liabilities			
Secured debt:			
On-balance sheet securitization debt	(\$10,367)	\$3,633	(\$6,734)
Collateralized debt obligations	(386)	35	(351)
Pretax cumulative effect of adopting SFAS 159		(\$179)	
After-tax cumulative effect of adopting SFAS 159		(\$178)	

(a) Includes the removal from the balance sheet of the \$489 million of allowance for loan losses.

On-balance Sheet Securitizations

In prior years, ResCap executed certain domestic securitizations that did not meet sale criteria under SFAS No. 140, *Accounting for Transfers and Servicing of Financial Assets and Extinguishment of Liabilities* (SFAS 140). As part of these domestic on-balance sheet securitizations, we typically retained the economic residual interest in the securitization. The economic residual entitles us to excess cash flows that remain at each distribution date after absorbing any credit losses in the securitization. Because sale treatment was not achieved under SFAS 140, the mortgage loan collateral remained on the balance sheet and was classified as consumer finance receivable and loans, the securitization's debt was classified as secured debt, and the economic residuals were not carried on the balance sheet. After execution of the securitizations, we were required under GAAP to continue recording an allowance for credit losses on these held-for-investment loans.

As a result of market conditions and deteriorating credit performance commencing in 2007, economic exposure on certain of these domestic on-balance sheet securitizations were reduced to zero or approximating zero, thus indicating we expected minimal to no future cash flows to be received on the economic residual. While we no longer were economically exposed to credit losses in the securitizations, we were required to continue recording additional allowance for credit losses on the securitization collateral as credit performance



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deteriorated. Further, in accordance with GAAP, we did not record any offsetting reduction in the securitization's debt balances, even though any nonperformance of the assets will ultimately pass through as a reduction of the amount owed to the debt holders, once they are contractually extinguished. As a result, we were required to record accounting losses beyond our economic exposure.

In order to mitigate the divergence between accounting losses and economic exposure, we elected the fair value option for a portion of the domestic on-balance sheet securitizations on January 1, 2008. In particular, we elected the fair value option for domestic on-balance sheet securitization vehicles in which we estimated that the credit reserves pertaining to securitized assets could, or already had, exceeded our economic exposure. The fair value option election was made at a securitization level; thus the election was made for both the mortgage loans held-for-investment and the related portion of on-balance sheet securitized debt for these particular securitizations.

As part of the cumulative effect of adopting SFAS 159, we removed various items that were previously included in the carrying value of the respective consumer loans and on-balance sheet securitization debt. We removed \$489 million of allowance for credit losses and other net deferred and upfront costs included in the carrying value of the fair value-elected loans and debt. The removal of these items, as well as the adjustment required in order to have the item's carrying value equal fair value at January 1, 2008, resulted in a \$3.8 billion decrease recorded to beginning retained earnings for the fair value-elected mortgage loans held-for-investment (of which \$556 million was our estimate of the decrease in fair value to credit quality) offset by a \$3.6 billion gain related to the elected on-balance sheet securitization debt. These fair value option elections did not have a material impact on our deferred tax balances.

Subsequent to the fair value election for loans held-for-investment, we continued to carry the fair value-elected loans within consumer finance receivable and loans, net of unearned income, on the Condensed Consolidated Balance Sheets. We no longer record allowance for credit losses on these fair value-elected loans, and amortization of net deferred costs/fees no longer occurs because the deferred amounts were removed as part of the cumulative effect of adopting SFAS 159. Our policy is to separately record interest income on the fair value-elected loans unless the loans are placed on nonaccrual status when they are 60 days past due; these amounts continue to be classified within consumer financing revenue in the Condensed Consolidated Statements of Income. The fair value adjustment recorded for the loans is classified as other income in the Condensed Consolidated Statements of Income.

Subsequent to the fair value election for the respective on-balance sheet securitization debt, we no longer amortize upfront transaction costs on the fair value-elected securitization debt since these deferred amounts were removed as part of the cumulative effect of adopting SFAS 159. The fair value-elected debt balances continue to be recorded as secured debt on the Condensed Consolidated Balance Sheets. Our policy is to separately record interest expense on the fair value-elected securitization debt, which continues to be classified within interest expense in the Condensed Consolidated Statements of Income. The fair value adjustment recorded for this fair value-elected debt is classified within other income in the Condensed Consolidated Statements of Income.

Collateralized Debt Obligations

Our ResCap operations executed two collateralized debt obligation securitizations in 2004 and 2005 named CDO I and CDO II. Similar to the on-balance sheet securitizations discussed above, we retained certain economic interests in the CDOs that entitled us to the excess cash flows that remain at each distribution date, after absorbing any credit losses in the CDOs. These CDOs were required to be consolidated under FIN 46(R), thus the CDO collateral remained on the Condensed Consolidated Balance Sheets as investment securities. Under SFAS No. 115, *Accounting for Certain Investments in Debt and Equity Securities*, the collateral is recorded at fair value on the Condensed Consolidated Balance Sheets, with revaluation adjustments recorded through current period earnings. The fair value adjustments related to investment securities are classified within investment income in the Condensed Consolidated Statements of Income. The CDO debt issued to third

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parties, which was required to be carried at amortized cost, was classified as secured debt on the Condensed Consolidated Balance Sheets. Our retained economic interests are not carried on the Condensed Consolidated Balance Sheets.

Similar to the on-balance sheet securitizations discussed above, we experienced significant devaluation in our retained economic interests in the on-balance sheet CDO transactions during 2007. The devaluation of our retained economic interests was primarily the result of cash flows being contractually diverted away from our retained interest to build cash reserves as a direct result of certain failed securitization triggers and significant illiquidity in the CDO market. While our economic exposure was reduced to approximately zero, as evidenced by our retained economic interest values, we continued writing down the CDO collateral with no offsetting reduction in the associated CDO debt balances. Thus, prior to fair value option election, we were recording accounting losses beyond our economic exposure. In order to mitigate the divergence between accounting losses and economic exposure, we elected the fair value option for the debt balances recorded for CDO I and CDO II on January 1, 2008.

As part of the cumulative effect of adopting SFAS 159, we removed deferred upfront securitization costs related to CDO I and CDO II. The removal of the deferred deal costs, as well as the adjustment required to have the item's carrying value equal fair value at January 1, 2008, resulted in a net cumulative-effect adjustment recorded to beginning retained earnings of \$35 million. These fair value option elections did not have a material impact on our deferred tax balances.

Subsequent to the fair value option election for the CDO debt, we no longer amortize upfront securitization costs for these transactions, as these amounts were removed as part of the cumulative effect of adopting SFAS 159. The fair value-elected CDO debt balances continue to be carried within secured debt on the Condensed Consolidated Balance Sheets. Our policy is to separately record interest expense on the CDO debt, which continues to be classified within interest expense in the Condensed Consolidated Income Statements. The fair value adjustment recorded for the CDO debt is classified within investment income in the Condensed Consolidated Income Statements.

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The following summarizes the fair value option elections and information regarding the amounts recorded within earnings for each fair value option elected item.

	Changes included in the Condensed Consolidated Statements of Income for the three months ended September 30, 2008					
(\$ in millions)	Consumer financing revenue	Interest expense	Investment income	Other income	Total included in earnings	Change in fair value due to credit risk (a)
Assets						
Consumer finance receivables and loans, net of unearned income	\$168	\$—	\$—	(\$75)	\$93	(\$258)(b)
Liabilities						
Secured debt:						
On-balance sheet securitization debt	\$—	(\$90)	\$—	\$3	(\$87)	\$119 (c)
Collateralized debt obligations	—	(2)	50	—	48	— (d)
Total	\$54					

(a) Factors other than credit quality that impact fair value include changes in market interest rates and the illiquidity or marketability in the current marketplace. Lower levels of observable data points in illiquid markets generally result in wide bid/offer spreads.

(b) The credit impact for consumer finance receivables and loans were quantified by applying internal credit loss assumptions to cash flow models.

(c) The credit impact for on-balance sheet securitization debt is assumed to be zero until our economic interests in a particular securitization is reduced to zero, at which point the losses on the underlying collateral will be expected to be passed through to third-party bondholders. Losses allocated to third-party bondholders, including changes in the amount of losses allocated, will result in fair value changes due to credit. We also monitor credit ratings and will make credit adjustments to the extent any bond classes are downgraded by rating agencies.

(d) The credit impact for collateralized debt obligations is assumed to be zero until our economic interests in the securitization is reduced to zero, at which point the losses projected on the underlying collateral will be expected to be passed through to the securitization's bonds. We also monitor credit ratings and will make credit adjustments to the extent any bond classes are downgraded by rating agencies.

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Changes included in the Condensed Consolidated Statements of Income for the nine months ended September 30, 2008						
(\$ in millions)	Consumer financing revenue	Interest expense	Investment income	Other income	Total included in earnings	Change in fair value due to credit risk (a)
Assets						
Consumer finance receivables and loans, net of unearned income	\$549	\$—	\$—	(\$3,043)	(\$2,494)	(\$511) (b)
Liabilities						
Secured debt:						
On-balance sheet securitization debt	\$—	(\$299)	\$—	\$2,843	\$2,544	\$218 (c)
Collateralized debt obligations	—	(11)	93	—	82	— (d)
Total	\$132					
(a) Factors other than credit quality that impact fair value include changes in market interest rates and the illiquidity or marketability in the current marketplace. Lower levels of observable data points in illiquid markets generally result in wide bid/offer spreads.						
(b) The credit impact for consumer finance receivables and loans were quantified by applying internal credit loss assumptions to cash flow models.						
(c) The credit impact for on-balance sheet securitization debt is assumed to be zero until our economic interests in a particular securitization is reduced to zero, at which point the losses on the underlying collateral will be expected to be passed through to third-party bondholders. Losses allocated to third-party bondholders, including changes in the amount of losses allocated, will result in fair value changes due to credit. We also monitor credit ratings and will make credit adjustments to the extent any bond classes are downgraded by rating agencies.						
(d) The credit impact for collateralized debt obligations is assumed to be zero until our economic interests in the securitization is reduced to zero, at which point the losses projected on the underlying collateral will be expected to be passed through to the securitization's bonds. We also monitor credit ratings and will make credit adjustments to the extent any bond classes are downgraded by rating agencies.						

Interest income on mortgage loans held-for-investment is measured by multiplying the unpaid principal balance on the loans by the coupon rate and the days interest due. Interest expense on the on-balance sheet securitizations is measured by multiplying bond principal by the coupon rate and days interest due to the investor.

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The following table provides the aggregate fair value and the aggregate unpaid principal balance for the fair value option-elected loans and long-term debt instruments.

September 30, 2008 (\$ in millions)	Unpaid principal balance	Loan advances/ other	Accrued interest	Fair value allowance	Fair value
Assets					
Consumer finance receivables and loans, net of unearned income:					
Total loans	\$9,184	(\$142)	\$96	(\$6,928)	\$2,210
Nonaccrual loans	1,730	(b)	(b)	(b)	(b)
Loans 90+ days past due (a)	1,325	(b)	(b)	(b)	(b)
Liabilities					
Secured debt:					
On-balance sheet securitization debt	(\$8,773)	(\$2)	(\$20)	\$6,510	(\$2,285)
Collateralized debt obligations	(311)	—	(1)	131	(181)
Total secured debt	(\$9,084)	(\$2)	(\$21)	\$6,641	(\$2,466)

(a) Loans 90+ days past due are also presented within the nonaccrual loan balance.

(b) The fair value of loans held-for-sale is calculated on a pooled basis, which does not allow us to reliably estimate the fair value of loans 90+ days past due or nonaccrual loans. As a result, the fair value of these loans is not included in the table above. For further discussion regarding the pooled basis, refer to the previous section of this note titled, Consumer finance receivables, net of unearned income.

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14. Segment Information

Financial results for our reportable segments are summarized below.

Three months ended September 30, (\$ in millions)	Global Automotive Finance operations (a)					Consolidated
	North American operations (a)	International operations (b)	ResCap	Insurance operations	Other (c)	
2008						
Net financing (loss) revenue	(\$32)	\$103	(\$62)	\$—	\$221	\$230
Other revenue (loss)	660	213	(75)	1,147	(460)	1,485
Total net revenue (loss)	628	316	(137)	1,147	(239)	1,715
Provision for credit losses	390	47	652	—	10	1,099
Impairment of goodwill and other intangible assets	14	—	—	—	2	16
Total other noninterest expense	547	340	1,141	1,043	150	3,221
(Loss) income before income tax expense	(323)	(71)	(1,930)	104	(401)	(2,621)
Income tax (benefit) expense	(73)	(27)	(18)	7	13	(98)
Net (loss) income	(\$250)	(\$44)	(\$1,912)	\$97	(\$414)	(\$2,523)
Total assets	\$123,394	\$34,045	\$57,945	\$12,459	(\$16,516)	\$211,327
2007						
Net financing revenue (loss)	\$119	\$203	(\$61)	\$—	\$129	\$390
Other revenue (loss)	809	225	(381)	1,283	(73)	1,863
Total net revenue (loss)	928	428	(442)	1,283	56	2,253
Provision for credit losses	52	33	881	—	(2)	964
Impairment of goodwill and other intangible assets	—	—	455	—	—	455
Total other noninterest expense	428	266	617	1,125	62	2,498
Income (loss) before income tax expense (benefit)	448	129	(2,395)	158	(4)	(1,664)
Income tax expense (benefit)	10	13	(134)	41	2	(68)
Net income (loss)	\$438	\$116	(\$2,261)	\$117	(\$6)	(\$1,596)
Total assets	\$127,336	\$32,968	\$110,141	\$14,511	(\$4,547)	\$280,409
(a) North American operations consists of automotive financing in the United States, Canada, and Puerto Rico. International operations consists of automotive financing and full-service leasing in all other countries.						
(b) Amounts include intrasegment eliminations between the North American operations and International operations.						
(c) Represents our Commercial Finance business, certain equity investments, other corporate activities, and reclassifications and eliminations between the reportable operating segments.						

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Nine months ended September 30, (\$ in millions)	Global Automotive Finance operations (a)		ResCap	Insurance operations	Other (c)	Consolidated
	North American operations (a)	International operations (b)				
2008						
Net financing (loss) revenue	(\$634)	\$556	(\$163)	\$—	\$666	\$425
Other revenue (loss)	1,938	861	(551)	3,639	(873)	5,014
Total net revenue (loss)	1,304	1,417	(714)	3,639	(207)	5,439
Provision for credit losses	755	151	1,414	—	23	2,343
Impairment of goodwill and other intangible assets	14	—	—	—	2	16
Total other noninterest expense	1,571	1,036	2,438	3,175	360	8,580
(Loss) income before income tax (benefit) expense	(1,036)	230	(4,566)	464	(592)	(5,500)
Income tax (benefit) expense	(86)	33	65	100	(18)	94
Net (loss) income	(\$950)	\$197	(\$4,631)	\$364	(\$574)	(\$5,594)
Total assets	\$123,394	\$34,045	\$57,945	\$12,459	(\$16,516)	\$211,327
2007						
Net financing revenue	\$186	\$621	\$168	\$—	\$367	\$1,342
Other revenue (loss)	2,292	637	735	3,621	(119)	7,166
Total net revenue	2,478	1,258	903	3,621	248	8,508
Provision for credit losses	217	106	1,749	—	3	2,075
Impairment of goodwill and other intangible assets	—	—	455	—	—	455
Total other noninterest expense	1,156	788	2,149	3,084	168	7,345
Income (loss) before income tax expense (benefit)	1,105	364	(3,450)	537	77	(1,367)
Income tax expense (benefit)	47	75	(25)	146	(2)	241
Net income (loss)	\$1,058	\$289	(\$3,425)	\$391	\$79	(\$1,608)
Total assets	\$127,336	\$32,968	\$110,141	\$14,511	(\$4,547)	\$280,409
(a) North American operations consists of automotive financing in the United States, Canada, and Puerto Rico. International operations consists of automotive financing and full-service leasing in all other countries.						
(b) Amounts include intrasegment eliminations between the North American operations and International operations.						
(c) Represents our Commercial Finance business, certain equity investments, other corporate activities, and reclassifications and eliminations between the reportable operating segments.						

15. Restructuring Charges

On September 3, 2008, ResCap announced additional restructuring initiatives to optimize the mortgage business as the downturn in the credit and mortgage market persist. In response to the conditions, ResCap has enacted a plan to significantly streamline its operations, reduce costs, adjust its lending footprint, and refocus its resources on strategic lending and servicing. During the nine months ended September 30, 2008, ResCap incurred restructuring charges of \$76 million related to this plan.

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Previously on October 17, 2007, ResCap announced a restructuring plan that would reduce its workforce, streamline its operations, and revise its cost structure. During the nine months ended September 30, 2008, ResCap incurred restructuring charges of \$34 million related to this plan.

On February 20, 2008, we announced a restructuring of our North American Automotive Finance operations to reduce costs, streamline operations, and position the business for scalable growth. During the nine months ended September 30, 2008, our North American Automotive Finance operations incurred restructuring charges of \$48 million related to this plan.

In addition to the announced restructuring plans described above, our International Automotive Finance operations and Insurance operations incurred additional restructuring charges of \$22 million during the nine months ended September 30, 2008.

The restructuring charges primarily include severance pay, the buyout of employee agreements, and lease terminations and are classified as other operating expenses in our Condensed Consolidated Statements of Income. The following table summarizes by category, restructuring charge activity for the nine months ended September 30, 2008.

(\$ in millions)	Liability balance at December 31, 2007	Restructuring charges through September 30, 2008	Cash paid or otherwise settled through September 30, 2008	Liability balance at September 30, 2008
Restructuring charges:				
Employee severance	\$32	\$135	\$87	\$80
Lease termination	45	30	35	40
Other	—	16	15	1
Total restructuring charges	\$77	\$181	\$137	\$121

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operation

Overview

GMAC is a leading, independent, globally diversified, financial services firm with approximately \$211 billion of assets at September 30, 2008. Founded in 1919 as a wholly owned subsidiary of General Motors Corporation (General Motors or GM), GMAC was established to provide GM dealers with the automotive financing necessary to acquire and maintain vehicle inventories and to provide retail customers the means by which to finance vehicle purchases through GM dealers. On November 30, 2006, GM sold a 51% interest in us for approximately \$7.4 billion (the Sale Transactions) to FIM Holdings LLC (FIM Holdings), an investment consortium led by Cerberus FIM Investors, LLC, the sole managing member. The consortium also includes an affiliate of Citigroup Inc., Aozora Bank Ltd., and a subsidiary of The PNC Financial Services Group, Inc.

Our products and services have expanded beyond automotive financing as we currently operate in the following lines of business — Global Automotive Finance, Mortgage (Residential Capital, LLC or ResCap), and Insurance. The following table summarizes the operating results of each line of business for the three months and nine months ended September 30, 2008 and 2007. Operating results for each of the lines of business are more fully described in the Management's Discussion and Analysis (MD&A) sections that follow.

(\$ in millions)	Three months ended September 30,			Nine months ended September 30,		
	2008	2007	Favorable/ (unfavorable) % change	2008	2007	Favorable/ (unfavorable) % change
Total net revenue (loss)						
Global Automotive Finance	\$944	\$1,356	(30)	\$2,721	\$3,736	(27)
ResCap	(137)	(442)	69	(714)	903	(179)
Insurance	1,147	1,283	(11)	3,639	3,621	—
Other	(239)	56	n/m	(207)	248	(183)
Total	\$1,715	\$2,253	(24)	\$5,439	\$8,508	(36)
Net (loss) income						
Global Automotive Finance	(\$294)	\$554	(153)	(\$753)	\$1,347	(156)
ResCap	(1,912)	(2,261)	15	(4,631)	(3,425)	(35)
Insurance	97	117	(17)	364	391	(7)
Other	(414)	(6)	n/m	(574)	79	n/m
Total	(\$2,523)	(\$1,596)	(58)	(\$5,594)	(\$1,608)	(248)

n/m = not meaningful

- Our Global Automotive Finance operations offer a wide range of financial services and products (directly and indirectly) to retail automotive consumers, automotive dealerships, and other commercial businesses. Our Global Automotive Finance operations consist of two separate reportable segments — North American Automotive Finance operations and International Automotive Finance operations. The products and services offered by our Global Automotive Finance operations include the purchase of retail installment sales contracts and leases, offering of term loans, dealer floor plan financing and other lines of credit to dealers, fleet leasing, and vehicle remarketing services. Whereas most of our operations focus on prime automotive financing to and through GM or GM-affiliated dealers, our Nuvel operations, which is part of our North American Automotive Finance operations, focuses on nonprime automotive financing through GM-affiliated dealers and also provides private-label automotive financing. Our National operations, which is also part of our North American Automotive Finance operations, focuses on prime and nonprime financing through non-GM dealers. In addition, our Global Automotive Finance operations utilize asset securitization and whole-loan sales as a critical component of our diversified funding strategy.

In response to the current credit environment and other market conditions, our North American Automotive Finance operations has temporarily implemented a more conservative purchase policy for

consumer automotive financing. Specifically, in the United States we have generally limited purchases to contracts with customers having a credit score of 700 or above, and have restricted contracts with higher advance rates and longer terms. We have also recently increased the rates we charge dealers for nonincentivized consumer automotive financing. These changes in pricing and underwriting are related to the current market environment, which have reduced our access to funding and increased our cost of funds. Additionally, our International Automotive Finance operations recently announced plans to cease retail and wholesale originations in Australia, New Zealand, and retail originations in certain European markets and further plans to implement a more conservative pricing policy throughout remaining European markets to more closely align lending activity with the current capital markets. We expect these actions to remain in place until the credit markets stabilize and accessibility improves. While future market conditions remain uncertain, we expect global automotive financing volume to decrease in the near term as a result of these actions.

- Our ResCap operations engage in the origination, purchase, servicing, sale, and securitization of consumer (i.e., residential) mortgage loans and mortgage-related products (e.g., real estate services). Typically, mortgage loans are originated and sold to investors in the secondary market including securitization transactions in which the assets are legally sold but are accounted for as secured financings. In response to market conditions, ResCap has significantly reduced its production of loans that do not conform to the underwriting guidelines of Fannie Mae and Freddie Mac. ResCap has further curtailed activities related to both its business capital group, which provides financing and equity capital to residential land developers and homebuilders and its international business group, which includes substantially all of its operations outside of the United States. Certain agreements are in place between ResCap and us that restrict ResCap's ability to declare dividends or prepay subordinated indebtedness owed to us and inhibit our ability to return funds for dividend and debt payments.
- Our Insurance operations offer vehicle service contracts and underwrite personal automobile insurance coverages (ranging from preferred to nonstandard risks), homeowners' insurance coverage, and selected commercial insurance and reinsurance coverages in the United States and internationally. We are a leading provider of vehicle service contracts with mechanical breakdown and maintenance coverages. Our vehicle service contracts offer vehicle owners and lessees mechanical repair protection and roadside assistance for new and used vehicles beyond the manufacturer's new vehicle warranty. We underwrite and market nonstandard, standard, and preferred-risk physical damage and liability insurance coverages for passenger automobiles, motorcycles, recreational vehicles, and commercial automobiles through independent agency, direct response, and internet channels. Additionally, we market private-label insurance through a long-term agency relationship with Homesite Insurance, a national provider of home insurance products. We provide commercial insurance, primarily covering dealers' wholesale vehicle inventory, and reinsurance products. Internationally, our subsidiary ABA Seguros provides certain commercial business insurance exclusively in Mexico.
- Other operations consist of our Commercial Finance Group, certain equity investments, corporate activities, and reclassifications and eliminations between the reportable segments.

Consolidated Results of Operations

The following table summarizes our consolidated operating results for the periods shown.

(\$ in millions)	Three months ended September 30,			Nine months ended September 30,		
	2008	2007	Favorable/ (unfavorable) % change	2008	2007	Favorable/ (unfavorable) % change
Revenue						
Total financing revenue	\$4,641	\$5,381	(14)	\$14,395	\$15,994	(10)
Interest expense	2,906	3,715	22	8,953	11,122	20
Depreciation expense on operating lease assets	1,412	1,276	(11)	4,209	3,530	(19)
Impairment of investment in operating leases	93	—	n/m	808	—	n/m
Net financing revenue	230	390	(41)	425	1,342	(68)
Other revenue						
Net loan servicing income	180	425	(58)	1,341	1,086	23
Insurance premiums and service revenue earned	1,123	1,143	(2)	3,355	3,235	4
Gain (loss) on mortgage and automotive loans, net	25	(320)	108	(1,674)	42	n/m
Investment (loss) income	(216)	13	n/m	(263)	548	(148)
Other income	373	602	(38)	2,255	2,255	—
Total other revenue	1,485	1,863	(20)	5,014	7,166	(30)
Total net revenue	1,715	2,253	(24)	5,439	8,508	(36)
Provision for credit losses	1,099	964	(14)	2,343	2,075	(13)
Noninterest expense						
Insurance losses and loss adjustment expenses	642	659	3	1,986	1,795	(11)
Impairment of goodwill	16	455	96	16	455	96
Other operating expenses	2,579	1,839	(40)	6,594	5,550	(19)
Total noninterest expense	3,237	2,953	(10)	8,596	7,800	(10)
Loss before income tax (benefit) expense	(2,621)	(1,664)	(58)	(5,500)	(1,367)	n/m
Income tax (benefit) expense	(98)	(68)	44	94	241	61
Net loss	(\$2,523)	(\$1,596)	(58)	(\$5,594)	(\$1,608)	n/m

n/m = not meaningful

We reported a net loss of \$2.5 billion and \$5.6 billion for the three months and nine months ended September 30, 2008, respectively, compared to \$1.6 billion for both the three months and nine months ended September 30, 2007. Results during the three months ended September 30, 2008, were attributable to a significant loss at ResCap, caused by continued adverse conditions in the mortgage business, and increased provision for credit losses related to deterioration in used vehicle prices and weaker consumer and dealer credit performance. Results were also adversely affected by realized losses and valuation adjustments on assets held-for-sale and certain investment securities as a result of illiquidity in the credit and capital markets.

Total financing revenue decreased by 14% and 10% in the three months and nine months ended September 30, 2008, respectively, compared to the same periods in 2007, primarily due to decreases experienced by ResCap as a result of a decrease in the size of the loan portfolio caused by lower levels of loan production as the operations have focused on prime conforming originations, continued portfolio runoff, and reductions caused by the deconsolidation of \$27.4 billion in securitization trusts during the second half of 2007. Additionally, our Global Automotive Finance operations experienced decreases in consumer finance

revenue due to lower interest rates and a lower asset base, as a result of increased securitization and whole-loan sale activity throughout 2007 as the business moved to an originate-to-distribute model during the second half of 2007. The asset base also declined due to declines in new vehicle financing originations, due to tighter underwriting standards and lower industry sales. Partially offsetting this decrease was an increase in operating lease income of 11% and 22% in the three months and nine months ended September 30, 2008, respectively, compared to the same periods in 2007. The operating lease portfolio and the associated revenue were higher for the three months and nine months ended September 30, 2008, compared to September 30, 2007, primarily due to the continued recovery of the operating lease portfolio from the transfer of approximately \$12.6 billion of net operating lease assets to GM during November 2006 as part of the Sale Transactions. Similarly, depreciation expense on operating lease assets increased 11% and 19% in the three months and nine months ended September 30, 2008, respectively, compared to the same periods in 2007, as a result of the larger portfolio. The increase in operating lease income was partially offset by a significant decrease in volume during the three months ended September 30, 2008, as we increased pricing as a result of the impact of significant reductions of used vehicle prices.

Interest expense decreased 22% and 20% in the three months and nine months ended September 30, 2008, respectively, compared to the same periods in 2007. The decrease during both periods was primarily due to lower average borrowings at ResCap due to a \$52.2 billion reduction in the asset base, which was partially offset by higher funding rates due to unfavorable market conditions resulting in lower advance rates, and increases in cost of funds on unsecured debt due to the step-up in coupon resulting from rating downgrades.

The impairment of vehicle operating lease assets recognized by our North American Automotive Finance operations during the three months and nine months ended September 30, 2008, for \$93 million and \$808 million, respectively, was the result of declining vehicle sales and lower used vehicle prices for certain vehicle segments. The impairment for the three months ended September 30, 2008, was specifically driven by continued weakness in the Canadian used vehicle market, particularly trucks. The impairment recognized during the six months ended June 30, 2008, resulted from a sharp decline in demand and used vehicle sale prices for sport-utility vehicles and trucks in the United States and Canada. No such impairment was recognized during 2007.

Net loan servicing income decreased 58% in the three months ended September 30, 2008, compared to the same period in 2007, but increased 23% during the nine months ended September 30, 2008, compared to the same period in 2007. The decrease during the three-month period was primarily due to unfavorable mortgage servicing valuations caused by a projected increase in the cost to service assets. Costs were projected to increase due to unfavorable delinquency trends and more severe defaults. During both the three months and nine months ended September 30, 2008, our Global Automotive Finance operations experienced a decrease driven by lower servicing fees collected from GM, as certain operating leases transferred during the Sale Transactions reached the end of their lease term. The overall increase during the nine-month period was primarily driven by favorable hedging activities and mortgage servicing rights valuations at our ResCap operations, compared to the same period in 2007.

Insurance premiums and service revenue earned decreased 2% in the three months ended September 30, 2008, compared to the same period in 2007, but increased 4% during the nine months ended September 30, 2008, compared to the same period in 2007. The decrease in the three-month period was primarily due to challenging domestic pricing conditions. The nine-month period increased primarily due to favorable growth in our international operations, both organically and through the acquisition of Provident Insurance in June 2007.

The net gain on mortgage and automotive loans was \$25 million for the three months ended September 30, 2008, compared to a net loss of \$320 million for the three months ended September 30, 2007, and was a net loss of \$1.7 billion for the nine months ended September 30, 2008, compared to a net gain of \$42 million during the nine months ended September 30, 2007. The losses recognized during the three months ended September 30, 2007, reflect significant declines in the fair value of mortgage loans held-for-sale and obligations to fund mortgage loans due to lower investor demand and lack of domestic and foreign market liquidity. During the three months ended September 30, 2008, such fair value adjustments were not as significant compared to 2007. Additionally, losses for the three months ended September 30, 2008, were curtailed by focusing loans originations and sales primarily on our prime conforming and government-

sponsored products. The net gain on mortgage and automotive loans declined \$1.7 billion during the nine-month period, compared to 2007, primarily due to the sale of certain mortgage loans to enhance liquidity at significantly lower prices due to the absence of traditional investor demand. Additionally, unfavorable pricing on automotive loans and decreased securitization activity impacted our North American Automotive Finance operations.

Our investment loss was \$216 million and \$263 million in the three months and nine months ended September 30, 2008, respectively, compared to investment income of \$13 million and \$548 million in the three months and nine months ended September 30, 2007, respectively. The decreases primarily related to extreme market volatility that resulted in unfavorable valuation adjustments, higher realized losses, and impairment charges on certain investments. The valuation adjustments, specifically during the nine months ended September 30, 2008, include declines in the fair value of asset-backed securities and retained interests held by ResCap and our North American Automotive Finance operations as a result of increased credit losses, rating agency downgrades, declines in the value of underlying collateral, market illiquidity, and changes in discount rate assumptions in certain foreign markets.

Other income decreased 38% during the three months ended September 30, 2008, compared to the same period in 2007, and remained stable during the nine months ended September 30, 2008, compared to the same period in 2007. The decrease during the three months ended September 30, 2008, was primarily driven by unfavorable valuation adjustments related to assets and liabilities elected to be measured at fair value as of the beginning of 2008 and decreased real estate-related revenue due to the continued stress in the mortgage and capital market and its effect on homebuilders. Other income remained stable during the nine months ended September 30, 2008, compared to the same period in 2007, because these adverse impacts in 2008 were offset by debt extinguishment gains of \$1.2 billion recognized in 2008.

The provision for credit losses unfavorably increased 14% and 13% in the three months and nine months ended September 30, 2008, respectively, compared to the same periods in 2007. The increase in the provision during both periods was primarily caused by higher expected residual losses on retail balloon contracts due to deteriorating automotive resale values and how those deteriorating values affected our various GM support agreements. The provision also increased for mortgage loans due to increased frequency and severity of loss in certain international locations. These increases were partially offset by lower loan origination levels and the deconsolidation of various financing securitizations during the second half of 2007, which resulted in a lower expense during 2008, due to a smaller held-for-investment portfolio. Additionally, certain fair value elections were made on January 1, 2008, which resulted in a lower provision expense because these elected assets within the held-for-investment portfolio were no longer subject to an allowance.

Insurance losses and loss adjustment expenses decreased 3% in the three months September 30, 2008, compared to the same period in 2007, but increased 11% during the nine months ended September 30, 2008, compared to the same period in 2007. The decrease for the three-month period was primarily due to a change in product mix and favorable reserve development within our domestic reinsurance business. The increase for the nine-month period was primarily due to growth in our international operations, both organically and through the Provident acquisition, and higher spring and summer weather losses in 2008, which adversely affected our dealer inventory insurance and reinsurance operations. The increase for the nine-month period was partially offset by a change in product mix and reserve development within our domestic reinsurance business.

Goodwill impairment decreased 96% for both the three months and nine months ended September 30, 2008, compared to the same periods in 2007. During the three months ended September 30, 2008, our North American Automotive Finance operations recognized impairment of \$14 million and our Commercial Finance Group operations recognized impairment of \$2 million, which resulted in a total consolidated impairment of \$16 million. As of September 30, 2008, our North American Automotive Finance operations and Commercial Finance Group have no remaining goodwill. During the three months ended September 30, 2007, the impairment charge of \$455 million related to our ResCap operations.

Other operating expense increased 40% and 19% in the three months and nine months ended September 30, 2008, respectively, compared to the same periods in 2007. Expenses increased in both periods primarily due to unfavorable foreign currency translation adjustments, higher mortgage representation and warranty expense, higher restructuring costs, higher professional service fees, and greater losses on operating lease disposals, as a result of less favorable remarketing results. Additionally, remarketing costs increased due

to an increase in returned vehicle volume. During the three months ended September 30, 2008, mortgage representation and warranty expenses increased \$138 million, restructuring expenses increased \$97 million, professional service expenses increased \$47 million, and operating lease disposal losses increased \$93 million, compared to the same period in 2007. During the nine months ended September 30, 2008, mortgage representation and warranty expenses increased \$37 million, restructuring expenses increased \$181 million, professional service expenses increased \$178 million, and operating lease disposal losses increased \$223 million, compared to the same period in 2007.

Our consolidated tax benefit increased 44% during the three months ended September 30, 2008, compared to the same period in 2007, and the consolidated tax expense decreased 61% during the nine months ended September 30, 2008, compared to the same period in 2007. The changes during both periods were primarily due to earnings reductions in both the auto finance and mortgage operations. Included within tax expense were additional valuation allowances in the three months and nine months ended September 30, 2008, of \$99 million and \$764 million, respectively. These valuation allowances related to deferred tax assets of certain foreign operations, primarily mortgage operations in continental Europe, United Kingdom, Canada, and Australia. These valuation allowances were established because, based on historical losses and expected future taxable income, it was no longer more-likely-than-not that these net deferred tax assets would be realized.

Effective November 28, 2006, GMAC and certain U.S. subsidiaries became pass-through entities for U.S. federal income tax purposes. Subsequent to November 28, 2006, U.S. federal, state, and local income tax expense is generally not incurred by these entities as they ceased to be taxable entities in all but a few local tax jurisdictions that continue to tax LLCs or partnerships. Our banking, insurance, and foreign subsidiaries are generally taxable corporations and continue to be subject to U.S. federal, state, local, and foreign income taxes.

Global Automotive Finance Operations

Results of Operations

The following table summarizes the operating results of our Global Automotive Finance operations for the periods shown. The amounts presented are before the elimination of balances and transactions with our other reportable segments and include eliminations of balances and transactions among our North American and International reportable segments.

(\$ in millions)	Three months ended September 30,			Nine months ended September 30,		
	2008	2007	Favorable/ (unfavorable) % change	2008	2007	Favorable/ (unfavorable) % change
Revenue						
Consumer	\$1,100	\$1,378	(20)	\$3,367	\$4,163	(19)
Commercial	463	455	2	1,334	1,280	4
Loans held-for-sale	112	—	n/m	394	—	n/m
Operating leases	2,105	1,893	11	6,343	5,190	22
Total financing revenue	3,780	3,726	1	11,438	10,633	8
Interest expense	2,205	2,129	(4)	6,501	6,296	(3)
Depreciation expense on operating leases	1,411	1,275	(11)	4,207	3,530	(19)
Impairment of investment in operating leases	93	—	n/m	808	—	n/m
Net financing revenue (loss)	71	322	(78)	(78)	807	(110)
Other revenue						
Servicing fees	72	97	(26)	223	314	(29)
Gain on automotive loans, net	163	248	(34)	274	673	(59)
Investment (loss) income	(53)	137	(139)	122	307	(60)
Other income	691	552	25	2,180	1,635	33
Total other revenue	873	1,034	(16)	2,799	2,929	(4)
Total net revenue	944	1,356	(30)	2,721	3,736	(27)
Provision for credit losses	437	85	n/m	906	323	(180)
Impairment of goodwill	14	—	n/m	14	—	n/m
Noninterest expense	887	694	(28)	2,607	1,944	(34)
(Loss) income before income tax (benefit) expense	(394)	577	(168)	(806)	1,469	(155)
Income tax (benefit) expense	(100)	23	n/m	(53)	122	143
Net (loss) income	(\$294)	\$554	(153)	(\$753)	\$1,347	(156)
Total assets	\$157,439	\$160,304	(2)			

n/m = not meaningful

Global Automotive Finance operations experienced a net loss of \$294 million and \$753 million for the three months and nine months ended September 30, 2008, respectively, compared to net income of \$554 million and \$1.3 billion for the three months and nine months ended September 30, 2007, respectively. Our Global Automotive Finance operations experienced an increase in credit reserves as a result of continued deterioration in used vehicle prices, which affected certain retail balloon contracts and leases, as well as overall weakness in economic conditions during 2008. Also, results were impacted by an impairment related to vehicle operating lease residual values, weaker consumer and dealer credit performance, and valuation losses on assets held-for-sale and certain investment securities due to weaker economic conditions. Additionally, declines in new vehicle financing originations, due to tighter underwriting standards and lower industry sales, adversely impacted results.

Total financing revenue increased 1% and 8% for the three months and nine months ended September 30, 2008, respectively, compared to the same periods in 2007. Operating lease revenue (along with

the related depreciation expense) increased during both periods due to an increase in the average size of the operating lease portfolio. The operating lease portfolio and the associated revenue were higher for the three months and nine months ended September 30, 2008, compared to September 30, 2007, primarily due to the continued recovery of the operating lease portfolio from the transfer of approximately \$12.6 billion of net operating lease assets to GM during November 2006 as part of the Sale Transactions. The increase in operating lease income was partially offset by a significant decrease in volume during the three months ended September 30, 2008, as we increased pricing as a result of the impact of significant reductions of used vehicle prices. Total financing revenue for the three months and nine months ended September 30, 2008, was also impacted by an increase in commercial revenue caused by favorable foreign currency translation adjustments and growth in our International operations, partially offset by decreases due to lower interest rates in the domestic market. The increase in total financing revenue was also partially offset by a decline in consumer revenue during both periods. Consumer revenue, combined with interest income on consumer loans held-for-sale, decreased approximately 12% and 10% for the three and nine months ended September 30, 2008, respectively, primarily due to a reduction in consumer asset levels. Consumer finance receivables, including loans held-for-sale, declined by \$5.1 billion, or approximately 9%, since September 30, 2007. Lower consumer asset levels were the result of increased securitization and whole-loan sale activities during 2007 and the first half of 2008 as the business refocused on an originate-to-distribute model. Asset levels were also adversely impacted by declines in new financing originations during the three months ended September 30, 2008, due to tighter underwriting standards and lower industry sales. The \$112 million and \$394 million of income on consumer loans held-for-sale for the three months and nine months ended September 30, 2008, respectively, related to interest on loans that are expected to be sold in whole-loan and securitization transactions over the next twelve months. In addition to lower consumer asset levels, consumer revenue and the related interest income for the nine months ended September 30, 2008, were adversely impacted by lower domestic interest rates.

Interest expense increased 4% and 3% for the three months and nine months ended September 30, 2008, respectively, compared to the same period in 2007. The expense increased during both periods primarily due to unfavorable foreign currency movements, increased funding costs related to asset growth in certain international markets, and increased credit spreads.

The \$93 million and \$808 million impairment of vehicle operating lease assets recognized by our North American Automotive Finance operations for the three months and nine months ended September 30, 2008, respectively, resulted from declines in demand and in used vehicle sale prices for certain portfolio segments, primarily trucks and sport-utility vehicles. The impairment for the three-month period related specifically to additional economic weakness in the Canadian used truck market. The results for the nine months ended September 30, 2008, also included impairment recognized during the three months ended June 30, 2008, related to declines in demand and used vehicle sale prices in both the United States and Canada.

Servicing fees decreased 26% and 29% for the three months and nine months ended September 30, 2008, compared to the same periods in 2007. The decreases for both periods were primarily the result of decreases in servicing fees collected from GM, as certain operating leases transferred during the Sale Transactions reached the end of their lease term.

Net gains on automotive loans decreased 34% and 59% for the three months and nine months ended September 30, 2008, respectively, compared to the same periods in 2007. The decreases for both periods were primarily the result of current market conditions and unfavorable valuation adjustments related to the loans held-for-sale portfolio of our North American Automotive Finance operations. Results for the nine-month period were further impacted by unfavorable pricing due to deterioration in market conditions and decreased securitization activity. The three months ended September 30, 2008, also experienced fewer securitization activities compared to 2007; however, certain fixed pricing arrangements in previously established flow agreements generated higher gains compared to 2007.

Investment income decreased 139% and 60% for the three months and nine months ended September 30, 2008, respectively, compared to the same periods in 2007. The decrease was primarily related to weak economic conditions affecting the performance of the investments, a decrease in the size of the investment portfolio, and a decrease of income on retained interests.

Other income increased 25% and 33% for the three months and nine months ended September 30, 2008, respectively, compared to the same periods in 2007, due to higher interest income on intercompany loans

caused by higher lending levels. The intercompany lending activities represent the activity of our Global Automotive Finance operations before the elimination of balances and transactions with our other reportable segments. Also contributing to the increases were favorable foreign currency translation adjustments.

The provision for credit losses was \$437 million and \$906 million for the three months and nine months ended September 30, 2008, respectively, compared to \$85 million and \$323 million for the three months and nine months ended September 30, 2007, respectively. The increases during both periods were primarily driven by expected credit losses related to retail balloon contract loans as demand for used vehicles continued to decrease causing a significant reduction in underlying collateral values and because of weakness in wholesale dealer performance. In addition, both periods experienced increased loss severity due to unfavorable economic conditions.

During the three months ended September 30, 2008, goodwill impairment of \$14 million for our North American Automotive Finance operations was recognized as a result of our annual assessment. No such impairment was recognized in 2007.

Other noninterest expenses increased 28% and 34% for the three months and nine months ended September 30, 2008, respectively, compared to the same periods in 2007. The expenses increased for both periods primarily due to increased restructuring costs at our North American Automotive Finance operations and greater losses on operating lease disposals as a result of less favorable remarketing experience. Additionally, remarketing costs increased due to an increase in returned vehicle volume.

Our Global Automotive Finance operations experienced a tax benefit of \$100 million and \$53 million for the three months and nine months ended September 30, 2008, respectively, compared to income tax expense of \$23 million and \$122 million for the three and nine months ended September 30, 2007, respectively. The tax benefit during both periods primarily resulted from operating losses, particularly in our foreign operations. Certain of our U.S. subsidiaries are not subject to U.S. federal, state, or local income tax expense due to their status as pass-through entities for U.S. federal income tax purposes. Our banking and foreign subsidiaries are generally taxable corporations and continue to be subject to U.S. federal, state, local, and foreign income tax.

Automotive Financing Volume

The following tables summarize our new and used vehicle consumer and wholesale financing volume and our share of GM consumer and wholesale volume.

	Three months ended September 30,				Nine months ended September 30,			
	GMAC volume		Share of GM retail sales		GMAC volume		Share of GM retail sales	
	2008	2007	2008	2007	2008	2007	2008	2007
<i>(units in thousands)</i>								
Consumer financing								
GM new vehicles:								
North America:								
Retail contracts	226	228	34%	27%	589	642	30%	26%
Leases	53	152	8%	18%	307	451	15%	19%
Total North America	279	380	42%	45%	896	1,093	45%	45%
International (retail contracts and leases)	127	141	25%	24%	426	421	25%	24%
Total GM new units financed	406	521	34%	36%	1,322	1,514	36%	36%
Used units financed	122	138			402	390		
Non-GM new units financed	25	31			86	81		
Total consumer automotive financing volume	553	690			1,810	1,985		

Our consumer automotive financing volume and penetration levels are significantly influenced by the nature, timing, and extent of GM's use of rate, residual, and other financing incentives for marketing purposes on consumer retail automotive contracts and leases. Despite declining vehicle sales, our total North American penetration levels during the three months and nine months ended September 30, 2008, generally remained

stable due to the increase in the retail penetration levels offsetting against the decrease in the lease penetration levels. The decline in the North American lease penetration level during the three months ended September 30, 2008, was the result of decreased lease volume due to funding volatility in the capital markets combined with significant reductions in values of certain used vehicle prices. The consumer penetration levels of our International operations slightly increased during the three months and nine months ended September 30, 2008, compared to the same periods in 2007, primarily due to increased penetration levels in our Asia Pacific and European operations.

	Three months ended September 30,				Nine months ended September 30,			
	GMAC volume		Share of GM production		GMAC volume		Share of GM production	
	2008	2007	2008	2007	2008	2007	2008	2007
<i>(units in thousands)</i>								
Wholesale financing								
GM new vehicles:								
North America	640	756	78%	78%	1,928	2,381	77%	76%
International	695	718	83%	87%	2,254	2,142	84%	88%
Total GM units financed	1,335	1,474	80%	82%	4,182	4,523	80%	81%
Non-GM units financed	51	51			155	151		
Total wholesale volume	1,386	1,525			4,337	4,674		

Our wholesale automotive financing continued to be the primary funding source for GM-dealer inventories. Penetration levels in North America continued to reflect traditionally strong levels, despite increased rates charged to dealers during the three months ended September 30, 2008, and the challenging economic environment. The wholesale penetration levels of our International operations decreased during the three months and nine months ended September 30, 2008, compared to the same periods in 2007, primarily due to decreased penetration levels in our European operations.

Allowance for Credit Losses

The following tables summarize activity related to the allowance for credit losses for our Global Automotive Finance operations.

Three months ended September 30, (\$ in millions)	2008			2007		
	Consumer	Commercial	Total	Consumer	Commercial	Total
Balance at July 1,	\$1,280	\$74	\$1,354	\$1,366	\$66	\$1,432
Provision for credit losses (a)	376	61	437	90	(5)	85
Charge-offs (b)	(285)	(2)	(287)	(215)	(1)	(216)
Recoveries	54	—	54	48	—	48
Other	(33)	(4)	(37)	8	1	9
Balance at September 30,	\$1,392	\$129	\$1,521	\$1,297	\$61	\$1,358
Allowance coverage (c)	3.24%	0.43%	2.08%	2.83%	0.23%	1.87%

(a) Provision for credit losses include amounts related to balloon finance contracts of \$240 million and (\$7) million for the three months ended September 30, 2008 and 2007, respectively.

(b) Consumer charge-offs include amounts related to lump-sum payments on balloon finance contracts of \$77 million and \$5 million for the three months ended September 30, 2008 and 2007, respectively.

(c) Represents the related allowance for credit losses as a percentage of total on-balance sheet automotive finance receivables and loans excluding loans held-for-sale.

Nine months ended September 30, (\$ in millions)	2008			2007		
	Consumer	Commercial	Total	Consumer	Commercial	Total
Balance at January 1,	\$1,309	\$61	\$1,370	\$1,460	\$69	\$1,529
Provision for credit losses (a)	831	75	906	325	(2)	323
Charge-offs (b)	(907)	(7)	(914)	(653)	(8)	(661)
Recoveries	175	1	176	157	2	159
Other	(16)	(1)	(17)	8	—	8
Balance at September 30,	\$1,392	\$129	\$1,521	\$1,297	\$61	\$1,358
Allowance coverage (c)	3.24%	0.43%	2.08%	2.83%	0.23%	1.87%

(a) Provision for credit losses include amounts related to balloon finance contracts of \$395 million and \$1 million for the nine months ended September 30, 2008 and 2007, respectively.

(b) Consumer charge-offs include amounts related to lump-sum payments on balloon finance contracts of \$222 million and \$7 million for the nine months ended September 30, 2008 and 2007, respectively.

(c) Represents the related allowance for credit losses as a percentage of total on-balance sheet automotive finance receivables and loans excluding loans held-for-sale.

Increases in the level of allowance from 2007 levels were reflective of unfavorable economic conditions, despite the overall decrease in the size of the on-balance sheet consumer portfolio. The increases in provision and charge-offs for the three months and nine months ended September 30, 2008, compared to the same periods in 2007, were primarily attributable to losses incurred on our North American balloon finance contracts whereby an increasing number of customers are returning vehicles at the end of the term and the vehicles are then sold at auction for significant losses given the decline in prices for certain types of used vehicles. The increased reserves related to our balloon finance contracts were primarily impacted by a decrease in used vehicle prices and how those decreases affected our various GM support agreements. In addition to the overall increase in the level of the allowance, the allowance for credit losses as a percentage of the total on-balance sheet consumer portfolio experienced an increase in comparison with 2007. The increased use of off-balance sheet securitizations and whole-loan sales activity within our North American Automotive Finance operations resulted in the sale of contracts of a better credit quality as the process of creating a pool of retail finance receivables for securitization or sale typically excludes accounts that are greater than 30 days delinquent. In addition, the process involves selecting from a pool of receivables that are currently outstanding and thereby represent relatively seasoned accounts. A seasoned portfolio that excludes delinquent accounts historically results in better credit performance than the on-balance sheet portfolio of retail finance receivables on which the allowance for credit losses is based.

Consumer Credit

The following tables summarize pertinent loss experience in the consumer managed and on-balance sheet automotive retail contract portfolios. The managed portfolio includes retail receivables held on-balance sheet for investment and off-balance sheet receivables. The off-balance sheet portion of the managed portfolio includes receivables securitized and sold that we continue to service and in which we retain an interest or risk of loss but excludes securitized and sold finance receivables that we continue to service but in which we retain no interest or risk of loss.

We believe that the disclosure of the credit experience of the managed portfolio presents a more complete presentation of our risk of loss in the underlying assets (typically in the form of a subordinated retained interest). Consistent with the presentation on our Condensed Consolidated Balance Sheets, retail contracts presented in the tables below represent the principal balance of the finance receivables discounted for any unearned interest income and rate support received from GM.

Three months ended September 30, (\$ in millions)	Average retail contracts		Charge-offs, net of recoveries (a)		Annualized net charge-off rate	
	2008	2007	2008	2007	2008	2007
Managed						
North America	\$46,957	\$49,520	\$223	\$147	1.90%	1.19%
International	19,029	17,338	33	21	0.70%	0.49%
Total managed	\$65,986	\$66,858	\$256	\$168	1.56%	1.01%
On-balance sheet						
North America	\$31,556	\$41,356	\$165	\$138	2.09%	1.33%
International	19,029	17,338	33	21	0.70%	0.49%
Total on-balance sheet	\$50,585	\$58,694	\$198	\$159	1.58%	1.09%
(a) Net charge-offs include amounts related to loans held-for-sale and exclude amounts related to the lump-sum payments on balloon finance contracts of \$77 million and \$5 million for the three months ended September 30, 2008 and 2007, respectively.						

Nine months ended September 30, (\$ in millions)	Average retail contracts		Charge-offs, net of recoveries (a)		Annualized net charge-off rate	
	2008	2007	2008	2007	2008	2007
Managed						
North America	\$48,585	\$49,752	\$624	\$436	1.71%	1.17%
International	19,138	16,881	104	72	0.72%	0.56%
Total managed	\$67,723	\$66,633	\$728	\$508	1.44%	1.02%
On-balance sheet						
North America	\$33,916	\$42,687	\$484	\$417	1.90%	1.30%
International	19,138	16,881	104	72	0.72%	0.56%
Total on-balance sheet	\$50,054	\$59,568	\$588	\$489	1.48%	1.10%
(a) Net charge-offs include amounts related to loans held-for-sale and exclude amounts related to the lump-sum payments on balloon finance contracts of \$222 million and \$7 million for the nine months ended September 30, 2008 and 2007, respectively.						

Charge-offs in both the North American and International managed portfolios increased during the three months and nine months ended September 30, 2008, compared to the same periods in 2007. In North America, severity of losses increased compared to prior year levels, mainly due to significant reductions in values of used vehicle prices. Increased charge-offs in the International portfolio primarily reflect weakness in Latin America.

The following table summarizes pertinent delinquency experience in the consumer automotive retail contract portfolio.

Nine months ended September 30,	Percent of retail contracts 30 days or more past due (a)			
	Managed		On-balance sheet	
	2008	2007	2008	2007
North America	2.44%	2.52%	2.63%	2.80%
International	2.47%	2.56%	2.47%	2.56%
Total	2.45%	2.53%	2.55%	2.71%

(a) Past due contracts are calculated on the basis of the average number of contracts delinquent during a month and exclude accounts in bankruptcy.

Delinquencies in the North American managed portfolio decreased as of September 30, 2008, compared to September 30, 2007. We attribute much of the decrease to a shift in underwriting standards that has occurred since 2007. During the second half of 2006 through the first half of 2007, we underwrote a number of U.S. retail contracts that resulted in an unusually high rate of early payment defaults. When the early

defaults began, we tightened our underwriting policy to reduce this production. As a result, delinquency rates have improved. The decrease in delinquencies also reflected expanded resources dedicated to servicing and collection efforts. International consumer credit portfolio performance remained strong as delinquencies have declined compared to the prior year level.

In addition to the preceding loss and delinquency data, the following tables summarize bankruptcy information for the U.S. consumer automotive retail contract portfolio (which represented approximately 49% and 46% of our on-balance sheet consumer automotive retail contract portfolio as of September 30, 2008 and 2007, respectively) and repossession information for the Global Automotive Finance operations consumer automotive retail contract portfolio:

Three months ended September 30,	Managed		On-balance sheet	
	2008	2007	2008	2007
United States:				
Average retail contracts in bankruptcy (<i>in units</i>) (a)	48,279	57,445	39,998	55,522
Bankruptcies as a percentage of average number of contracts outstanding	1.97%	2.04%	2.63%	2.41%
North America:				
Retail contract repossessions (<i>in units</i>)	19,665	19,785	14,049	18,194
Annualized repossessions as a percentage of average number of contracts outstanding	2.65%	2.43%	2.86%	2.77%
International:				
Retail contract repossessions (<i>in units</i>)	2,957	3,001	2,957	3,001
Annualized repossessions as a percentage of average number of contracts outstanding	0.69%	0.73%	0.69%	0.73%

(a) Includes those accounts where the customer has filed for bankruptcy and is not yet discharged, the customer was discharged from bankruptcy but did not reaffirm their loan with GMAC, and other special situations where the customer is protected by applicable law with respect to GMAC's normal collection policies and procedures.

Nine months ended September 30,	Managed		On-balance sheet	
	2008	2007	2008	2007
United States:				
Average retail contracts in bankruptcy (<i>in units</i>) (a)	49,784	62,105	43,154	60,654
Bankruptcies as a percentage of average number of contracts outstanding	1.95%	2.14%	2.59%	2.47%
North America:				
Retail contract repossessions (<i>in units</i>)	58,883	56,566	43,783	52,985
Annualized repossessions as a percentage of average number of contracts outstanding	2.57%	2.25%	2.81%	2.56%
International:				
Retail contract repossessions (<i>in units</i>)	8,788	9,267	8,788	9,267
Annualized repossessions as a percentage of average number of contracts outstanding	0.69%	0.76%	0.69%	0.76%

(a) Includes those accounts where the customer has filed for bankruptcy and is not yet discharged, the customer was discharged from bankruptcy but did not reaffirm their loan with GMAC, and other special situations where the customer is protected by applicable law with respect to GMAC's normal collection policies and procedures.

Bankruptcy filings continued to decrease during the three months and nine months ended September 30, 2008, consistent with decreases experienced throughout the year ended December 31, 2007. The decreases throughout both periods were related to the gradual emergence of consumers who filed bankruptcy in 2005 prior to a change in bankruptcy law that made it more difficult for some consumers to qualify for certain bankruptcy protection. The significant increase of bankruptcy filings prior to the change in law resulted in a situation where the number of contracts emerging from bankruptcy exceeds the number of contracts entering bankruptcy.

Consistent with the decrease in delinquency trends, our International operations experienced decreased repossessions for the nine months ended September 30, 2008, compared to the same period in 2007. Our North American Automotive Finance operation, however, experienced increased repossessions primarily attributable to the impact of weak economic conditions on our consumer contracts.

Commercial Credit

The credit risk of our commercial portfolio is tied to overall economic conditions in the countries in which we operate and the particular circumstances of individual borrowers.

At September 30, 2008, the commercial receivables that had been securitized and accounted for as off-balance sheet transactions primarily represented wholesale lines of credit extended to automotive dealerships, which historically have experienced low charge-offs, and some dealer term loans. As a result, only the on-balance sheet commercial portfolio credit experience is presented in the following table.

	Total loans		Impaired loans (a)	
	Sept 30, 2008	Dec 31, 2007	Sept 30, 2008	Dec 31, 2007
<i>(\$ in millions)</i>				
Wholesale	\$25,679	\$22,961	\$386	\$44
Impaired loans as a percentage of total loans			1.50%	0.19%
Other commercial financing	4,300	4,565	97	8
Impaired loans as a percentage of total loans			2.26%	0.18%
Total on-balance sheet	\$29,979	\$27,526	\$483	\$52
Impaired loans as a percentage of total loans			1.61%	0.19%
(a) Includes loans where it is probable that we will be unable to collect all amounts due according to the terms of the loan.				

Charge-offs on the commercial portfolio remained at traditionally low levels as these receivables were generally secured by vehicles, real estate, and other forms of collateral, which help mitigate losses on the loans in the event of default. Impaired loans increased between December 31, 2007, and September 30, 2008, primarily due to the economic pressures placed on dealers as a result of declining domestic sales volume, declining profitability, and a challenging credit environment.

ResCap Operations

Results of Operations

The following table summarizes the operating results for ResCap for the periods shown. The amounts presented are before the elimination of balances and transactions with our other reportable segments.

(\$ in millions)	Three months ended September 30,			Nine months ended September 30,		
	2008	2007	Favorable/ (unfavorable) % change	2008	2007	Favorable/ (unfavorable) % change
Revenue						
Total financing revenue	\$762	\$1,565	(51)	\$2,681	\$5,106	(47)
Interest expense	824	1,626	49	2,844	4,938	42
Net financing (loss) revenue	(62)	(61)	(2)	(163)	168	(197)
Servicing fees	369	451	(18)	1,154	1,351	(15)
Servicing asset valuation and hedge activities, net	(261)	(123)	(112)	(36)	(578)	94
Net loan servicing income	108	328	(67)	1,118	773	45
Loss on mortgage loans, net	(138)	(570)	76	(1,948)	(631)	n/m
Other (expense) income	(45)	(139)	68	279	593	(53)
Total other expense	(183)	(709)	74	(1,669)	(38)	n/m
Total net (loss) revenue	(137)	(442)	69	(714)	903	(179)
Provision for credit losses	652	881	26	1,414	1,749	19
Impairment of goodwill	—	455	100	—	455	100
Noninterest expense	1,141	617	(85)	2,438	2,149	(13)
Loss before income tax expense	(1,930)	(2,395)	19	(4,566)	(3,450)	(32)
Income tax (benefit) expense	(18)	(134)	(87)	65	(25)	n/m
Net loss	(\$1,912)	(\$2,261)	15	(\$4,631)	(\$3,425)	(35)
Total assets	\$57,945	\$110,141	(47)			

n/m = not meaningful

ResCap experienced a net loss of \$1.9 billion and \$4.6 billion for the three months and nine months ended September 30, 2008, respectively, compared to a net loss of \$2.3 billion and \$3.4 billion for the three months and nine months ended September 30, 2007, respectively. The 2008 results were adversely affected by continued pressure in the domestic housing markets and the foreign mortgage and capital markets. The adverse conditions resulted in lower net interest margins, high provisions for loan losses, lower loan production, realized losses on sales of mortgage loans, declines in fair value related to mortgage loans held-for-sale and trading securities, and continued real estate investment impairments. As market conditions persist, particularly in the foreign markets, these unfavorable impacts on our results of operations may continue.

The net financing loss was \$62 million and \$163 million for the three months and nine months September 30, 2008, respectively, compared to a net financing loss of \$61 million and net financing revenue of \$168 million for the three months and nine months ended September 30, 2007, respectively. The decreases in total financing revenue for both periods were due to the decreases in the average mortgage loan and lending receivable asset balances resulting from declines in mortgage production, reductions caused by the deconsolidation of \$27.4 billion in securitization trusts in 2007, the sale of ResCap's resort finance business, and continued portfolio run-off. The decreases were further attributable to an increase in nonaccrual loans caused by higher delinquencies and a decrease in commercial lending yields, primarily as a result of an increase in nonaccrual loans. Interest expense decreased primarily due to lower average borrowings, partially

offset by higher funding rates and increased cost of funds. Funding rates were higher due to unfavorable market conditions generating lower advance rates, and the cost of funds increased on our unsecured debt due to the step-up in coupon caused by rating downgrades. Additionally, during the nine-month period, the cost of funds increased due to refinancing initiatives completed during the second quarter of 2008.

Net loan servicing income was \$108 million and \$1.1 billion for the three months and nine months ended September 30, 2008, respectively, compared to \$328 million and \$773 million for the three months and nine months ended September 30, 2007, respectively. The decrease for the three months ended September 30, 2008, compared to the same period in 2007, was primarily due to negative mortgage servicing valuations as a result of a projected increase in the cost of servicing assets resulting from higher delinquencies and defaults. The increase during the nine months ended September 30, 2008, compared to the same period in 2007, was primarily due to slower prepayment speeds and a steeper overall yield curve during the first quarter of 2008, resulting in a positive impact on hedging activities and a favorable valuation on the mortgage servicing rights.

The net loss on mortgage loans was \$138 million and \$1.9 billion for three months and nine months ended September 30, 2008, respectively, compared to \$570 million and \$631 million for the three months and nine months ended September 30, 2007, respectively. The losses in the three months ended September 30, 2008, were primarily the result of the sale of certain mortgage loans and distressed assets to enhance liquidity. Additionally, losses during the three months ended September 30, 2008, were impacted by a decline in the fair value of mortgage loans held-for-sale and commitments in certain foreign markets. Losses for the three months ended September 30, 2008, were curtailed by focusing loans originations and sales primarily on our prime conforming and government-sponsored products.

Other expense was \$45 million for the three months ended September 30, 2008, compared to \$139 million for the same period in 2007. Other income was \$279 million for the nine months ended September 30, 2008, compared to \$593 million for the same period in 2007. The favorable decrease in other expense during the three-month period was primarily attributable to smaller losses on investment securities compared to 2007. Additionally, the 2008 results included a \$42 million gain on the retirement of ResCap debt during the three months ended September 30, 2008, which resulted from our contribution of ResCap notes that had been previously purchased in open-market repurchase transactions. No such gains were recognized in 2007. These positive factors were offset by decreased real estate-related revenue and unfavorable fair value adjustments related to the adoption of SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities* (SFAS 159), on January 1, 2008. Real estate-related revenue decreased due to the continued stress in the mortgage and capital markets and its affect on homebuilders. This resulted in higher write-downs on lot option projects and model homes, declines in model home lease income and lot option fees, and decreases in equity earnings on real estate projects. In addition to the previously mentioned adverse impacts on the three-month period, the nine-month period was also significantly affected by higher losses on investment securities, primarily due to the decline in the fair value of our mortgage-backed securities and retained interests that continue to be held through off-balance sheet securitization, resulting from increasing credit losses, rating agency downgrades, declines in the value of underlying collateral, market illiquidity, and changes in discount rate assumptions. Additionally, the results for the nine months ended September 30, 2008, included losses related to the sale of certain servicing advance receivables and an impairment of \$255 million related to the held-for-sale treatment of ResCap's resort finance business. The impairment resulted from a fair value adjustment to the resort finance business due to its held-for-sale classification. These adverse impacts were partially offset by a \$1.2 billion gain on the retirement of debt recognized during the nine months ended September 30, 2008.

The provision for credit losses decreased 26% and 19% during the three months and nine months ended September 30, 2008, compared to the same period in 2007. The provision decreased during both periods primarily due to the deconsolidation of \$27.4 billion of mortgage loans held-for-investment. Additionally, certain fair value elections were made on January 1, 2008, under SFAS 159 that resulted in a lower provision expense because these elected assets were no longer subject to an allowance. These decreases were partially offset by increases attributable to home price depreciation, higher delinquencies, and increased severity and frequency assumptions in the United Kingdom and continental Europe, as well as a higher provision for loan losses and specific reserves on the commercial lending portfolio due to the continued deteriorating market conditions.

Noninterest expense increased 85% and 13% for the three months and nine months ended September 30, 2008, respectively, compared to the same period in 2007. The increases were primarily attributable to an increase in unrealized and realized currency losses due to the strengthening U.S. dollar and the reduced hedging position caused by the limited availability of willing counterparties to enter into forward arrangements. The increases were also impacted by increased restructuring costs, loan repurchase reserves due to credit deterioration in loans eligible for repurchase and loss severity of repurchased loans, and captive reinsurance reserves, partially offset by lower compensation expense, lower benefit expense, and decreased commissions due to lower loan production.

The income tax benefit decreased \$116 million and \$90 million for the three months and nine months ended September 30, 2008, respectively, compared the same periods in 2007. The decreases were primarily due to the recognition of deferred tax valuation allowances by the foreign operations offset by significant pretax losses in the foreign operations throughout 2008. During the three months and nine months ended September 30, 2008, deferred tax valuation allowances of \$99 million and \$764 million, respectively, were established. The valuation allowances resulted primarily from further declines in the international markets and the likelihood that these tax benefits will not be realized in future periods.

Mortgage Loan Production, Sales and Servicing

ResCap's mortgage loan production was \$11.9 billion and \$50.8 billion for the three months and nine months ended September 30, 2008, respectively, compared to \$29.3 billion and \$101.7 billion for the same periods in 2007. ResCap's domestic loan production decreased \$9.0 billion, or 44%, for the three months ended September 30, 2008, and \$31.4 billion, or 40%, for the nine months ended September 30, 2008, compared to the same periods in 2007. ResCap's international loan production decreased \$8.4 billion, or 93%, for the three months ended September 30, 2008, and \$19.4 billion, or 83%, for the nine months ended September 30, 2008, compared to the same periods in 2007. ResCap's domestic loan production decreased due to declines in nonprime, prime conforming, prime nonconforming, and prime second-lien products. Prime conforming production decreased due to declining trends in the domestic mortgage origination market and due to current market conditions and tighter credit standards furthered by the closure of retail and wholesale channels. These results were partially offset by increases in government product. International production decreased significantly due to discontinued loan originations in the United Kingdom, continental Europe, Latin America, and Australia, and on Canadian noninsured loans during the first half of 2008. Currently, ResCap now originates only prime conforming and government mortgages in the United States and high quality insured mortgages in Canada.

The following summarizes mortgage loan production for the periods shown.

(\$ in millions)	Three months ended September 30,		Nine months ended September 30,	
	2008	2007	2008	2007
Consumer:				
Principal amount by product type:				
Prime conforming	\$6,766	\$12,174	\$34,390	\$34,425
Prime nonconforming	250	4,993	1,838	27,798
Prime second-lien	86	1,440	872	6,472
Government	4,137	1,378	9,873	5,458
Nonprime	—	221	3	4,246
Total U.S. production	11,239	20,206	46,976	78,399
International	627	9,068	3,867	23,258
Total	\$11,866	\$29,274	\$50,843	\$101,657
Principal amount by origination channel:				
Retail and direct channels	\$2,596	\$5,105	\$12,388	\$18,144
Correspondent and broker channels	8,643	15,101	34,588	60,255
Total U.S. production	\$11,239	\$20,206	\$46,976	\$78,399
Number of loans (<i>in units</i>) :				
Retail and direct channels	14,685	39,020	68,279	140,711
Correspondent and broker channels	42,223	78,875	162,032	341,825
Total U.S. production	56,908	117,895	230,311	482,536

The following table summarizes the primary domestic mortgage loan-servicing portfolio for which we hold the corresponding mortgage servicing rights.

(\$ in millions)	U.S. mortgage loan servicing portfolio			
	September 30, 2008		December 31, 2007	
	Number of loans	Dollar amount of loans	Number of loans	Dollar amount of loans
Prime conforming	1,568,986	\$236,400	1,554,594	\$227,460
Prime nonconforming	243,943	73,904	336,319	103,285
Prime second-lien	587,525	25,698	651,260	28,297
Government	217,681	26,865	180,453	19,454
Nonprime	261,061	29,078	349,696	40,105
Total primary servicing portfolio (a)	2,879,196	\$391,945	3,072,322	\$418,601
(a) Excludes loans for which we acted as a subservicer. Subserviced loans totaled 155,848 with an unpaid principal balance of \$33.9 billion at September 30, 2008, and 205,019 with an unpaid balance of \$44.3 billion at December 31, 2007.				

Our international servicing portfolio consisted of \$34.1 billion and \$43.1 billion of mortgage loans as of September 30, 2008, and December 31, 2007, respectively.

Allowance for Credit Losses

The following tables summarize the activity related to the allowance for credit losses.

Three months ended September 30, (\$ in millions)	2008			2007		
	Consumer	Commercial	Total	Consumer	Commercial	Total
Balance at July 1,	\$638	\$485	\$1,123	\$1,696	\$274	\$1,970
Provision for credit losses	533	119	652	788	93	881
Charge-offs	(206)	(25)	(231)	(453)	(50)	(503)
Reduction of allowance due to deconsolidation (a)	—	—	—	(306)	—	(306)
Recoveries	10	15	25	9	9	18
Sale of resort finance business (b)	—	(27)	(27)	—	—	—
Balance at September 30,	\$975	\$567	\$1,542	\$1,734	\$326	\$2,060
Allowance as a percentage of total (c)	3.53% (d)	7.97%	4.44%	2.85%	3.72%	2.96%

(a) During the three months ended September 30, 2007, ResCap completed the sale of residual cash flows related to a number of on-balance sheet securitization. ResCap completed the approved actions to cause the securitization trusts to satisfy the qualifying special-purpose entity requirement of SFAS No. 140, *Accounting for Transfers and Servicing of Financial Assets and Extinguishment of Liabilities*. The actions resulted in the deconsolidation of various securitization trusts.

(b) During the three months ended September 30, 2008, ResCap completed the sale of their resort finance business to our Commercial Finance group. As a result of the sales transaction, the related allowance for credit losses was removed.

(c) Represents the related allowance for credit losses as a percentage of total on-balance sheet residential mortgage loans.

(d) As of September 30, 2008, \$9.2 billion of the unpaid principal balance includes loans held at fair value for \$2.2 billion under SFAS 159 with no related allowance for credit losses. These loans have been excluded from the calculation.

Nine months ended September 30, (\$ in millions)	2008			2007		
	Consumer	Commercial	Total	Consumer	Commercial	Total
Balance at January 1,	\$832	\$485	\$1,317	\$1,508	\$397	\$1,905
Provision for credit losses	1,158	256	1,414	1,436	313	1,749
Charge-offs	(556)	(165)	(721)	(944)	(393)	(1,337)
Reduction of allowance due to fair value option election (a)	(489)	—	(489)	—	—	—
Reduction of allowance due to deconsolidation (b)	—	—	—	(306)	—	(306)
Recoveries	30	18	48	40	9	49
Sale of resort finance business (c)	—	(27)	(27)	—	—	—
Balance at September 30,	\$975	\$567	\$1,542	\$1,734	\$326	\$2,060
Allowance as a percentage of total (d)	3.53% (e)	7.97%	4.44%	2.85%	3.72%	2.96%

(a) Represents the reduction of allowance as a result of fair value option election made under SFAS 159, *The Fair Value Option for Financial Assets and Financial Liabilities*. Refer to Note 13 to the Condensed Consolidated Financial Statements for additional information.

(b) During the three months ended September 30, 2007, ResCap completed the sale of residual cash flows related to a number of on-balance sheet securitization. ResCap completed the approved actions to cause the securitization trusts to satisfy the qualifying special-purpose entity requirement of SFAS No. 140, *Accounting for Transfers and Servicing of Financial Assets and Extinguishment of Liabilities*. The actions resulted in the deconsolidation of various securitization trusts.

(c) During the three months ended September 30, 2008, ResCap completed the sale of their resort finance business to our Commercial Finance group. As a result of the sales transaction, the related allowance for credit losses was removed.

(d) Represents the related allowance for credit losses as a percentage of total on-balance sheet residential mortgage loans.

(e) As of September 30, 2008, \$9.2 billion of the unpaid principal balance includes loans held at fair value for \$2.2 billion under SFAS 159 with no related allowance for credit losses. These loans have been excluded from the calculation.

The following table sets forth the types of mortgage loans held-for-investment, excluding those loans held at fair value, that comprise the dollar balance and the percentage component of allowance for loan losses.

	Consumer mortgage loans held-for-investment			
	September 30, 2008		September 30, 2007	
(\$ in millions)	Allowance for loan losses	Allowance as a % of the total asset class (a) (b)	Allowance for loan losses	Allowance as a % of the total asset class (a)
Prime conforming mortgage loans	\$22	0.08%	\$5	0.01%
Prime nonconforming mortgage loans	440	1.59	69	0.11
Prime second-lien mortgage loans	147	0.53	149	0.25
Government loans	2	0.01	1	—
Nonprime mortgage loans	364	1.32	1,510	2.48
Total consumer mortgage loans held-for-investment	\$975	3.53%	\$1,734	2.85%

(a) Represents the related allowance for credit losses as a percentage of total on-balance sheet residential mortgage loans.

(b) As of September 30, 2008, \$9.2 billion of the unpaid principal balance includes loans held at fair value for \$2.2 billion under SFAS 159 with no related allowance for credit loss. These loans have been excluded from the calculation.

Nonperforming Assets

The following table summarizes the unpaid principal balance for nonperforming assets in the on-balance sheet held-for-sale and held-for-investment residential mortgage loan portfolios. Nonperforming assets are nonaccrual loans, foreclosed assets, and restructured loans. Mortgage loans and lending receivables are generally placed on nonaccrual status when they are 60 and 90 days past due, respectively, or when the timely collection of the principal of the loan, in whole or in part, is doubtful.

(\$ in millions)	September 30, 2008	December 31, 2007	September 30, 2007
Nonaccrual loans:			
Mortgage loans:			
Prime conforming	\$141	\$85	\$74
Prime nonconforming	1,936	908	669
Prime second-lien	420	233	197
Government	75	80	78
Nonprime (a)	3,355	4,040	7,539
Lending receivables:			
Construction (b)	1,415	550	324
Warehouse (c)	102	71	112
Commercial real estate	34	10	—
Other	—	—	—
Total nonaccrual assets	7,478	5,977	8,993
Restructured loans	125	32	61
Foreclosed assets	893	1,116	1,601
Total nonperforming assets	\$8,496	\$7,125	\$10,655
Total nonperforming assets as a percentage of total ResCap assets	14.7%	8.6%	9.7%

(a) Includes loans that were purchased distressed and already in nonaccrual status of \$303 million as of September 30, 2008; \$1.1 billion as of December 31, 2007; and \$2.1 billion as of September 30, 2007. In addition, includes nonaccrual restructured loans that are not included in restructured loans of \$127 million as of September 30, 2008; \$16 million as of December 31, 2007, and \$24 million as of September 30, 2007.

(b) Includes nonaccrual restructured loans that are not included in restructured loans of \$82 million as of September 30, 2008; \$47 million as of December 31, 2007; and \$23.9 million as of September 30, 2007.

(c) Includes nonaccrual restructured loans that are not included in restructured loans of \$406 million as of September 30, 2007.

The classification of a loan as nonperforming does not necessarily indicate that the principal amount of the loan is ultimately uncollectible in whole or in part. In certain cases, borrowers make payments to bring

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their loans contractually current, and, in all cases, our mortgage loans are collateralized by residential real estate. As a result, ResCap's experience has been that any amount of ultimate loss for mortgage loans other than second-lien loans is substantially less than the unpaid principal balance of a nonperforming loan.

The following table summarizes the delinquency information for our mortgage loans held-for-investment portfolio.

	As of September 30, 2008		As of December 31, 2007		As of September 30, 2007	
(\$ in millions)	Amount	% of total	Amount	% of total	Amount	% of total
Current	\$30,001	81	\$35,558	83	\$48,846	80
Past due:						
30 to 59 days	1,287	3	1,784	4	3,252	5
60 to 89 days	806	2	946	2	1,563	2
90 days or more	2,443	7	2,179	5	3,406	6
Foreclosures pending	2,069	5	1,846	4	2,868	5
Bankruptcies	665	2	735	2	1,329	2
Total unpaid principal balances	37,271	100	43,048	100	61,264	100
Net (discounts) premiums	(525)		(886)		(492)	
SFAS 159 fair value adjustment	(6,928)		—		—	
Allowance for credit losses	(975)		(832)		(1,734)	
Total	\$28,843		\$41,330		\$59,038	

Total loan production and combined exposure related to these products recorded in finance receivables and loans held-for-sale are summarized as follows:

	Loan production for the nine months ended September 30,	
(\$ in millions)	2008	2007
High loan-to-value (greater than 100%) mortgage loans	\$557	\$2,320
Interest-only mortgage loans	3,210	26,595
Payment option adjustable rate mortgage loans	—	7,577
Below market initial rate mortgages	233	1,318
Total	\$4,000	\$37,810

	Unpaid principal balance	
(\$ in millions)	As of September 30, 2008	As of December 31, 2007
High loan-to-value (greater than 100%) mortgage loans	\$3,989	\$5,896
Interest-only mortgage loans	13,228	18,282
Payment option adjustable rate mortgage loans	1,428	1,691
Below market initial rate mortgages	821	733
Total	\$19,466	\$26,602

Insurance Operations

Results of Operations

The following table summarizes the operating results of our Insurance operations for the periods shown. The amounts presented are before the elimination of balances and transactions with our other operating segments.

(\$ in millions)	Three months ended September 30,			Nine months ended September 30,		
	2008	2007	Favorable/ (unfavorable) % change	2008	2007	Favorable/ (unfavorable) % change
Revenue						
Insurance premiums and service revenue earned	\$1,114	\$1,133	(2)	\$3,322	\$3,206	4
Investment (loss) income	(6)	96	(106)	184	272	(32)
Other income	39	54	(28)	133	143	(7)
Total insurance premiums and other income	1,147	1,283	(11)	3,639	3,621	—
Expense						
Insurance losses and loss adjustment expenses	610	659	7	1,919	1,795	(7)
Acquisition and underwriting expense	433	466	7	1,256	1,289	3
Total expense	1,043	1,125	7	3,175	3,084	(3)
Income before income tax expense						
Income tax expense	104	158	(34)	464	537	(14)
Income tax expense	7	41	83	100	146	32
Net income	\$97	\$117	(17)	\$364	\$391	(7)
Total assets	\$12,459	\$14,511	(14)			
Insurance premiums and service revenue written						
	\$1,042	\$1,063	(2)	\$3,241	\$3,097	5
Combined ratio (a)	90.9%	95.3%		94.2%	92.3%	

(a) Management uses the combined ratio as a primary measure of underwriting profitability with its components measured using accounting principles generally accepted in the United States of America. Underwriting profitability is indicated by a combined ratio under 100% and is calculated as the sum of all incurred losses and expenses (excluding interest and income tax expense) divided by the total of premiums and service revenues earned and other income.

Net income from Insurance operations totaled \$97 million and \$364 million for the three months and nine months ended September 30, 2008, respectively, compared to \$117 million and \$391 million for the same periods in 2007. Net income for the three months ended September 30, 2008, decreased compared to the same period in 2007 primarily due to higher realized investment losses, which were driven by other-than-temporary impairment recognized on certain investment securities, losses on sales of securities to reduce portfolio exposure to the financial services sector, and unfavorable investment market volatility. The decrease was partially offset by a favorable settlement of a prior year tax return. Net income for the nine months ended September 30, 2008, decreased compared to the same period in 2007 primarily due to an increase in insurance and investment losses, partially offset by a favorable resolution of a tax audit and the favorable settlement of a prior year tax liability.

Insurance premiums and service revenue earned decreased 2% for the three months ended September 30, 2008, compared to the same period in 2007, but increased 4% for the nine months ended September 30, 2008, compared to the same period in 2007. Insurance premiums and service revenues earned decreased for the three-month period primarily due to challenging domestic pricing conditions. The nine-month period increased primarily due to favorable growth in our international operations, both organically and through the acquisition of Provident Insurance in June 2007.

The combination of investment and other income decreased 78% and 24% for the three months and nine months ended September 30, 2008, respectively, compared to the same periods in 2007. Investment income decreased primarily due to actions taken during the three months ended September 30, 2008, to reduce exposure to market volatility, which resulted in realized investment losses of \$90 million for the three-month period. The decrease for the nine months ended September 30, 2008, was partially offset by investment income generated from the acquisition of Provident Insurance in June 2007.

Insurance losses and loss adjustment expenses totaled \$610 million and \$1.9 billion for the three months and nine months ended September 30, 2008, respectively, compared to \$659 million and \$1.8 billion for the three months and nine months ended September 30, 2007, respectively. The decrease for the three-month period was primarily due to a change in product mix and favorable reserve development within our domestic reinsurance business. The increase for the nine-month period was primarily due to growth in our international operations, both organically and through the Provident acquisition, and higher spring and summer weather losses in 2008, which adversely affected our dealer inventory insurance and reinsurance operations. The increase for the nine-month period was partially offset by a change in product mix and reserve development within our domestic reinsurance business.

Acquisition and underwriting expense totaled \$433 million and \$1.3 billion for the three months and nine months ended September 30, 2008, respectively, compared to \$466 million and \$1.3 billion for the three months and nine months ended September 30, 2007, respectively. The decrease for the three-month period was primarily due to lower volumes of U.S. business. Activity for the nine-month period remained relatively flat, compared to the same period in 2007.

Other Operations

Other operations experienced a net loss of \$414 million and \$574 million for the three months and nine months ended September 30, 2008, respectively, compared to a net loss of \$6 million and net income of \$79 million for the three months and nine months ended September 30, 2007, respectively. The decrease for both periods was primarily due to increased interest expense for corporate activities due to increased borrowings, other-than-temporary impairment recognized on certain investment securities due to adverse market conditions, decreased equity investment income, and expenses related to the repurchase of equity-based compensation awards. The three months and nine months ended September 30, 2008, also included intercompany eliminations of \$19 million and \$42 million, respectively, related to the extinguishment of ResCap debt, which are ultimately eliminated in consolidation. We experienced equity investment net losses of \$8 million and \$46 million for the three months and nine months ended September 30, 2008, respectively, compared to net income of \$10 million and \$71 million for the same periods in 2007. The losses were primarily attributable to the decline in credit market conditions and unfavorable asset revaluations.

Other operations also include the results of our Commercial Finance Group. Our Commercial Finance Group experienced net income of \$26 million and \$25 million for the three months and nine months ended September 30, 2008, respectively, compared to \$16 million and \$46 million for the three months and nine months ended September 30, 2007, respectively. The increase for the three-month period was primarily due to a \$29 million gain recognized during July 2008 related to the sale of operations in Poland, offset partially by increases in factoring customer loss reserves as a result of the current market pressures on retailers. The decrease for the nine-month period was primarily due to increased interest expense, as a result of higher asset levels and higher interest spreads, unfavorable asset valuation adjustments, and increased customer loss reserves, partially offset by the gain recognized for the sale of operations in Poland. The decrease for the nine months ended September 30, 2008, was also impacted by the absence of a \$12 million favorable gain impact recognized during February 2007 related to the sale of certain loans.

Funding and Liquidity

Funding Strategy

Our liquidity and ongoing profitability are largely dependent upon our timely access to capital and the costs associated with raising funds in different segments of the capital markets. The goal of liquidity management is to provide adequate funds to meet changes in loan and lease demand, debt maturities, and unexpected deposit withdrawals. Our primary funding objective is to ensure that we have adequate, reliable access to liquidity throughout all market cycles, including periods of financial distress.

The ongoing stress in the credit markets intensified in the most recent quarter and as a result we have had to realign our priorities regarding our funding strategy. Historically, a key part of our strategy was to regularly access the public markets and to vigilantly manage our funding costs. However, due to market constraints we have had very limited access to public markets financing in 2008 and funding costs have escalated as inter-bank rates and credit spreads have widened. In today's market, we are managing our liquidity using the following practices:

- *Existing secured funding programs* — Over the past several years our strategy has been to maintain a prudent amount of committed credit capacity. Lack of access to the public markets in the current credit environment has resulted in an increased level of utilization across our secured facilities. We maintain access to many of our key secured funding programs beyond 2009, including our whole loan forward flow agreements and our secured revolving credit facility. Also, in September 2008, we extended our funding facility with Citi for one year at \$13.8 billion, which includes \$3.7 billion that could be made available upon successful syndication of the facility.
- *New secured funding transactions* — We continue to actively work on new secured funding transactions in the private market with various lenders both domestically and internationally. These transactions are in various stages of development.
- *GMAC Bank* — In July 2008, the Federal Deposit Insurance Corporation (FDIC) granted a 10-year extension of GMAC Bank's current ownership structure by extending the existing disposition requirement that was established in connection with the Sale Transactions. As a regulated financial institution, GMAC Bank has access to funding through Federal Home Loan Bank (FHLB) advances and brokered certificates of deposit. GMAC Bank continues to grow and is becoming a more prominent part of our funding strategy. The deposit base has grown from \$12.8 billion at December 31, 2007, to \$17.7 billion at September 30, 2008. As a regulated entity, GMAC Bank is subject to significant restrictions on transactions with, or providing any financial support to, any affiliate, including GMAC or any of its subsidiaries.
- *Reduced asset originations* — While GMAC Bank is becoming a more prominent source of funding for the Company, we are still heavily reliant on funding from the capital markets as well as our credit providers. Our access to the capital markets has been extremely limited in 2008 compared to past years, and, as a result, we have increased the utilization of our committed credit facilities. Given the constraints on our funding capacity, we have adjusted our loan originations accordingly. In October 2008, we implemented a more conservative purchase policy for consumer auto financing in the United States as a result of the lack of stability in the global capital and credit markets. The changes included limiting purchases to contracts with a credit score of 700 or above. Additionally, we are restricting contracts with higher advance rates and longer terms. Similar actions are being taken internationally.
- *Participation in Governmental Relief Packages* —
 - On September 11, 2008, the automotive division of GMAC Bank was granted access to the Federal Reserve's Discount Window and Term Auction Facility (TAF). The Discount Window is the primary credit facility under which the Federal Reserve extends collateralized loans to depository institutions at terms from overnight up to ninety days. The TAF program auctions a pre-announced quantity of collateralized credit starting with a minimum bid for term funds of 28-day or 84-day maturity. The automotive division of GMAC Bank has pledged \$5.2 billion of automotive loans and leasing financings to participate in the Discount Window and TAF program at varying collateral requirements. At September 30, 2008, GMAC Bank had no outstanding borrowings under these programs with unused capacity of \$4.1 billion.

- We applied, were approved, and began selling asset-backed commercial paper to the Federal Reserve’s Commercial Paper Funding Facility (CPFF) that went into effect on October 27, 2008.
- We are currently in discussions with the Federal Reserve for approval to become a bank holding company under the Bank Holding Company Act. As a bank holding company, we would expect to have expanded opportunities for funding and access to capital. If we submit a formal application and the application is approved, we would become subject to the consolidated supervision and regulation of the Federal Reserve and would also be subject to the Federal Reserve’s risk-based and leverage capital requirements and information reporting requirements for bank holding companies. If we were to become a bank holding company, GMAC Bank would continue to be subject to Sections 23A and 23B of the Federal Reserve Act, which currently restrict GMAC Bank’s ability to lend to affiliates, purchase assets from them, or enter into certain other affiliate transactions, including any entity that directly or indirectly controls or is under common control with GMAC Bank.

Recent Funding Developments

Our funding strategy and liquidity position have been adversely affected by the ongoing stress in the credit markets that began in the middle of 2007 and reached unprecedented levels during recent months. The capital markets remain highly volatile, and our access to liquidity has been significantly reduced. These conditions, in addition to the reduction in our credit ratings, have resulted in increased borrowing costs and our inability to access the unsecured debt markets in a cost-effective manner. Furthermore, we have regular renewals of outstanding bank loans and credit facilities. Although our material committed facilities due to mature in the third quarter were renewed, albeit at revised terms, some facilities have not renewed placing additional pressure on our liquidity position. Our inability to renew the remaining loans and facilities as they mature could have a further negative impact on our liquidity position. We also have significant maturities of unsecured notes each year. In addition, a significant portion of our customers are those of GM, GM dealers, and GM-related employees. As a result, a significant adverse change in GM’s business or financial position could have an adverse effect on our profitability and financial condition.

Our business continues to be affected by these conditions and has led us to take several actions to manage resources during this volatile environment. Certain of these steps have included the following: aligning automotive originations with available committed funding sources in the United States and abroad; streamlining operations to suit the current business plans; growing GMAC Bank within applicable regulatory guidelines; reducing risk in the balance sheet; and divesting select non-core operations. We are also focused on pursuing strategies to increase flexibility and access to liquidity with the primary focus of continuing to support automotive dealers and customers. Ongoing initiatives include participating in the Federal Reserve’s commercial paper purchase program through the company’s asset-backed conduit, New Center Asset Trust (NCAT), and evaluating the use of other government programs, such as the Troubled Asset Relief Program. Furthermore, we are engaging in discussions with federal regulatory authorities regarding bank holding company status. We also may commence a private offer to exchange a significant amount of outstanding indebtedness for a reduced principal amount of new indebtedness. If unanticipated market factors emerge or GMAC is unable to successfully execute some or all of its current plans, it could have a material adverse effect on our liquidity, operations, and/or financial position.

We have recently taken the following additional actions intended to improve liquidity and support the capital structure of ResCap:

- During the second quarter of 2008, Cerberus committed to purchase certain assets at ResCap’s option consisting of performing and nonperforming mortgage loans, mortgage-backed securities, and other assets for net cash proceeds of \$300 million. During the third quarter, the following transactions were completed with Cerberus:
 - On July 14 and 15, 2008, ResCap, through its consolidated subsidiary, GMAC Mortgage LLC (GMAC Mortgage), agreed to sell securitized excess servicing on two populations of loans to Cerberus consisting of \$13.8 billion in unpaid principal balance of Freddie Mac loans and \$24.8 billion in unpaid principal balance of Fannie Mae loans, capturing \$591 million and \$982 million of notional interest-only securities, respectively. The sales closed on July 30, 2008, with net proceeds of \$175 million to ResCap.

- On September 30, 2008, ResCap completed the sale of certain of its model home assets to MHPool Holdings LLC (MHPool Holdings), an affiliate of Cerberus, for cash consideration consisting of approximately \$80 million, subject to certain adjustments, primarily relating to the sales of homes between June 20, 2008, and September 30, 2008, resulting in a net purchase price from MHPool Holdings of approximately \$59 million.
- On September 30, 2008, we contributed ResCap notes that we had previously purchased in open-market transactions with a face amount of \$93 million and a fair value of approximately \$51 million. Accordingly, ResCap recorded a capital contribution for our purchase price of \$51 million and a gain of \$42 million on extinguishment of debt representing the difference between the carrying value and GMAC's fair market value purchase price. In addition, we forgave \$3 million of accrued interest related to these notes increasing the total capital contribution to \$54 million.
- On September 30, 2008, we also forgave debt outstanding of \$102 million under the loan and security agreement (the GMAC Secured MSR Facility) with Residential Funding Corporation LLC (RFC) and GMAC Mortgage. The debt forgiveness reduces the overall GMAC Secured MSR Facility indebtedness. This facility was due to mature on October 17, 2008. Subsequent to September 30, 2008, the GMAC Secured MSR Facility matured and was renewed to May 1, 2009, with additional amendments to the original terms most notably the advance rates reduced from 85.0% to 76.6% and the reduction of the amount of GMAC's lending commitment by \$84 million as of October 17, 2008, with a subsequent commitment reduction of \$84 million effective as of October 22, 2008, and further commitment reductions equal to \$102 million representing the outstanding indebtedness forgiven by GMAC on September 30, 2008, as a contribution of capital to ResCap and its subsidiaries.
- On July 31, 2008, ResCap and GMAC finalized the Resort Finance Sale Agreement pursuant to which GMAC Commercial Finance LLC (GMACCF) acquired 100% of ResCap's Resort Finance business for a cash purchase price equal to the fair market value of the business. On June 3, 2008, ResCap received an initial deposit of \$250 million representing estimated net proceeds related to this transaction. Upon final pricing and execution of the sale, ResCap was required to repay a portion of the initial deposit to GMACCF in the amount of \$154 million representing the difference between the deposit it had received and the valuation.
- Under the Receivables Factoring Facility, GMACCF has purchased an additional \$167 million face amount of receivables from ResCap during the three months ended September 30, 2008 (\$754 million of purchases since June 17, 2008), with cash proceeds from all the sales to date totaling \$641 million. ResCap recorded a cumulative net loss of \$113 million related to these transactions for the nine months ended September 30, 2008.
- On October 31, 2008, the GMAC Board of Directors approved forgiveness of ResCap's debt related to the GMAC Secured MSR Facility equal to the amount required to maintain a consolidated tangible net worth, as defined, of \$350 million as of October 31, 2008. As a result of this debt forgiveness, ResCap will remain in compliance with its credit facility financial covenants as of October 31, 2008, which requires ResCap to maintain a monthly consolidated tangible net worth of \$250 million, among other requirements. For this purpose, consolidated tangible net worth is defined as ResCap's consolidated equity, excluding intangible assets and equity in GMAC Bank to the extent included in ResCap's consolidated balance sheet.

Even with the implementation of the actions described above, ResCap remains heavily dependent on GMAC and its affiliates for funding and there can be no assurance that GMAC or its affiliates will continue such actions.

ResCap remains highly leveraged relative to its cash flow and continues to recognize substantial losses resulting in a significant deterioration in capital. During the third quarter of 2008, ResCap's consolidated tangible net worth, as defined, fell below \$1.0 billion giving Fannie Mae the right to pursue certain remedies under the master agreement and contract between GMAC Mortgage, LLC, its consolidated subsidiary, and Fannie Mae. In light of the decline in ResCap's consolidated tangible net worth, as defined, Fannie Mae has requested additional security for some of ResCap's potential obligations under its agreements with them. ResCap has reached an agreement in principle with Fannie Mae, under the terms of which ResCap will provide them additional collateral valued at \$200 million, and agree to sell and transfer the servicing on

mortgage loans having an unpaid principal balance of approximately \$12.7 billion, or approximately 9% of the total principal balance of loans ResCap services for them. Fannie Mae has indicated that in return for these actions, they will agree to forbear, until January 31, 2009, from exercising contractual remedies otherwise available due to the decline in consolidated tangible net worth, as defined. Actions based on these remedies could have included, among other things, reducing ResCap's ability to sell loans to them, reducing its capacity to service loans for them, or requiring it to transfer servicing of loans ResCap services for them. Management believes that selling the servicing related to the loans described above will have an incremental positive impact on ResCap's liquidity and overall cost of servicing, since it will no longer be required to advance delinquent payments on those loans. Meeting Fannie Mae's collateral request will have a negative impact on ResCap's liquidity. Moreover, if Fannie Mae deems ResCap's consolidated tangible net worth, as defined, to be inadequate following the expiration of the forbearance period referred to above, and if Fannie Mae then determines to exercise their contractual remedies as described above, it would adversely affect our profitability and financial condition. There continues to be a risk that ResCap will not be able to meet its debt service obligations, default on its financial debt covenants due to insufficient capital, and/or be in a negative liquidity position in 2008. As a result, there is substantial doubt about its ability to continue operating as a going concern.

ResCap actively manages its liquidity and capital positions and is continually working on initiatives to address its debt covenant compliance and liquidity needs, including debt maturing in the next twelve months and the identified risks and uncertainties. The accompanying Condensed Consolidated Financial Statements were prepared on a going-concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business.

ResCap's initiatives include, but are not limited to, the following: continue to work with all of its key credit providers to optimize all available liquidity options; continued reduction of assets and other restructuring activities; focused production on government and prime conforming products; exploration of potential alliances, joint ventures, and other transactions with third parties; pursuit of possible liquidity and capital benefits from the TARP; and continued exploration of opportunities for funding and capital support from GMAC and its affiliates. Most of these initiatives are outside of ResCap control resulting in an increased uncertainty to their successful execution.

If additional financing or capital were to be obtained from GMAC, its affiliates, and/or third parties, the terms may contain covenants that restrict ResCap's freedom to operate its business. Additionally, ResCap's ability to participate in any governmental investment program or the TARP, either directly or indirectly through GMAC, is unknown at this time.

In light of ResCap's liquidity and capital needs, combined with volatile conditions in the marketplace, there is substantial doubt about ResCap's ability to operate as a going concern. If GMAC no longer continues to support the capital or liquidity needs of ResCap or ResCap is unable to successfully execute its other initiatives, it would have a material adverse effect on ResCap's business, results of operations, and financial position.

GMAC Bank Matters

In connection with the change of control of GMAC Bank that resulted from the Sale Transactions, the FDIC required each of Cerberus FIM, LLC; Cerberus FIM Investors, LLC; and FIM Holdings LLC (collectively, the FIM Entities), to enter into a two-year disposition agreement. That agreement required, among other things, the FIM Entities to complete, by no later than November 30, 2008, one of the following actions: (1) become registered with the appropriate federal banking agency as a depository institution holding company pursuant to the Bank Holding Company Act or the Home Owners' Loan Act; (2) divest control of GMAC Bank to one or more persons or entities other than prohibited transferees; (3) terminate GMAC Bank's status as an FDIC-insured depository institution; or (4) obtain from the FDIC a waiver of the requirements set forth in this sentence on the ground that applicable law and FDIC policy permit similarly situated companies to acquire control of FDIC-insured industrial banks. On July 15, 2008, the FDIC granted a 10-year extension of the disposition requirement. Pursuant to the extension, the FIM Entities have until November 30, 2018, to complete one of the four actions enumerated above. Certain agreements were entered into in connection with this extension. The agreements included a Parent Company Agreement (the PA) among GMAC, the FIM Entities, IB Finance Holding Company, LLC, GMAC Bank, and the FDIC. The PA requires GMAC to maintain its capital at a level such that the ratio of its total equity to total assets is at least 5%. The PA defines

“total equity” and “total assets” as total equity and total assets, respectively, as reported on our consolidated balance sheet in its quarterly and annual reports filed with the SEC. In the event that our ratio of total equity to total assets falls below 5%, the PA requires us to submit a plan to restore compliance. On October 30, 2008, we notified the FDIC that the ratio of our total equity to total assets was 4.38% and that we would submit a plan to restore compliance in accordance with the PA.

Cash Flows

Net cash provided by operating activities was \$10.3 billion for the nine months ended September 30, 2008, compared to \$5.4 billion for the same period in 2007. Net cash used by operating activities primarily includes cash used for the origination and purchase of certain mortgage and automotive loans held-for-sale and the cash proceeds from the sales of and principal repayments on such loans. Our ability to originate and sell mortgage loans at previously experienced volumes has been hindered by the continued depressed U.S. housing market and certain foreign mortgage and capital markets. These conditions contributed to an increase in net cash flow from operating activities as cash inflows from collections and sales of mortgage and automotive loans held-for-sale outpaced cash outflows from origination and purchases of new loans.

Net cash provided by investing activities was \$3.5 billion for the first nine months ended September 30, 2008, compared to \$11.5 billion for the same period in 2007. Considering the impact of sales activity, net cash flows associated with loans and finance receivables held-for-investment decreased approximately \$18.7 billion during the nine months ended September 30, 2008, compared to the same period in 2007. This decrease in cash was partially offset by an increase in cash from proceeds from sales and maturities of available-for-sale investment securities, net of purchases, of \$6.1 billion and lower net cash outflows from operating lease activities of \$5.2 billion in the first nine months of 2008 compared to the same period a year ago.

Net cash used in financing activities for the nine months ended September 30, 2008, totaled \$18.2 billion, compared to \$8.3 billion for the same period in 2007. This change was largely related to lower levels of cash provided from issuing long-term debt and a \$7.1 billion increase in net cash outflows to pay down short-term debt during the nine months ended September 30, 2008, compared to the same period in 2007. These decreases in cash from financing activities were partially offset by increases in certificate and brokered deposit balances as part of our diversified funding strategy and lower levels of cash used to pay down long-term debt.

Funding Sources

The following table summarizes debt and other sources of funding by source and the amount outstanding under each category for the periods shown.

(\$ in millions)	Outstanding	
	September 30, 2008	December 31, 2007
Commercial paper	\$674	\$1,439
Institutional term debt	41,929	61,457
Retail debt programs	21,526	26,175
Secured financings (a)	88,019	90,809
Bank loans and other	8,123	12,697
Total debt (b)	\$160,271	\$192,577
Bank deposits (c)	\$17,289	\$13,708
Off-balance sheet securitizations:		
Retail finance receivables	\$13,906	\$14,328
Wholesale loans	8,185	16,813
Mortgage loans	126,642	136,108
Total off-balance sheet securitizations	\$148,733	\$167,249
(a) Includes securitization transactions that are accounted for on-balance sheet as secured financings totaling \$62,504 million and \$60,898 million at September 30, 2008, and December 31, 2007, respectively.		
(b) Excludes fair value adjustment as described in Note 13 to our Condensed Consolidated Financial Statements.		
(c) Includes consumer and commercial bank deposits and dealer wholesale deposits.		

Short-term Debt

We obtain short-term funding from the sale of floating-rate demand notes under a program referred to as GMAC LLC Demand Notes. These notes can be redeemed at any time at the option of the holder thereof without restriction. Our domestic and international unsecured and secured commercial paper programs also provide short-term funding, as do short-term bank loans. Renewing our short-term debt maturities, particularly unsecured debt, including Demand Notes, has been more challenging this quarter due to the heightened credit market turmoil. Demand Notes outstanding decreased by \$1.8 billion during the three months ended September 30, 2008. As of September 30, 2008, we had \$19.0 billion in short-term debt outstanding, a decline of \$14.8 billion from December 31, 2007. Refer to Note 8 to our Condensed Consolidated Financial Statements for additional information about our outstanding short-term debt.

Long-term Debt

Historically, the unsecured debt markets were a key source of long-term financing for us. However, given our current ratings profile and market environment, we have been unable to access the unsecured debt markets. During the nine months ended September 30, 2008, we did not issue unsecured long-term debt in the capital markets.

The following table presents the scheduled maturity of unsecured long-term debt at September 30, 2008, assuming that no early redemptions occur.

Year ended December 31, (\$ in millions)	Global Automotive		Total
	Finance operations (a)	ResCap	
2008	\$1,520	\$275	\$1,795
2009	12,178	621	12,799
2010	6,946	1,806	8,752
2011	12,079	225	12,304
2012	5,643	421	6,064
2013 and thereafter	18,238	1,180	19,418
Total unsecured long-term debt (b)	\$56,604	\$4,528	\$61,132

(a) Consists of debt we or our subsidiaries incur to finance our Global Automotive Finance operations.

(b) Debt issues totaling \$13.9 billion are redeemable at or above par, at our option, anytime prior to the scheduled maturity dates, the latest of which is November 2049.

Secured Financings and Off-balance Sheet Securitizations

For the first nine months of 2008, more than 97% of our North American Automotive Finance operations volume was funded through secured funding arrangements or automotive whole-loan sales. In the three months ended September 30, 2008, our North American Automotive Finance operations executed approximately \$4.0 billion in automotive whole-loan sales and off-balance sheet securitizations. In addition, our North American Automotive Finance operations executed approximately \$5.3 billion in secured funding during the quarter. Our International Automotive Finance operations funds approximately 32% of its operations through securitizations and other forms of secured funding.

ResCap utilizes committed and uncommitted secured facilities to fund inventories of mortgage loans held-for-investment, mortgage loans held-for-sale, lending receivables, mortgage servicing cash flows, and securities. These facilities provide funding for residential mortgage loans prior to their subsequent sale or securitization. Although unused capacity exists under the secured committed facilities, use of such capacity is conditioned upon certain collateral eligibility requirements and, as a result, access to such capacity under these facilities may be limited. The unused capacity on the committed secured facilities can be utilized only upon pledge of eligible assets that ResCap may not currently have available or the capacity can provide funding for future asset acquisitions. ResCap also utilizes off-balance sheet financings. ResCap's total off-balance sheet financings outstanding were \$127 billion as of September 30, 2008, and \$136 billion as of December 31, 2007. A significant portion of off-balance sheet financing relates to securitizations issued in off-balance sheet trusts.

As a part of ResCap's historical capital markets activity, predominantly in its international operations, several of its securitizations have certain servicer obligations contingent on actions by bond holders. These servicer obligations exist in its Dutch, German, and Australian securitization structures. Certain of these obligations provide the investors of the trust with the ability to put back these securities to the trust at a specified date in the future at par less losses previously allocated to the bond classes. ResCap, as servicer of the trust, is obligated to advance the funds required to redeem bond holders. ResCap has the option to purchase loans from the trust at their par value, the proceeds of which then can be used to offset the trust's obligation to repay the servicer. The specific dates that these options can be exercised range from seven to twelve years from the securitization date. The earliest exercise date for these options is the third quarter of 2009.

The total estimated amount of Dutch and German bonds subject to these servicer obligations is approximately \$7.6 billion beginning in 2009 through 2019. The estimated obligation considers contractual amortization, prepayments, and defaults among other management assumptions. The portion that is exercisable prior to December 31, 2009 and 2010, is 1.1% of the total and 6.5% of the total, respectively. Approximately 70.3% of the total estimated bonds are eligible for this servicer obligation beginning in 2013 and after.

The total estimated amount of Australian bonds subject to these servicer obligations is approximately \$88 million, all of which are exercisable in 2011.

The following table summarizes assets that are restricted as collateral for the payment of related debt obligations. These restrictions primarily arise from securitization transactions accounted for as secured borrowings and repurchase agreements. Excluded from the table is \$3.3 billion of assets used to support certain global funding facilities. This support has been provided by transferring these assets to a wholly owned subsidiary of GMAC, which then provides a guarantee in favor of lenders under certain funding facilities.

(\$ in millions)	September 30, 2008		December 31, 2007	
	Assets (a)	Related secured debt (b)	Assets	Related secured debt (a)
Loans held-for-sale	\$4,499	\$1,819	\$10,437	\$6,765
Mortgage assets held-for-investment and lending receivables	38,490	19,576	45,534	33,911
Retail automotive finance receivables	30,483	23,044	23,079	19,094
Commercial automotive finance receivables	15,910	12,011	10,092	7,709
Investment securities	817	725	880	788
Investment in operating leases, net	25,259	19,691	20,107	17,926
Real estate investments and other assets	20,448	11,153	14,429	4,616
Total	\$135,906	\$88,019	\$124,558	\$90,809

(a) GMAC has a senior position on certain assets pledged by ResCap with subordinate positions held by GM, affiliates of Cerberus, and ultimately some third parties.

(b) Included as part of secured debt are repurchase agreements of \$1.5 billion and \$3.6 billion through which we have pledged assets as collateral at September 30, 2008, and December 31, 2007, respectively.

Bank Deposits

We accept commercial and consumer deposits through GMAC Bank in the United States. As of September 30, 2008, GMAC Bank had approximately \$17.7 billion of deposits, compared to \$12.8 billion as of December 31, 2007. Deposits are an efficient and cost-effective source of funding for us so we have been offering competitive rates in an effort to increase our deposit levels. We also have banking operations in Argentina, Brazil, Colombia, France, Germany, and Poland that fund automotive assets.

Funding Facilities

The following tables highlight credit capacity under our secured and unsecured funding facilities as of September 30, 2008, and December 31, 2007. We utilize both committed and uncommitted credit facilities.

Unsecured Funding Facilities

The following table summarizes our unsecured committed capacity as of September 30, 2008, and December 31, 2007.

(\$ in billions)	Unsecured committed facilities					
	September 30, 2008			December 31, 2007		
	Unused Outstanding capacity	Total capacity		Unused Outstanding capacity	Total capacity	
Global Automotive Finance operations:						
North American operations						
Revolving credit facility – 364 day	\$—	\$—	\$—	\$—	\$3.0	\$3.0
Revolving credit facility – multiyear	0.5	—	0.5	—	3.0	3.0
Bank lines	0.5	—	0.5	0.8	0.2	1.0
International operations						
Bank lines	1.0	0.1	1.1	1.1	0.8	1.9
Total Global Automotive Finance operations	2.0	0.1	2.1	1.9	7.0	8.9
ResCap:						
Revolving credit facility – 364 day	—	—	—	—	0.9	0.9
Revolving credit facility – multiyear	—	—	—	—	0.9	0.9
Bank term loan	—	—	—	1.8	—	1.8
Total ResCap	—	—	—	1.8	1.8	3.6
Other:						
Commercial Finance operations	—	—	—	—	0.1	0.1
Total Other	—	—	—	—	0.1	0.1
Total	\$2.0	\$0.1	\$2.1	\$3.7	\$8.9	\$12.6

Revolving credit facilities — As of December 31, 2007, we had four unsecured syndicated bank facilities totaling approximately \$7.8 billion. GMAC had a \$3.0 billion 364-day facility maturing in June 2008 and a \$3.0 billion five-year term facility maturing June 2012. ResCap had an \$875 million 364-day facility maturing June 2008 and an \$875 million three-year term facility maturing June 2010. In June 2008, lenders in the GMAC and ResCap unsecured revolving credit facilities were given the option of transferring their existing credit commitments to a new GMAC secured revolving credit facility at a multiple of their existing commitment amount. Of the 38 banks given this option, 30 of them, composing over 90% of the existing commitment amounts, exercised this option. All of the ResCap lenders opted to transfer their commitments, while some GMAC lenders chose not to transfer their commitments; therefore, they remained in the existing GMAC five-year term facility with amended terms and conditions. The remaining commitments total \$486 million and are available until June 2012. As of September 30, 2008, the five-year term facility was fully drawn.

Bank lines — As of September 30, 2008, we maintained \$521 million in committed unsecured bank facilities in Canada and \$1.1 billion in International operations, primarily in Europe.

Bank term loan — During June 2008, GMAC acquired \$1.3 billion of the outstanding \$1.8 billion ResCap term loan due to mature on July 28, 2008. This transaction was incorporated into the \$3.5 billion senior secured credit facility extended from GMAC to subsidiaries of ResCap and therefore utilizes \$1.3 billion of

the total capacity. ResCap paid the remainder of the term loan with proceeds from the \$3.5 billion credit facility provided by GMAC.

The following table summarizes our unsecured uncommitted capacity as of September 30, 2008, and December 31, 2007. The financial institutions providing the uncommitted facilities are not legally obligated to advance funds under them.

(\$ in billions)	Unsecured uncommitted facilities					
	September 30, 2008			December 31, 2007		
	Outstanding	Unused capacity	Total capacity	Outstanding	Unused capacity	Total capacity
Global Automotive Finance operations:						
International operations						
Lines of credit – Europe	\$2.2	\$—	\$2.2	\$4.7	\$0.4	\$5.1
Lines of credit – Latin America	1.9	0.1	2.0	2.2	0.7	2.9
Lines of credit – Asia Pacific	0.2	—	0.2	0.4	0.1	0.5
Total Global Automotive Finance operations	4.3	0.1	4.4	7.3	1.2	8.5
ResCap:						
Lines of credit	0.1	0.1	0.2	0.3	—	0.3
GMAC Bank – Fed Funds	—	0.2	0.2	—	0.2	0.2
Other	—	—	—	0.1	—	0.1
Total ResCap	0.1	0.3	0.4	0.4	0.2	0.6
Other:						
Commercial Finance operations	—	—	—	0.2	—	0.2
Total	\$4.4	\$0.4	\$4.8	\$7.9	\$1.4	\$9.3

Global Automotive Finance lines of credit — Our International operations utilize credit lines from local banks and local branches of multinational financial institutions. The lines generally have a documented credit limit to establish total capacity, but lenders are not obligated to fulfill loan requests if there is unutilized capacity. Also, lenders are not obligated to renew outstanding loans when they mature. The outstanding loans under these credit lines tend to be short-term in nature and therefore are renewed throughout the year. These credit lines are typically supported by a parent guarantee from GMAC LLC. As of September 30, 2008, our nonconsolidated Chinese affiliate (GMAC-SAIC Automotive Finance Company Limited) had \$1.6 billion of bank line capacity and \$1.0 billion outstanding which is not included in the table above.

ResCap lines of credit — ResCap's lines of credit are used for general working capital purposes and have short-term maturities.

Secured Funding Facilities

The following table shows the current capacity and potential capacity under our secured committed facilities as of September 30, 2008, and December 31, 2007. Current capacity represents funding capacity that is available upon request as excess collateral resides in certain facilities. The potential capacity on the committed secured facilities can be utilized only upon the pledge of eligible assets.

(\$ in billions)	Secured committed facilities							
	September 30, 2008				December 31, 2007			
	Outstanding	Current capacity (a)	Potential capacity (b)	Total capacity	Outstanding	Current capacity (a)	Potential capacity (b)	Total capacity
Global Automotive Finance operations:								
North American operations								
Syndicated facilities (c)	\$14.1	\$0.4	\$12.8	\$27.3	\$—	\$—	\$18.0	\$18.0
Bilateral/multilateral bank facilities	19.0	0.1	3.0	22.1	28.5	0.1	3.1	31.7
International operations								
Bilateral/multilateral bank facilities	10.5	—	1.3	11.8	10.5	—	1.8	12.3
Total Global Automotive Finance operations	43.6	0.5	17.1	61.2	39.0	0.1	22.9	62.0
ResCap:								
Repurchase agreements	0.7	—	2.6	3.3	3.6	—	5.3	8.9
Receivables Lending Agreement (RLA) / Mortgage Asset Lending Agreement (MALA)	—	—	—	—	0.3	—	8.4	8.7
Facilities for construction lending receivables	0.7	—	—	0.7	1.8	—	0.1	1.9
Facilities for mortgage servicing rights	1.2	—	0.6	1.8	1.5	—	0.6	2.1
Other	3.3	—	0.5	3.8	8.6	—	3.0	11.6
Total ResCap	5.9	—	3.7	9.6	15.8	—	17.4	33.2
Other:								
Commercial Finance operations	2.5	—	0.7	3.2	2.1	—	1.6	3.7
Insurance operations	—	—	0.1	0.1	—	—	0.1	0.1
Total Other	2.5	—	0.8	3.3	2.1	—	1.7	3.8
Total	\$52.0	\$0.5	\$21.6	\$74.1	\$56.9	\$0.1	\$42.0	\$99.0
Whole-loan flow agreements	\$—	\$—	\$20.8	\$20.8	\$—	\$—	\$37.4	\$37.4
Total commitments (d)	\$52.0	\$0.5	\$42.4	\$94.9	\$56.9	\$0.1	\$79.4	\$136.4

(a) Funding is generally available upon request as excess collateral resides in certain facilities.

(b) Funding is generally available to the extent incremental collateral is contributed to the facilities.

(c) Potential capacity includes undrawn credit commitments that serve as backup liquidity to support our asset-backed commercial paper program (NCAT). There was \$9.0 billion and \$12.0 billion of potential capacity that was supporting \$5.9 billion and \$6.9 billion of outstanding NCAT commercial paper as of September 30, 2008 and December 31, 2007 respectively. The NCAT commercial paper outstanding is not included in our Condensed Consolidated Balance Sheets.

(d) Excludes portion of bilateral secured facility that is available only upon syndication.

Syndicated Facilities — These are facilities that include 10 or more banks in the syndicate group. The primary syndicated facilities include the following:

- **NCAT and TACN** — New Center Asset Trust (NCAT) is a special-purpose entity administered by us for the purpose of funding assets as part of our securitization funding programs. This entity funds assets primarily through the issuance of asset-backed commercial paper. The total capacity represents credit commitments that serve as backup liquidity to support the outstanding commercial paper. In June 2008, we added a feature to this program that allows us to transfer NCAT credit commitments to another secured facility, Total Asset Collateralized Notes LLC (TACN), which is bank funded. The purpose of this feature is to give us the flexibility to more efficiently utilize our credit commitments and ensure access to liquidity in the event of market disruptions in the asset-backed commercial paper market. At September 30, 2008, NCAT had commercial paper outstanding of \$5.9 billion, which is not included in our Condensed Consolidated Balance Sheets. A total of \$1.0 billion of NCAT commitments have been transferred to TACN. As of September 30, 2008, there was \$655 million outstanding under TACN. Total capacity for NCAT and TACN combined was \$10.0 billion as of September 30, 2008.

- *Secured Revolving Credit Facility* — In June 2008, we entered into a new secured revolving credit facility with capacity of \$11.4 billion. This facility is secured by U.S. and Canadian automotive finance assets, and the borrowers under the facility are structured as bankruptcy remote special-purpose entities. Capacity under this facility declines to \$7.9 billion after two years and ultimately matures in June 2011.

This facility includes a leverage ratio covenant that requires our reporting segments, excluding the ResCap reporting segment, to have a ratio of consolidated borrowed funds to consolidated net worth not to exceed 11.0:1. For purposes of this calculation, the numerator is our total debt on a consolidated basis (excluding obligations of bankruptcy-remote special-purpose entities), less the total debt of the ResCap reporting segment in our consolidated balance sheet (excluding obligations of bankruptcy-remote special-purpose entities). The denominator is our consolidated net worth less ResCap's consolidated net worth and certain extensions of credit from us to ResCap. As of September 30, 2008, the leverage ratio was 10.0:1. The following table summarizes the calculation of the leverage ratio covenant.

September 30, 2008 (\$ in millions)	GMAC LLC	Less: ResCap	Adjusted leverage metrics
Consolidated borrowed funds:			
Total debt	\$160,631	\$42,043	\$118,588
Less:			
Obligations of bankruptcy-remote SPEs	(62,504)	(7,009)	(55,495)
Intersegment eliminations	—	(5,974)	5,974
Consolidated borrowed funds used for leverage ratio	98,127	29,060	69,067
Consolidated net worth used for leverage ratio	9,248	2,315	6,933
Leverage ratio (a)			10.0
(a) We remain subject to a leverage ratio as previously calculated prior to the new June 2008 secured revolving credit facility, but on significantly reduced debt balances relative to prior periods. As of September 30, 2008, the leverage ratio as calculated based on the previous methodology was 10.6:1.			

- *Variable note funding facility* — This facility is available to fund U.S. dealer floor plan receivables at all times, including in the event of GM filing for Chapter 11 bankruptcy reorganization. The facility has two separate maturity dates with \$3.0 billion coming due in March 2009 and another \$3.0 billion coming due in March 2010.

Global Automotive Finance operations secured facilities (North American and International operations) — These are primarily private securitization facilities that permanently fund a specific pool of assets. Many of the facilities are revolving; therefore, they allow for the funding of additional assets during the commitment period, usually 364 days. Internationally, there are also secured bank lines that provided \$1.3 billion of total capacity at September 30, 2008.

Bilateral secured facility — Effective September 11, 2008, we renewed a funding facility with Citi under which we could have access to funding of up to \$13.8 billion for a variety of automotive assets and mortgage assets. The amount available for immediate funding is \$10.1 billion, while the additional \$3.7 billion would be made available upon successful syndication of the facility. The availability under the facility is now allocated to specific business lines whereas previously the facility had provided more flexibility regarding the allocation of credit capacity. As of September 11, 2008, there was \$10.6 billion allocated to fund automotive assets, while Commercial Finance and ResCap had committed credit capacity of \$1.7 billion and \$1.5 billion respectively.

ResCap facilities — In June 2008, ResCap reached agreements to amend substantially all of its secured bilateral facilities (repurchase agreements, facilities for mortgage servicing rights, and others) thus extending the maturities of these facilities from various dates in 2008 to May and June 2009.

Prior to June 2008, certain of ResCap's credit facilities contained a financial covenant, among other covenants, requiring it to maintain a minimum consolidated tangible net worth (as defined in each respective agreement) as of the end of each fiscal quarter. The most restrictive provision in these credit agreements required a minimum tangible net worth of \$5.4 billion. After June 2008, and the completion of ResCap's debt

refinancing, this financial covenant was removed from all agreements that had contained it. ResCap complied with these provisions up to the date it renegotiated its debt obligations.

Certain of these renegotiated credit facilities contain financial covenants, among other covenants, requiring ResCap to maintain consolidated tangible net worth of \$250 million as of the end of each month and consolidated liquidity of \$750 million, subject to applicable grace periods. For these purposes, consolidated tangible net worth means consolidated equity excluding intangible assets and any equity in GMAC Bank to the extent included in ResCap's consolidated balance sheet, and consolidated liquidity is defined as consolidated cash and cash equivalents excluding cash and cash equivalents of GMAC Bank to the extent included in ResCap's consolidated balance sheet. These financial covenants are also included in certain of ResCap's bilateral facilities. In addition, certain of ResCap's facilities are subject to sequential declines in advance rates if its consolidated tangible net worth falls below \$1.5 billion, \$1.0 billion, and \$0.5 billion, respectively.

As of September 30, 2008, ResCap held consolidated tangible net worth of \$350 million, as defined, and remained in compliance with the most restrictive consolidated tangible net worth covenant minimum of \$250 million. In addition, ResCap complied with its consolidated liquidity requirement of \$750 million.

Repurchase agreements — ResCap has relationships with banks and securities firms to provide funding for mortgage loans and securities through repurchase agreements and other similar arrangements on a domestic and international basis. In June 2008, ResCap closed a new syndicated \$2.5 billion whole-loan repurchase agreement to fund domestic conforming collateral. This facility matures in June 2009.

RLA and MALA — RLA and MALA facilities were terminated during the second quarter of 2008. Prior to the termination, the decline in borrowings under these facilities reflect ResCap's decision in 2007 to restrict warehouse-lending activities and nontraditional mortgage originations as well as continuing disruptions in the asset-backed commercial paper market (which made borrowings under this facility less available and more expensive).

Other — Other secured facilities include certain facilities to fund mortgage loans prior to their sale or securitization. Internationally, this includes \$2.4 billion of liquidity commitments to fund loans in the United Kingdom; \$151 million of liquidity commitments to fund loans originated in the Netherlands, Germany, and Spain; and a \$212 million liquidity commitment to fund loans in Australia. On September 26, 2008, the size of one of the international aggregation facilities in the United Kingdom was reduced to \$2.2 billion from \$4.3 billion in recognition of reduced funding needs. Domestically, secured facilities to fund mortgage servicing advances had capacity of \$700 million as of September 30, 2008.

Commercial Finance operations — Maintains conduits to fund trade receivables and includes credit capacity of \$1.7 billion under the bilateral secured facility with Citi.

Whole-loan forward flow agreements — These represent commitments to purchase U.S. automotive retail assets. One of our long-term strategic financing agreements includes a commitment from a financial institution to purchase up to \$10.0 billion of U.S. retail auto finance contracts every year through June 2010. There is \$16.0 billion of capacity under this funding arrangement as of September 30, 2008. Our other long-term strategic financing agreement provides funding of up to \$4.8 billion through October 2010.

The following table shows the current capacity and potential capacity under our secured uncommitted facilities as of September 30, 2008, and December 31, 2007. Current capacity represents funding capacity that is available upon request as excess collateral resides in certain facilities. The potential capacity on the committed secured facilities can be utilized only upon pledge of eligible assets. The financial institutions providing the uncommitted facilities are not legally obligated to advance funds under them.

Secured uncommitted facilities								
(\$ in billions)	As of September 30, 2008				As of December 31, 2007			
	Outstanding	Current capacity (a)	Potential capacity (b)	Total capacity	Outstanding	Current capacity (a)	Potential capacity (b)	Total capacity
Global Automotive Finance operations:								
North American operations								
Federal Reserve Board advances	\$—	\$—	\$4.1	\$4.1	\$—	\$—	\$—	\$—
International operations								
Bilateral/multilateral bank facilities	0.2	0.1	—	0.3	—	—	—	—
Total Global Automotive Finance operations	0.2	0.1	4.1	4.4	—	—	—	—
ResCap:								
FHLB advances	10.5	—	0.3	10.8	11.3	—	1.3	12.6
Repurchase agreements	—	—	0.1	0.1	0.4	—	7.4	7.8
Other	0.1	—	—	0.1	0.4	—	0.8	1.2
Total ResCap	10.6	—	0.4	11.0	12.1	—	9.5	21.6
Total	\$10.8	\$0.1	\$4.5	\$15.4	\$12.1	\$—	\$9.5	\$21.6

(a) Funding is generally available upon request as excess collateral resides in certain facilities.

(b) Funding is generally available to the extent incremental collateral is contributed to the facilities.

Federal Reserve Board advances — On September 11, 2008, the automotive division of GMAC Bank was granted access to the TAF. The Discount Window is the primary credit facility under which the Federal Reserve extends collateralized loans to depository institutions at terms from overnight up to ninety days. The TAF program auctions a pre-announced quantity of collateralized credit starting with a minimum bid for term funds of 28-day or 84-day maturity. The automotive division of GMAC Bank has pledged \$5.2 billion of automotive loans and leasing financings to participate in the Discount Window and TAF program at varying collateral requirements. At September 30, 2008, GMAC Bank had no outstanding borrowings under these programs with unused capacity of \$4.1 billion.

FHLB Advances — GMAC Bank has entered into an advances agreement with Federal Home Loan Bank (FHLB). Under the agreement, as of September 30, 2008, and December 31, 2007, GMAC Bank had assets pledged and restricted as collateral totaling \$32.9 billion and \$28.4 billion, respectively, under the FHLB's existing blanket lien on all GMAC Bank assets. However, the FHLB will allow GMAC Bank to encumber any assets restricted as collateral not needed to collateralize existing FHLB advances. As of September 30, 2008, and December 31, 2007, GMAC Bank had \$15.0 billion and \$12.8 billion, respectively, of assets pledged under security interest that were not collateralizing FHLB advances and available to be encumbered elsewhere. Subsequent to September 30, 2008, the FHLB updated their guidelines used to determine the capacity for the advances agreement. If these guidelines had been in place on September 30, 2008, the total capacity under the advances agreement would have been \$10.4 billion versus the \$10.8 billion disclosed in the table above.

Credit Ratings

The cost and availability of unsecured financing are influenced by credit ratings, which are intended to be an indicator of the creditworthiness of a particular company, security, or obligation. Lower ratings generally result in higher borrowing costs and reduced access to capital markets. This is particularly true for certain institutional investors whose investment guidelines require investment-grade ratings on term debt and the two highest rating categories for short-term debt (particularly money market investors).

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Substantially all our debt has been rated by nationally recognized statistical rating organizations. The following table summarizes our current ratings and outlook by the respective nationally recognized rating agencies.

Rating agency	Commercial paper	Senior debt	Outlook	Date of last action
Fitch	B	B+	Negative	May 2, 2008 (a)
Moody's	Not-Prime	Caa1	Review-Negative	October 30, 2008 (b)
S&P	C	CCC	Negative	November 7, 2008 (c)
DBRS	R-5	B	Watch-Negative	October 30, 2008 (d)
(a) Fitch downgraded our senior debt to B+ from BB, affirmed the commercial paper rating of B, and maintained the outlook at Negative on May 2, 2008. Separately, on May 2, 2008, Fitch lowered our long-term Issuer Default Rating to BB-from BB.				
(b) Moody's downgraded our senior debt to Caa1 from B3, affirmed the commercial paper rating of Not-Prime, and maintained the outlook at Negative on October 30, 2008.				
(c) Standard & Poor's downgraded our senior debt rating to CCC from B-, affirmed the commercial paper rating of C, and changed the outlook to Negative on November 7, 2008.				
(d) DBRS affirmed our senior debt rating of B, affirmed the commercial paper rating of R-5, and changed the outlook to Watch-Negative on October 30, 2008.				

In addition, ResCap, our indirect wholly owned subsidiary, has ratings (separate from GMAC) from the nationally recognized rating agencies. The following table summarizes ResCap's current ratings and outlook by the respective agency.

Rating agency	Commercial paper	Senior debt	Outlook	Date of last action
Fitch	D	D		June 4, 2008 (a)
Moody's	Not-Prime	Ca	Negative	September 10, 2008 (b)
S&P	C	CC	Negative	November 7, 2008 (c)
DBRS	R-5	C	Negative	November 5, 2008 (d)
(a) Fitch downgraded ResCap's senior debt to D from C and affirmed the commercial paper rating of C on June 4, 2008.				
(b) Moody's affirmed ResCap's senior debt rating of Ca, affirmed the commercial paper rating of Not-Prime, and changed the outlook to Under Review-Negative on September 10, 2008.				
(c) Standard & Poor's downgraded ResCap's senior debt to CC from CCC-, affirmed the commercial paper rating of C, and maintained the outlook at Negative on November 7, 2008.				
(d) DBRS downgraded ResCap's senior debt to C from CC(high), affirmed the commercial paper rating of R-5, and maintained the outlook at Negative on November 5, 2008.				

Off-balance Sheet Arrangements

We use off-balance sheet entities as an integral part of our operating and funding activities. For further discussion of our use of off-balance sheet entities, refer to the Off-balance Sheet Arrangements section in our 2007 Annual Report on Form 10-K.

The following table summarizes assets carried off-balance sheet in these entities.

(\$ in billions)	September 30, 2008	December 31, 2007
Securitization (a)		
Retail finance receivables	\$15.5	\$15.6
Wholesale loans	9.6	18.4
Mortgage loans	127.4	138.3
Total off-balance sheet activities	\$152.5	\$172.3

(a) Includes only securitizations accounted for as sales under SFAS 140, as further described in Note 8 to the Consolidated Financial Statements in our 2007 Annual Report on Form 10-K.

Critical Accounting Estimates

We have identified critical accounting estimates that, as a result of judgments, uncertainties, uniqueness, and complexities of the underlying accounting standards and operations involved could result in material changes to our financial condition, results of operations, or cash flows under different conditions or using different assumptions.

Our most critical accounting estimates are:

- Valuation of loans held-for-sale
- Determination of the allowance for credit losses
- Valuation of automotive lease residuals
- Valuation of mortgage servicing rights
- Valuation of interests in securitized assets
- Determination of reserves for insurance losses and loss adjustment expenses

Change in Accounting Principle

On January 1, 2008, we adopted Statement of Financial Accounting Standards No. 157, *Fair Value Measurements* (SFAS 157) and Statement of Financial Accounting Standards No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities* (SFAS 159). SFAS 157 applies to assets and liabilities required to be measured at fair value under accounting principles generally accepted in the United States (GAAP). SFAS 159 permits entities to choose to measure at fair value many financial instruments and certain other items that are not required to be measured at fair value under GAAP. If an entity elects fair value for a particular financial instrument under SFAS 159, the fair value measurement is within scope of the measurement and disclosure requirements of SFAS 157.

We follow the fair value hierarchy set forth in Note 13 to the Condensed Consolidated Financial Statements in order to prioritize the data utilized to measure fair value. We strive to obtain quoted market prices in active markets (Level 1 inputs). If Level 1 inputs are not available, we attempt to obtain Level 2 inputs, observable market prices in inactive markets, or we derive the fair value measurement using observable market prices for similar assets or liabilities. When neither Level 1 nor Level 2 inputs are available, we use Level 3 inputs to estimate fair value measurements. The Level 3 inputs are based on, but not limited to, internal valuation models and management's assumptions related to the type of instrument, the contractual terms of the instrument, and the level of liquidity for the instrument within the market.

We review and modify, as necessary, our fair value hierarchy classifications on a quarterly basis. As such, there may be reclassifications between hierarchy levels.

At September 30, 2008, approximately 14% of total assets, or \$29.0 billion, consisted of financial instruments recorded at fair value. Approximately 51% of the assets reported at fair value were valued using Level 3 inputs. At September 30, 2008, approximately 2% of total liabilities, or \$4.1 billion, consisted of financial instruments recorded at fair value. Approximately 80% of the liabilities reported at fair value were valued using Level 3 inputs. See Note 13 to the Condensed Consolidated Financial Statements for descriptions of valuation methodologies used to measure material assets and liabilities at fair value and details of the valuation models, key inputs to those models, and significant assumptions utilized.

Due to the nature of ResCap's mortgage banking operations, a large percentage of our fair value assets and liabilities are Level 3. These mortgage banking operations can be broadly described as follows:

- ResCap enters into interest rate lock commitments with borrowers or mortgage purchase commitments with correspondent lenders and other sellers. These commitments typically are considered derivative instruments under GAAP and are accounted for at fair value. Because of the underlying attributes of these mortgage loan commitments and because they do not trade in any market, these derivatives typically are Level 3 items.
- ResCap funds or purchases mortgage loans. We have not elected fair value for our mortgage loans held-for-sale portfolio. Rather, these loans are accounted for at lower of cost or fair value under GAAP.

The loans are valued differently depending on the underlying characteristics of the loan. Generally speaking, loans that will be sold to agencies and international loans where recently negotiated market prices for the pool exist with a counterparty are Level 2, while domestic loans that cannot be sold to agencies and delinquent loans are Level 3 due to lack of observable market prices.

- ResCap ultimately sells its mortgage loans included in the held-for-sale portfolio, either to the agencies, to whole-loan purchasers, or securitization structures. When we sell loans, we typically will retain servicing rights. We have opted to carry our servicing rights at fair value under SFAS No. 156, *Accounting for Servicing of Financial Assets*. Further, when the loans are sold into off-balance sheet securitizations, we often retain residual interests and/or certain classes of bonds. These retained bonds may include interest-only strips, principal-only securities, or principal and interest-paying bonds (typically the subordinated bonds), all of which are carried at fair value within investment securities on our Condensed Consolidated Balance Sheets. Due to the lack of observable market prices or data, our servicing rights and retained residual interests typically are Level 3 items.
- ResCap has previously executed securitizations that have not qualified for sale treatment under SFAS No. 140, *Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*. The collateral in these securitizations are classified as consumer finance receivables and loans and the related debt is recorded on our Condensed Consolidated Balance Sheets. We have elected fair value for both the collateral and debt in certain of these securitizations. Due to the characteristics of the underlying loan collateral (nonprime and home equities), the collateral and debt are both classified as Level 3. Refer to Note 13 of the Notes to Condensed Consolidated Financial Statements for additional information regarding the fair value election.

We also have certain operations outside our mortgage banking activities that result in our holding Level 3 assets and liabilities. These include on-balance sheet collateralized debt obligation transactions, mortgage- and asset-backed securities, and other financial instruments.

Due to the amount of our assets and liabilities recorded at fair value, our Condensed Consolidated Balance Sheet and our Condensed Consolidated Income Statement can be significantly impacted by fluctuations in market prices. While we execute various hedging strategies to mitigate our exposure to changes in fair value, we cannot fully eliminate our exposure to volatility caused by fluctuations in market prices. Beginning in 2007 and continuing into 2008, the global credit markets have experienced severe dislocation. Market demand for asset-backed securities, particularly those backed by mortgage assets, has significantly contracted and in many markets has virtually disappeared. Further, market demand for whole-loan purchases has also contracted. These unprecedented market conditions have adversely impacted us and our competitors. As these market conditions continue, our assets and liabilities are subject to valuation adjustment and changes in the inputs we utilize to measure fair value.

For the three months and nine months ended September 30, 2008, certain recurring changes in the fair value of assets and liabilities have been included in our financial results. As a result of further deterioration in the mortgage market and underlying collateral valuations, we experienced declines in the fair value of our mortgage loans held-for-sale, resulting in significant valuation losses materially impacting our financial results. At the same time, our mortgage loans held-for-investment, which are classified as consumer finance receivables and loans on the Condensed Consolidated Statements of Income, and debt held in our on-balance sheet securitizations, in which we elected the fair value option under SFAS 159, experienced offsetting valuation declines. As the mortgage loan held-for-investment asset declines in value, resulting in losses, the securitized debt declines, resulting in offsetting valuation gains. For the nine months ended, we have additional increases in the fair value of mortgage servicing rights and associated hedging derivatives primarily due to slower prepayment speeds enhancing the value of our mortgage servicing rights and a steeper overall yield curve in the first quarter of 2008, resulting in a positive impact of our hedging activity, and favorable valuation of our mortgage servicing right and derivative assets, partially offset by a projected increase in the cost of servicing that resulted from expected higher delinquencies and loan defaults. The decrease in the fair value of trading securities for the three and nine months ended were substantially attributable to the decline in the fair value of residual interests that continue to be held by us through our off-balance sheet securitizations, resulting from increasing credit losses, rating agency downgrades, declines in value of underlying collateral, market illiquidity, and changes in discount rate assumptions in certain foreign markets.

For the three months and nine months ended September 30, 2008, certain nonrecurring changes in the fair value of assets and liabilities have been included in our financial results. During the three months ended September 30, 2008, a \$93 million impairment of vehicle operating leases was recognized by our North American Automotive Finance operations that resulted from a sharp decline in used vehicle prices for trucks in Canada, reducing our expected residual value for these vehicles. When combined with a similar impairment charge recognized during the three months ended June 30, 2008, related to sport-utility vehicles and trucks in the United States and Canada, our North American Automotive Finance operations realized impairment charges on its investment in operating lease assets of \$808 million for the nine months ended September 30, 2008. These declines in used vehicle prices are also reflected in the lower of cost or fair value adjustments related to our investment in used vehicles held-for-sale.

We have numerous internal controls in place to ensure the appropriateness of fair value measurements. Significant fair value measures are subject to detailed analytics and management review and approval. We have an established model validation policy and program in place that covers all models used to generate fair value measurements. This model validation program ensures a controlled environment is used for the development, implementation, and use of the models and change procedures. Further, this program uses a risk-based approach to select models to be reviewed and validated by an independent internal risk group to ensure the models are consistent with their intended use, the logic within the models is reliable, and the inputs and outputs from these models are appropriate. Additionally, a wide array of operational controls is in place to ensure the fair value measurements are reasonable, including controls over the inputs into, and the outputs from, the fair value measurement models. For example, we backtest the internal assumptions used within models against actual performance. We also monitor the market for recent trades, market surveys, or other market information that may be used to benchmark model inputs or outputs. Certain valuations will also be benchmarked to market indices when appropriate and available. We have scheduled model and/or input recalibrations that occur on a periodic basis but will recalibrate earlier if significant variances are observed as part of the backtesting or benchmarking noted above.

Considerable judgment is used in forming conclusions from market observable data used to estimate our Level 2 fair value measurements and in estimating inputs to our internal valuation models used to estimate our Level 3 fair value measurements. Level 3 inputs such as interest rate movements, prepayment speeds, credit losses, and discount rates are inherently difficult to estimate. Changes to these inputs can have a significant affect on fair value measurements. Accordingly, our estimates of fair value are not necessarily indicative of the amounts that could be realized or would be paid in a current market exchange.

Besides elections made under SFAS 159, there have been no significant changes in the methodologies and processes used in developing these estimates from what was described in our 2007 Annual Report on Form 10-K.

Refer to Note 1 and Note 13 of the Notes to Condensed Consolidated Financial Statements for additional information on changes in accounting principle.

Recently Issued Accounting Standards

Refer to Note 1 of the Notes to Condensed Consolidated Financial Statements.

Forward Looking Statements

The foregoing Management's Discussion and Analysis of Financial Condition and Results of Operations and other portions of this Form 10-Q contains various forward-looking statements within the meaning of applicable federal securities laws, including the Private Securities Litigation Reform Act of 1995, that are based upon our current expectations and assumptions concerning future events, which are subject to a number of risks and uncertainties that could cause actual results to differ materially from those anticipated.

The words "expect," "anticipate," "estimate," "forecast," "initiative," "objective," "plan," "goal," "project," "outlook," "priorities," "target," "intend," "evaluate," "pursue," "seek," "may," "would," "could," "should," "believe," "potential," "continue," or the negative of any of those words or similar expressions is intended to identify forward-looking statements. All statements herein, other than statements of historical fact, including without limitation, statements about future events and financial performance, are forward-looking statements that involve certain risks and uncertainties.

While these statements represent our current judgment on what the future may hold, and we believe these judgments are reasonable, these statements are not guarantees of any events or financial results, and GMAC's and Residential Capital LLC's (ResCap) actual results may differ materially due to numerous important factors that are described in Item 1A of our 2007 Annual Report on Form 10-K, as updated by subsequent reports on SEC Forms 10-Q. Such factors include, among others, the following: securing low cost funding for GMAC and ResCap; maintaining the mutually beneficial relationship between GMAC and GM; our ability to maintain an appropriate level of debt; the profitability and financial condition of GM; restrictions on ResCap's ability to pay dividends to us; recent developments in the residential mortgage and capital markets; continued deterioration in the residual value of off-lease vehicles; the impact on ResCap of the continuing decline in the U.S. housing market; changes in U.S. government-sponsored mortgage programs or disruptions in the markets in which our mortgage subsidiaries operate; disruptions in the markets in which we fund GMAC's and ResCap's operations, with resulting negative impact on our liquidity; uncertainty concerning our ability to access federal liquidity programs; changes in our contractual servicing rights; costs and risks associated with litigation; changes in our accounting assumptions that may require or that result from changes in the accounting rules or their application, which could result in an impact on earnings; changes in the credit ratings of ResCap, GMAC, or GM; changes in economic conditions, currency exchange rate, or political stability in the markets in which we operate; and changes in the existing or the adoption of new laws, regulations, policies, or other activities of governments, agencies, and similar organizations.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Our automotive financing, mortgage, and insurance activities give rise to market risk, representing the potential loss in the fair value of assets or liabilities caused by movements in market variables, such as interest rates, foreign-exchange rates, and equity prices. We are primarily exposed to interest rate risk arising from changes in interest rates related to financing, investing, and cash management activities. More specifically, we have entered into contracts to provide financing, to retain mortgage servicing rights, and to retain various assets related to securitization activities all of which are exposed in varying degrees to changes in value due to movements in interest rates. Interest rate risk arises from the mismatch between assets and the related liabilities used for funding. We enter into various financial instruments, including derivatives, to maintain the desired level of exposure to the risk of interest rate fluctuations. Refer to Note 9 to our Condensed Consolidated Financial Statements for further information.

We are exposed to foreign-currency risk arising from the possibility that fluctuations in foreign-exchange rates will affect future earnings or asset and liability values related to our global operations. Our most significant foreign-currency exposures relate to the Euro, Canadian dollar, British pound sterling, Brazilian real, Mexican peso, and Australian dollar.

We are also exposed to equity price risk, primarily in our Insurance operations, which invests in equity securities that are subject to price risk influenced by capital market movements. Our equity securities are considered investments, and we do not enter into derivatives to modify the risks associated with our Insurance operations' investment portfolio.

While the diversity of activities from our complementary lines of business may partially mitigate market risk, we also actively manage this risk. We maintain risk management control systems to monitor interest rate, foreign-currency exchange rate, equity price risks, and any of their related hedge positions. Positions are monitored using a variety of analytical techniques including market value, sensitivity analysis, and value at risk models.

Since December 31, 2007, there have been no material changes in these market risks. Refer to our Annual Report on Form 10-K for the year ended December 31, 2007, Item 7A, Quantitative and Qualitative Disclosures About Market Risk, filed with the Securities and Exchange Commission, for further discussion on value at risk and sensitivity analysis.

Item 4. Controls and Procedures

We maintain disclosure controls and procedures, as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended (the Exchange Act), designed to ensure that information required to be disclosed in reports filed under the Exchange Act is recorded, processed, summarized, and reported within the specified time periods. As of the end of the period covered by this report, our Chief Executive Officer and our Chief Financial Officer evaluated, with the participation of our management, the effectiveness of our disclosure controls and procedures. Based on our evaluation, GMAC's Chief Executive Officer and Chief Financial Officer each concluded that our disclosure controls and procedures were effective as of September 30, 2008.

There were no changes in our internal controls over financial reporting (as defined in Rule 13a-15(f) of the Exchange Act) that occurred during our most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls or our internal controls will prevent or detect all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within GMAC have been detected. These inherent limitations include the realities that judgments in decision making can be faulty and that breakdowns can occur because of simple error or mistake. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with associated policies or procedures. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

PART II — OTHER INFORMATION

Item 1. Legal Proceedings

Shareholder Class Actions

In the previously reported case, *In re General Motors Corporation Securities and Derivative Litigation*, the parties reached an agreement in principle to settle the cases, which requires General Motors to pay specified amounts. The settlement is subject to court approval.

Bondholder Class Actions

With respect to the previously reported litigation consolidated under the caption *Zielezienski, et al. v. General Motors Corporation, et al.*, on March 6, 2008, the U.S. Court of Appeals for the Sixth Circuit affirmed the dismissal of this case by the U.S. District Court for the Eastern District of Michigan. Plaintiffs filed a motion for rehearing. On June 26, 2008, the U.S. Court of Appeals for the Sixth Circuit entered an order granting plaintiffs' motion for rehearing, but reaffirming the dismissal of plaintiffs' complaint. Plaintiffs have filed a petition for rehearing en banc, which was denied.

Item 1A. Risk Factors

Other than with respect to the risk factors provided below, there have been no material changes to the Risk Factors described in our 2007 Annual Report on Form 10-K and our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2008, and June 30, 2008.

Risks Related to Our Business

Our business and the businesses of our subsidiaries, including ResCap, require substantial capital, and continued disruption in our funding sources and access to the capital markets could continue to have a material adverse effect on our liquidity and financial condition.

Our liquidity and ongoing profitability are, in large part, dependent upon our timely access to capital and the costs associated with raising funds in different segments of the capital markets. We depend and will continue to depend on our ability to access diversified funding alternatives to meet future cash flow requirements and to continue to fund our operations. Our funding strategy and liquidity position have been significantly adversely affected by the ongoing stress in the credit markets that began in the middle of 2007 and reached unprecedented levels during recent months. The capital markets remain highly volatile, and access to liquidity has been significantly reduced. These conditions, in addition to the reduction in our credit ratings, have resulted in increased borrowing costs and our inability to access the unsecured debt markets in a cost-effective manner. This has resulted in an increased reliance on asset-backed and other secured sources of funding. Some of these facilities have not renewed placing additional pressure on our liquidity position. Our inability to renew the remaining loans and facilities as they mature could have a further negative impact on our liquidity position. We also have significant maturities of unsecured notes each year. In order to retire these instruments, we either will need to refinance this debt or generate sufficient cash to retire the debt.

In addition, continued or further negative events specific to us or our 49% owner and largest customer, GM, could further adversely impact our funding sources. Furthermore, we have recently provided a significant amount of funding to ResCap and may provide additional funding to ResCap in the future; as a result, any negative events with respect to ResCap could serve as a drain on our financial resources and have an adverse effect on our liquidity and consolidated financial position. We have not made, and are not making, any commitment to continue to fund ResCap or to forgive ResCap debt and are not subject to any contractual obligation to do so.

ResCap's liquidity has been significantly impaired, and may be further impaired, due to circumstances beyond our control, such as adverse changes in the economy and general market conditions. Continued deterioration in our business performance could further limit, and recent reductions in ResCap's credit ratings have limited, its ability to access the capital markets on favorable terms. During recent volatile times in the capital and secondary markets, especially since August 2007, access to aggregation and other forms of financing, as well as access to securitization and secondary markets for the sale of ResCap's loans, has been severely constricted. Furthermore, our access to capital has been impacted by changes in the market value of our mortgage products and the willingness of market participants to provide liquidity for such products.

The profitability and financial condition of our operations are heavily dependent upon the operations of GM.

A significant portion of our customers are those of GM, GM dealers, and GM-related employees. As a result, a significant adverse change in GM's business, including significant adverse changes in GM's liquidity position and access to the capital markets, the production or sale of GM vehicles, the quality or resale value of GM vehicles, the use of GM marketing incentives, GM's relationships with its key suppliers, GM's relationship with the United Auto Workers and other labor unions, and other factors impacting GM or its employees could have a significantly adverse effect on our profitability and financial condition.

We provide vehicle financing through purchases of retail automotive and lease contracts with retail customers of primarily GM dealers. We also finance the purchase of new and used vehicles by GM dealers through wholesale financing, extend other financing to GM dealers, provide fleet financing for GM dealers to buy vehicles they rent or lease to others, provide wholesale vehicle inventory insurance to GM dealers, provide automotive extended service contracts through GM dealers, and offer other services to GM dealers. In 2007, our shares of GM retail sales and sales to dealers were 35% and 82%, respectively, in markets where GM operates. As a result, GM's level of automobile production and sales directly impacts our financing and leasing volume, the premium revenue for wholesale vehicle inventory insurance, the volume of automotive extended service contracts, and the profitability and financial condition of the GM dealers to whom we provide wholesale financing, term loans, and fleet financing. In addition, the quality of GM vehicles affects our obligations under automotive extended service contracts relating to such vehicles. Further, the resale value of GM vehicles, which may be impacted by various factors relating to GM's business such as brand image or the number of new GM vehicles produced, affects the remarketing proceeds we receive upon the sale of repossessed vehicles and off-lease vehicles at lease termination.

The occurrence of recent adverse developments in the mortgage finance and credit markets has adversely affected ResCap's business, liquidity and capital position and has raised substantial doubt about ResCap's ability to continue as a going concern.

ResCap has been negatively impacted by the events and conditions in the broader mortgage banking industry, most severely but not limited to the nonprime and nonconforming mortgage loan markets. Fair market valuations of mortgage loans held-for-sale, mortgage servicing rights, securitized interests that continue to be held by ResCap and other assets and liabilities it records at fair value have significantly deteriorated due to weakening housing prices, increasing rates of delinquencies and defaults of mortgage loans. These same deteriorating factors have also resulted in higher provision for loan losses on ResCap's mortgage loans held-for-investment and real estate lending portfolios. The market deterioration has resulted in rating agency downgrades of asset- and mortgage-backed securities which in turn has led to fewer sources of, and significantly reduced levels of, liquidity available to finance ResCap's operations. Most recently, the widely publicized credit defaults and/or acquisitions of large financial institutions in the marketplace has further restricted credit in the United States and international lending markets. ResCap is highly leveraged relative to its cash flow and continues to recognize substantial losses resulting in a significant deterioration in capital. Furthermore, in light of the decline in ResCap's consolidated tangible net worth, as defined, Fannie Mae has requested additional security for some of ResCap's potential obligations under its agreements with them. ResCap has reached an agreement in principle with Fannie Mae, under the terms of which ResCap will provide them additional collateral valued at \$200 million, and agree to sell and transfer the servicing on mortgage loans having an unpaid principal balance of approximately \$12.7 billion, or approximately 9% of the total principal balance of loans ResCap services for them. Fannie Mae has indicated that in return for these actions, they will agree to forbear, until January 31, 2009, from exercising contractual remedies otherwise available due to the decline in consolidated tangible net worth, as defined. Actions based on these remedies could have included, among other things, reducing ResCap's ability to sell loans to them, reducing its capacity to service loans for them, or requiring it to transfer servicing of loans ResCap services for them. Management believes that selling the servicing related to the loans described above will have an incremental positive impact on ResCap's liquidity and overall cost of servicing, since it will no longer be required to advance delinquent payments on those loans. Meeting Fannie Mae's collateral request will have a negative impact on ResCap's liquidity. Moreover, if Fannie Mae deems ResCap's consolidated tangible net worth, as defined, to be inadequate following the expiration of the forbearance period referred to above, and if Fannie Mae then determines to exercise their contractual remedies as described above, it would adversely affect our profitability.

and financial condition. There continues to be a risk that ResCap will not be able to meet its debt service obligations, default on its financial debt covenants due to insufficient capital and/or be in a negative liquidity position in 2008. Additionally, ResCap's ability to participate in any governmental investment program or the TARP, either directly or indirectly through GMAC, is unknown at this time. In light of ResCap's liquidity and capital needs, combined with volatile conditions in the marketplace, there is substantial doubt about ResCap's ability to continue as a going concern. If unanticipated market factors emerge and/or GMAC no longer continues to support ResCap's capital or liquidity needs, or ResCap is unable to successfully execute its other initiatives, it would have a material adverse effect on our business, results of operations and financial position.

Our profitability and financial condition has been materially adversely affected by declines in the residual value of off-lease vehicles, and the residual value of off-lease vehicles may continue to decrease.

Our expectation of the residual value of a vehicle subject to an automotive lease contract is a critical element used to determine the amount of the lease payments under the contract at the time the customer enters into it. As a result, to the extent the actual residual value of the vehicle, as reflected in the sales proceeds received upon remarketing at lease termination, is less than the expected residual value for the vehicle at lease inception, we incur additional depreciation expense and/or a loss on the lease transaction. General economic conditions, the supply of off-lease vehicles, and new vehicle market prices heavily influence used vehicle prices and thus the actual residual value of off-lease vehicles. Also contributing to the weakness in the used vehicle market are the historically low consumer confidence levels, which influence major purchases, and the weakening financial condition of auto dealers. The recent sharp decline in demand and used vehicle sale prices for sport-utility vehicles and trucks in the United States and Canada has affected GMAC's remarketing proceeds for these vehicles, and has resulted in impairments of \$716 million and \$93 million during the three months ended June 30, 2008, and September 30, 2008, respectively. Weak residual values also contributed to the loss provision of \$109 million and \$240 million during the three months ended June 30, 2008, and September 30, 2008, respectively, on our balloon finance contract portfolio.

These trends may continue or worsen. GM's brand image, consumer preference for GM products, and GM's marketing programs that influence the new and used vehicle market for GM vehicles also influence lease residual values. In addition, our ability to efficiently process and effectively market off-lease vehicles impacts the disposal costs and proceeds realized from the vehicle sales. While GM provides support for lease residual values, including through residual support programs, this support by GM does not in all cases entitle us to full reimbursement for the difference between the remarketing sales proceeds for off-lease vehicles and the residual value specified in the lease contract. Differences between the actual residual values realized on leased vehicles and our expectations of such values at contract inception could continue to have a negative impact on our profitability and financial condition.

General business and economic conditions may significantly and adversely affect our revenues, profitability, and financial condition.

Our business and earnings are sensitive to general business and economic conditions in the United States and in the markets in which we operate outside the United States. A downturn in economic conditions resulting in increased short- and long-term interest rates, inflation, fluctuations in the debt capital markets, unemployment rates, consumer and commercial bankruptcy filings, or a decline in the strength of national and local economies and other factors that negatively impact household incomes could decrease demand for our financing and mortgage products and increase mortgage and financing delinquency and losses on our customer and dealer financing operations. We have been negatively impacted due to (i) the significant stress in the residential real estate and related capital markets in 2007 and 2008, and, in particular, the lack of home price appreciation in many markets in which we lend and (ii) decreases in new and used vehicle purchases, which have reduced the demand for automotive retail and wholesale financing.

If the rate of inflation were to increase, or if the debt capital markets or the economies of the United States or our markets outside the United States were to continue in their current condition or further weaken, or if home prices or new and used vehicle purchases continue at the currently reduced levels or experience further declines, we could continue to be adversely affected, and it could become more expensive for us to conduct our business. For example, business and economic conditions that negatively impact household incomes or housing prices could continue in their current condition or further decrease (i) the demand for our

mortgage loans and new and used vehicle financing and (ii) the value of the collateral underlying our portfolio of mortgage and new and used vehicle loans held for investment and interests that continue to be held by us, and further increase the number of consumers who become delinquent or default on their loans. In addition, the rate of delinquencies, foreclosures, and losses on our loans (especially our nonprime mortgage loans) as experienced recently could be higher during more severe economic slowdowns.

Any sustained period of increased delinquencies, foreclosures, or losses could further harm our ability to sell our mortgage and new and used vehicle loans, the prices we receive for our mortgage and new and used vehicle loans, or the value of our portfolio of mortgage and new and used vehicle loans held for investment or interests from our securitizations, which could harm our revenues, profitability, and financial condition. Continued adverse business and economic conditions could, and in the near term likely will, further impact demand for housing, new and used vehicles, the cost of construction, and other related factors that have harmed, and could continue to harm, the revenues and profitability of our business capital operations.

In addition, our business and earnings are significantly affected by the fiscal and monetary policies of the U.S. government and its agencies and similar governmental authorities in the markets in which we operate outside the United States. We are particularly affected by the policies of the Federal Reserve, which regulates the supply of money and credit in the United States. The Federal Reserve's policies influence the new and used vehicle financing market and the size of the mortgage origination market, which significantly impacts the earnings of our businesses and the earnings of our business capital activities. The Federal Reserve's policies also influence the yield on our interest-earning assets and the cost of our interest bearing liabilities. Changes in those policies are beyond our control and difficult to predict, and could adversely affect our revenues, profitability and financial condition.

Risks Related to Our Becoming a Bank Holding Company

Our business, financial condition and results of operations could be adversely affected by new regulations to which we may become subject as a result of becoming a bank holding company, by new regulations or by changes in other regulations or the application thereof.

We are currently in discussions with the Federal Reserve regarding becoming a bank holding company under the U.S. Bank Holding Company Act of 1956. Any application may not ultimately be approved. If we submit a formal application and it is approved, we expect to be able to continue to engage in most of the activities in which we currently engage. However, it is possible that certain of our existing activities will not be deemed to be permissible under applicable regulations if our application is successful. In addition, if we successfully convert into a bank holding company, we will be subject to the comprehensive, consolidated supervision of the Federal Reserve, including risk-based and leverage capital requirements and information reporting requirements. This regulatory oversight is established to protect depositors, federal deposit insurance funds, and the banking system as a whole, not security holders.

The financial services industry, in general, is heavily regulated. Proposals for legislation further regulating the financial services industry are continually being introduced in the United States Congress and in state legislatures. The agencies regulating the financial services industry also periodically adopt changes to their regulations. In light of current conditions in the U.S. financial markets and economy, regulators have increased their focus on the regulation of the financial services industry. For instance, in October 2008, Congress passed the Emergency Economic Stabilization Act of 2008, which in turn created the TARP and the CPP. We are unable to predict how these programs will be implemented or in what form or whether any additional or similar changes to statutes or regulations, including the interpretation or implementation thereof, will occur in the future. Any such action could affect us in substantial and unpredictable ways and could have an adverse effect on our business, financial condition and results of operations.

We are also affected by the policies adopted by regulatory authorities and bodies of the United States and other governments. For example, the actions of the Federal Reserve and international central banking authorities directly impact our cost of funds for lending, capital raising, and investment activities and may impact the value of financial instruments we hold. In addition, such changes in monetary policy may affect the credit quality of our customers. Changes in domestic and international monetary policy are beyond our control and difficult to predict.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Not applicable.

Item 3. Defaults upon Senior Securities

Not applicable.

Item 4. Submission of Matters to a Vote of Security Holders

The following matters were submitted to a vote of GMAC security holders during the third quarter of 2008:

- Effective July 16, 2008, the holders of GMAC's Class A and Class B Common Equity Interests approved by joint unanimous consent GMAC's distribution of its Class A membership interests of GMACI Holdings LLC to FIM Holdings LLC and the distribution of its Class B membership interests of GMACI Holdings LLC to GM Finance Co. Holdings LLC and GM Preferred Finance Co. Holdings, Inc., pursuant to Section 5.5 of the Amended and Restated Limited Liability Company Operating Agreement of GMAC LLC, dated as of November 30, 2006, as amended from time to time.
- Effective September 5, 2008, the holders of GMAC's Class A Common Equity Interests appointed Edward J. Kelly, III as a Class A Manager to fill the vacancy created by the resignation of Michael S. Klein as a Class A Manager, pursuant to Section 8.3(e) of the Amended and Restated Limited Liability Company Operating Agreement of GMAC LLC, dated as of November 30, 2006, as amended from time to time.

Item 5. Other Information

None.

Item 6. Exhibits

The exhibits listed on the accompanying Index of Exhibits are filed as a part of this report. This Index is incorporated herein by reference.

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized, this 10th day of November 2008.

GMAC LLC
(Registrant)

/s/ ROBERT S. HULL

Robert S. Hull
*Executive Vice President and
Chief Financial Officer*

/s/ DAVID J. DEBRUNNER

David J. DeBrunner
*Vice President, Chief Accounting Officer, and
Corporate Controller*

INDEX OF EXHIBITS

Exhibit	Description	Method of Filing
10.1	GMAC Long-Term Incentive Plan LLC Long-Term Equity Compensation Incentive Plan dated July 16, 2008, and as amended September 10, 2008	Filed herewith.
10.2	Purchase Agreement among GMAC Mortgage, LLC and Cerberus International, Ltd. dated July 30, 2008 (Freddie Mac Stripped Interest Certificates, Series 256)	Filed herewith.
10.3	Purchase Agreement among GMAC Mortgage, LLC and Cerberus Partners, L.P. dated July 30, 2008 (Freddie Mac Stripped Interest Certificates, Series 256)	Filed herewith.
10.4	Purchase Agreement among Residential Capital, LLC, DOA Holding Properties, LLC, DOA Properties IIIB (KB Models), LLC and MHPool Holdings LLC dated September 30, 2008	Filed herewith.
10.5	Servicing Agreement between Residential Capital, LLC and MHPool Holdings LLC dated September 30, 2008	Filed herewith.
10.6	Limited Assignment and Assumption Agreement among KBOne, LLC, DOA Holdings NoteCo, LLC, Residential Funding Company, LLC and MHPool Holdings LLC dated September 30, 2008	Filed herewith.
12	Computation of Ratio of Earnings to Fixed Charges	Filed herewith.
31.1	Certification of Principal Executive Officer pursuant to Rule 13a-14(a)/15d-14(a)	Filed herewith.
31.2	Certification of Principal Financial Officer pursuant to Rule 13a-14(a)/15d-14(a)	Filed herewith.

The following exhibit shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liability of that Section. In addition, Exhibit No. 32 shall not be deemed incorporated into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934

32	Certification of Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350	Filed herewith.
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GMAC LONG-TERM INCENTIVE PLAN LLC
LONG-TERM EQUITY COMPENSATION INCENTIVE PLAN

As Adopted Effective July 16, 2008
As Amended September 10, 2008

**GMAC LONG-TERM INCENTIVE PLAN LLC
LONG-TERM EQUITY COMPENSATION INCENTIVE PLAN
Table of Contents**

Section 1	Definitions
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GMAC LONG-TERM INCENTIVE PLAN LLC
LONG-TERM EQUITY COMPENSATION INCENTIVE PLAN

1.0 DEFINITIONS

The following terms shall have the following meanings unless the context indicates otherwise:

- 1.1 “*Award*” shall mean a compensatory award that is granted in accordance with Section 7 below and that Vests and is paid in accordance with Section 9 or 11 below.
- 1.2 “*Award Letter*” shall mean a written agreement between GMAC LTIP LLC and the Participant that establishes the terms, conditions, restrictions and/or limitations applicable to an Award in addition to those established by the Plan and by the Committee’s exercise of its administrative powers.
- 1.3 “*Beneficiary*” shall mean a beneficiary designated in writing by a Participant to receive a Payment in the event of a Participant’s death prior to a date of Payment. If no Beneficiary is designated by the Participant, then the Participant’s estate shall be deemed to be the Participant’s Beneficiary.
- 1.4 “*Board*” shall mean the Board of Managers of the Company.
- 1.5 “*bps*” shall mean a hypothetical ownership interest of the Company (based on basis points) where, for example (i) an Award subject to 1.5 bps would equal an Award relating to a 0.015% hypothetical ownership interest of the Company and (ii) an Award subject to 3.25 bps would equal an Award relating to a 0.0325% hypothetical ownership interest of the Company.
- 1.6 “*Cause*” shall mean any one of the following:
- (a) felony indictment or misdemeanor conviction; or
 - (b) failure to perform any material responsibility of the leadership position; or
 - (c) a course of conduct which would tend to hold the Company or any of its affiliates in disrepute or scandal, as determined by the Board in its sole discretion; or
 - (d) failure to follow lawful directions of the Board; or
 - (e) any material breach of fiduciary duty to the Company; or
 - (f) gross negligence; or
 - (g) willful misconduct; or
 - (h) failure to comply with a material Company policy; or
 - (i) any act of fraud, theft, or dishonesty; or
 - (j) breach of any restrictive covenants, including the duty of confidentiality with respect to Company information.
- 1.7 “*Change in Control*” shall mean **both** :

- (a) a change in the ownership of the Company in accordance with Treasury Regulation Section 1.409A-3(i)(5)(v); or
- (b) a change in effective control of the Company in accordance with Treasury Regulation Section 1.409A-3(i)(5)(vi); or
- (c) a change in the ownership of a substantial portion of the Company's assets in accordance with Treasury Regulation Section 1.409A-3(i)(5)(vii);

and either

- (i) any person who is not FIM Holdings LLC, GM Finance Co. Holdings Inc., General Motors Corporation and their affiliates becomes the beneficial owner, directly or indirectly, of more than 50% of the combined voting power of the then issued and outstanding securities or other ownership interests of the Company; or
- (ii) the sale, transfer or other disposition of all or substantially all of the business and assets of the Company, whether by sale of assets, merger or otherwise (determined on a consolidated basis), to a person other than FIM Holdings LLC, GM Finance Co. Holdings Inc., General Motors Corporation and their affiliates.

- 1.8 *"Change-in-Control Date"* shall mean the date a Change in Control occurs.
- 1.9 *"Code"* shall mean the Internal Revenue Code of 1986, as amended from time to time, including applicable regulations promulgated thereunder.
- 1.10 *"Committee"* shall mean the Board's Compensation and Leadership Committee.
- 1.11 *"Company"* shall mean GMAC LLC.
- 1.12 *"Competitive Activity"* shall mean an activity in which the Participant engages directly or indirectly (whether as a principal, agent, partner, member, employee, investor, owner, consultant, board member or otherwise) that is in direct competition with the Company or any of its Subsidiaries or affiliates in any of the States within the United States, or countries within the world, in which the Company or any of its Subsidiaries or affiliates conducts business with respect to a business in which the Company or any of its subsidiaries or affiliates engaged or was preparing to engage during employment and on the date of the termination of employment; *provided, however*, that an ownership interest of 1% or less in any publicly held company shall not constitute a Competitive Activity; *and further provided, however*, that the Participant may be employed by or otherwise associated with a business or entity of which a subsidiary, division, segment, unit, etc. is in direct competition with the Company or any Subsidiary or affiliate but as to which such subsidiary, division, segment, unit, etc. the Participant has no direct or indirect responsibilities or involvement so long as the Participant does not breach the covenant of confidentiality contained in Section 11.3 below.
- 1.13 *"Deferral Payment Date"* shall mean March 15, 2013, or any other date specified in an Award Letter.
- 1.14 *"Disability"* or *"Disabled"* shall mean a "disability" as defined under Code Section 409A(a)(2)(C).
- 1.15 *"Dividend Equivalent"* shall mean a cash amount equal to the amount of a dividend with respect to GMAC LLC equity that is paid to GMAC LLC equity holders on or after an IPO.
- 1.16 *"Effective Date"* shall mean July 16, 2008, the date approved by the Board.
- 1.17 *"ERISA"* shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time, including applicable regulations promulgated thereunder.

- 1.18 *"Exchange Act"* shall mean the Securities Exchange Act of 1934, as amended from time to time, including applicable regulations thereunder.
- 1.19 *"Fair Market Value"* shall mean the fair market value of the Company as determined in good faith by the Board and in accordance with Section 6 below.
- 1.20 *"GMAC LLC"* shall mean GMAC LLC, a Delaware limited liability company.
- 1.21 *"GMAC LTIP LLC"* shall mean GMAC Long-Term Incentive Plan LLC, a Delaware limited liability company.
- 1.22 *"IPO"* shall mean an underwritten sale to the public of the Company's equity securities pursuant to an effective registration statement filed with the Securities and Exchange Commission on Form S-1 and after which the Company's equity securities are listed on the New York Stock Exchange or the American Stock Exchange or are quoted on the NASDAQ Stock Market; *provided, however*, that an IPO shall not include any issuance of the Company's equity securities in any merger or other business combination, and shall not include any registration of the issuance of such equity securities to exiting security holders or employees of the Company on Form S-4 or Form S-8.
- 1.23 *"Member"* shall mean a person or entity that owns and holds a Membership Interest.
- 1.24 *"Membership Interest"* shall mean either a "Class A Membership Interest" or a "Class B Membership Interest" as such term is defined under and described in the Amended and Restated Limited Liability Company Operating Agreement of GMAC LLC dated as of November 30, 2006, as amended from time to time.
- 1.25 *"Participant"* shall mean any employee of the Company or any Subsidiary to whom an Award has been granted by the Committee under the Plan and who is employed by the Company or any Subsidiary as of the date the Award Vests in accordance with Section 8 or 10 below.
- 1.26 *"Payment"* or *"Paid"* shall mean a cash payment made to a Participant equal to:
- (a) if with respect to an RSU, the product of (x) the Fair Market Value times (y) bps subject to the Payment, plus any Dividend Equivalents, if applicable; or
 - (b) if with respect to an SAR, the product of (x) the Fair Market Value less the Strike Price times (y) bps subject to the Payment.
- 1.27 *"Plan"* shall mean the GMAC Long-Term Incentive Plan LLC Long-Term Equity Compensation Incentive Plan.
- 1.28 *"RSU"* shall mean an Award designated as a full-value compensatory vehicle where compensation attributable to such Award will be measured by the Fair Market Value as of the Payment Date, and which shall be subject to restrictions and limitations imposed by the Committee on the date of grant.
- 1.29 *"SAR"* shall mean an Award designated as an appreciation-only compensatory vehicle where compensation attributable to such Award will be measured by the excess, if any, of the Fair Market Value of the Award as of the Payment Date less the Strike Price, and which shall be subject to restrictions and limitations imposed by the Committee on the date of grant.
- 1.30 *"Strike Price"* shall mean the strike price of an SAR as determined by the Committee.

- 1.31 “*Subsidiary*” shall mean a corporation of which the Company directly or indirectly owns more than 50 percent of the Voting Stock or any other business entity in which the Company directly or indirectly has an ownership interest of more than 50 percent.
- 1.32 “*Treasury Regulation*” shall mean the regulations promulgated under the Code by the United States Department of the Treasury, as amended from time to time.
- 1.33 “*Unforeseeable Emergency*” shall mean an “unforeseeable emergency” as defined under Code Section 409A(a)(2)(B)(ii)(I).
- 1.34 “*Unvested Award*” shall mean the portion of an Award that has not yet Vested.
- 1.35 “*Valuation*” shall mean a fair market valuation of the Company in accordance with Section 6.3 below.
- 1.36 “*Vest*” shall mean that the Participant has an unrestricted right, title and interest to receive the compensation attributable to the Award (or a portion of such Award) or to otherwise enjoy the benefits underlying such Award without a “substantial risk of forfeiture” (as such term is defined and used in Code Section 409A).
- 1.37 “*Vesting Date*” shall mean the date on which an Award Vests as specified in the Award Letter.
- 1.38 “*Voting Stock*” shall mean the capital stock of any class or classes having general voting power under ordinary circumstances, in the absence of contingencies, to elect the directors of a corporation.

2.0 PURPOSE OF PLAN

- 2.1 **Purpose** . The purpose of the Plan is to motivate certain employees of the Company and its Subsidiaries to put forth maximum efforts toward the growth, profitability, and success of the Company and its Subsidiaries by providing incentives to such employees through payments that are aligned to the ownership interests of the Company. In addition, the Plan is intended to provide incentives that will attract and retain highly qualified individuals as employees of the Company and its Subsidiaries, and to assist in aligning the interests of such employees with the interests of the Members.
- 2.2 **ERISA**. The Plan is intended to be an unfunded “employee benefit plan” (as such term is defined and used under ERISA) which is maintained primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees for purposes of Title I of ERISA, and thus the Plan is intended to be treated as and subject to the “top-hat” plan requirements under ERISA.
- 2.3 **Code Section 409A**. The Plan is intended to be a “nonqualified deferred compensation plan” as such term is defined and used under Code Section 409A, and thus the Plan is intended to be fully subject to and fully compliant with Code Section 409A.

3.0 TERM OF PLAN; AMENDMENT AND TERMINATION OF PLAN

- 3.1 **Term** . The Plan shall be effective as of the Effective Date and shall terminate on the earlier of (i) the date that all Awards granted under the Plan are Paid or (ii) the 10th anniversary of the Effective Date, unless sooner terminated by the Board in accordance with Section 3.2 below.
- 3.2 **Termination of Plan** . The Board may suspend or terminate the Plan at any time with or without prior notice; *provided, however* , that no action authorized by this Section 3.2 shall reduce the amount of any outstanding Award or otherwise adversely change the terms and conditions thereof without the Participant’s prior written consent.

- 3.3 **Amendment of Plan** . The Board may amend the Plan at any time with or without prior notice; *provided, however* , that no action authorized by this Section 3.3 shall reduce the amount of any outstanding Award or otherwise adversely change the terms and conditions thereof without the Participant's prior written consent.
- 3.4 **Amendment or Cancellation of Award Letters** . The Committee may amend or modify any Award Letter at any time; *provided, however*, that if the amendment or modification adversely affects the Participant, such amendment or modification shall be by mutual agreement between the Committee and the Participant or such other persons as may then have an interest therein.
- 3.5 **Restrictions to Amendment of Plan** . Notwithstanding anything contained in the Plan to the contrary, any amendment to the Plan or to any Award Letter that would result in compensation payable under the Plan to be subject to the penalty tax imposed by Code Section 409A shall be null and void and of no effect as if the Plan had never been amended.
- 4.0 **ADMINISTRATION**
- 4.1 **Responsibility** . The Committee shall have the responsibility, in its sole discretion, to control, operate, manage and administer the Plan in accordance with its terms.
- 4.2 **Award Letter** . Each Award granted under the Plan shall be evidenced by an Award Letter, which shall be signed by an authorized agent or officer of GMAC LTIP LLC and the Participant; *provided, however* , that in the event of any conflict between a provision of the Plan and any provision of an Award Letter, the provision of the Plan shall control and prevail.
- 4.3 **Authority of the Committee** . The Committee shall have all the discretionary authority that may be necessary or helpful to enable it to discharge its responsibilities with respect to the Plan, including but not limited to the following:
- (a) to determine eligibility for participation in the Plan;
 - (b) to determine the size of an Award granted under the Plan;
 - (c) to set vesting schedules for each Award;
 - (d) to set the Strike Prices for SARs under the Plan;
 - (e) to grant Awards to, and to enter into Award Letters with, Participants;
 - (f) to supply any omission, correct any defect, or reconcile any inconsistency in the Plan in such manner and to such extent as it shall deem appropriate in its sole discretion to carry the same into effect;
 - (g) to issue administrative guidelines as an aid to administer the Plan and make changes in such guidelines as it from time to time deems proper;
 - (h) to make rules for carrying out and administering the Plan and make changes in such rules as it from time to time deems proper;
 - (i) to the extent permitted under the Plan, grant waivers of Plan terms, conditions, restrictions, and limitations;
 - (j) to maintain the Plan's full compliance with Code Section 409A;

- (k) to recommend Fair Market Value to the Board for purposes of the Plan;
- (l) to take any and all other actions it deems necessary or advisable for the proper operation or administration of the Plan.

4.4 **Action by the Committee** . The Committee may act only by a majority of its members. Any determination of the Committee may be made, without a meeting, by a writing or writings signed by all of the members of the Committee. In addition, the Committee may authorize any one or more of its members to execute and deliver documents on behalf of the Committee.

4.5 **Delegation of Authority** . The Committee may delegate to one or more of its members, or to one or more agents, such administrative duties as it may deem advisable; *provided, however* , that any such delegation shall be in writing. In addition, the Committee, or any person to whom it has delegated duties under this Section 4.5, may employ one or more persons to render advice with respect to any responsibility the Committee or such person may have under the Plan. The Committee may employ such legal or other counsel, consultants and agents as it may deem desirable for the administration of the Plan and may rely upon any opinion or computation received from any such counsel, consultant or agent. Expenses incurred by the Committee in the engagement of such counsel, consultant or agent shall be paid by the Company or the Subsidiary whose employees have benefited from the Plan, as determined by the Committee.

4.6 **Determinations and Interpretations by the Committee** . All determinations and interpretations made by the Committee shall be binding and conclusive on all Participants and their heirs, successors, and legal representatives.

4.7 **Liability** . No member of the Committee and no employee of the Company shall be liable for any act or failure to act hereunder, except in circumstances involving his or her bad faith, gross negligence or willful misconduct, or for any act or failure to act hereunder by any other member or employee or by any agent to whom duties in connection with the administration of the Plan have been delegated.

4.8 **Indemnification** . The Company shall indemnify members of the Committee and any agent of the Committee against any and all liabilities or expenses to which they may be subjected by reason of any act or failure to act with respect to their duties on behalf of the Plan, except in circumstances involving such person's bad faith, gross negligence or willful misconduct.

5.0 ELIGIBILITY AND PARTICIPATION

5.1 **Eligibility** . All employees of the Company and its Subsidiaries shall be eligible to participate in the Plan and to receive Awards.

5.2 **Participation** . The Committee in its sole discretion shall designate who shall be a Participant and receive Awards under the Plan. Designation of a Participant in any year shall not require the Committee to designate such person to receive an Award in any other year or, once designated, to receive the same Award as granted to the Participant in any other year. The Committee shall consider such factors as it deems pertinent in selecting Participants and in determining the bps subject to each Award. Notwithstanding the Committee's authority to determine Participants and Awards, the Chief Executive Officer of the Company shall have the authority to grant RSUs to any Participants who do not receive SARs Awards. The Chief Executive Officer shall present the RSU Participants and Award bps to the Committee from time to time or upon the Committee's request, so that the Committee may determine whether it has any objection to such compensation for these Participants.

6.0 BPS AVAILABLE UNDER PLAN; VALUATION OF AWARDS

- 6.1 **Available bps for Grant** . The aggregate number of bps that may be granted under all Awards during the term of the Plan shall not exceed 1000. The aggregate number of bps that may be granted under all RSU Awards during the term of the Plan shall not exceed 600. The aggregate number of bps that may be granted under all SAR Awards during the term of the Plan shall not exceed 400. Awards that are cancelled or forfeited may be regranted.
- 6.2 **Adjustment to Award** . If there is any change to the Membership Interests, through merger, consolidation, reorganization, recapitalization, dividend, split, reverse split, split-up, split-off, spin-off, combination of Membership Interests, exchange of Membership Interests, dividend in kind or other like change in capital structure or distribution (other than normal cash dividends) to Members, an adjustment shall be made to each Award either granted or available for grant under the Plan so that after such adjustment each Award reflects such change to the Membership Interests. In addition, for the purpose of preventing any dilution or enlargement of Participants' rights under the Plan, the Committee shall have the authority to adjust, in an equitable manner, the bps available for grant or granted under the Plan, as well as the Strike Price of outstanding SARs or any other affected term.
- 6.3 **Fair Market Valuation of the Company** . The Board shall determine a Valuation (i) at least once a year and (ii) as of a Change-in-Control Date. The Board may in its sole discretion determine a Valuation at any other time. Valuations shall take into account the valuation rules under Treasury Regulation Section 1.409A-1(b)(5)(iv) if compliance with such valuation rules are necessary for compliance with Code Section 409A.
- 7.0 **GRANTS OF AWARDS**
- 7.1 **Grants** . The Committee in its sole discretion and at any time may grant Awards to Participants. Each grant of an Award shall be designated by a fixed bps underlying the Award.
- 7.2 **Types of Grants** . The Committee in its sole discretion may grant either RSUs, SARs, or a combination of both.
- 7.3 **Award Letter** . Each Award shall be evidenced by an Award Letter, stating:
- (a) the bps underlying the Award;
 - (b) if the Award is an SAR, then the Strike Price;
 - (c) the Vesting schedule for each Award;
 - (d) if the Award is an RSU, whether the Award is subject to a Deferral Payment Date; and
 - (e) any other term, condition, restriction and/or limitation with respect to the Award.
- 7.4 **Deferral** . To the extent permitted by the Committee, a Participant may elect to defer compensation attributable to an RSU Award to the Deferral Payment Date, provided that such deferral fully complies with Code Section 409A.
- 7.5 **Dividend Equivalents**. On or after an IPO, Participants who hold RSUs shall be entitled to receive Dividend Equivalents to the same extent and in the same manner as equity holders of the Company's common stock, if and when such holders receive dividends under such common stock. The Dividend Equivalent shall be subject to the same Vesting schedule and forfeiture rules applicable to the related RSU Award.
- 8.0 **VESTING AND PAYMENT OF AWARDS**

- 8.1 **Vesting** . Each Award shall Vest in accordance with the Vesting schedule contained in each Award Letter, as determined by the Committee in its sole discretion, unless Vesting is accelerated in accordance with Section 8.2 or 10 below.
- 8.2 **Vesting Due to a Change in Control** . During the one-year period immediately following the Change-in-Control Date, a Participant's unvested Awards shall 100% immediately Vest as of the date of an involuntary termination of the Participant's employment by the Company without Cause.
- 8.3 **Payment of RSU Awards** . RSUs that Vest shall be Paid to the Participant within 75 days after a Vesting Date, based on the most recent Valuation, provided that if all or a portion of the RSUs are subject to a valid deferral in accordance with Section 7.4 above, then such RSUs shall be Paid in accordance with such Deferral Payment Date based on the most recent Valuation prior to the Deferral Payment Date.
- 8.4 **Payment of SAR Awards** . SARs that Vest shall be paid to the Participant by March 15 immediately following the December 31, 2012 final Vesting Date, but not later than 75 days after a Vesting Date based on (i) if the Participant's employment has not been terminated prior to the date of Payment, then the most recent Valuation or (ii) if the Participant's employment has been terminated (including termination due to death) prior to the date of Payment, then the most recent Valuation preceding the date of the termination of the Participant's employment (including a termination due to death).
- 8.5 **Payment of Dividend Equivalents** . Dividend Equivalents (if any) shall be paid when the related RSU Award is paid to the Participant in accordance with Section 8.3 above.

9.0 RESTRICTIVE COVENANTS

- 9.1 **Non-Competition**. While the Participant who is awarded SARs, or who participates or participated in the GMAC Management LLC Class C Membership Interests Plan, is employed by the Company or a Subsidiary, and during the 1-year period immediately following the date of any termination of the Participant's employment with the Company or a Subsidiary, such Participant shall not at any time, directly or indirectly, whether on behalf of himself or herself or any other person or entity, engage in a Competitive Activity. The restrictions in this Section 9.1 do not apply to a Participant who is not awarded SARs, or who does not or did not participate in the GMAC Management LLC Class C Membership Interests Plan unless the restrictions in this Section 9.1 are specified in the Participant's Award Letter.
- 9.2 **Non-Solicitation of Customers/Clients and Employees** . While the Participant is employed by the Company or a Subsidiary, and during the 2-year period immediately following the date of any termination of the Participant's employment with the Company or a Subsidiary, such Participant shall not at any time, directly or indirectly, whether on behalf of himself or herself or any other person or entity (i) solicit any client and/or customer of the Company or any Subsidiary with respect to a Competitive Activity or (ii) solicit or employ any employee of the Company or any Subsidiary, or any person who was an employee of the Company or any subsidiary during the 60-day period immediately prior to the Participating Senior Leader's termination, for the purpose of causing such employee to terminate his or her employment with the Company or such Subsidiary.
- 9.3 **Confidentiality** . While the Participant is employed by the Company or a Subsidiary, and at all times thereafter, a Participant shall not disclose to anyone or make use of any trade secret or proprietary or confidential information of the Company, including such trade secret or proprietary or confidential information of any customer or client or other entity to which the Company owes an obligation not to disclose such information, which he or she acquires during his or her employment with the Company, including but not limited to records kept in the ordinary course of business, except:
- (a) as such disclosure or use may be required or appropriate in connection with his or her work as an employee of the Company; or

- (b) when required to do so by a court of law, by any governmental agency having supervisory authority over the business of the Company or by any administrative or legislative body (including a committee thereof) with apparent jurisdiction to order him or her to divulge, disclose or make accessible such information; or
 - (c) as to such confidential information that becomes generally known to the public or trade without his or her violation of this Section 9.3; or
 - (d) to the Participant's spouse, attorney, and/or his or her personal tax and financial advisors as reasonably necessary or appropriate to advance the Participant's tax, financial and other personal planning (each an "Exempt Person"), *provided, however*, that any disclosure or use of any trade secret or proprietary or confidential information of the Company by an Exempt Person shall be deemed to be a breach of this Section 9.3 by the Participant.
- 9.4 **Non-Disparagement** . While the Participant is employed by the Company or a Subsidiary, and at all times thereafter, a Participant shall not make any statements or express any views that disparage the business reputation or goodwill of the Company and/or any of its Subsidiaries, affiliates, investors, members, officers, or employees.
- 9.5 **Enforcement of Section 9**. If a Participant materially violates any provision of this Section 9, he or she shall immediately forfeit any right, title and interest to any Award that has not yet been paid. In addition, such Participant shall be required to repay to GMAC LTIP LLC a cash amount equal to the value of all Payments made during the 24-month period ending on the date the Company initiates an enforcement action under this Section 9 and shall reimburse the Company for its legal fees and costs associated with recovery of these amounts.
- 9.6 **Enforcement of Non-Competition, Non-Solicitation and Confidentiality Covenants**. If a Participant violates or threatens to violate any provisions of this Section 9, the Company shall not have an adequate remedy at law. Accordingly, the Company shall be entitled to such equitable and injunctive relief, without the posting of a bond, as may be available to restrain the Participant and any business, firm, partnership, individual, corporation or entity participating in the breach or threatened breach from the violation of the provisions of this Section 9. Nothing in the Plan shall be construed as prohibiting the Company from pursuing any other remedies available at law or in equity for breach or threatened breach of this Section 9, including the recovery of damages. If the Company is successful in enforcing its rights under this provision, the affected Participant shall reimburse the Company for its legal fees and costs associated with such enforcement action.
- 10.0 **TERMINATION OF EMPLOYMENT; OTHER DISTRIBUTIONS**
- 10.1 **Death** . If a Participant dies prior to a Payment, then the Participant's Unvested Awards shall Vest (if at all) as of the date of death of such Participant in accordance with the Award Letter.
- 10.2 **Termination of Employment Due to Disability** . If a Participant's employment is terminated due to Disability prior to a Payment, then the Participant's Unvested Awards shall Vest (if at all) as of the date of such termination of employment in accordance with the Award Letter.
- 10.3 **Termination for Cause** . If a Participant's employment is terminated by the Company or a Subsidiary for Cause prior to a Payment, then the Participant's Vested and Unvested Awards shall be immediately forfeited as of the date of such termination of employment.
- 10.4 **Termination without Cause** . If a Participant's employment is terminated by the Company or a Subsidiary without Cause, including a Qualified Termination under the GMAC Senior Leadership Severance Plan effective as of June 1, 2008, prior to a Payment, then:

- (a) the Participant's Unvested Award shall Vest (if at all) in accordance with the Award Letter; and
 - (b) all other of the Participant's Unvested Awards shall be immediately forfeited as of the date of such termination of employment.
- 10.5 **Termination by Participant** . If a Participant's employment is terminated by the Participant prior to a Payment, then the Participant's Unvested Awards shall be immediately forfeited as of the date of such termination of employment.
- 10.6 **Disability** . The Committee, in its sole discretion, may provide in the Award Letter or take such unilateral action so that Awards will be Paid if a Participant is Disabled (even if the Participant's employment with the Company or a Subsidiary is not terminated), provided that such Payment fully complies with Code Section 409A.
- 10.7 **Unforeseeable Emergency** . The Committee, in its sole discretion, may provide in the Award Letter or take such unilateral action so that all or a portion of the Awards will be Paid if a Participant has an Unforeseeable Emergency, provided that such Payment fully complies with Code Section 409A.
- 10.8 **Section 409A Mandatory 6-Month Delay** . Notwithstanding anything contained in the Plan to the contrary, if the Committee determines that the Participant is a "specified employee" as such term is defined and used under Code Section 409A(a)(2)(B)(i) and Treasury Regulation Section 1.409A-3(i)(2), then all Payments based on a termination of employment shall be subject to a mandatory delay and Paid on the first day of the 7th month following the date that would have been the date of Payment if the Participant had not been determined by the Committee to be a "specified employee" and based on the most recent Valuation as of the date that would have been the date of Payment had the Participant had not been determined by the Committee to be a specified employee.
- 11.0 **CLAIMS**
- 11.1 **Claims Procedure** . If any Participant or Beneficiary, or his or her legal representative, has a claim for benefits under the Plan which is not being paid, such claimant may file a written claim with the Committee setting forth the amount and nature of the claim, supporting facts, and the claimant's address. Written notice of the disposition of a claim by the Committee shall be furnished to the claimant within 90 days after the claim is filed. In the event of special circumstances, the Committee may extend the period for determination for up to an additional 90 days, in which case it shall so advise the claimant. If the claim is denied, the reasons for the denial shall be specifically set forth in writing, pertinent provisions of the Plan shall be cited, including an explanation of the Plan's claim review procedure, and, if the claim is perfectible, an explanation as to how the claimant can perfect the claim shall be provided.
- 11.2 **Claims Review Procedure** . If a claimant whose claim has been denied wishes further consideration of his or her claim, he or she may request the Committee to review his or her claim in a written statement of the claimant's position filed with the Committee no later than 60 days after receipt of the written notification provided for in Section 11.1 above. The Committee shall fully and fairly review the matter and shall promptly advise the claimant, in writing, of its decision within the next 60 days. Due to special circumstances, the Committee may extend the period for determination for up to an additional 60 days, in which case it shall so advise the claimant.
- 12.0 **TAXES**
- 12.1 **Withholding Taxes** . The Company and/or GMAC LTIP LLC shall be entitled to withhold from any and all payments made to a Participant under the Plan all federal, state, local and/or other taxes or imposts which the Company determines are required to be so withheld from such payments or by reason of any other payments made to or on behalf of the Participant or for his or her benefit hereunder.

- 12.2 **Golden Parachute Excise Tax Reduction** . If a Participant becomes subject to the excise tax imposed by Code Section 4999 (the “Parachute Excise Tax”), then the Company and the Participant agree that the aggregate “parachute payment” (as such term is used under Code Section 280G) shall be reduced to 299.99% of the Participant’s “base amount” (as such term is used under Code Section 280G). If such reduction occurs under this Section 12.2, the Participant may select in his or her own discretion what portion of the parachute payments will be so reduced.
- 12.3 **Code Section 409A** . The Plan is subject to Code Section 409A. Notwithstanding anything contained in the Plan to the contrary, the Committee shall have full authority to operate the Plan and to override or amend any provision in the Plan or any Award Letter in order for the Plan to be fully compliant — both in form and in operation — with Code Section 409A.
- 12.4 **No Guarantee of Tax Consequences** . No person connected with the Plan in any capacity, including, but not limited to, the Company and any Subsidiary and their directors, officers, agents and employees, makes any representation, commitment, or guarantee that any tax treatment, including, but not limited to, federal, state and local income, estate and gift tax treatment, will be applicable with respect to amounts payable or provided under the Plan, or paid to or for the benefit of a Participant under the Plan, or that such tax treatment will apply to or be available to a Participant on account of participation in the Plan.
- 13.0 **MISCELLANEOUS**
- 13.1 **Listing of Awards and Related Matters** . If at any time the Committee shall determine that the listing, registration or qualification of Awards with respect to any Award on any securities exchange or under any applicable law, or the consent or approval of any governmental regulatory authority, is necessary or desirable as a condition of, or in connection with, the granting of an Award, such Award may not be exercised, distributed or paid out, as the case may be, in whole or in part, unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Committee.
- 13.2 **No Right, Title, or Interest in Company Assets** . Participants shall have no right, title, or interest whatsoever in or to any investments which the Company may make to aid it in meeting its obligations under the Plan. Nothing contained in the Plan, and no action taken pursuant to its provisions, shall create or be construed to create a trust of any kind, or a fiduciary relationship between the Company and any Participant, beneficiary, legal representative or any other person. To the extent that any person acquires a right to receive payments from the Company under the Plan, such right shall be no greater than the right of an unsecured general creditor of the Company. All payments to be made hereunder shall be paid from the general funds of the Company and no special or separate fund shall be established and no segregation of assets shall be made to assure payment of such amounts except as expressly set forth in the Plan.
- 13.3 **Nontransferability** . Awards granted under the Plan, and any rights and privileges pertaining thereto, may not be transferred, assigned, pledged, or hypothecated in any manner, by operation of law or otherwise, other than by will or by the laws of descent and distribution.
- 13.4 **Voting and Distribution Rights** . A Participant shall not be entitled to any voting rights, distributions or any other rights or privileges of an equity holder as a result of the grant of an Award.
- 13.5 **No Right to Continued Employment or Service or to Grants** . The Participant’s rights, if any, to continue to serve the Company or any Subsidiary as an officer, employee, or otherwise, shall not be enlarged or otherwise affected by his or her designation as a Participant under the Plan, and the Company or the applicable Subsidiary reserves the right to terminate the employment of any Employee at any time. The adoption of the Plan shall not be deemed to give any Employee or any other individual any right to be selected as a Participant or to be granted an Award.

- 13.6 **Awards Subject to Foreign Laws** . The Committee may grant Awards to individual Participants who are subject to the tax and/or other laws of nations other than the United States, and such Awards may have terms and conditions as determined by the Committee as necessary to comply with applicable foreign laws. The Committee may take any action that it deems advisable to obtain approval of such Awards by the appropriate foreign governmental entity; *provided, however* , that no such Awards may be granted pursuant to this Section 13.4 and no action may be taken which would result in a violation of the Exchange Act or any other applicable law.
- 13.7 **Governing Law** . The Plan, all Awards granted hereunder, and all actions taken in connection herewith shall be governed by and construed in accordance with the laws of the State of Michigan without reference to principles of conflict of laws, except as superseded by applicable federal law.

* * * * *

PURCHASE AGREEMENT

FREDDIE MAC STRIPPED INTEREST CERTIFICATES, SERIES 256

July 30, 2008

Cerberus International, Ltd.
First Commercial Centre
Second Floor, Suite No. 2, East Mall Drive
PO Box F-44656
Freeport, GBI, Bahamas

Ladies and Gentlemen:

GMAC Mortgage, LLC (the “Company”) proposes to sell to Cerberus International, Ltd., as purchaser (the “Purchaser”) the original notional principal balance of certain Freddie Mac Stripped Interest Certificates, Series 256 (the “SCs”), listed on Schedule I attached hereto, and having the characteristics set forth in the Offering Documents. The SCs will be issued by Freddie Mac (the “Issuer”) pursuant to the Pass-Through Certificates Master Trust Agreement, dated as of December 31, 2007 (the “Master Trust Agreement”), as supplemented by the Terms Supplement, dated as of July 15, 2008 (the “Terms Supplement”), and together with the Master Trust Agreement, the “Trust Agreement”) and will represent ownership interests in excess servicing fees attributable to certain first lien, single-family, fixed rate conventional mortgage loans currently serviced by the Company on behalf of the Issuer and recharacterized as excess yield pursuant to the Master Agreement #MA08021951, dated as of March 18, 2008 (which includes a provision titled “Release of Excess Yield to Seller”), together with a supplementary Term Sheet with respect to the excess yield relating to the SCs (together, the “Master Agreement”). The SCs will be sold to the Company by the Issuer pursuant to an agreement to purchase excess yield between the Issuer and the Company, dated as of July 25, 2008 (the “Agreement to Purchase Excess Yield”). This Purchase Agreement (the “Agreement”), the related Agreement to Purchase Excess Yield Agreement and the related Master Agreement are sometimes referred to herein collectively as the “Transaction Documents.” The SCs will be issued in the minimum denominations and will have the terms set forth in the offering circular dated December 31, 2007 (the “Offering Circular”) and the related offering circular supplement dated July 15, 2008 (the “Offering Circular Supplement”).

Capitalized terms used but not defined herein shall have the meanings assigned to such terms in the Glossary in Exhibit D hereto.

This is to confirm the arrangements with respect to the purchase of the SCs (as defined herein) by you.

1. Purchase and Sale. Subject to the terms and conditions and in reliance upon the representations and warranties herein set forth, the Company agrees to sell to you, and you agree to purchase from the Company, the original notional principal balance of the SCs to be purchased by the Purchaser. The Company and the Purchaser intend that the conveyance of

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company's right, title and interest in the SCs herein contemplated shall constitute, and be construed as, a sale of the SCs and not a grant of a security interest to secure a loan. The purchase prices of the SCs shall be the prices set forth in the applicable pricing letter (the "Pricing Letter"), the form of which is Exhibit B hereto.

2. Delivery and Payment. Delivery of and payment for the notional principal balance of the SCs to be purchased in the offering shall be no later than 2:30 P.M. New York City time on the applicable closing date (such date and time of delivery of and payment for such SCs being hereinafter referred to as the applicable "Closing Date"). Delivery of the SCs shall be made in book-entry form, against payment by you of the purchase price thereof to or upon the order of the Company by wire transfer in immediately available funds.

3. Representations and Warranties. (a) The Company represents and warrants to, and agrees with, you that:

(i) As of the Closing Date, the Covered Documents do not contain an untrue statement of fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading; provided, however, that the Company makes no representation or warranty as to the Purchaser Information contained in or omitted from the Covered Documents, or as to any information as to which no person is liable hereunder as specified in the proviso to Section 7(a).

(ii) The Company has been duly formed and is validly existing in good standing as a limited liability company under the laws of the State of Delaware and has the requisite power to own its properties and to conduct its business as presently conducted by it.

(iii) This Agreement has been duly authorized, executed and delivered by the Company.

(iv) As of the Closing Date, the SCs will conform in all material respects to the description thereof contained in the Covered Documents.

(v) The execution and delivery of this Agreement by the Company and its performance and compliance with the terms of this Agreement will not violate the Company's Certificate of Formation or Limited Liability Company Agreement or constitute a material default (or an event which, with notice or lapse of time, would constitute a material default) under, or result in the material breach of, any material contract, agreement or other instrument to which the Company is a party or which may be applicable to the Company or any of its assets;

(vi) This Agreement, assuming due authorization, execution and delivery by the Purchaser, constitutes a valid, legal and binding obligation of the Company, enforceable against it in accordance with the terms hereof subject to applicable bankruptcy, insolvency, reorganization, moratorium and other laws affecting the enforcement of creditors' rights generally and to general principles of equity, regardless of whether such enforcement is considered in a proceeding in equity or at law and to

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public policy as it relates to indemnification and contribution under applicable securities laws;

(vii) The Company is not in default with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or governmental agency, which default might have consequences that would materially and adversely affect the condition (financial or other) or operations of the Company or its properties or might have consequences that would materially adversely affect its performance hereunder;

(viii) No litigation is pending or, to the best of the Company's knowledge, threatened against the Company which would prohibit its entering into this Agreement or performing its obligations under this Agreement;

(ix) The Company will comply in all material respects in the performance of this Agreement; and

(x) No information, certificate of an officer, statement furnished in writing or report delivered to the Purchaser, any Affiliate of the Purchaser will, to the knowledge of the Company, contain any untrue statement of a material fact or omit a material fact necessary to make the information, certificate, statement or report not misleading.

(b) The Purchaser represents and warrants to, and agrees with, the Company that:

(i) This Agreement has been duly authorized, executed and delivered by the Purchaser.

(ii) The Purchaser understands and agrees that (a) the SCs are exempted securities under Section 3(a)(2) of the Securities Act of 1933, as amended (the "1933 Act").

(iii) The Purchaser (a) is a substantial, sophisticated institutional investor having such knowledge and experience in financial and business matters, and in particular in such matters related to securities similar to the SCs, such that it is capable of evaluating the merits and risks of investment in the SCs, and (b) is able to bear the economic risks of such an investment.

(iv) As of the Closing Date, (A) the Purchaser represents and warrants that it has been furnished with, and has had an opportunity to review, (1) a copy of the Covered Documents, and (2) all other documents, financial data and information regarding the SCs, the Mortgage Loans represented thereby and the Company that the Purchaser has requested from the Company and (B) the Purchaser has had any questions arising from such review answered by the Company to the satisfaction of the Purchaser.

(v) The Purchaser will not sell, offer, pledge or otherwise transfer any of the SCs, except in compliance with the provisions of this Agreement. SCs are not

Purchase Agreement — Freddie Mac Series 256

exempt from registration under “blue sky” or state securities laws (except where the SCs will have been qualified for offering and sale at the Purchasers’ direction under such “blue sky” or state securities laws).

(vi) None of the Purchaser’s assets currently constitute, or in the future will constitute, “plan assets” within the meaning of Section 3(42) of the Employee Retirement Income Security Act of 1974, as amended.

(vii) The Purchaser Information does not contain an untrue statement of a material fact or omit to state a material fact necessary to make such statements, in light of the circumstances under which they were made, not misleading; provided, however, that the Purchaser makes no representation that the related Offering Circular Supplement (exclusive of the Purchaser Information) does not include any untrue statements of a material fact and does not omit to state any material facts necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading.

(viii) Each of it and its agents has complied and will comply with all applicable laws and regulations in each country or jurisdiction where it may purchase, offer, sell or deliver the SCs or distribute the Offering Documents and it has not offered, sold or delivered and will not offer, sell or deliver, any SCs and has not distributed or published and will not distribute or publish any offering material (including the Offering Documents) in or from any country or jurisdiction except under circumstances that will result in compliance with all applicable laws and regulations and that will not impose any obligations on the Issuer or the Company that the Issuer or the Company shall not have agreed to specifically in writing.

(ix) If the Purchaser satisfies the distribution requirements with respect to the SCs offered or sold in the United States by delivering an electronic version of the Offering Documents, such electronic delivery will be accomplished in a manner consistent with (i) all applicable rules and interpretive guidance of the U.S. Securities and Exchange Commission as if the SCs were registered under the Act, and (ii) applicable law, regulation and government policy of any applicable jurisdiction. The electronic version of the Offering Documents must be obtained from the Company or reproduced in a manner that is designed to produce, and does produce, an accurate reproduction. The Company, however, has no obligation to provide an electronic version of the Offering Documents. If the Purchaser uses a version of the Offering Documents not provided by the Company, the Purchaser agrees to ensure, and to assume all responsibility for ensuring, that the reproduction is an accurate reproduction of the original Offering Documents. The Purchaser will terminate or cause to be terminated immediately the electronic delivery of the Offering Documents upon the Company’s request, in the Company’s sole discretion.

(x) Commencing July 25, 2008, if its agents disseminate through any medium, including the Purchaser’s website, any statistical or other information relating to the mortgage loans related to the SCs (the “Mortgage Loans”) or the SCs, other than

Purchase Agreement — Freddie Mac Series 256

information expressly contained in the Offering Documents, such information shall be accompanied by the following legend:

“The information with respect to the [Mortgage Loans] [SCs] set forth [herein] [below] has not been collected, summarized or provided by Freddie Mac. Freddie Mac has made no independent verification of such information, does not warrant its truth, accuracy or completeness and assumes no obligation or liability with respect thereto.”

Anything in the immediately preceding paragraph to the contrary notwithstanding, the requirements set forth above shall be deemed to be satisfied as to the Purchaser if, commencing July 25, 2008, when such Purchaser disseminates through any medium any statistical or other information relating to the Mortgage Loans or the SCs, other than information expressly contained in the Offering Documents, such information is accompanied by the following legend:

“The information is provided solely by [such Purchaser], not as agent for any issuer, and although it may be based on data supplied to it by an issuer, the issuer has not participated in its preparation and makes no representations regarding its accuracy or completeness.”

(xi) It shall not disseminate, through any medium including its website, any such statistical or other information which is based on the notional principal balances of any SCs (or the scheduled balances of any Mortgage Loans) reflected in any SC Trust Factors (as that term is defined in the Offering Documents) until after Freddie Mac has published such SC Trust Factors or otherwise made them available.

(xii) The Company did not participate in the preparation of the Purchaser Information.

(c) Notwithstanding anything to the contrary contained in this Agreement, the Company is not making any representation, warranty or covenant regarding the marketability of the SCs. The Purchaser specifically acknowledges that any resale of the SCs is the Purchaser's sole responsibility and the Company shall not have any obligation, express or implied, to assist the Purchaser in the marketing or sale of the SCs, except as set forth in Section 5 hereof.

4. Offering by Purchaser. It is understood that the Purchaser will only offer the SCs, if it offers the SCs at all, for sale to a limited number of institutional investors and the Purchaser will not offer, sell or otherwise distribute the SCs in any state in which the SCs are not exempt from registration under “blue sky” or state securities laws (except where the SCs will have been qualified for offering and sale at the Purchasers' direction under such “blue sky” or state securities laws).

5. Agreements. The Company agrees with the Purchaser that:

(a) If the transactions contemplated by this Agreement are consummated, the Company will pay or cause to be paid all expenses incidental to the performance of the obligations of the Company under this Agreement, and for expenses incurred in distributing the

Purchase Agreement — Freddie Mac Series 256

Covered Documents (including any amendments and supplements thereto) to the Purchaser. Except as herein provided, the Purchaser shall be responsible for paying all costs and expenses incurred by the Purchaser, including the fees and disbursements of counsel for the Purchaser in connection with the purchase and sale of the SCs.

(b) The Company has delivered to the Purchaser a copy of the Covered Documents. The Company may amend or supplement the Covered Documents at any time, but is under no obligation to do so. Upon delivery of any amendment or supplement to the Covered Documents to the Purchaser by the Company, the Purchaser will discontinue use of the previous version of the Covered Documents, will return all unused copies of such previous version to the Company and will deliver copies of such Covered Documents as so amended or supplemented to all recipients of such previous version of the Covered Documents.

6. Conditions to the Obligations of the Purchaser. The obligation of the Purchaser to purchase the SCs shall be subject to the following conditions with respect to such SCs:

(a) The Purchaser shall have received a copy of the Covered Documents.

(b) Since July 1, 2008 there shall have been no material adverse change (not in the ordinary course of business) in the condition of the Company.

(c) The Company shall have delivered to you a certificate, dated the Closing Date, of the President, a Executive Vice President, a Vice President or an Assistant Secretary of the Company to the effect that the signer of such certificate has carefully examined this Agreement and that, to the best of his or her knowledge after reasonable investigation: (A) the representations and warranties of the Company in this Agreement are true and correct in all material respects and (B) the Company has, in all material respects, complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied hereunder at or prior to the Closing Date.

(d) The Purchaser shall have received the opinion of Mayer Brown LLP, special counsel for the Company, dated the Closing Date, substantially to the effect set forth in Exhibit A-1 and the opinion of Hu A. Benton, associate general counsel for the Company, dated the Closing Date, substantially to the effect set forth in Exhibit A-2.

(e) Deloitte & Touche LLP shall have furnished to the Company a letter or letters addressed to the Company and dated as of or prior to the date of first use of the applicable Covered Documents in the form and reflecting the performance of the procedures previously agreed to by the Issuer.

The Company will furnish you with conformed copies of the above opinions, certificates and documents as you reasonably request.

7. Indemnification and Contribution. Notwithstanding Section 4 hereof, In the event that the Purchaser sells the SCs within six months after the Closing Date and, in connection with such resale, uses a copy of the Covered Documents as originally provided, as amended or supplemented by the Company pursuant to Section 5(b) (it being understood and

Purchase Agreement — Freddie Mac Series 256

agreed that the Company is not obligated to provide any updated information with regard to the matters discussed in the Covered Documents):

(a) The Company agrees to indemnify and hold harmless you and each person who controls you within the meaning of either Section 15 of the 1933 Act or Section 20 of the Securities Exchange Act of 1934, as amended (the “1934 Act”), from and against any and all losses, claims, damages and liabilities incurred directly in connection with resales where the Purchaser complied with the representations, warranties and agreements in Section 3(b) (ii), (iii), (v), (vi), (viii), (ix), (x) and (xi) herein (provided that the Purchaser shall not be deemed to have violated any such representation, warranty or agreement as a result of an untrue statement or alleged untrue statement of a material fact or the omission or the alleged omission of a material fact in the Covered Documents) caused by any untrue statement or alleged untrue statement of a material fact contained in the Covered Documents as of the Closing Date or caused by any omission or alleged omission to state therein as of the Closing Date a material fact necessary to make the statements therein, in light of the circumstances under which they are made on the Closing Date, not misleading, except insofar as such losses, claims, damages or liabilities are caused by any such untrue statement or omission or alleged untrue statement or omission based upon Purchaser Information; and provided, however, that such indemnity with respect to the Covered Documents shall not inure to the benefit of the Purchaser (or any person controlling the Purchaser) to the extent that such loss, claim, damage or liability of the Purchaser results from the fact that the Purchaser sold SCs to a person to whom there was not sent or given at or prior to the settlement date of the sale of such SCs a copy of the final Covered Documents (as amended or supplemented through such date in any case where the Company has previously furnished the Purchaser with copies thereof on or prior to the close of business on the Business Day preceding such settlement date), in any case where the untrue statement or omission of a material fact which caused such loss, claim, damage or liability was contained in such Covered Documents and was corrected in the Covered Documents (as amended or supplemented), and provided, further, that neither the Company nor you will be liable in any case to the extent that any such loss, claim, damage or liability arises out of or is based upon any such untrue statement or alleged untrue statement or omission or alleged omission made in the information contained in the Covered Documents.

(b) The Purchaser agrees to indemnify and hold harmless the Company, their respective directors or officers and any person controlling the Company to the same extent as the indemnity set forth in Section 7(a) above from the Company to you for breach of any representation or warranty of the Purchaser made in Section 3(b).

(c) In case any proceeding (including any governmental investigation) shall be instituted involving any person in respect of which indemnity may be sought pursuant to either Section 7(a) or 7(b), such person (the “indemnified party”) shall promptly notify the person against whom such indemnity may be sought (the “indemnifying party”) in writing and the indemnifying party, upon request of the indemnified party, shall retain counsel reasonably satisfactory to the indemnified party to represent the indemnified party and any others the indemnifying party may designate in such proceeding and shall pay the reasonable fees and disbursements of such counsel related to such proceeding. In any such proceeding, any indemnified party shall have the right to retain its own counsel, but the reasonable fees and expenses of such counsel shall be at the expense of such indemnified party unless (i) the

Purchase Agreement — Freddie Mac Series 256

indemnifying party and the indemnified party shall have mutually agreed to the retention of such counsel or (ii) the named parties to any such proceeding (including any impleaded parties) include both the indemnifying party and the indemnified party and representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them. It is understood that the indemnifying party shall not, in connection with any proceeding or related proceedings in the same jurisdiction, be liable for the reasonable fees and expenses of more than one separate firm for all such indemnified parties. Such firm shall be designated in writing by you in the case of parties indemnified pursuant to Section 7(a) and by the Company in the case of parties indemnified pursuant to Section 7(b). Subject to the third preceding sentence, the indemnifying party may, at its option, at any time upon written notice to the indemnified party, assume the defense of any proceeding and may designate counsel satisfactory to the indemnifying party in connection therewith provided that the counsel so designated would have no actual or potential conflict of interest in connection with such representation. Unless it shall assume the defense of any proceeding, the indemnifying party shall not be liable for any settlement of any proceeding, effected without its written consent, but if settled with such consent or if there be a final judgment for the plaintiff, the indemnifying party agrees to indemnify the indemnified party from and against any loss or liability by reason of such settlement or judgment. If the indemnifying party assumes the defense of any proceeding, it shall be entitled to settle such proceeding with the consent of the indemnified party or, if such settlement provides for release of the indemnified party in connection with all matters relating to the proceeding which have been asserted against the indemnified party in such proceeding by the other parties to such settlement, without the consent of the indemnified party.

(d) If the indemnification provided for in this Section 7 is unavailable to an indemnified party under Section 7(a) or Section 7(b) hereof or insufficient in respect of any losses, claims, damages or liabilities referred to therein, then the indemnifying party, in lieu of indemnifying such indemnified party, shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities, in such proportion as is appropriate to reflect not only the relative benefits received by the Company on the one hand and the Purchaser on the other from the offering of the SCs but also the relative fault of the Company on the one hand and of the Purchaser on the other in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities, as well as any other relevant equitable considerations. The relative fault of the Company on the one hand and of the Purchaser on the other shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company or by the Purchaser and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

(e) The Company and the Purchaser agree that it would not be just and equitable if contribution pursuant to this Section 7 were determined by pro rata allocation or by any other method of allocation which does not take account of the considerations referred to in Section 7(d) above. The amount paid or payable by an indemnified party as a result of the losses, claims, damages and liabilities referred to in this Section 7 shall be deemed to include, subject to the limitations set forth above, any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim except where the indemnified party is required to bear such expenses pursuant to Section 7(d); which

expenses the indemnifying party shall pay as and when incurred, at the request of the indemnified party, to the extent that the indemnifying party believes that it will be ultimately obligated to pay such expenses. In the event that any expenses so paid by the indemnifying party are subsequently determined to not be required to be borne by the indemnifying party hereunder, the party which received such payment shall promptly refund the amount so paid to the party which made such payment. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the 1933 Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

8. Representations and Indemnities to Survive . The respective agreements, representations, warranties, indemnities and other statements of the Company, or the officers of any of the Company and the Purchaser set forth in or made pursuant to this Agreement will remain in full force and effect, regardless of (i) any termination of this Agreement, (ii) any investigation made by the Purchaser or on behalf of the Purchaser or any person controlling the Purchaser or by or on behalf of the Company and their respective directors or officers or any person controlling the Company and (iii) acceptance of and payment for any of the SCs.

9. Notices . All communications hereunder will be in writing and effective only on receipt, and, if sent to the Purchaser, will be mailed, delivered or telegraphed and confirmed to it at Cerberus International, Ltd. c/o Premier Fund Services Limited, First Commercial Centre, Second Floor, Suite No. 2, East Mall Drive, P.O. Box F-44656, Freeport, GBI, Bahamas, and Partridge Hill Overseas Management, LLC c/o Cerberus Capital Management, L.P., 299 Park Avenue, 22nd Floor, New York, New York 10171, Attention: Michael Hisler, with a copy (which shall not constitute notice) to Lowenstein Sandler PC 1251 Avenue of the Americas, New York, New York, 10020, or, if sent to the Company, will be mailed, delivered or telegraphed and confirmed to it at GMAC Mortgage, LLC 1100 Virginia Drive, Ft. Washington, Pennsylvania 19034, Attention: Thomas Neary, Executive Vice President.

10. Nonassignability . The rights and obligations under this Agreement may not be assigned without the prior written consent of the parties hereto.

11. Successors . This Agreement will inure to the benefit of and be binding upon the parties hereto and their respective successors and (subject to Section 10 hereof) assigns, and no other person will have any right or obligation hereunder.

12. Governing Law . THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

13. Counterparts . This Agreement may be executed in any number of counterparts, each of which shall for all purposes be deemed to be an original and all of which shall together constitute but one and the same instrument.

[SIGNATURES FOLLOW]

Purchase Agreement — Freddie Mac Series 256

If the foregoing is in accordance with your understanding of our agreement, please sign and return to us a counterpart hereof, whereupon this letter and your acceptance shall represent a binding agreement among the Company and the Purchaser.

Very truly yours,

GMAC MORTGAGE, LLC

By: /s/ Thomas Neary
Name: Thomas Neary
Title: Executive Vice President

The foregoing Agreement is hereby confirmed
and accepted as of the date first above written.

CERBERUS INTERNATIONAL, LTD.

By: Partridge Hill Overseas Management, LLC,
its investment manager

By: /s/ Jeffrey L. Lomasky
Jeffrey L. Lomasky
Senior Managing Director

Purchase Agreement — Freddie Mac Series 256

SCHEDULE I

CUSIP	Original Notional Principal Balance
3128HU3T6	\$ 45,381,006.67
3128HU3U3	\$ 62,198,035.33
3128HU3V1	\$ 58,751,225.33
3128HU3W9	\$ 38,790,319.33
3128HU3Y5	\$ 45,946,848.67
3128HU3Z2	\$ 64,601,840.00
3128HU4A6	\$ 43,456,892.67
3128HU4B4	\$ 22,887,814.00
3128HUZ79	\$ 1,730,897.33
3128HU2D2	\$ 1,572,260.00
3128HU2L4	\$ 1,653,174.00
3128HU2T7	\$ 935,580.00
3128HU2Y6	\$ 942,400.67
3128HU3E9	\$ 2,281,090.00
3128HU3L3	\$ 1,445,996.67
3128HU3S8	\$ 1,531,280.00
Totals	\$394,106,660.67

Purchase Agreement

EXHIBIT A-1

FORM OF OPINION OF MAYER BROWN LLP

A-1-1

July 30, 2008

Mayer Brown LLP
1675 Broadway
New York, New York 10019-5820

Cerberus International, Ltd.
First Commercial Centre
Second Floor, Suite No. 2, East Mall Drive
PO Box F-44656
Freeport, GBI, Bahamas

Main Tel (212) 506-2500
Main Fax (212) 262-1910
www.mayerbrown.com

Re: Freddie Mac Stripped Interest Certificates, Series 256

Ladies and Gentlemen:

We have acted as special counsel to GMAC Mortgage, LLC (the “Seller”) in connection with the sale of the original notional principal balance of certain Freddie Mac Stripped Interest Certificates, Series 256 (the “Purchaser SCs”) to Cerberus International, Ltd. (the “Purchaser”) pursuant to the Purchase Agreement, dated July 30, 2008 (the “Purchase Agreement”).

The Purchaser SCs are being issued in connection with the transactions contemplated by Purchase Agreement and this letter is delivered pursuant to the Purchase Agreement. Capitalized terms not defined herein have the meanings assigned to them in the Purchase Agreement.

In arriving at the opinions expressed below, we have examined originals, or copies identified to our satisfaction as being true copies, of such records, documents and other instruments as in our judgment were necessary or appropriate, including an executed copy of the Purchase Agreement.

As to facts relevant to the opinions expressed herein, we have relied upon certificates of public officials or certificates or opinions of officers or other representatives of the Seller. We have also relied upon the representations and warranties set forth in, or made pursuant to, the Purchase Agreement. In addition, we have made such investigations of such matters of law as we have deemed appropriate as a basis for the opinions expressed below. Further, we have assumed the genuineness of all signatures and the authenticity of the document submitted to us as an original and the conformity with the original document of all documents submitted to us as copies.

On the basis of, and subject to, the foregoing, and subject to the limitations, assumptions, qualifications and exceptions set forth herein, it is our opinion that:

Purchase Agreement

1. The Purchase Agreement constitutes a legal, valid and binding agreement of the Seller, enforceable against the Seller in accordance with its terms.
2. The execution and delivery by the Seller of the Purchase Agreement and the consummation by the Seller of the transactions therein contemplated do not result in the violation of any provisions of the Applicable Laws. As used in this opinion, the term "Applicable Laws" means those state laws of the State of New York that, in our experience and without independent investigation, are normally applicable to transactions of the type contemplated by the Purchase Agreement; provided that the term "Applicable Laws" shall not include state securities or blue sky laws or any rules or regulations thereunder and any antifraud or similar laws.

The foregoing opinions and other statements are subject to the following limitations, qualifications and exceptions:

A. Members of our firm are admitted to the bar of the State of New York and the foregoing opinions are limited to matters arising under the laws of the State of New York as in effect on the date hereof. We express no opinion as to the laws, rules or regulations of any other jurisdiction or as to the municipal laws or the laws, rules or regulations of any local agencies or governmental authorities of or within the State of New York, or in each case as to any matters arising thereunder or relating thereto. We expressly disclaim any responsibility to advise you or any other person of any development or circumstance or any kind including any change of law or fact that may occur after the date of this opinion letter, even in such development, circumstance or change may affect the legal analysis, conclusion or any matter set forth in or relating to this opinion letter.

B. Our opinion set forth in paragraph 1 above is subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance, fraudulent transfer and other similar laws relating to or affecting creditors' rights generally and to general equitable principles (regardless of whether considered in a proceeding in equity or at law), including concepts of commercial reasonableness, good faith and fair dealing and the possible unavailability of specific performance or injunctive relief. In addition, we advise you that rights to indemnification may be limited by applicable law or public policy.

C. With respect to the Purchase Agreement being executed or to be executed by any party, except with respect to the Seller, we have assumed, to the extent relevant to the opinions set forth herein, that (i) such party has been duly organized and is existing under the laws of its jurisdiction of organization and (ii) such party has full rights, power and authority to execute, deliver and perform its obligations under the Purchase Agreement to which it is a party and such Purchase Agreement has been duly authorized, executed and delivered by and, is a valid, binding and enforceable agreement or obligation, as the case may be, of, such party.

This letter is solely for your benefit in connection with the transaction described in the first paragraph above and may not be quoted or relied upon by, nor may copies be delivered to,

Purchase Agreement

any other person, nor may this letter be relied upon by you for any other purpose, without our prior written consent.

Very truly yours,

MAYER BROWN LLP

TS/AY

Purchase Agreement

A-1-4

EXHIBIT A-2

FORM OF OPINION OF IN-HOUSE COUNSEL

Purchase Agreement

A-2-1

July 30, 2008

Cerberus International, Ltd.
First Commercial Centre
Second Floor, Suite No. 2, East Mall Drive
PO Box F-44656
Freeport, GBI, Bahamas

Re: Freddie Mac Stripped Interest Certificates,
Series 256

Ladies and Gentlemen:

I am internal counsel employed by Residential Funding Company, LLC, and have acted as counsel to GMAC Mortgage, LLC, a Delaware limited liability company and successor by merger to GMAC Mortgage Corporation, a Pennsylvania corporation (the "Company"), and have advised the Company with respect to certain matters in connection with the Purchase Agreement, dated as of July 30, 2008 (the "Purchase Agreement").

I have examined, or caused to be examined, originals, or a copy certified to my satisfaction, of the Purchase Agreement and such other documents, certificates and instruments which I have deemed necessary or appropriate in connection with this opinion. As to matters of fact, I have examined and relied without independent verification upon representations, warranties and covenants of parties to the above documents contained therein and, where I have deemed appropriate, representations or certifications of officers of parties to the Purchase Agreement or public officials. In rendering this opinion letter, I have assumed with your permission and without independent verification, (i) the authenticity of all documents submitted to me as originals, the genuineness of all signatures, the legal capacity of natural persons and the conformity to the originals of all documents submitted to me as copies and the authenticity of the originals of such copies, (ii) with respect to parties other than the Company, the due authorization, execution and delivery of such documents, and the necessary entity power with respect thereto, and with respect to all parties, the enforceability of such documents and (iii) that there is not and will not be any other oral or written agreement, usage of trade, or course of dealing among the parties that modifies or supplements the agreements expressed in the Purchase Agreement.

Purchase Agreement

Capitalized terms used herein, but not defined herein, shall have the meanings assigned to them in the Purchase Agreement.

Based upon the foregoing, but subject to the assumptions, exceptions, qualifications and limitations herein expressed, I am of the opinion that:

1. The Company has been duly formed, is validly existing as a limited liability company and is in good standing under the laws of the State of Delaware;
2. The Company has the power and authority to execute and deliver the Purchase Agreement and to perform its obligations under the Purchase Agreement;
3. The Purchase Agreement has been duly authorized, executed and delivered by the Company;
4. There are no actions, proceedings or investigations pending or, to my knowledge, threatened against or affecting the Company before or by any court, arbitrator, administrative agency or other governmental authority which, if adversely determined, would have a material and adverse effect on the Company's ability to perform its obligations under the Purchase Agreement;
5. No consent, approval, authorization or order of, or filing or registration with, any state or federal court or governmental agency or body is required for the execution and delivery by the Company of the Purchase Agreement or the consummation by the Company of the transactions contemplated in the Purchase Agreement, except such as have been obtained or made; and
6. The Company is not in violation of any of its limited liability company organizational documents, and neither the execution or delivery of or performance by the Company under the Purchase Agreement, nor the consummation by the Company of any other of the transactions contemplated therein, will conflict with or result in a breach or violation of any term or provision of, or constitute a default (or an event which with the passing of time or notification, or both, would constitute a default) under, any of the limited liability company organizational documents of the Company, or any indenture or other agreement or instrument to which the Company is a party or by which the Company is bound, or any state or federal statute or regulation applicable to the Company or any order of any state or federal court, regulatory body, administrative agency or governmental body having jurisdiction over the Company.

The opinions set forth above are subject to the following qualifications:

- (a) I am admitted to practice in the State of Texas and the District of Columbia, and I render no opinion herein as to matters involving the laws of any jurisdiction other than the State of Texas and the District of Columbia and the Federal laws of the United States of America. However, insofar as the opinions expressed in paragraphs 1 and 2 above relate to matters that are governed by the laws of the State of Delaware, I am generally familiar with the laws of the State of Delaware as they relate to the organization and governance of limited liability companies, and I do not feel it necessary to consult with Delaware counsel. I do not express any opinion with respect to the securities laws of any jurisdiction or any other matter not specifically addressed above.
- (b) The opinions expressed above do not address any of the following legal issues: (i) Federal securities laws and regulations administered by the Securities and Exchange

Purchase Agreement

Commission, state “Blue Sky” laws and regulations, and laws and regulations relating to commodity (and other) futures and indices and other similar instruments, (ii) pension and employee benefit laws and regulations (*e.g.*, ERISA), (iii) Federal and state antitrust and unfair competition laws and regulations, (iv) Federal and state laws and regulations concerning filing and notice requirements (*e.g.* , Hart-Scott-Rodino and Exon-Florio), (v) the statutes and ordinances, administrative decisions and the rules and regulations of counties, towns, municipalities and special political subdivisions (whether created or enabled through legislative action at the Federal, state or regional level) and judicial decisions to the extent that they deal with the foregoing, (vi) Federal and state tax laws and regulations, (vii) Federal and state racketeering laws and regulations (*e.g.* , RICO), (viii) Federal and state labor laws and regulations, (ix) Federal and state bank regulatory laws, (x) Federal and state laws, regulations and policies concerning (1) national and local emergency, (2) possible judicial deference to acts of sovereign states, and (3) criminal and civil forfeiture laws, and (xi) other Federal and state statutes of general application to the extent they provide for criminal prosecution (*e.g.* , mail fraud and wire fraud statutes).

- (c) In rendering the opinions above, I have only considered the applicability of statutes, rules, and regulations that a lawyer in the State of Texas and the District of Columbia exercising customary professional diligence would reasonably recognize as being directly applicable to the Company, to the transaction contemplated by the Purchase Agreement, or both.

The opinions set forth herein are intended solely for the benefit of the addressee hereof in connection with the transactions contemplated herein and shall not be relied upon by any other person or for any other purpose without my prior written consent.

Except for reproductions for inclusion in transcripts of the documentation relating to the transactions contemplated herein, this opinion may not be copied or otherwise reproduced or quoted from, in whole or in part, without my prior written consent.

This opinion is limited to the specific issues addressed and is limited in all respects to laws and facts existing on the date of this opinion.

Very truly yours,

By: _____
Name: Hu. A. Benton
Title: Associate Counsel

Purchase Agreement

EXHIBIT B
GMAC Mortgage, LLC
Freddie Mac Stripped Interest Certificates, Series []

[], 200[]

GMAC Mortgage, LLC
1100 Virginia Drive
Ft. Washington, Pennsylvania 19034

Re: Freddie Mac Stripped Interest Certificates, Series []

Ladies and Gentlemen:

Pursuant to Section 4 of the Purchase Agreement, dated July [], 2008, among GMAC Mortgage, LLC and ____ (the “Purchaser”) relating to the Certificates referenced above, the undersigned does hereby certify that:

Section 1. The SCs: The SCs hereunder are as follows:

(a) Classes: The Classes of SCs that constitute “SCs” are listed below:

<u>Class</u>	<u>Allocations</u>	<u>Proceeds</u>
1		
2		
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
Totals		

The Purchaser agrees, subject to the terms and provisions herein and of the captioned Purchase Agreement, to purchase Classes of the SCs listed above at the prices set forth in the settlement statement attached hereto as Exhibit A.

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(b) The SCs shall have such other characteristics as described in the related Covered Documents,

(c) The “Closing Date” is July [], 2008,

Sincerely,

[PURCHASER]

By: _____

Name:

Title:

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EXHIBIT C

EXCLUDED INFORMATION

(ATTACHED HERETO)

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C-1

Modeling Assumptions

To prepare the yield table below, we have employed the following assumptions (the “**Modeling Assumptions**”), among others:

- As of July 1, 2008, each Mortgage represented in the related Mortgage Group has an Excess Yield Rate, interest rate, remaining term to maturity and loan age equal to the weighted average Excess Yield Rate, interest rate, remaining term to maturity and loan age for that Mortgage Group shown in the table on page S-7.
- The Class Coupons for the WAC/IO SCs remain constant at their initial Class Coupons.
- Payments on the Classes are always received on the 15th of the month, whether or not a Business Day.
- Each Class is outstanding from the Closing Date to retirement and no exchanges occur.
- The Classes are purchased at the prices listed in the table, plus accrued interest from the first day of the month of the Closing Date.

When reading the table and the related text, you should bear in mind that the Modeling Assumptions, like any other stated assumptions, are unlikely to be entirely consistent with actual experience. For example, most of the Mortgages will not have the characteristics assumed, the Class Coupons for the WAC/IO SC Classes will vary over time and many Payment Dates will occur on a Business Day after the 15th of the month.

Yield Table

The following table shows, at various percentages of CPR, pre-tax yields to maturity (corporate bond equivalent) of each Class. We have prepared this table using the Modeling Assumptions and the assumed prices shown in the table, plus accrued interest from July 1, 2008. Actual sales may not occur at the assumed prices.

The Mortgages will have characteristics that are more diverse than those assumed, and Mortgage prepayment rates will differ from the constant rates shown. These differences will affect the actual payment behavior and yields of the Classes. In the case of the WAC/IO Classes, disproportionately fast prepayments on the related Mortgages with relatively higher Excess Yield Rates would increase the likelihood of a reduced or negative yield.

See *Prepayment, Yield and Suitability Considerations — Tabular Information in Supplements* in the Offering Circular for a description of yield calculations and the CPR prepayment model.

Pre-Tax Yields of All Classes

Class	Assumed Price	5.0% CPR	10.0% CPR	15.0% CPR	20.0% CPR	25.0% CPR
1	22.25%	15.4%	9.7%	3.9%	(2.2)%	(8.4)%
2	22.25	15.3	9.6	3.7	(2.3)	(8.5)
3	22.25	15.0	9.3	3.5	(2.5)	(8.7)
4	22.25	15.3	9.6	3.7	(2.3)	(8.5)
5	22.25	15.2	9.5	3.7	(2.3)	(8.6)
6	22.25	15.1	9.4	3.6	(2.5)	(8.7)
7	22.00	18.3	12.6	6.7	0.5	(5.8)
8	22.00	18.1	12.4	6.5	0.4	(5.9)
9	22.00	18.0	12.3	6.3	0.2	(6.0)
10	22.00	18.2	12.5	6.6	0.5	(5.8)
11	22.00	18.1	12.4	6.5	0.4	(5.9)
12	22.00	18.1	12.3	6.4	0.3	(6.0)
13	21.75	21.3	15.5	9.5	3.3	(3.1)
14	21.75	21.2	15.4	9.4	3.2	(3.2)
15	21.75	21.2	15.4	9.4	3.2	(3.2)
16	21.75	21.2	15.4	9.4	3.2	(3.1)
17	21.75	21.2	15.4	9.4	3.2	(3.1)
18	21.75	21.2	15.4	9.4	3.2	(3.2)
19	21.75	21.2	15.4	9.4	3.2	(3.2)
20	21.50	24.3	18.4	12.3	6.1	(0.4)
21	21.50	24.3	18.4	12.3	6.1	(0.4)
22	21.50	24.3	18.4	12.4	6.1	(0.4)
23	21.50	24.3	18.4	12.4	6.1	(0.4)
24	21.50	24.3	18.4	12.3	6.1	(0.4)
25	21.50	24.3	18.4	12.3	6.1	(0.4)
26	21.50	24.3	18.4	12.3	6.1	(0.4)
27	12.00	14.7	9.1	3.3	(2.7)	(8.8)
28	12.00	14.5	8.9	3.1	(2.9)	(9.0)
29	12.00	15.5	9.8	4.0	(2.0)	(8.2)
30	12.00	14.7	9.1	3.3	(2.7)	(8.9)
31	12.00	15.3	9.6	3.8	(2.2)	(8.4)
32	12.50	18.8	13.1	7.2	1.1	(5.2)
33	12.50	18.2	12.5	6.6	0.5	(5.7)
34	12.50	18.6	12.8	6.9	0.9	(5.4)
35	12.50	18.4	12.7	6.8	0.7	(5.6)
36	12.50	18.6	12.8	6.9	0.9	(5.4)
37	12.50	18.4	12.6	6.7	0.7	(5.6)
38	13.00	22.7	16.9	10.9	4.7	(1.7)
39	13.00	22.1	16.3	10.3	4.2	(2.2)
40	13.00	23.3	17.4	11.4	5.2	(1.2)
41	13.00	22.5	16.6	10.6	4.5	(1.9)
42	13.00	23.2	17.4	11.4	5.2	(1.2)
43	13.00	22.5	16.6	10.6	4.5	(1.9)
44	13.50	26.2	20.2	14.2	7.9	1.4
45	13.50	26.5	20.6	14.5	8.2	1.7
46	13.50	27.1	21.1	15.0	8.7	2.2
47	13.50	28.2	22.2	16.1	9.8	3.2
48	13.50	28.0	22.0	15.8	9.5	3.0
49	13.50	27.4	21.4	15.3	9.0	2.5
50	22.25	15.3	9.6	3.8	(2.2)	(8.5)
51	22.00	18.3	12.5	6.6	0.5	(5.8)
52	21.75	21.3	15.4	9.4	3.3	(3.1)
53	21.50	24.3	18.4	12.3	6.1	(0.4)
54	22.00	19.4	13.7	7.7	1.6	(4.8)
55	12.00	14.7	9.1	3.3	(2.7)	(8.9)
56	12.50	18.6	12.8	6.9	0.9	(5.4)
57	13.00	22.6	16.8	10.8	4.6	(1.8)
58	13.50	26.7	20.7	14.6	8.3	1.8
59	12.50	20.4	14.6	8.7	2.5	(3.8)

CERTAIN FEDERAL INCOME TAX CONSEQUENCES

You should read *Certain Federal Income Tax Consequences — General, — Giant Certificates —Application of the Stripped Bond Rules* and *— Strips* in the Offering Circular for a general discussion of the anticipated material federal income tax consequences of owning an interest in a Class of SCs.

EXHIBIT D

GLOSSARY

Covered Documents : The Offering Circular Supplement.

Offering Documents : The Offering Circular together with the related Offering Circular Supplement.

Purchaser Information : The statement “to one or more funds and/or accounts managed by affiliates of Cerberus Capital Management, L.P.” set forth in the last sentence on the cover of the Offering Circular Supplement.

Purchase Agreement

PURCHASE AGREEMENT

FREDDIE MAC STRIPPED INTEREST CERTIFICATES, SERIES 256

July 30, 2008

Cerberus Partners, L.P.
c/o Cerberus Capital Management, L.P.
299 Park Avenue, 22nd Floor
New York, New York 10171

Ladies and Gentlemen:

GMAC Mortgage, LLC (the “Company”) proposes to sell to Cerberus Partners, L.P., as purchaser (the “Purchaser”) the original notional principal balance of certain Freddie Mac Stripped Interest Certificates, Series 256 (the “SCs”), listed on Schedule I attached hereto, and having the characteristics set forth in the Offering Documents. The SCs will be issued by Freddie Mac (the “Issuer”) pursuant to the Pass-Through Certificates Master Trust Agreement, dated as of December 31, 2007 (the “Master Trust Agreement”), as supplemented by the Terms Supplement, dated as of July 15, 2008 (the “Terms Supplement”), and together with the Master Trust Agreement, the “Trust Agreement”) and will represent ownership interests in excess servicing fees attributable to certain first lien, single-family, fixed rate conventional mortgage loans currently serviced by the Company on behalf of the Issuer and recharacterized as excess yield pursuant to the Master Agreement #MA08021951, dated as of March 18, 2008 (which includes a provision titled “Release of Excess Yield to Seller”), together with a supplementary Term Sheet with respect to the excess yield relating to the SCs (together, the “Master Agreement”). The SCs will be sold to the Company by the Issuer pursuant to an agreement to purchase excess yield between the Issuer and the Company, dated as of July 25, 2008 (the “Agreement to Purchase Excess Yield”). This Purchase Agreement (the “Agreement”), the related Agreement to Purchase Excess Yield Agreement and the related Master Agreement are sometimes referred to herein collectively as the “Transaction Documents.” The SCs will be issued in the minimum denominations and will have the terms set forth in the offering circular dated December 31, 2007 (the “Offering Circular”) and the related offering circular supplement dated July 15, 2008 (the “Offering Circular Supplement”).

Capitalized terms used but not defined herein shall have the meanings assigned to such terms in the Glossary in Exhibit D hereto.

This is to confirm the arrangements with respect to the purchase of the SCs (as defined herein) by you.

1. Purchase and Sale. Subject to the terms and conditions and in reliance upon the representations and warranties herein set forth, the Company agrees to sell to you, and you agree to purchase from the Company, the original notional principal balance of the SCs to be purchased by the Purchaser. The Company and the Purchaser intend that the conveyance of company’s right, title and interest in the SCs herein contemplated shall constitute, and be construed as, a sale of the SCs and not a grant of a security interest to secure a loan. The

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purchase prices of the SCs shall be the prices set forth in the applicable pricing letter (the “ Pricing Letter ”), the form of which is Exhibit B hereto.

2. Delivery and Payment . Delivery of and payment for the notional principal balance of the SCs to be purchased in the offering shall be no later than 2:30 P.M. New York City time on the applicable closing date (such date and time of delivery of and payment for such SCs being hereinafter referred to as the applicable “ Closing Date ”). Delivery of the SCs shall be made in book-entry form, against payment by you of the purchase price thereof to or upon the order of the Company by wire transfer in immediately available funds.

3. Representations and Warranties . (a) The Company represents and warrants to, and agrees with, you that:

(i) As of the Closing Date, the Covered Documents do not contain an untrue statement of fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading; provided, however, that the Company makes no representation or warranty as to the Purchaser Information contained in or omitted from the Covered Documents, or as to any information as to which no person is liable hereunder as specified in the proviso to Section 7(a).

(ii) The Company has been duly formed and is validly existing in good standing as a limited liability company under the laws of the State of Delaware and has the requisite power to own its properties and to conduct its business as presently conducted by it.

(iii) This Agreement has been duly authorized, executed and delivered by the Company.

(iv) As of the Closing Date, the SCs will conform in all material respects to the description thereof contained in the Covered Documents.

(v) The execution and delivery of this Agreement by the Company and its performance and compliance with the terms of this Agreement will not violate the Company’s Certificate of Formation or Limited Liability Company Agreement or constitute a material default (or an event which, with notice or lapse of time, would constitute a material default) under, or result in the material breach of, any material contract, agreement or other instrument to which the Company is a party or which may be applicable to the Company or any of its assets;

(vi) This Agreement, assuming due authorization, execution and delivery by the Purchaser, constitutes a valid, legal and binding obligation of the Company, enforceable against it in accordance with the terms hereof subject to applicable bankruptcy, insolvency, reorganization, moratorium and other laws affecting the enforcement of creditors’ rights generally and to general principles of equity, regardless of whether such enforcement is considered in a proceeding in equity or at law and to public policy as it relates to indemnification and contribution under applicable securities laws;

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(vii) The Company is not in default with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or governmental agency, which default might have consequences that would materially and adversely affect the condition (financial or other) or operations of the Company or its properties or might have consequences that would materially adversely affect its performance hereunder;

(viii) No litigation is pending or, to the best of the Company's knowledge, threatened against the Company which would prohibit its entering into this Agreement or performing its obligations under this Agreement;

(ix) The Company will comply in all material respects in the performance of this Agreement; and

(x) No information, certificate of an officer, statement furnished in writing or report delivered to the Purchaser, any Affiliate of the Purchaser will, to the knowledge of the Company, contain any untrue statement of a material fact or omit a material fact necessary to make the information, certificate, statement or report not misleading.

(b) The Purchaser represents and warrants to, and agrees with, the Company that:

(i) This Agreement has been duly authorized, executed and delivered by the Purchaser.

(ii) The Purchaser understands and agrees that (a) the SCs are exempted securities under Section 3(a)(2) of the Securities Act of 1933, as amended (the "1933 Act");

(iii) The Purchaser (a) is a substantial, sophisticated institutional investor having such knowledge and experience in financial and business matters, and in particular in such matters related to securities similar to the SCs, such that it is capable of evaluating the merits and risks of investment in the SCs, and (b) is able to bear the economic risks of such an investment.

(iv) As of the Closing Date, (A) the Purchaser represents and warrants that it has been furnished with, and has had an opportunity to review, (1) a copy of the Covered Documents, and (2) all other documents, financial data and information regarding the SCs, the Mortgage Loans represented thereby and the Company that the Purchaser has requested from the Company and (B) the Purchaser has had any questions arising from such review answered by the Company to the satisfaction of the Purchaser.

(v) The Purchaser will not sell, offer, pledge or otherwise transfer any of the SCs, except in compliance with the provisions of this Agreement. SCs are not exempt from registration under "blue sky" or state securities laws (except where the SCs will have been qualified for offering and sale at the Purchasers' direction under such "blue sky" or state securities laws).

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(vi) None of the Purchaser's assets currently constitute, or in the future will constitute, "plan assets" within the meaning of Section 3 (42) of the Employee Retirement Income Security Act of 1974, as amended.

(vii) The Purchaser Information does not contain an untrue statement of a material fact or omit to state a material fact necessary to make such statements, in light of the circumstances under which they were made, not misleading; provided, however, that the Purchaser makes no representation that the related Offering Circular Supplement (exclusive of the Purchaser Information) does not include any untrue statements of a material fact and does not omit to state any material facts necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading.

(viii) Each of it and its agents has complied and will comply with all applicable laws and regulations in each country or jurisdiction where it may purchase, offer, sell or deliver the SCs or distribute the Offering Documents and it has not offered, sold or delivered and will not offer, sell or deliver, any SCs and has not distributed or published and will not distribute or publish any offering material (including the Offering Documents) in or from any country or jurisdiction except under circumstances that will result in compliance with all applicable laws and regulations and that will not impose any obligations on the Issuer or the Company that the Issuer or the Company shall not have agreed to specifically in writing.

(ix) If the Purchaser satisfies the distribution requirements with respect to the SCs offered or sold in the United States by delivering an electronic version of the Offering Documents, such electronic delivery will be accomplished in a manner consistent with (i) all applicable rules and interpretive guidance of the U.S. Securities and Exchange Commission as if the SCs were registered under the Act, and (ii) applicable law, regulation and government policy of any applicable jurisdiction. The electronic version of the Offering Documents must be obtained from the Company or reproduced in a manner that is designed to produce, and does produce, an accurate reproduction. The Company, however, has no obligation to provide an electronic version of the Offering Documents. If the Purchaser uses a version of the Offering Documents not provided by the Company, the Purchaser agrees to ensure, and to assume all responsibility for ensuring, that the reproduction is an accurate reproduction of the original Offering Documents. The Purchaser will terminate or cause to be terminated immediately the electronic delivery of the Offering Documents upon the Company's request, in the Company's sole discretion.

(x) Commencing July 25, 2008, if its agents disseminate through any medium, including the Purchaser's website, any statistical or other information relating to the mortgage loans related to the SCs (the "Mortgage Loans") or the SCs, other than information expressly contained in the Offering Documents, such information shall be accompanied by the following legend:

"The information with respect to the [Mortgage Loans] [SCs] set forth [herein] [below] has not been collected, summarized or provided by Freddie Mac.

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Freddie Mac has made no independent verification of such information, does not warrant its truth, accuracy or completeness and assumes no obligation or liability with respect thereto.”

Anything in the immediately preceding paragraph to the contrary notwithstanding, the requirements set forth above shall be deemed to be satisfied as to the Purchaser if, commencing July 25, 2008, when such Purchaser disseminates through any medium any statistical or other information relating to the Mortgage Loans or the SCs, other than information expressly contained in the Offering Documents, such information is accompanied by the following legend:

“The information is provided solely by [such Purchaser], not as agent for any issuer, and although it may be based on data supplied to it by an issuer, the issuer has not participated in its preparation and makes no representations regarding its accuracy or completeness.”

(xi) It shall not disseminate, through any medium including its website, any such statistical or other information which is based on the notional principal balances of any SCs (or the scheduled balances of any Mortgage Loans) reflected in any SC Trust Factors (as that term is defined in the Offering Documents) until after Freddie Mac has published such SC Trust Factors or otherwise made them available.

(xii) The Company did not participate in the preparation of the Purchaser Information.

(c) Notwithstanding anything to the contrary contained in this Agreement, the Company is not making any representation, warranty or covenant regarding the marketability of the SCs. The Purchaser specifically acknowledges that any resale of the SCs is the Purchaser’s sole responsibility and the Company shall not have any obligation, express or implied, to assist the Purchaser in the marketing or sale of the SCs, except as set forth in Section 5 hereof.

4. Offering by Purchaser. It is understood that the Purchaser will only offer the SCs, if it offers the SCs at all, for sale to a limited number of institutional investors and the Purchaser will not offer, sell or otherwise distribute the SCs in any state in which the SCs are not exempt from registration under “blue sky” or state securities laws (except where the SCs will have been qualified for offering and sale at the Purchasers’ direction under such “blue sky” or state securities laws).

5. Agreements. The Company agrees with the Purchaser that:

(a) If the transactions contemplated by this Agreement are consummated, the Company will pay or cause to be paid all expenses incidental to the performance of the obligations of the Company under this Agreement, and for expenses incurred in distributing the Covered Documents (including any amendments and supplements thereto) to the Purchaser. Except as herein provided, the Purchaser shall be responsible for paying all costs and expenses incurred by the Purchaser, including the fees and disbursements of counsel for the Purchaser in connection with the purchase and sale of the SCs.

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(b) The Company has delivered to the Purchaser a copy of the Covered Documents. The Company may amend or supplement the Covered Documents at any time, but is under no obligation to do so. Upon delivery of any amendment or supplement to the Covered Documents to the Purchaser by the Company, the Purchaser will discontinue use of the previous version of the Covered Documents, will return all unused copies of such previous version to the Company and will deliver copies of such Covered Documents as so amended or supplemented to all recipients of such previous version of the Covered Documents.

6. Conditions to the Obligations of the Purchaser. The obligation of the Purchaser to purchase the SCs shall be subject to the following conditions with respect to such SCs:

(a) The Purchaser shall have received a copy of the Covered Documents.

(b) Since July 1, 2008 there shall have been no material adverse change (not in the ordinary course of business) in the condition of the Company.

(c) The Company shall have delivered to you a certificate, dated the Closing Date, of the President, a Executive Vice President, a Vice President or an Assistant Secretary of the Company to the effect that the signer of such certificate has carefully examined this Agreement and that, to the best of his or her knowledge after reasonable investigation: (A) the representations and warranties of the Company in this Agreement are true and correct in all material respects and (B) the Company has, in all material respects, complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied hereunder at or prior to the Closing Date.

(d) The Purchaser shall have received the opinion of Mayer Brown LLP, special counsel for the Company, dated the Closing Date, substantially to the effect set forth in Exhibit A-1 and the opinion of Hu A. Benton, associate general counsel for the Company, dated the Closing Date, substantially to the effect set forth in Exhibit A-2.

(e) Deloitte & Touche LLP shall have furnished to the Company a letter or letters addressed to the Company and dated as of or prior to the date of first use of the applicable Covered Documents in the form and reflecting the performance of the procedures previously agreed to by the Issuer.

The Company will furnish you with conformed copies of the above opinions, certificates and documents as you reasonably request.

7. Indemnification and Contribution. Notwithstanding Section 4 hereof, In the event that the Purchaser sells the SCs within six months after the Closing Date and, in connection with such resale, uses a copy of the Covered Documents as originally provided, as amended or supplemented by the Company pursuant to Section 5(b) (it being understood and agreed that the Company is not obligated to provide any updated information with regard to the matters discussed in the Covered Documents):

(a) The Company agrees to indemnify and hold harmless you and each person who controls you within the meaning of either Section 15 of the 1933 Act or Section 20 of the

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Securities Exchange Act of 1934, as amended (the “1934 Act”), from and against any and all losses, claims, damages and liabilities incurred directly in connection with resales where the Purchaser complied with the representations, warranties and agreements in Section 3(b) (ii), (iii), (v), (vi), (viii), (ix), (x) and (xi) herein (provided that the Purchaser shall not be deemed to have violated any such representation, warranty or agreement as a result of an untrue statement or alleged untrue statement of a material fact or the omission or the alleged omission of a material fact in the Covered Documents) caused by any untrue statement or alleged untrue statement of a material fact contained in the Covered Documents as of the Closing Date or caused by any omission or alleged omission to state therein as of the Closing Date a material fact necessary to make the statements therein, in light of the circumstances under which they are made on the Closing Date, not misleading, except insofar as such losses, claims, damages or liabilities are caused by any such untrue statement or omission or alleged untrue statement or omission based upon Purchaser Information; and provided, however, that such indemnity with respect to the Covered Documents shall not inure to the benefit of the Purchaser (or any person controlling the Purchaser) to the extent that such loss, claim, damage or liability of the Purchaser results from the fact that the Purchaser sold SCs to a person to whom there was not sent or given at or prior to the settlement date of the sale of such SCs a copy of the final Covered Documents (as amended or supplemented through such date in any case where the Company has previously furnished the Purchaser with copies thereof on or prior to the close of business on the Business Day preceding such settlement date), in any case where the untrue statement or omission of a material fact which caused such loss, claim, damage or liability was contained in such Covered Documents and was corrected in the Covered Documents (as amended or supplemented), and provided, further, that neither the Company nor you will be liable in any case to the extent that any such loss, claim, damage or liability arises out of or is based upon any such untrue statement or alleged untrue statement or omission or alleged omission made in the information contained in the Covered Documents.

(b) The Purchaser agrees to indemnify and hold harmless the Company, their respective directors or officers and any person controlling the Company to the same extent as the indemnity set forth in Section 7(a) above from the Company to you for breach of any representation or warranty of the Purchaser made in Section 3(b).

(c) In case any proceeding (including any governmental investigation) shall be instituted involving any person in respect of which indemnity may be sought pursuant to either Section 7(a) or 7(b), such person (the “indemnified party”) shall promptly notify the person against whom such indemnity may be sought (the “indemnifying party”) in writing and the indemnifying party, upon request of the indemnified party, shall retain counsel reasonably satisfactory to the indemnified party to represent the indemnified party and any others the indemnifying party may designate in such proceeding and shall pay the reasonable fees and disbursements of such counsel related to such proceeding. In any such proceeding, any indemnified party shall have the right to retain its own counsel, but the reasonable fees and expenses of such counsel shall be at the expense of such indemnified party unless (i) the indemnifying party and the indemnified party shall have mutually agreed to the retention of such counsel or (ii) the named parties to any such proceeding (including any impleaded parties) include both the indemnifying party and the indemnified party and representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them. It is understood that the indemnifying party shall not, in connection with any proceeding

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or related proceedings in the same jurisdiction, be liable for the reasonable fees and expenses of more than one separate firm for all such indemnified parties. Such firm shall be designated in writing by you in the case of parties indemnified pursuant to Section 7(a) and by the Company in the case of parties indemnified pursuant to Section 7(b). Subject to the third preceding sentence, the indemnifying party may, at its option, at any time upon written notice to the indemnified party, assume the defense of any proceeding and may designate counsel satisfactory to the indemnifying party in connection therewith provided that the counsel so designated would have no actual or potential conflict of interest in connection with such representation. Unless it shall assume the defense of any proceeding, the indemnifying party shall not be liable for any settlement of any proceeding, effected without its written consent, but if settled with such consent or if there be a final judgment for the plaintiff, the indemnifying party agrees to indemnify the indemnified party from and against any loss or liability by reason of such settlement or judgment. If the indemnifying party assumes the defense of any proceeding, it shall be entitled to settle such proceeding with the consent of the indemnified party or, if such settlement provides for release of the indemnified party in connection with all matters relating to the proceeding which have been asserted against the indemnified party in such proceeding by the other parties to such settlement, without the consent of the indemnified party.

(d) If the indemnification provided for in this Section 7 is unavailable to an indemnified party under Section 7(a) or Section 7(b) hereof or insufficient in respect of any losses, claims, damages or liabilities referred to therein, then the indemnifying party, in lieu of indemnifying such indemnified party, shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities, in such proportion as is appropriate to reflect not only the relative benefits received by the Company on the one hand and the Purchaser on the other from the offering of the SCs but also the relative fault of the Company on the one hand and of the Purchaser on the other in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities, as well as any other relevant equitable considerations. The relative fault of the Company on the one hand and of the Purchaser on the other shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company or by the Purchaser and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

(e) The Company and the Purchaser agree that it would not be just and equitable if contribution pursuant to this Section 7 were determined by pro rata allocation or by any other method of allocation which does not take account of the considerations referred to in Section 7(d) above. The amount paid or payable by an indemnified party as a result of the losses, claims, damages and liabilities referred to in this Section 7 shall be deemed to include, subject to the limitations set forth above, any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim except where the indemnified party is required to bear such expenses pursuant to Section 7(d); which expenses the indemnifying party shall pay as and when incurred, at the request of the indemnified party, to the extent that the indemnifying party believes that it will be ultimately obligated to pay such expenses. In the event that any expenses so paid by the indemnifying party are subsequently determined to not be required to be borne by the indemnifying party hereunder, the party which received such payment shall promptly refund the amount so paid to the party

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which made such payment. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the 1933 Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

8. Representations and Indemnities to Survive. The respective agreements, representations, warranties, indemnities and other statements of the Company, or the officers of any of the Company and the Purchaser set forth in or made pursuant to this Agreement will remain in full force and effect, regardless of (i) any termination of this Agreement, (ii) any investigation made by the Purchaser or on behalf of the Purchaser or any person controlling the Purchaser or by or on behalf of the Company and their respective directors or officers or any person controlling the Company and (iii) acceptance of and payment for any of the SCs.

9. Notices. All communications hereunder will be in writing and effective only on receipt, and, if sent to the Purchaser, will be mailed, delivered or telegraphed and confirmed to it at Cerberus Partners, L.P. c/o Cerberus Capital Management, L.P. 299 Park Avenue, 22nd Floor, New York, New York 10171, Attention: Michael Hisler, with a copy (which shall not constitute notice) to Lowenstein Sandler PC 1251 Avenue of the Americas, New York, New York, 10020, or, if sent to the Company, will be mailed, delivered or telegraphed and confirmed to it at GMAC Mortgage, LLC 1100 Virginia Drive, Ft. Washington, Pennsylvania 19034, Attention: Thomas Neary, Executive Vice President.

10. Nonassignability. The rights and obligations under this Agreement may not be assigned without the prior written consent of the parties hereto.

11. Successors. This Agreement will inure to the benefit of and be binding upon the parties hereto and their respective successors and (subject to Section 10 hereof) assigns, and no other person will have any right or obligation hereunder.

12. Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

13. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall for all purposes be deemed to be an original and all of which shall together constitute but one and the same instrument.

[SIGNATURES FOLLOW]

Purchase Agreement — Freddie Mac Series 256

If the foregoing is in accordance with your understanding of our agreement, please sign and return to us a counterpart hereof, whereupon this letter and your acceptance shall represent a binding agreement among the Company and the Purchaser.

Very truly yours,

GMAC MORTGAGE, LLC

By: /s/ Thomas Neary
Name: Thomas Neary
Title: Executive Vice President

The foregoing Agreement is hereby confirmed
and accepted as of the date first above written.

CERBERUS PARTNERS, L.P.

By: Cerberus Associates, L.L.C.,
its general partner

By: /s/ Jeffrey L. Lomasky
Jeffrey L. Lomasky
Senior Managing Director

Purchase Agreement — Freddie Mac Series 256

SCHEDULE I

CUSIP	Original Notional Principal Balance
3128HU3T6	\$ 22,690,503.33
3128HU3U3	\$ 31,099,017.67
3128HU3V1	\$ 29,375,612.67
3128HU3W9	\$ 19,395,159.67
3128HU3Y5	\$ 22,973,424.33
3128HU3Z2	\$ 32,300,920.00
3128HU4A6	\$ 21,728,446.33
3128HU4B4	\$ 11,443,907.00
3128HUZ79	\$ 865,448.67
3128HU2D2	\$ 786,130.00
3128HU2L4	\$ 826,587.00
3128HU2T7	\$ 467,790.00
3128HU2Y6	\$ 471,200.33
3128HU3E9	\$ 1,140,545.00
3128HU3L3	\$ 722,998.33
3128HU3S8	\$ 765,640.00
Totals	\$197,053,330.33

Purchase Agreement

EXHIBIT A-1

FORM OF OPINION OF MAYER BROWN LLP

Purchase Agreement

A-1-1

July 30, 2008

Mayer Brown LLP
1675 Broadway
New York, New York 10019-5820

Cerberus Partners, L.P.
c/o Cerberus Capital Management, L.P.
299 Park Avenue, 22nd Floor
New York, New York 10171

Main Tel (212) 506-2500
Main Fax (212) 262-1910
www.mayerbrown.com

Re: Freddie Mac Stripped Interest Certificates, Series 256

Ladies and Gentlemen:

We have acted as special counsel to GMAC Mortgage, LLC (the “Seller”) in connection with the sale of the original notional principal balance of certain Freddie Mac Stripped Interest Certificates, Series 256 (the “Purchased SCs”) to Cerberus Partners, L.P. (the “Purchaser”) pursuant to the Purchase Agreement, dated July 30, 2008 (the “Purchase Agreement”).

The Purchased SCs are being issued in connection with the transactions contemplated by Purchase Agreement and this letter is delivered pursuant to the Purchase Agreement. Capitalized terms not defined herein have the meanings assigned to them in the Purchase Agreement.

In arriving at the opinions expressed below, we have examined originals, or copies identified to our satisfaction as being true copies, of such records, documents and other instruments as in our judgment were necessary or appropriate, including an executed copy of the Purchase Agreement.

As to facts relevant to the opinions expressed herein, we have relied upon certificates of public officials or certificates or opinions of officers or other representatives of the Seller. We have also relied upon the representations and warranties set forth in, or made pursuant to, the Purchase Agreement. In addition, we have made such investigations of such matters of law as we have deemed appropriate as a basis for the opinions expressed below. Further, we have assumed the genuineness of all signatures and the authenticity of the document submitted to us as an original and the conformity with the original document of all documents submitted to us as copies.

On the basis of, and subject to, the foregoing, and subject to the limitations, assumptions, qualifications and exceptions set forth herein, it is our opinion that:

Purchase Agreement

1. The Purchase Agreement constitutes a legal, valid and binding agreement of the Seller, enforceable against the Seller in accordance with its terms.
2. The execution and delivery by the Seller of the Purchase Agreement and the consummation by the Seller of the transactions therein contemplated do not result in the violation of any provisions of the Applicable Laws. As used in this opinion, the term "Applicable Laws" means those state laws of the State of New York that, in our experience and without independent investigation, are normally applicable to transactions of the type contemplated by the Purchase Agreement; provided that the term "Applicable Laws" shall not include state securities or blue sky laws or any rules or regulations thereunder and any antifraud or similar laws.

The foregoing opinions and other statements are subject to the following limitations, qualifications and exceptions:

A. Members of our firm are admitted to the bar of the State of New York and the foregoing opinions are limited to matters arising under the laws of the State of New York as in effect on the date hereof. We express no opinion as to the laws, rules or regulations of any other jurisdiction or as to the municipal laws or the laws, rules or regulations of any local agencies or governmental authorities of or within the State of New York, or in each case as to any matters arising thereunder or relating thereto. We expressly disclaim any responsibility to advise you or any other person of any development or circumstance or any kind including any change of law or fact that may occur after the date of this opinion letter, even in such development, circumstance or change may affect the legal analysis, conclusion or any matter set forth in or relating to this opinion letter.

B. Our opinion set forth in paragraph 1 above is subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance, fraudulent transfer and other similar laws relating to or affecting creditors' rights generally and to general equitable principles (regardless of whether considered in a proceeding in equity or at law), including concepts of commercial reasonableness, good faith and fair dealing and the possible unavailability of specific performance or injunctive relief. In addition, we advise you that rights to indemnification may be limited by applicable law or public policy.

C. With respect to the Purchase Agreement being executed or to be executed by any party, except with respect to the Seller, we have assumed, to the extent relevant to the opinions set forth herein, that (i) such party has been duly organized and is existing under the laws of its jurisdiction of organization and (ii) such party has full rights, power and authority to execute, deliver and perform its obligations under the Purchase Agreement to which it is a party and such Purchase Agreement has been duly authorized, executed and delivered by and, is a valid, binding and enforceable agreement or obligation, as the case may be, of, such party.

This letter is solely for your benefit in connection with the transaction described in the first paragraph above and may not be quoted or relied upon by, nor may copies be delivered to,

Purchase Agreement

any other person, nor may this letter be relied upon by you for any other purpose, without our prior written consent.

Very truly yours,

MAYER BROWN LLP

TS/AY

Purchase Agreement

A-1-4

EXHIBIT A-2

FORM OF OPINION OF IN-HOUSE COUNSEL

Purchase Agreement

A-2-1

July 30, 2008

Cerberus Partners, L.P.
c/o Cerberus Capital Management, L.P.
299 Park Avenue, 22nd Floor
New York, New York 10171

Re: Freddie Mac Stripped Interest Certificates,
Series 256

Ladies and Gentlemen:

I am internal counsel employed by Residential Funding Company, LLC, and have acted as counsel to GMAC Mortgage, LLC, a Delaware limited liability company and successor by merger to GMAC Mortgage Corporation, a Pennsylvania corporation (the "Company"), and have advised the Company with respect to certain matters in connection with the Purchase Agreement, dated as of July 30, 2008 (the "Purchase Agreement").

I have examined, or caused to be examined, originals, or a copy certified to my satisfaction, of the Purchase Agreement and such other documents, certificates and instruments which I have deemed necessary or appropriate in connection with this opinion. As to matters of fact, I have examined and relied without independent verification upon representations, warranties and covenants of parties to the above documents contained therein and, where I have deemed appropriate, representations or certifications of officers of parties to the Purchase Agreement or public officials. In rendering this opinion letter, I have assumed with your permission and without independent verification, (i) the authenticity of all documents submitted to me as originals, the genuineness of all signatures, the legal capacity of natural persons and the conformity to the originals of all documents submitted to me as copies and the authenticity of the originals of such copies, (ii) with respect to parties other than the Company, the due authorization, execution and delivery of such documents, and the necessary entity power with respect thereto, and with respect to all parties, the enforceability of such documents and (iii) that there is not and will not be any other oral or written agreement, usage of trade, or course of dealing among the parties that modifies or supplements the agreements expressed in the Purchase Agreement.

Capitalized terms used herein, but not defined herein, shall have the meanings assigned to them in the Purchase Agreement.

Based upon the foregoing, but subject to the assumptions, exceptions, qualifications and limitations herein expressed, I am of the opinion that:

Purchase Agreement

1. The Company has been duly formed, is validly existing as a limited liability company and is in good standing under the laws of the State of Delaware;
2. The Company has the power and authority to execute and deliver the Purchase Agreement and to perform its obligations under the Purchase Agreement;
3. The Purchase Agreement has been duly authorized, executed and delivered by the Company;
4. There are no actions, proceedings or investigations pending or, to my knowledge, threatened against or affecting the Company before or by any court, arbitrator, administrative agency or other governmental authority which, if adversely determined, would have a material and adverse effect on the Company's ability to perform its obligations under the Purchase Agreement;
5. No consent, approval, authorization or order of, or filing or registration with, any state or federal court or governmental agency or body is required for the execution and delivery by the Company of the Purchase Agreement or the consummation by the Company of the transactions contemplated in the Purchase Agreement, except such as have been obtained or made; and
6. The Company is not in violation of any of its limited liability company organizational documents, and neither the execution or delivery of or performance by the Company under the Purchase Agreement, nor the consummation by the Company of any other of the transactions contemplated therein, will conflict with or result in a breach or violation of any term or provision of, or constitute a default (or an event which with the passing of time or notification, or both, would constitute a default) under, any of the limited liability company organizational documents of the Company, or any indenture or other agreement or instrument to which the Company is a party or by which the Company is bound, or any state or federal statute or regulation applicable to the Company or any order of any state or federal court, regulatory body, administrative agency or governmental body having jurisdiction over the Company.

The opinions set forth above are subject to the following qualifications:

- (a) I am admitted to practice in the State of Texas and the District of Columbia, and I render no opinion herein as to matters involving the laws of any jurisdiction other than the State of Texas and the District of Columbia and the Federal laws of the United States of America. However, insofar as the opinions expressed in paragraphs 1 and 2 above relate to matters that are governed by the laws of the State of Delaware, I am generally familiar with the laws of the State of Delaware as they relate to the organization and governance of limited liability companies, and I do not feel it necessary to consult with Delaware counsel. I do not express any opinion with respect to the securities laws of any jurisdiction or any other matter not specifically addressed above.
- (b) The opinions expressed above do not address any of the following legal issues: (i) Federal securities laws and regulations administered by the Securities and Exchange Commission, state "Blue Sky" laws and regulations, and laws and regulations relating to commodity (and other) futures and indices and other similar instruments, (ii) pension and employee benefit laws and regulations (*e.g.*, ERISA), (iii) Federal and state antitrust and unfair competition laws and regulations, (iv) Federal and state laws and regulations concerning filing and notice requirements (*e.g.* , Hart-Scott-Rodino and Exon-Florio), (v) the statutes and ordinances, administrative decisions and the rules and regulations of

Purchase Agreement

counties, towns, municipalities and special political subdivisions (whether created or enabled through legislative action at the Federal, state or regional level) and judicial decisions to the extent that they deal with the foregoing, (vi) Federal and state tax laws and regulations, (vii) Federal and state racketeering laws and regulations (*e.g.* , RICO), (viii) Federal and state labor laws and regulations, (ix) Federal and state bank regulatory laws, (x) Federal and state laws, regulations and policies concerning (1) national and local emergency, (2) possible judicial deference to acts of sovereign states, and (3) criminal and civil forfeiture laws, and (xi) other Federal and state statutes of general application to the extent they provide for criminal prosecution (*e.g.* , mail fraud and wire fraud statutes).

- (c) In rendering the opinions above, I have only considered the applicability of statutes, rules, and regulations that a lawyer in the State of Texas and the District of Columbia exercising customary professional diligence would reasonably recognize as being directly applicable to the Company, to the transaction contemplated by the Purchase Agreement, or both.

The opinions set forth herein are intended solely for the benefit of the addressee hereof in connection with the transactions contemplated herein and shall not be relied upon by any other person or for any other purpose without my prior written consent.

Except for reproductions for inclusion in transcripts of the documentation relating to the transactions contemplated herein, this opinion may not be copied or otherwise reproduced or quoted from, in whole or in part, without my prior written consent.

This opinion is limited to the specific issues addressed and is limited in all respects to laws and facts existing on the date of this opinion.

Very truly yours,

By:

Name: Hu. A. Benton

Title: Associate Counsel

Purchase Agreement

EXHIBIT B
GMAC Mortgage, LLC
Freddie Mac Stripped Interest Certificates, Series []
[], 200[]

GMAC Mortgage, LLC
1100 Virginia Drive
Ft. Washington, Pennsylvania 19034

Re: Freddie Mac Stripped Interest Certificates, Series []

Ladies and Gentlemen:

Pursuant to Section 4 of the Purchase Agreement, dated July [], 2008, among GMAC Mortgage, LLC and ____ (the “Purchaser”) relating to the Certificates referenced above, the undersigned does hereby certify that:

Section 1. The SCs: The SCs hereunder are as follows:

(a) Classes: The Classes of SCs that constitute “SCs” are listed below:

<u>Class</u>	<u>Allocations</u>	<u>Proceeds</u>
1		
2		
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
Totals		

The Purchaser agrees, subject to the terms and provisions herein and of the captioned Purchase Agreement, to purchase Classes of the SCs listed above at the prices set forth in the settlement statement attached hereto as Exhibit A.

Purchase Agreement — Freddie Mac Series 256

(b) The SCs shall have such other characteristics as described in the related Covered Documents,

(c) The “Closing Date” is July [], 2008,

Sincerely,

[PURCHASER]

By: _____

Name:

Title:

Purchase Agreement — Freddie Mac Series 256

EXHIBIT C
EXCLUDED INFORMATION
(ATTACHED HERETO)

Purchase Agreement — Freddie Mac Series 256

C-1

Modeling Assumptions

To prepare the yield table below, we have employed the following assumptions (the “**Modeling Assumptions**”), among others:

- As of July 1, 2008, each Mortgage represented in the related Mortgage Group has an Excess Yield Rate, interest rate, remaining term to maturity and loan age equal to the weighted average Excess Yield Rate, interest rate, remaining term to maturity and loan age for that Mortgage Group shown in the table on page S-7.
- The Class Coupons for the WAC/IO SCs remain constant at their initial Class Coupons.
- Payments on the Classes are always received on the 15th of the month, whether or not a Business Day.
- Each Class is outstanding from the Closing Date to retirement and no exchanges occur.
- The Classes are purchased at the prices listed in the table, plus accrued interest from the first day of the month of the Closing Date.

When reading the table and the related text, you should bear in mind that the Modeling Assumptions, like any other stated assumptions, are unlikely to be entirely consistent with actual experience. For example, most of the Mortgages will not have the characteristics assumed, the Class Coupons for the WAC/IO SC Classes will vary over time and many Payment Dates will occur on a Business Day after the 15th of the month.

Yield Table

The following table shows, at various percentages of CPR, pre-tax yields to maturity (corporate bond equivalent) of each Class. We have prepared this table using the Modeling Assumptions and the assumed prices shown in the table, plus accrued interest from July 1, 2008. Actual sales may not occur at the assumed prices.

The Mortgages will have characteristics that are more diverse than those assumed, and Mortgage prepayment rates will differ from the constant rates shown. These differences will affect the actual payment behavior and yields of the Classes. In the case of the WAC/IO Classes, disproportionately fast prepayments on the related Mortgages with relatively higher Excess Yield Rates would increase the likelihood of a reduced or negative yield.

See *Prepayment, Yield and Suitability Considerations — Tabular Information in Supplements* in the Offering Circular for a description of yield calculations and the CPR prepayment model.

Pre-Tax Yields of All Classes

Class	Assumed Price	5.0% CPR	10.0% CPR	15.0% CPR	20.0% CPR	25.0% CPR
1	22.25%	15.4%	9.7%	3.9%	(2.2)%	(8.4)%
2	22.25	15.3	9.6	3.7	(2.3)	(8.5)
3	22.25	15.0	9.3	3.5	(2.5)	(8.7)
4	22.25	15.3	9.6	3.7	(2.3)	(8.5)
5	22.25	15.2	9.5	3.7	(2.3)	(8.6)
6	22.25	15.1	9.4	3.6	(2.5)	(8.7)
7	22.00	18.3	12.6	6.7	0.5	(5.8)
8	22.00	18.1	12.4	6.5	0.4	(5.9)
9	22.00	18.0	12.3	6.3	0.2	(6.0)
10	22.00	18.2	12.5	6.6	0.5	(5.8)
11	22.00	18.1	12.4	6.5	0.4	(5.9)
12	22.00	18.1	12.3	6.4	0.3	(6.0)
13	21.75	21.3	15.5	9.5	3.3	(3.1)
14	21.75	21.2	15.4	9.4	3.2	(3.2)
15	21.75	21.2	15.4	9.4	3.2	(3.2)
16	21.75	21.2	15.4	9.4	3.2	(3.1)
17	21.75	21.2	15.4	9.4	3.2	(3.1)
18	21.75	21.2	15.4	9.4	3.2	(3.2)
19	21.75	21.2	15.4	9.4	3.2	(3.2)
20	21.50	24.3	18.4	12.3	6.1	(0.4)
21	21.50	24.3	18.4	12.3	6.1	(0.4)
22	21.50	24.3	18.4	12.4	6.1	(0.4)
23	21.50	24.3	18.4	12.4	6.1	(0.4)
24	21.50	24.3	18.4	12.3	6.1	(0.4)
25	21.50	24.3	18.4	12.3	6.1	(0.4)
26	21.50	24.3	18.4	12.3	6.1	(0.4)
27	12.00	14.7	9.1	3.3	(2.7)	(8.8)
28	12.00	14.5	8.9	3.1	(2.9)	(9.0)
29	12.00	15.5	9.8	4.0	(2.0)	(8.2)
30	12.00	14.7	9.1	3.3	(2.7)	(8.9)
31	12.00	15.3	9.6	3.8	(2.2)	(8.4)
32	12.50	18.8	13.1	7.2	1.1	(5.2)
33	12.50	18.2	12.5	6.6	0.5	(5.7)
34	12.50	18.6	12.8	6.9	0.9	(5.4)
35	12.50	18.4	12.7	6.8	0.7	(5.6)
36	12.50	18.6	12.8	6.9	0.9	(5.4)
37	12.50	18.4	12.6	6.7	0.7	(5.6)
38	13.00	22.7	16.9	10.9	4.7	(1.7)
39	13.00	22.1	16.3	10.3	4.2	(2.2)
40	13.00	23.3	17.4	11.4	5.2	(1.2)
41	13.00	22.5	16.6	10.6	4.5	(1.9)
42	13.00	23.2	17.4	11.4	5.2	(1.2)
43	13.00	22.5	16.6	10.6	4.5	(1.9)
44	13.50	26.2	20.2	14.2	7.9	1.4
45	13.50	26.5	20.6	14.5	8.2	1.7
46	13.50	27.1	21.1	15.0	8.7	2.2
47	13.50	28.2	22.2	16.1	9.8	3.2
48	13.50	28.0	22.0	15.8	9.5	3.0
49	13.50	27.4	21.4	15.3	9.0	2.5
50	22.25	15.3	9.6	3.8	(2.2)	(8.5)
51	22.00	18.3	12.5	6.6	0.5	(5.8)
52	21.75	21.3	15.4	9.4	3.3	(3.1)
53	21.50	24.3	18.4	12.3	6.1	(0.4)
54	22.00	19.4	13.7	7.7	1.6	(4.8)
55	12.00	14.7	9.1	3.3	(2.7)	(8.9)
56	12.50	18.6	12.8	6.9	0.9	(5.4)
57	13.00	22.6	16.8	10.8	4.6	(1.8)
58	13.50	26.7	20.7	14.6	8.3	1.8
59	12.50	20.4	14.6	8.7	2.5	(3.8)

CERTAIN FEDERAL INCOME TAX CONSEQUENCES

You should read *Certain Federal Income Tax Consequences — General, — Giant Certificates —Application of the Stripped Bond Rules* and *— Strips* in the Offering Circular for a general discussion of the anticipated material federal income tax consequences of owning an interest in a Class of SCs.

EXHIBIT D

GLOSSARY

Covered Documents : The Offering Circular Supplement.

Offering Documents : The Offering Circular together with the related Offering Circular Supplement.

Purchaser Information : The statement “to one or more funds and/or accounts managed by affiliates of Cerberus Capital Management, L.P.” set forth in the last sentence on the cover of the Offering Circular Supplement.

Purchase Agreement

PURCHASE AGREEMENT

among

RESIDENTIAL CAPITAL, LLC,

DOA HOLDING PROPERTIES, LLC,

DOA PROPERTIES IIIB (KB MODELS), LLC

and

MHPOOL HOLDINGS LLC

Dated as of September 30, 2008

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Exhibit H	Form of Purchase and Sale Contract and Deed

PURCHASE AGREEMENT

This PURCHASE AGREEMENT is dated as of September 30, 2008, among Residential Capital, LLC, a Delaware limited liability company (“ResCap”), DOA Holding Properties, LLC, a Delaware limited liability company and indirect wholly-owned subsidiary of ResCap (“Seller”), DOA Properties IIIB (KB Models), LLC, a Delaware limited liability company and direct wholly-owned subsidiary of Seller (“Subsidiary”) and MHPool Holdings LLC, a Delaware limited liability company (“Buyer”). Each of ResCap, Seller, Subsidiary and Buyer are referred to herein as a “Party” and, collectively, as the “Parties”.

RECITALS:

WHEREAS, as of June 30, 2008, Subsidiary was the owner of all of the assets identified in Exhibit A-1 hereto (collectively, the “Pool 1 Assets” or “Pool 1”), as to which Cerberus Capital Management, L.P. submitted a firm bid on July 25, 2008 (the “Bid Letter”);

WHEREAS, as of June 30, 2008, DOA Properties III (Models), LLC, a Delaware limited liability company and an Affiliate of Subsidiary (“DOA Affiliate”), was the owner of all of the assets identified in Exhibit A-2 hereto (collectively, the “Pool 2 Assets” or “Pool 2”, and, together with the Pool 1 Assets, the “Assets” or the “Pools”), as to which Cerberus Capital Management, L.P. also submitted the Bid Letter;

WHEREAS, DOA Affiliate has conveyed title to the Pool 2 Assets (other than the Excluded Assets, as defined below) to Subsidiary;

WHEREAS, during the period from June 30, 2008 to the date hereof, Subsidiary or (prior to the conveyance of the Pool 2 Assets to Subsidiary) DOA Affiliate, as the case may be, has entered into a definitive agreement to sell, or has otherwise sold, to a third party a portion of the Assets, a list of which is set forth on Exhibit B hereto (the “Excluded Assets”); and

WHEREAS, Seller desires to sell, and Buyer desires to purchase, all of the Assets other than the Excluded Assets (the “Subject Assets”), through a sale and purchase of all of the membership interests of Subsidiary (the “Interests”), as contemplated by the Bid Letter, on the terms and subject to the conditions set forth herein.

NOW, THEREFORE, in consideration of the premises and the mutual representations, warranties, covenants and undertakings contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto, intending to be legally bound, agree as follows:

ARTICLE I

DEFINITIONS AND TERMS

Section 1.1 Certain Definitions. As used in this Agreement, the following terms have the meanings set forth below:

“ Additional Proceeds Amount ” means the aggregate amount of proceeds or other payments received by ResCap or any of its Affiliates in respect of the Subject Assets in respect of the period between 11:59 p.m. (New York City Time) on the Cut-Off Date and 12:01 a.m. (New York City Time) on the Closing Date, including all payments due after the Cut-Off Date but received on or prior to 11:59 p.m. (New York City Time) on the Cut-Off Date.

“ Adjustment Amount ” means \$18,949,822, which represents the total value ascribed to the Excluded Assets by Buyer as set forth on Exhibit C hereto.

“ Affiliate ” means, with respect to any Person, any Person directly or indirectly controlling, controlled by, or under common control with, such other Person as of the date on which, or at any time during the period for which, the determination of affiliation is being made. For purposes of this definition, the term “control” (including the correlative meanings of the terms “controlled by” and “under common control with”), as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management policies of such Person, whether through the ownership of voting securities or by contract or otherwise.

“ Agreement ” means this Purchase Agreement, as the same may be amended or supplemented from time to time in accordance with the terms hereof.

“ Ancillary Transfer Documents ” means those instruments of transfer, assumptions, filings or documents required to be executed and delivered by Seller or Buyer to effect the sale and transfer of the Interests to Buyer pursuant to this Agreement.

“ Business Day ” means any day other than a Saturday, a Sunday or a day on which banks in New York City are authorized or obligated by Law or executive order to close.

“ CERCLA ” means the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended through the Closing.

“ Claims ” means any and all actions, suits, petitions, appeals, demands, demand letters, claims, notices asserting any right to indemnification, liens, notices of noncompliance or violation, investigations, proceedings, consent orders or consent agreements.

“ Community ” means the residential project in which a Model Home is located.

“ Contract ” means any contract, undertaking, commitment, lease, mortgage, indenture, arrangement, plan or other legally binding agreement or understanding.

“ Cut-Off Date ” means June 30, 2008.

“ Encumbrance ” means any lien, pledge, charge, claim, encumbrance, restriction, community property interest, security interest, option, mortgage, easement, right of first offer, right of first refusal or claim of any kind and character.

“ Environment ” means surface waters, ground waters, soil, subsurface strata and ambient air.

“ Environmental Laws ” means all Laws, now or hereafter in effect and as amended, and any judicial or administrative interpretation thereof, including any judicial or administrative order, consent decree or judgment, relating to the Environment, health, safety, natural resources or Hazardous Materials, including CERCLA; the Resource Conservation and Recovery Act, 42 U.S.C. §§ 6901 et seq.; the Hazardous Materials Transportation Act, 49 U.S.C. §§ 6901 et seq.; the Clean Water Act, 33 U.S.C. §§ 1251 et seq.; the Toxic Substances Control Act, 15 U.S.C. §§ 2601 et seq.; the Clean Air Act, 42 U.S.C. §§ 7401 et seq.; the Safe Drinking Water Act, 42 U.S.C. §§ 300f et seq.; the Atomic Energy Act, 42 U.S.C. §§ 2011 et seq.; the Federal Insecticide, Fungicide and Rodenticide Act, 7 U.S.C. §§ 136 et seq.; and the Federal Food, Drug and Cosmetic Act, 21 U.S.C. §§ 301 et seq.

“ Governmental Entity ” means any federal, state or local court, administrative body or other governmental or quasi-governmental entity with competent jurisdiction.

“ Guaranty ” means the Guaranty, effective as of June 5, 2006, made by Residential Funding Corporation (“ RFC ”) in favor of the Builder (as defined in the Pool 1 MSRA) in connection with the Pool 1 MSRA.

“ Hazardous Materials ” means (a) any element, compound or chemical that is defined, listed or otherwise classified as a toxic pollutant, toxic or hazardous substance, extremely hazardous substance or chemical, hazardous material, hazardous waste or biohazardous or infectious waste under applicable Environmental Laws; (b) petroleum, petroleum-based or petroleum-derived products; (c) any substance exhibiting a hazardous waste characteristic including but not limited to corrosivity, ignitibility, toxicity or reactivity as well as any radioactive or explosive materials; (d) any substance containing 50 parts per million or more of polychlorinated biphenyls or asbestos that is friable or damaged; and (e) any other wastes, materials, chemicals or substances regulated pursuant to any Environmental Law.

“ Law ” means any law, statute, ordinance, rule, regulation, code, order, judgment, injunction or decree enacted, issued, promulgated, enforced or entered by a Governmental Entity or self-regulatory organization.

“ Liabilities ” means any and all debts, liabilities, commitments and obligations of any kind, whether fixed, contingent or absolute, matured or unmatured, liquidated or unliquidated, accrued or not accrued, asserted or not asserted, known or unknown, determined, determinable or

otherwise, whenever or however arising (including, whether arising out of any contract or tort based on negligence or strict liability) and whether or not the same would be required by GAAP to be reflected in financial statements or disclosed in the notes thereto.

“Limited Assignment and Assumption Agreement” means that certain Limited Assignment and Assumption Agreement to be entered into at Closing by RFC, DOA Holdings NoteCo, LLC, KB One, LLC and Buyer in the form annexed hereto as attached hereto as Exhibit F.

“MSRA” means each of the Pool 1 MSRA and Pool 2 MSRA.

“Mutual Release” means that certain mutual release to be entered into at Closing by ResCap, on behalf of itself and each of its controlled Affiliates (other than Subsidiary), on the one hand, and Subsidiary, on the other hand, in the form annexed hereto as Exhibit G.

“Note” means the Amended and Restated Note, dated June 5, 2006, issued by KBOne, LLC to KB Home, in connection with the Pool 1 MSRA.

“Permitted Encumbrances” means (i) liens for real property taxes and government improvement assessments not yet due and payable; (ii) covenants, easements, agreements, restrictions and rights of record approved by Buyer that do not materially and adversely affect the insurability or marketability of title to the Subject Asset or prohibit or interfere with the use of the Subject Asset as a single family residential dwelling; (iii) the standard title insurance policy exceptions for the jurisdiction to the extent customarily acceptable to buyers of residential property; and (iv) any defects or other matters affecting title that will be irrevocably extinguished by Seller or Subsidiary prior to the Closing.

“Person” means an individual, a corporation, a partnership, an association, a limited liability company, a Governmental Entity, a trust or other entity or organization.

“Pool 1 MSRA” means the Second Amended and Restated Master Sale and Rental Agreement, dated as of June 5, 2006, by and between Subsidiary, as successor in interest to KB One, LLC and KB Home, as further amended or modified to date.

“Pool 2 MSRA” means the Second Amended and Restated Master Sale and Rental Agreement, dated as of September 10, 2004, by and among Subsidiary, as successor in interest to GMAC Model Home Finance, Inc., Dominion Homes, Inc. and Dominion Homes of Kentucky, Ltd., as further amended or modified to date.

“Proration Amount” means the amount determined in accordance with Exhibit D.

“Reference Rate” means the rate per annum equal to the “Prime Rate” for the United States as published in The Wall Street Journal, Eastern Edition.

“Release” means disposing, discharging, injecting, spilling, leaking, leaching, dumping, emitting, escaping, emptying, seeping, placing and the like into or upon any land or water or air or otherwise entering into the Environment.

“ ResCap Disclosure Letters ” means the disclosure letters delivered by Seller to Buyer prior to the execution and delivery of this Agreement relating to Pool 1 and Pool 2, respectively.

“ ResCap’s Knowledge ” means the actual knowledge of those persons identified in Section 1.1 of the ResCap Disclosure Letters.

“ Subject Assets ” means the Assets other than the Excluded Assets.

“ Tax Returns ” means all reports, returns, declarations, statements or other information filed, supplied or required to be filed or supplied to any Governmental Entity in connection with Taxes.

“ Taxes ” means all taxes, charges, fees, levies or other similar assessments or liabilities, including without limitation income, gross receipts, ad valorem, premium, value-added, excise, real property, personal property, sales, use, services, withholding, employment, payroll and franchise taxes imposed by the United States or any state, local or foreign government, or any agency thereof, or other political subdivision of the United States or any such government, and any interest, fines, penalties, assessments or additions to tax resulting from, attributable to, or incurred in connection with any Tax or any contest or dispute thereof and any interest in respect of such amounts.

“ Transaction Documents ” means, collectively, this Agreement, the Limited Assignment and Assumption Agreement, the Ancillary Transfer Documents, the Mutual Release and the Servicing Agreement.

Section 1.2 Other Terms

. The following capitalized terms are defined in the following Sections of this Agreement:

Term	Section
Assumed Liabilities	2.2(a)
Bid Letter	RECITALS
Buyer	PREAMBLE
Buyer Indemnified Party	7.2(a)
Cap	7.4(c)
Chosen Courts	8.7
Claim Notice	7.3(a)
Closing	0
Closing Date	0
Code	2.6(f)
Deductible	7.4(b)
Estimated Additional Proceeds Amount	2.4(a)
Estimated Adjustments	2.4(a)
Estimated Proration Amount	2.4(a)
Estimated Purchase Price	2.3(a)
Excluded Assets	RECITALS
Final Additional Proceeds Amount	2.4(d)

Term	Section
Final Proration Amount	2.4(d)
Firm Bid Price	2.3(a)
GMAC MHF Note	2.2(c)
Indemnified Party	7.3(a)
Indemnifying Party	7.3(a)
Independent Accounting Firm	2.4(e)
Losses	7.2(a)
Model Homes	3.1(e)(ii)
Notice of Dispute	2.4(d)
Outside Date	6.1(b)
Owner	2.6(f)
Party	PREAMBLE
Pool	RECITALS
Post-Closing Statement	2.4(c)
Proceeding	7.3(a)
Required Seller Consents	3.1(c)
ResCap	PREAMBLE
ResCap Indemnified Party	7.2(b)
Retained Liabilities	2.2(b)
Sale	2.1
Seller	PREAMBLE
Seller's Certificate	2.4(a)
Servicing Agreement	4.3
Subsidiary	PREAMBLE
Subject Asset	RECITALS
Third-Party Claim	7.3(a)
Transfer Taxes	2.8

Section 1.3 Other Definitional Provisions . Unless the express context otherwise requires:

- (a) the words “hereof”, “herein”, and “hereunder” and words of similar import, when used in this Agreement, shall refer to this Agreement as a whole and not to any particular provision of this Agreement;
- (b) the terms defined in the singular have a comparable meaning when used in the plural, and vice versa;
- (c) the terms “Dollars” and “\$” mean United States Dollars;
- (d) references herein to a specific Section, Subsection or Exhibit shall refer, respectively, to Sections, Subsections or Exhibits of this Agreement;
- (e) wherever the word “include,” “includes,” or “including” is used in this Agreement, it shall be deemed to be followed by the words “without limitation;” and

(f) references herein to any gender includes each other gender.

ARTICLE II

PURCHASE AND SALE OF INTERESTS

Section 2.1 Sale of Interests . On the terms and subject to the conditions set forth herein, at the Closing, Seller shall sell, convey, transfer, assign and deliver to Buyer, and Buyer shall purchase from Seller, all of the right, title and interest of Seller in and to the Interests, free and clear of all Encumbrances (the “Sale”).

Section 2.2 Assumed Liabilities; Retained Liabilities; Cancellation of GMAC MHF Note .

(a) On the terms and subject to the conditions set forth herein and in the Limited Assignment and Assumption Agreement (to the extent applicable), at the Closing, Subsidiary shall assume or retain, as applicable, perform and discharge when due (i) all Liabilities in respect of the Pool 1 MSRA and the Note allocated to Subsidiary pursuant to the Limited Assignment and Assumption Agreement, (ii) all Liabilities in respect of the Pool 2 MSRA (but only to the extent of the obligations thereunder arising from and after the Closing Date as a result of post-Closing ownership and operation of the Subject Assets), and (iii) all Liabilities to the extent, but solely to the extent, included in the calculation of the Proration Amount in accordance with Exhibit D (collectively, the “ Assumed Liabilities ”).

(b) From and after the Closing, Seller shall assume or retain, as applicable, perform and discharge when due all Liabilities that exist, relate to or arise out of (i) all Liabilities in respect of the Pool 1 MSRA and the Note allocated to Seller pursuant to the Limited Assignment and Assumption Agreement, (ii) the ownership of the Interests or any of the Subject Assets or the operation of the businesses or assets of Subsidiary or DOA Affiliate (including with respect to obligations and liabilities under the Pool 2 MSRA except to the extent assumed or retained by Subsidiary pursuant to Section 2.2(a)(ii)) prior to or as of the Closing (except to the extent, but solely to the extent, included in the calculation of the Proration Amount in accordance with Exhibit D), (iii) the Excluded Assets, or (iv) any of the matters specified in Section 2.2 of either of the ResCap Disclosure Letters (the “ Retained Liabilities ”). Notwithstanding anything to the contrary herein, neither Buyer nor Subsidiary shall assume or have any responsibility of any nature with respect to any Retained Liabilities.

(c) Prior to the Closing, ResCap and Buyer shall take, or shall cause their respective controlled Subsidiaries to take, all actions necessary to extinguish that certain loan agreement and revolving note between KBOne, LLC and GMAC MHF referenced in the Note (the “ GMAC MHF Note ”) in full without any liability to Subsidiary, Buyer, ResCap, Seller, KB One, LLC or GMAC MHF.

Section 2.3 Purchase Price .

(a) On the terms and subject to the conditions set forth herein, at the Closing, in consideration of the sale of the Interests, Buyer shall pay to Seller an amount (the “ Estimated ”

Purchase Price”) in cash equal to: (i) \$80,070,000 (the “Firm Bid Price”), (ii) as adjusted downward, for the Adjustment Amount, (iii) as adjusted upward or downward, for the Estimated Proration Amount, and (iv) as adjusted downward, for the Estimated Additional Proceeds Amount.

(b) The allocation of the Firm Bid Price among the Subject Assets shall be allocated in proportion to the value ascribed to each Subject Asset as set forth on Exhibit C hereto. The allocation of the Final Proration Amount and Final Additional Proceeds Amount among the Subject Assets shall be in accordance with a schedule to be prepared in good faith by Buyer and delivered to Seller within 30 calendar days after the final determinations of the Final Proration Amount and the Final Additional Proceeds Amount pursuant to Section 2.4 and shall be based on the underlying Subject Asset directly related thereto. Seller shall have the right to review such schedule and provide comments thereto which shall be considered in good faith by Buyer.

Section 2.4 Adjustments to the Firm Bid Price.

(a) No later than one Business Day prior to the Closing Date, Seller shall prepare and deliver to Buyer a certificate (the “Seller’s Certificate”) that sets forth Seller’s good faith estimate (together with reasonably detailed back-up data to support such estimate) of (i) the Proration Amount (“Estimated Proration Amount”) and (ii) the Additional Proceeds Amount (the “Estimated Additional Proceeds Amount” and, together with the Estimated Proration Amount, the “Estimated Adjustments”). The calculation of the Estimated Proration Amount shall be prepared in accordance with Exhibit D. The calculation of the Estimated Additional Proceeds Amount shall be prepared in accordance with the definition of “Additional Proceeds Amount”.

(b) During the preparation and calculation of the Estimated Adjustments, Seller shall, and ResCap shall cause Seller to, afford Buyer and its representatives a reasonable opportunity to review the preparation of Estimated Adjustments; and thereafter, reasonable access to the books and records of Seller and Subsidiary to confirm such calculation.

(c) As promptly as practicable, but in no event later than thirty days following the Closing Date, Seller shall prepare and deliver to Buyer a statement (the “Post-Closing Statement”) that sets forth Seller’s calculation (together with reasonably detailed back-up data to support such calculation) of (i) the Proration Amount and (ii) the Additional Proceeds Amount. The calculation of the Proration Amount as set forth on the Post-Closing Statement shall be prepared in accordance with Exhibit D. The calculation of the Additional Proceeds Amount as set forth on the Post-Closing Statement shall be prepared in accordance with the definition of “Additional Proceeds Amount”.

(d) Except as set forth below in this Section 2.4, the Post-Closing Statement and the calculations of the Proration Amount and Additional Proceeds Amount shall be deemed to be and shall be final, binding and conclusive on the Parties hereto. Both the Post-Closing Statement and the calculations of Proration Amount and Additional Proceeds thereon shall be deemed final for the purposes of this Section 2.4 upon the earlier of (i) the failure of Buyer to deliver Seller a Notice of Dispute within thirty days of the receipt of the Post-Closing Statement, (ii) the resolution of all disputes, pursuant to this Section 2.4, by Buyer and Seller, or (iii) the

resolution of all disputes, pursuant to this Section 2.4, by the Independent Accounting Firm. “ Final Proration Amount ” shall mean the Proration Amount as finally determined pursuant to this Section 2.4. “ Final Additional Proceeds Amount ” shall mean the Additional Proceeds Amount as finally determined pursuant to this Section 2.4. “ Notice of Dispute ” means a written notice from Buyer that disputes Seller’s calculation of any of the Proration Amount and/or Additional Proceeds Amount as set forth on the Post-Closing Statement.

(e) In the event a Notice of Dispute is delivered, Buyer and Seller shall cooperate in good faith to attempt to reconcile their differences, and any mutually agreed resolution by them as to any disputed amounts shall be final, binding and conclusive on the Parties hereto. If Buyer and Seller are unable to reach such a resolution within thirty days of the delivery of the Notice of Dispute, Buyer and Seller shall submit the items remaining in dispute for resolution to an independent accounting firm of national reputation mutually acceptable to Seller and Buyer (the “ Independent Accounting Firm ”). If a Notice of Dispute is not delivered on or before the expiration of such 30-day period (or if Buyer notifies Seller in writing that there is no such dispute), the calculations prepared by Seller shall be deemed to be final, binding and conclusive. In the event a Notice of Dispute is timely delivered with respect to only certain of the amounts or certain portions of the amounts set forth therein but not others, then any undisputed amount or portion thereof shall be deemed to be final, binding and conclusive.

(f) The Independent Accounting Firm shall be instructed to render its written determination as soon as reasonably possible (which the Parties hereto agree should not be later than sixty days following the date on which the items remaining in dispute are submitted to the Independent Accounting Firm) to Seller and Buyer. The Independent Accounting Firm may only resolve disagreements as to matters covered by the Notice of Dispute. All matters not covered by the Notice of Dispute shall be deemed to be final, binding and conclusive. The Independent Accounting Firm’s determination shall be final, binding and conclusive on the Seller and Buyer. Buyer and Seller shall promptly provide their assertions regarding the Proration Amount and Additional Proceeds Amount, as the case may be, in writing to the Independent Accounting Firm, with a copy to each other. The Independent Accounting Firm shall conduct its determination activities in a manner wherein all materials submitted to it are held in confidence and shall not be disclosed to any third parties (other than any designated authorized representative of a Party). The Parties agree that judgment may be entered upon the determination of the Independent Accounting Firm in any court having jurisdiction over the Party against which such determination is to be enforced. The fees and disbursements of the Independent Accounting Firm shall be allocated between Seller and Buyer in the same proportion that the aggregate amount of such remaining disputed items so submitted to the Independent Accounting Firm that is unsuccessfully disputed by each such Party as finally determined by the Independent Accounting Firm bears to the total amount of such remaining disputed items. In no event may the Independent Accounting Firm’s resolution of any difference be for an amount which is outside the range of disagreement between Buyer’s position and Seller’s position. Buyer and Seller shall provide the Independent Accounting Firm with access to all books and records reasonably requested by the Independent Accounting Firm in connection with this Section 2.4(f) (subject to the execution of customary access letters, if requested, with respect to the work product of a Party’s independent accountant).

(g) Upon final determination of the Final Proration Amount, then:

(A) in the event that the Final Proration Amount exceeds the Estimated Proration Amount, then Seller shall pay such excess amount to Buyer within three Business Days of such determination; and

(B) in the event that the Final Proration Amount is less than the Estimated Proration Amount, then Buyer shall pay such excess amount to Seller within three Business Days of such determination.

(h) Upon final determination of the Final Additional Proceeds Amount, then:

(A) in the event that the Final Additional Proceeds Amount exceeds the Estimated Additional Proceeds Amount, then Seller shall pay such excess amount to Buyer within three Business Days of such determination; and

(B) in the event that the Final Additional Proceeds Amount is less than the Estimated Additional Proceeds Amount, then Buyer shall pay such excess amount to Seller within three Business Days of such determination.

(i) Payment shall be made pursuant to subsections (g) and (h) of this Section 2.4 as follows: (i) by wire transfer of immediately available funds to the bank account designated in writing by the recipient at least two Business Days prior to the expiration of the applicable three-Business Day period referenced in subsections (g) and (h) of this Section 2.4 and (ii) to the extent such payment is not made within the applicable three-Business Day period, interest shall be due and payable on such payment at an annual rate equal to the Reference Rate from and after the Closing Date to and including the date such payment is fully made; provided, that such amounts shall be netted to the extent payable by each of Seller and Buyer to the other Party.

Section 2.5 Closing. Subject to the terms and conditions of this Agreement, the consummation of the Sale (the "Closing") shall take place at the offices of Schulte Roth & Zabel LLP, 919 Third Avenue, New York, New York 10022 at 10:00 A.M. New York City time, on September 30, 2008, except to the extent any of the conditions set forth in Article V (other than those conditions that by their nature are to be satisfied at the Closing but subject to the fulfillment or waiver of those conditions) have not been satisfied or waived by such date, in which case the Closing shall occur on the second Business Day following the date on which the conditions set forth in Article V (other than those conditions that by their nature are to be satisfied at the Closing but subject to the fulfillment or waiver of those conditions) have been satisfied or waived, or at such other time and place as the Parties hereto may mutually agree. At the Closing, the Parties shall take all actions required under this Article II and all other actions not previously taken but required to be taken hereunder at or prior to the Closing. The date on which the Closing occurs is called the "Closing Date".

Section 2.6 Deliveries by Seller. At the Closing, Seller shall deliver (or cause to be delivered) to Buyer:

(a) the certificate required to be delivered pursuant to Section 5.3(d) ;

(b) an executed counterpart to the (i) Servicing Agreement, (ii) Limited Assignment and Assumption Agreement, (iii) the Mutual Release and (iv) the Ancillary Transfer Documents;

(c) the written resignations, effective as of the Closing, of the current officers, managing member, manager or members of the board of managers or directors, as applicable, of Subsidiary;

(d) all Contracts and other documents in the possession or control of ResCap or any of its controlled Affiliates exclusively related to, and copies of all Contracts and other documents in the possession or control of ResCap or any of its controlled Affiliates primarily related to or otherwise material to, Subsidiary's ownership or operation of the Subject Assets (including, without limitation, permits, licenses, approvals, certificates of occupancy, plans, specifications, guaranties and warranties);

(e) evidence of extinguishment of the GMAC MHF Note in accordance with Section 2.2(c);

(f) an affidavit sworn by Seller stating, under penalty of perjury, that its sole owner for U.S. Federal tax purposes (that is not disregarded) (the "Owner") is not a foreign person as defined in Section 1445 of the U.S. Internal Revenue Code (the "Code") and providing Owner's United States tax identification number;

(g) any Transfer Tax documentation required to be executed by Seller or Subsidiary in connection with the payment of any Transfer Taxes, if any;

(h) evidence of the receipt of all Required Seller Consents;

(i) the minute books, the interest ledger, and books and records of Subsidiary and such other documents and instruments of Subsidiary as Buyer may reasonably request related to the ownership or operation of Subsidiary; and

(j) such other documents and instruments as may be reasonably and customarily required in the applicable jurisdiction to consummate the Sale pursuant to this Agreement.

Section 2.7 Deliveries by Buyer. At the Closing, Buyer shall deliver (or cause to be delivered) to Seller:

(a) an amount in cash equal to the Estimated Purchase Price in immediately available funds by wire transfer to an account or accounts that have been designated by ResCap no later than three Business Days prior to the Closing Date;

(b) the certificate required to be delivered pursuant to Section 5.2(c);

(c) an executed counterpart to the (i) Servicing Agreement, (ii) the Limited Assignment and Assumption Agreement, (iii) the Mutual Release and (iv) the Ancillary Transfer Documents; and

(d) such other documents and instruments as may be reasonably and customarily required to consummate the Sale pursuant to this Agreement.

Section 2.8 Closing Costs. Except as otherwise set forth herein, each party shall be responsible for its respective legal costs. Seller shall pay all excise, sales, use, value added, registration stamp, recording, documentary, conveyancing, franchise, transfer, gains, transaction privilege tax and similar Taxes, levies, charges and fees (collectively, "Transfer Taxes") incurred in connection with the Sale pursuant to this Agreement. Buyer shall pay (i) all costs associated with its due diligence; and (ii) all title insurance premiums and charges, including endorsements, and all title examination costs for any and all title work Buyer orders. The obligations of the parties to pay applicable closing charges shall survive the termination of this Agreement.

ARTICLE III

REPRESENTATIONS AND WARRANTIES

Section 3.1 Representations and Warranties of ResCap and Seller. ResCap and Seller, jointly and severally, represent and warrant to Buyer as of the date hereof and as of the Closing Date (except with respect to any representation or warranty made as of a specified date, which shall be made only as of such date) that:

(a) Due Organization. Each of ResCap, Seller and Subsidiary is duly formed, validly existing and in good standing under the laws of its jurisdiction of formation. Each of ResCap and Seller has all requisite limited liability company power and authority to enter into this Agreement and to carry out its respective obligations hereunder and to consummate the transactions contemplated hereby. Subsidiary has the requisite limited liability company power and authority to own its assets and to carry on its business as presently conducted and is duly qualified to do business and is in good standing (where such concept exists) as a foreign limited liability company in each jurisdiction in which the nature of its business or the ownership or leasing of its properties makes such qualification necessary.

(b) Binding Effect. The execution and delivery of this Agreement, the performance of its obligations hereunder and the consummation of the transactions contemplated hereby have been duly authorized by all requisite limited liability company action on the part of each of ResCap, Seller and Subsidiary. This Agreement has been duly executed and delivered by each of ResCap, Seller and Subsidiary. This Agreement, assuming the due authorization, execution and delivery by Buyer, constitutes a legally binding obligation of each of ResCap, Seller and Subsidiary, enforceable against each of ResCap, Seller and Subsidiary in accordance with its terms, subject to bankruptcy, insolvency, receivership, moratorium, reorganization or similar laws affecting the rights of creditors generally. As of the Closing Date with respect to the Limited Assignment and Assumption Agreement, Ancillary Transfer Documents, Mutual Release and the Servicing Agreement (i) the execution and delivery of each such Transaction Document, the performance of their respective obligations thereunder and the consummation of the transactions contemplated thereby shall have been duly authorized by all requisite limited liability company power on the part of each of ResCap and Seller; (ii) each such Transaction Document shall have been duly executed and delivered by each of ResCap and Seller; and (iii) each such Transaction Document shall constitute a legally binding obligation of each of ResCap

and Seller, enforceable against each such entity in accordance with its terms, subject to bankruptcy, insolvency, receivership, moratorium, reorganization or similar laws affecting the rights of creditors generally.

(c) Consents and Approvals. No consent, approval, waiver, authorization, notice or filing is required to be obtained from or made with any Governmental Entity or self-regulatory organization or any other Person by ResCap or any of its controlled Affiliates, including Seller and Subsidiary, in connection with the execution, delivery and performance of any of the Transaction Documents, other than those set forth in Section 3.1(c) of the ResCap Disclosure Letters (the “Required Seller Consents”).

(d) Non-Contravention. Assuming the receipt of the Required Seller Consents, the execution, delivery and performance of this Agreement by ResCap, Seller and Subsidiary and by ResCap, Seller and each of their respective controlled Affiliates of the other Transaction Documents (to the extent executed and delivered), and the consummation of the transactions contemplated hereby and thereby, do not and will not (i) violate any provision of the organizational documents of the applicable entity, (ii) result in the material breach of, or constitute a material default under, or result in the termination, cancellation, modification or acceleration (whether after the filing of notice or the lapse of time or both) of any material right or obligation of ResCap or any of its controlled Affiliates, including Seller and Subsidiary, under, or result in a loss of any material benefit to which such Party is entitled under, any material Contract (including the MSRAs), or result in the creation of any Encumbrance upon any of the Interests or the Subject Assets, or (iii) violate or result in a breach of or constitute a default under any Law to which ResCap or any of its controlled Affiliates, including Seller and Subsidiary, is subject.

(e) Subject Assets.

(i) Seller has full right to sell, assign and transfer all of its right, title and interest in the Interests to Buyer, subject to receipt of the Required Seller Consents. Seller is the owner of the Interests, free and clear of any Encumbrances of any nature whatsoever (except for any such Encumbrances being released prior to or effective upon the Closing). At the Closing, Seller shall transfer all right, title and interest in the Interests to Buyer, free and clear of any Encumbrances of any kind (other than those imposed by applicable securities Laws), and, except for those Ancillary Transfer Documents executed and delivered to Buyer by Seller at Closing, no novations or assignments shall be necessary to vest Buyer at the Closing with such right, title and interest. The Interests constitute all of the outstanding membership interests (or other form of equity- or equity-like interests) of Subsidiary. Subsidiary has good and valid title to each Subject Asset, free and clear of any Encumbrances of any nature whatsoever except for Permitted Encumbrances and any other Encumbrances being released prior to or effective upon the Closing. For each Subject Asset, it was the policy of Subsidiary or Subsidiary’s predecessor in title to obtain a title insurance policy in favor of (A) Subsidiary, or (b) a predecessor-in-title to Subsidiary, and each predecessor-in-title to Subsidiary has transferred the Subject Asset to a subsequent predecessor-in-title to Subsidiary or to Subsidiary using a general warranty deed. The Services to be performed by ResCap or its controlled Affiliates under the Servicing Agreement, shall, at Closing, constitute all

services necessary to operate the Subject Assets in all material respects as currently operated. The sole business conducted by Subsidiary is and has been the ownership of the Subject Assets, the Excluded Assets and the model homes sold by Subsidiary prior to June 30, 2008, and, except for obligations incurred in the ordinary course of business consistent with past practice, pursuant to the transactions contemplated hereby or as otherwise set forth in Section 3.1(e)(i) of the ResCap Disclosure Letters, Subsidiary has not incurred any Liabilities other than Retained Liabilities, Assumed Liabilities and those Liabilities satisfied in full prior to the Closing. None of the Assets have been sold, transferred, conveyed or otherwise disposed of since the Cut-Off Date, other than the Excluded Assets. Subsidiary has no employees.

(ii) Except as set forth in Section 3.1(e)(ii) of the ResCap Disclosure Letters, there are no pending or, to ResCap's Knowledge, threatened Claims concerning any Subject Asset that constitutes real property (the "Model Homes") or the MSRAs or the obligations or rights of ResCap or any of its controlled Affiliates or other Persons in and to the Model Homes or under the MSRAs. Neither ResCap nor any of its controlled Affiliates has received any written notice from any Governmental Entity that there currently is any pending condemnation or eminent domain proceeding relating to the Model Homes, or that any such proceeding is currently contemplated. To ResCap's Knowledge, except as would not reasonably be expected to result, individually or in the aggregate, in material liability to Subsidiary or Buyer: (i) each Model Home has been used and occupied only as a model home and/or as a sales office for the marketing of other homes in the applicable Community or for storage of items relating to the applicable Community in accordance with applicable Laws and for no other purpose, (ii) the construction of the Model Homes and all improvements in the Communities in which the Model Homes are located (or the phase of the Community in which the Model Home is located if the Community is being developed in phases) have been completed in compliance with applicable Law to the extent necessary to allow for use of the Model Homes as single family residences following Retrofit (as defined in the MSRAs), (iii) except as set forth in Section 3.1(e)(ii) of the ResCap Disclosure Letters, the applicable builder has complied with all state disclosure requirements and community covenants in respect of the Subject Assets and (iv) no property underlying any of the Model Homes contains Hazardous Materials in amounts that would violate applicable Law.

(iii) Each MSRA is in full force and effect and, upon the execution and delivery of the Limited Assignment and Assumption Agreement with respect to the Pool 1 MSRA, will be the valid and binding obligation of Subsidiary to the extent assumed thereby and, to ResCap's Knowledge, the other parties thereto are in compliance in all material respects with all terms and conditions in the MSRAs and, except as set forth in Section 3.1(e)(iii) of the ResCap Disclosure Letters, there does not exist under the MSRAs any material violation, breach or event of default, or alleged material violation, breach or event of default, or event or condition that, after notice or lapse of time or both, would constitute a material violation, breach or event of default thereunder on the part of Subsidiary or, to ResCap's Knowledge, any other party to the MSRAs. The MSRAs, the Note and the Guaranty constitute the only Contracts in effect between ResCap or any of its controlled Affiliates, on the one hand, and the applicable builder or any of its

Affiliates, on the other hand, concerning the Subject Assets. As of the Closing, other than the MSRAs, the Note and the Guaranty, there are no Contracts or indebtedness to which ResCap or any of its controlled Affiliates is a party with respect to which the Subject Assets are bound.

(f) Liabilities. Except for those items included as a reduction to the purchase price in the calculation of the Proration Amount in accordance with Exhibit D, all liabilities required to be paid prior to or as of 12:01 a.m. (New York City Time) on the Closing Date by ResCap or any of its controlled Affiliates, including Subsidiary, in respect of any of the Interests or Subject Assets (including under the MSRAs, the Note or the Guaranty) have been fully paid by ResCap or the applicable controlled Affiliate. Without limiting the generality of the previous sentence, (i) since its formation, Subsidiary has always been and is an entity disregarded from its sole owner for U.S. Federal tax purposes and no deficiency for any Taxes has been asserted or assessed with respect to any of the Interests or Subject Assets that has not been satisfied by payment, settled or withdrawn, (ii) there is no audit, claim or controversy currently asserted or threatened in writing with respect to the any of the Interests or Subject Assets in respect of any Taxes and (iii) there are no Encumbrances or security interests on any of the Interests or Subject Assets that arose in connection with any failure to pay any Taxes.

(g) Brokers/Finders. No broker, investment banker, financial advisor or other Person is entitled to any broker's, finder's, financial advisor's or other similar fee or commission in connection with the Interests (or the transfer of control of any of the Subject Assets as a result thereof) pursuant to this Agreement based upon arrangements made by or on behalf of ResCap or any of its controlled Affiliates with respect to which Buyer or Subsidiary has any obligation or liability.

(h) Non-Foreign Person. Seller's sole owner for U.S. Federal tax purposes is not a "foreign person" for purposes of Section 1445 of the Code.

(i) No Other Representations or Warranties. Except for the representations and warranties contained in this Section 3.1, neither ResCap or any of its controlled Affiliates or other Persons makes any express or implied representation or warranty on behalf of ResCap or Seller or with respect to the Interests or Assets.

Section 3.2 Representations and Warranties of Buyer. Buyer represents and warrants to ResCap as of the date hereof and as of the Closing Date (except with respect to any representation or warranty made as of a specified date, which shall be made only as of such date) that:

(a) Due Organization. Buyer is duly organized, validly existing and in good standing under the laws of its jurisdiction of formation and has all requisite limited liability company power and authority to enter into this Agreement and to carry out its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby.

(b) Binding Effect. The execution and delivery of this Agreement, the performance of its obligations hereunder and the consummation of the transactions contemplated hereby have been duly authorized by all requisite limited liability company action of Buyer.

This Agreement has been duly executed and delivered by Buyer. This Agreement, assuming the due authorization, execution and delivery by ResCap, Seller and Subsidiary, constitutes a legally binding obligation of Buyer, enforceable against Buyer in accordance with its terms, subject to bankruptcy, insolvency, receivership, moratorium, reorganization or similar laws affecting the rights of creditors generally. As of the Closing Date with respect to the Limited Assignment and Assumption Agreement, Ancillary Transfer Documents, Mutual Release and the Servicing Agreement, (i) the execution and delivery of each such Transaction Document, the performance of Buyer's obligations thereunder and the consummation of the transactions contemplated thereby shall have been duly authorized by all requisite limited liability company or corporate power, as applicable, on the part of Buyer; (ii) each such Transaction Document shall have been duly executed and delivered by Buyer; and (iii) each such Transaction Document shall constitute a legally binding obligation of Buyer, enforceable against Buyer in accordance with its terms, subject to bankruptcy, insolvency, receivership, moratorium, reorganization or similar laws affecting the rights of creditors generally.

(c) Consents and Approvals. No consent, approval, waiver, authorization, notice or filing is required to be obtained from or made with any Governmental Entity or self-regulatory organization or any other Person, by Buyer in connection with the execution, delivery and performance of any of the Transaction Documents.

(d) Non-Contravention. The execution, delivery and performance by Buyer of each of the Transaction Documents, and the consummation of the transactions contemplated hereby and thereby, do not and will not (i) violate any provision of the organizational documents of Buyer, (ii) result in the material breach of, or constitute a material default under, or result in the termination, cancellation, modification or acceleration (whether after the filing of notice or the lapse of time or both) of any material right or obligation of Buyer under, or result in a loss of any material benefit to which Buyer is entitled under, any material Contract, or result in the creation of any Encumbrance upon any of assets of Buyer, or (iii) violate or result in a breach of or constitute a default under any Law to which Buyer is subject.

(e) Brokers/Finders. No broker, investment banker, financial advisor or other Person is entitled to any broker's, finder's, financial advisor's or other similar fee or commission in connection with the transfer of Interests (or the transfer of control of any of the Subject Assets as a result thereof) pursuant to this Agreement based upon arrangements made by or on behalf of Buyer with respect to which ResCap or any of its controlled Affiliates has any obligation or liability.

(f) No Other Representations or Warranties. Except for the representations and warranties contained in this Section 3.2, neither Buyer nor any of its Affiliates or other Persons makes any express or implied representation or warranty on behalf of Buyer.

ARTICLE IV

COVENANTS

Section 4.1 Commercially Reasonable Efforts.

(a) Each of the Parties shall cooperate and use commercially reasonable efforts to take, or cause to be taken, all actions and to do, or cause to be done, and assist and cooperate with the other Parties to this Agreement in doing, all things necessary or desirable under applicable Law to consummate, in the most expeditious manner practicable, the transactions contemplated by this Agreement. Without limiting the generality of the foregoing, ResCap shall use commercially reasonable efforts to obtain, prior to the Closing Date, all Required Seller Consents; provided, that, ResCap shall not have any obligation to pay any material fee to any Person for the purpose of obtaining any Required Seller Consent or any material costs and expenses of any Person resulting from the process of obtaining any Required Seller Consent. Neither Buyer nor any of its Affiliates shall have any obligation to obtain any Required Seller Consents; provided, that, Buyer shall, and shall cause its Affiliates to, provide reasonable cooperation in connection with ResCap's efforts to obtain such Required Seller Consents. In connection with seeking or obtaining any Required Seller Consent, neither ResCap nor any of its controlled Affiliates shall consent to the imposition of any limitations, restrictions or conditions applicable to Buyer, Subsidiary or any of the Subject Assets (including any modification of the MSRAs).

Section 4.2 Additional Covenants.

(a) From the date of this Agreement through the Closing, (i) Seller shall not, directly or indirectly, sell or enter into any definitive agreement to sell any of the Interests or the Subject Assets, and (ii) neither Seller nor any of its Affiliates shall, directly or indirectly, terminate, amend or modify the MSRAs.

(b) From the date of this Agreement through the period ending 60 days after the Closing, Seller shall use its reasonable best efforts to perform its obligation set forth in Section 4.2(b) of the ResCap Disclosure Letters and, if it fails to satisfy such obligations during that period, Buyer and Subsidiary shall have the rights described therein.

Section 4.3 Servicing and Asset Management. At the Closing, Buyer, Subsidiary and ResCap shall enter into the servicing agreement attached hereto as Exhibit E (the "Servicing Agreement"). From and after the Closing, ResCap shall direct the applicable builder to pay to Buyer in accordance with Buyer's payment instructions all amounts due to "Owner" with respect to the Subject Assets under the MSRAs, except as otherwise requested in writing by Buyer in connection with ResCap's performance of services pursuant to the Servicing Agreement. If at any time after the Closing, ResCap or any of its controlled Affiliates receives proceeds or other payments in respect of any of the Subject Assets, ResCap shall, or shall cause its controlled Affiliate to (if applicable), (i) accept and hold such proceeds or payments in trust for the account and sole benefit of Buyer and have no equitable or beneficial interest in any such proceeds or payments and (ii) deliver such proceeds and payments (free of any withholding, setoff, recoupment or deduction of any kind) promptly (but in any event no later than three Business Days after the date on which such Person receives such proceeds or payment) to Buyer or at Buyer's request, to Subsidiary.

Section 4.4 Excluded Asset Sales. Buyer acknowledges that ResCap and Seller shall retain all beneficial ownership interest in any Excluded Assets that are not sold to a third party before Closing, notwithstanding Subsidiary's continuing record ownership of such Excluded

Assets after the Closing. In accordance therewith, Subsidiary shall, and Buyer shall cause Subsidiary to, (a) sell, transfer or otherwise dispose of the Excluded Assets, including completion of any sale pursuant to any outstanding contract of sale or, if any such contract of sale terminates, transfer to Seller or any of its Affiliates or any third Person at Seller's expense all right, title and interest in such Excluded Asset, in each case in accordance with the written instructions of ResCap or Seller, and (b) to collect for the account of ResCap and/or Seller all payments and other benefits under the MSRAs or the Note relating to such Excluded Assets, including any lease payments with respect to such Excluded Assets pursuant to the MSRAs or any proceeds received upon the sale of any Excluded Asset. If at any time after the Closing, Subsidiary, Buyer or any of their respective controlled Affiliates receives proceeds or other payments in respect of any of the Excluded Assets, Buyer and Subsidiary shall, or shall cause the controlled Affiliate to (if applicable), (i) accept and hold such proceeds or payments in trust for the account and sole benefit of ResCap and have no equitable or beneficial interest in any such proceeds or payments and (ii) deliver such proceeds and payments (free of any withholding, setoff, recoupment or deduction of any kind) promptly (but in any event no later than three Business Days after the date on which such Person receives such proceeds or payment) to ResCap. From and after the Closing, Subsidiary shall not, and Buyer shall cause Subsidiary not to, cause or permit any Excluded Asset to become subject to any Encumbrance prior to the sale thereof pursuant to this Section 4.4. Notwithstanding anything to the contrary set forth in this Section 4.4, (i) Subsidiary shall be under no obligation to (x) take any action that would be in violation of applicable Law or any contract with respect to which Subsidiary is bound or subject or (y) except as set forth in those Contracts executed and delivered to Buyer prior to the date hereof, or in any other Contract (including deeds) substantially in the form attached hereto as Exhibit H, make any representations or warranties or provide any indemnification in respect of any of the Excluded Assets or otherwise relating to any sale or transfer thereof, and (ii) any Liability incurred by Subsidiary in connection with any sale, transfer, assignment or other disposition of any Excluded Assets or otherwise arising from Subsidiary's compliance with this Section 4.4 shall constitute "Retained Liabilities" for purposes of Section 7.2(a)(iii).

Section 4.5 Tax Matters.

(a) Seller shall be liable for and Seller shall pay, or cause to be paid, any and all Taxes applicable to the Interests or Subject Assets attributable to periods (or portions thereof) ending on or before the Closing Date. Buyer shall be liable for and shall pay all Taxes applicable to the Interests or Subject Assets attributable to periods (or portions thereof) beginning on the day after the Closing Date.

(b) Except with respect to Taxes included in the calculation of the Proration Amount hereunder, Seller or Buyer, as the case may be, shall promptly reimburse any Tax paid by the other party all or a portion of which Tax is the responsibility of Seller or Buyer in accordance with the terms of this Section 4.4. Within a reasonable time prior to the payment of any such Tax, the party paying such Tax shall give notice to the other party of the Tax payable and the portion that is the liability of each party, although failure to do so shall not relieve the other party from its liability hereunder except to the extent that it is materially prejudiced by such delay.

(c) After the Closing, Seller and Buyer shall, as reasonably requested by the other, (i) assist the other party in preparing any Tax Returns relating to the Interests or Subject Assets which such other party is responsible for preparing and filing; (ii) cooperate fully in preparing for any audit of, or dispute with taxing authorities regarding, and any judicial or administrative proceeding relating to, liability for Taxes, in the preparation or conduct of litigation or investigation of claims, and in connection with the preparation of financial statements or other documents to be filed with any taxing authority, in each case with respect to the Interests or Subject Assets; (iii) make available to the other and to any taxing authority as reasonably requested all information, records, and documents relating to Taxes relating to the Interests or Subject Assets; (iv) provide timely notice to the other party in writing of any pending or threatened Tax audits or assessments relating to the Interests or Subject Assets for taxable periods for which the other party is responsible under this Section 4.4; and (v) furnish the other party with copies of all correspondence received from any taxing authority in connection with any taxable audit or information request with respect to any Tax periods for which the other is responsible under this Section 4.4. Until the seventh anniversary of the Closing Date, Seller will, to the extent necessary in connection with any Taxes (including the tax basis of any acquired asset) or other matters relating to the Interests or Subject Assets for any period ending at or prior to the Closing, and without charge to Buyer, retain all original books, records and other documents and all electronically archived data not deliverable to Buyer at Closing related to the Interests or Subject Assets. Any information obtained pursuant to this Section 4.4 or pursuant to any other Section hereof providing for the sharing of information or review of any Tax Return or other schedule relating to Taxes shall be kept confidential by the Parties, except to the extent such information is required to be disclosed by Law, regulation or judicial order.

(d) Seller shall prepare and file, and Buyer shall cooperate in the preparation and filing of, all Tax Returns, if any, relating to any Transfer Taxes that become payable in connection with the transactions contemplated by this Agreement.

Section 4.6 Further Assurances. From time to time after the Closing, each Party hereto shall, and shall cause its Affiliates, promptly to execute, acknowledge and deliver any other assurances or documents or instruments of transfer reasonably requested by the other Party hereto and necessary for the requesting Party to satisfy obligations hereunder or to obtain the benefits of the transactions contemplated hereby.

ARTICLE V

CONDITIONS TO CLOSING

Section 5.1 Conditions to the Obligations of each of the Parties. The obligations of the Parties hereto to effect the Closing are subject to the satisfaction of the following conditions:

(a) No Injunctions or Restraints; Illegality. No judgment, order, injunction or decree issued by any court or agency of competent jurisdiction or other legal restraint or prohibition preventing the transactions contemplated by this Agreement or the other Transaction Documents shall be in effect and no statute, rule, regulation, order, injunction or decree shall have been enacted, promulgated or enforced by any Governmental Entity that prohibits or makes

illegal the consummation of the transactions contemplated by this Agreement or the other Transaction Documents.

Section 5.2 Conditions to the Obligations of ResCap and Seller. The obligations of ResCap and Seller to effect the Closing are subject to the satisfaction of the following conditions:

(a) Representations and Warranties. The representations and warranties of Buyer contained in this Agreement shall be true and correct (without giving effect to any qualifications as to materiality or similar qualifications therein) in all material respects as of the date hereof and at and as of the Closing, as if made at and as of such time (or if made as of a specific date, at and as of such date); provided, that the representations and warranties set forth in Sections 3.2(a), 3.2(b) and 3.2(e) shall be true and correct in all respects.

(b) Covenants. Buyer shall have performed in all material respects all of its obligations hereunder required to be performed by Buyer at or prior to the Closing Date and shall have delivered all documentation required to be delivered by Buyer pursuant to Section 2.7.

(c) Certificate. Buyer shall have delivered to ResCap a certificate, signed by a duly authorized representative of Buyer and dated the Closing Date, to the effect that the conditions set forth in Sections 5.2(a) and 5.2(b) have been satisfied.

Section 5.3 Conditions to the Obligations of Buyer. The obligations of Buyer to effect the Closing are subject to the satisfaction of the following conditions:

(a) Representations and Warranties. The representations and warranties of ResCap and Seller contained in this Agreement shall be true and correct (without giving effect to any qualifications as to materiality or similar qualifications therein) in all material respects as of the date hereof and at and as of the Closing, as if made at and as of such time (or if made as of a specific date, at and as of such date); provided, that the representations and warranties set forth in Sections 3.1(a), 3.1(b), 3.1(e)(i), 3.1(f) and 3.1(g) shall be true and correct in all respects.

(b) Covenants. ResCap and Seller shall have, and shall have caused each of their respective controlled Affiliates to have, performed in all material respects all of their respective obligations hereunder required to be performed by such Person at or prior to the Closing Date and shall have delivered all documentation required to be delivered by ResCap or Seller pursuant to Section 2.6.

(c) Consents and Approvals. All Required Seller Consents shall have been obtained or made (without the imposition of any limitations, restrictions or conditions applicable to Buyer, Subsidiary, the Interests or the Subject Assets (including any modification of the MSRAs or the Note)).

(d) Certificate. ResCap and Seller shall have delivered to Buyer a certificate, signed by a duly authorized officer of ResCap and dated the Closing Date, to the effect that the conditions set forth in Sections 5.3(a) through (c) have been satisfied.

ARTICLE VI

TERMINATION

Section 6.1 Termination . This Agreement may be terminated at any time prior to the Closing:

(a) by written agreement of ResCap and Buyer;

(b) by any Party, upon written notice to the other Parties, in the event that the Closing does not occur on or before 5:00 p.m. (New York City Time) on October 6, 2008 (the “Outside Date”); or

(c) by any Party, upon written notice to the other Parties, in the event that any Law shall be enacted or any Governmental Entity shall have issued any order, decree or injunction or taken any other action restraining, enjoining or prohibiting any of the transactions contemplated by this Agreement or the other Transaction Documents, and such order, decree, injunction or other action shall have become final and nonappealable.

Section 6.2 Effect of Termination . In the event of any termination of this Agreement as provided in Section 6.1, this Agreement (other than this Section 6.2 and Sections 8.1 through 8.11, which shall remain in full force and effect) shall forthwith become wholly void and of no further force and effect.

ARTICLE VII

INDEMNIFICATION

Section 7.1 Survival of Representations, Warranties and Covenants . The representations and warranties set forth in Article III of this Agreement shall survive the Closing until the second anniversary of the Closing Date, except that the representations and warranties set forth in Sections 3.1(a), 3.1(b), 3.1(e)(i), 3.1(g), 3.2(a), 3.2(b) and 3.2(e) shall survive the Closing until the expiration of the applicable statute of limitations. The covenants in this Agreement shall survive the Closing in accordance with their terms.

Section 7.2 Indemnification .

(a) From and after the Closing, ResCap shall indemnify and defend Buyer, its Affiliates (including, for the avoidance of doubt, Subsidiary), managing member, officers, directors, employees, agents, successors and assigns (each a “Buyer Indemnified Party”) from and against any and all actions, suits, claims, proceedings, damages, losses, deficiencies, liabilities, penalties, fines, interest, costs, damages, judgments, amounts paid in settlement and expenses (including, without limitation, the cost and expenses of any litigations, actions, judgments and settlements related thereto, and the reasonable costs and expenses of attorneys and accountants incurred in the investigation or defense thereof or the enforcement of rights hereunder) (collectively, “Losses”) related to or arising out of any one or more of the following:

(i) any breach of any representation or warranty made by ResCap or any of its controlled Affiliates in this Agreement (without giving effect to any qualifications as to materiality or similar qualifications contained in such representations or warranties);

(ii) any breach by ResCap or Seller of any covenant to be performed or complied with by ResCap or Seller under this Agreement; or

(iii) the Retained Liabilities.

(b) From and after the Closing, Buyer shall indemnify and defend ResCap, its Affiliates, managing member, officers, directors, employees, agents, successors and assigns (each a “ResCap Indemnified Party”) from and against any and all Losses related to or arising out of any one or more of the following:

(i) any breach of any representation or warranty made by Buyer in this Agreement (without giving effect to any qualifications as to materiality or similar qualifications contained in such representations or warranties);

(ii) any breach by Buyer of any covenant to be performed or complied with by Buyer under this Agreement;

(iii) the Assumed Liabilities; or

(iv) the ownership or use of the Subject Assets after the Closing, except to the extent such Losses constitute Retained Liabilities.

Section 7.3 Notice of Claim; Defense.

(a) If any third party institutes or asserts any claim, demand, investigation, action or proceeding (each of the foregoing, a “Proceeding”) against any Person entitled to indemnification under this Agreement (an “Indemnified Party”) that may give rise to Losses for which a party (an “Indemnifying Party”) may be liable for indemnification under this Article VII (a “Third-Party Claim”), then the Indemnified Party shall promptly send to the Indemnifying Party a written notice specifying (to the extent such information is reasonable available) the nature of such claim and, if available, the estimated amount of all related Liabilities, which estimate shall be subject to change (a “Claim Notice”). The Indemnifying Party shall be relieved of its indemnification obligations under this Article VII to the extent that it is materially prejudiced by the failure of the Indemnified Parties to provide a timely and adequate Claim Notice. If a Claim Notice has been given prior to the expiration of the applicable representations and warranties, then the relevant representation and warranties shall survive as to such claim until such claim has been finally resolved.

(b) The Indemnifying Party will have 20 days (or such lesser number of days as set forth in the Claim Notice as may be required by court proceeding in the event of a litigation matter) after receipt of the Claim Notice to notify the Indemnified Party that it desires to assume and thereafter conduct the defense of the Third-Party Claim with counsel of its choice

reasonably satisfactory to the Indemnified Party, unless the Indemnified Party has notified the Indemnifying Party that it has determined in good faith that (i) there is a reasonable probability that such claim may materially and adversely affect it or its Affiliates other than as a result of money damages, (ii) a conflict of interest exists in respect of such claim, or (iii) there are specific defenses available to the Indemnified Party that are different from or additional to those available to the Indemnifying Party and that could be adverse to the Indemnifying Party. If the Indemnifying Party assumes the defense of the Third Party Claim, it shall have conclusively established its obligation to indemnify the Indemnified Party with respect to such Third Party Claim. The Indemnified Parties may participate, at their own expense and through legal counsel of their choice, in any such Proceeding; provided, that the Indemnified Parties and their counsel shall reasonably cooperate with the Indemnifying Party and its counsel in connection with such Proceeding. The Indemnifying Party shall not (i) consent to, or enter into, any compromise or settlement which commits the Indemnified Party to take, or to forbear to take, any action or does not provide for a full and complete written release by such third party of the Indemnified Party, (ii) consent to, or enter into, any compromise or settlement, consent to the entry of any judgment, or admit any liability or wrongdoing with respect to any Third-Party Claim unless it involves only the payment of money damages all of which will be borne by the Indemnifying Party in accordance with its indemnification obligations hereunder and does not impose an injunction or other equitable relief upon the Indemnified Party or otherwise involve any admission of liability or wrongdoing by the Indemnified Party, in each case, without the Indemnified Party's prior written consent, which shall not be unreasonably withheld, conditioned or delayed. Notwithstanding the foregoing, if the Indemnifying Party elects not to retain counsel and assume control of such defense or if both the Indemnifying Party and any Indemnified Party are parties to or subjects of such Proceeding and conflicts of interests exist between the Indemnifying Party and such Indemnified Party, then the Indemnified Parties shall retain counsel reasonably acceptable to the Indemnifying Party in connection with such Proceeding and assume control of the defense in connection with such Proceeding, and, to the extent the Indemnified Party is entitled to indemnification hereunder in connection with such Proceeding, the fees, charges and disbursements of not more than one firm as such counsel per jurisdiction selected by the Indemnified Parties shall be reimbursed by the Indemnifying Party. Under no circumstances will the Indemnifying Party have any liability in connection with any settlement of any Proceeding that is entered into without its prior written consent (which shall not be unreasonably withheld, conditioned or delayed).

(c) From and after the delivery of a Claim Notice, at the reasonable request of the Indemnifying Party, each Indemnified Party shall (i) reasonably cooperate with the Indemnifying Party in connection with the defense of any Third-Party Claim and (ii) grant the Indemnifying Party and its counsel, experts and representatives reasonable access, during normal business hours, to the books, records, personnel (including as witnesses or deponents at trial and during the discovery process) and properties of the Indemnified Party to the extent reasonably related to the Claim Notice, in the case of each of clauses (i) and (ii) of this sentence, at no cost to the Indemnifying Party (other than for reasonable out of pocket expenses of the Indemnified Parties).

(d) From and after the Closing, except in the case of fraud, the indemnification obligations set forth in this Article VII are the exclusive remedy of the

Indemnified Parties (a) for any inaccuracy in any of the representations or any breach of any of the warranties or covenants contained herein or (b) otherwise with respect to this Agreement and the transactions contemplated by this Agreement and matters arising out of, relating to or resulting from the subject matter of this Agreement, whether based on statute, contract, tort, property or otherwise, and whether or not arising from the relevant Party's sole, joint or concurrent negligence, strict liability or other fault.

Section 7.4 Limitations on Indemnification .

(a) To the extent that a Party hereto shall have any obligation to indemnify and hold harmless any other Person hereunder, such obligation shall not include lost profits or other consequential, special, punitive, incidental or indirect damages (and the injured Party shall not recover for such amounts), except to the extent such amounts are required to be paid to a third party other than an Indemnified Party or a Person affiliated therewith.

(b) Except in the case of fraud or intentional misrepresentation, ResCap shall not have any obligation to indemnify any Buyer Indemnified Party pursuant to Section 7.2(a)(i) relating to or arising out of a breach of any of the representations and warranties made by ResCap and Seller pursuant to Section 3.1(e)(ii) or (iii) unless and until the aggregate amount of all Losses subject to indemnification thereunder shall exceed 0.5% of the Firm Bid Price, as adjusted pursuant to Sections 2.3 and 2.4 (the “Deductible”), and once the Deductible is exceeded, ResCap shall be liable for only those Losses in excess of the Deductible.

(c) Except in the case of fraud or intentional misrepresentation, in no event shall the aggregate liability of ResCap for Losses pursuant to Section 7.2(a)(i) relating to or arising out of a breach of any of the representations and warranties made by ResCap and Seller pursuant to Section 3.1(e)(ii) or (iii) exceed an amount equal to the Firm Bid Price, as adjusted pursuant to Sections 2.3 and 2.4 (the “Cap”).

(d) Notwithstanding anything to the contrary in this Agreement, the Parties agree that neither the Deductible nor the Cap shall apply with respect to any Losses pursuant to which any Buyer Indemnified Party is entitled to indemnification pursuant to Section 7.2(a)(iii).

(e) Notwithstanding anything contained herein to the contrary, the amount of any Losses incurred or suffered by an Indemnified Person shall be calculated after giving effect to (i) any insurance proceeds actually received by the Indemnified Person (or any of its controlled Affiliates that are Indemnified Persons) with respect to such Losses and (ii) any other recoveries pursuant to indemnification rights directly relating to such Loss obtained by the Indemnified Person (or any of its controlled Affiliates that are Indemnified Persons) from any other third party, less, in the case of each of clauses (i) and (ii) of this sentence, all Losses related to the pursuing and receipt of such recoveries and any related recoveries. If any such net proceeds or recoveries are actually received by an Indemnified Person (or any of its controlled Affiliates that are Indemnified Persons) with respect to any Losses after an Indemnifying Person has made a payment to the Indemnified Person with respect thereto, the Indemnified Person (or such Affiliate) shall pay to the Indemnifying Person the amount of such net proceeds or recoveries (up to the amount of the Indemnifying Person's payment).

(f) Upon making any payment to an Indemnified Person in respect of any Losses, the Indemnifying Person shall, to the extent of such payment, be subrogated to all rights of the Indemnified Person (and its Affiliates) against any insurance company from which the Indemnified Person (and its controlled Affiliates that are Indemnified Persons) has insurance in respect of the Losses to which such payment relates. Such Indemnified Person (and its controlled Affiliates that are Indemnified Persons) and Indemnifying Person shall execute upon request all instruments reasonably necessary to evidence or further perfect such subrogation rights. To the extent the exercise of rights under this Section 7.4(f) directly results in higher insurance premiums for the Indemnified Person, the incremental cost of such higher premiums shall constitute "Losses."

(g) If (i) the Indemnifying Party has expressly confirmed in writing its obligation to indemnify an Indemnified Party for a Third Party Claim (or been deemed to have confirmed its obligation to indemnify by assuming the defense of such Third Party Claim) and (ii) the Indemnified Party is entitled to indemnification from a third party unaffiliated with such Indemnified Party, then, promptly at the written request of the Indemnifying Party, the Indemnified Party shall use commercially reasonable efforts to enforce its rights in respect of such third party indemnification; provided, that (x) any out-of-pocket costs or expenses incurred by the Indemnified Party in connection with such efforts shall constitute Losses hereunder and (y) the Indemnified Party shall not be required to bring any action or pursue any claim under arbitration or mediation to enforce its rights or otherwise take any action that the Indemnified Party determines in its reasonable judgment would be detrimental in any material respect to any ongoing business relationship with such third party. Notwithstanding anything to the contrary in this Section 7.4, ResCap shall not have any right, directly or indirectly, to pursue any indemnification rights of Buyer or Subsidiary under the MSRAs or otherwise, except to the extent directed in writing by Buyer pursuant to the Servicing Agreement.

(h) Each Indemnified Party shall use commercially reasonable efforts to mitigate any Losses, whether by asserting claims against a third party (subject to clause (g) above) or by otherwise qualifying for a benefit that would reduce or eliminate an indemnified matter; provided, that no party shall be required to use such efforts if such efforts (i) would require such party to pay any out-of-pocket amount; provided, however, that if an Indemnified Party has actual knowledge of an opportunity to mitigate any Loss that involves paying an out-of-pocket amount, then such Indemnified Party shall provide reasonable notification to the Indemnifying Party of such opportunity and if, after receipt of such notification, the Indemnifying Party elects to provide an Indemnified Party with immediately available funds with instructions to use such funds to mitigate any Losses, such Indemnified Party shall use such funds for purposes of satisfying its obligations under this subsection (h) in accordance with the reasonable instructions of the Indemnifying Party (it being understood and agreed that funds supplied by an Indemnifying Party to an Indemnified Party and used to mitigate Losses shall not represent payment by the Indemnifying Party to the Indemnified Party for reimbursement of indemnified Losses); provided, further, that failure by the Indemnified Party to provide any such notification shall not relieve the Indemnifying Party of any of its indemnification obligations hereunder except to the extent, and solely to the extent, the Indemnified Party fails to use commercially reasonable efforts to notify the Indemnifying Party of an opportunity to mitigate any Loss as contemplated hereby and the Indemnifying Party is materially prejudiced by such

failure, or (ii) otherwise would be detrimental in any material respect to any ongoing business relationship of the Indemnified Party with any third party.

ARTICLE VIII

MISCELLANEOUS

Section 8.1 Notices . All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be given (and shall be deemed to have been duly given upon receipt) by delivery in person, by overnight courier or by facsimile (with confirmation copies delivered personally or by courier on or before the third Business Day after such facsimile delivery) to the respective Parties at the following addresses (or at such other address for a Party as shall be specified by like notice):

If to Seller, Subsidiary (prior to Closing), or ResCap:

Residential Funding Company, LLC
One Meridian Crossings Suite 100
Minneapolis, MN 55423
Attention: President
Business Capital Group
Telephone No.: (952) 857-6958
Telecopier No.: (952) 857-6943

With a copy to:

Residential Funding Company, LLC
One Meridian Crossings
Suite 100
Minneapolis, MN 55423
Attention: Chief Counsel
Business Capital Group
Telephone No.: (952) 857-6911
Telecopier No.: (952) 857-6949

and

Skadden, Arps, Slate, Meagher & Flom LLP
One Rodney Square
Wilmington, DE 19801
Attention: Allison Land
Facsimile: 888-329-3021

If to Buyer or Subsidiary (after the Closing):

Cerberus Capital Management, L.P.
299 Park Avenue New York, NY 10171
Attention: Mark A. Neporent
Facsimile: (212) 891-1540

With a copy to:

Schulte Roth & Zabel LLP
919 Third Avenue
New York, New York 10022
Attention: John M. Pollack
Facsimile: (212) 593-5955

Copies to be sent as indicated above shall be courtesy copies and failure to deliver any such courtesy copies shall not invalidate any notice properly delivered to ResCap or Buyer as set forth above.

Section 8.2 Amendment; Waiver. Any provision of this Agreement may be amended or waived if, and only if, such amendment or waiver is in writing and signed, in the case of an amendment, by ResCap and Buyer, or in the case of a waiver, by the Party against whom the waiver is to be effective. No failure or delay by any Party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

Section 8.3 No Assignment or Benefit to Third Parties. This Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective successors, legal representatives and permitted assigns. No Party to this Agreement may assign any of its rights or delegate any of its obligations under this Agreement, by operation of Law or otherwise, without the prior written consent of the other Parties hereto. Nothing in this Agreement, express or implied, is intended to confer upon any Person other than ResCap, Seller, Buyer and Subsidiary and each of their respective successors, legal representatives and permitted assigns, any rights or remedies under or by reason of this Agreement; provided, that, the Buyer Indemnified Parties (solely with respect to their indemnification rights pursuant to this Agreement) and the ResCap Indemnified Parties (solely with respect to their indemnification rights pursuant to this Agreement) shall be third party beneficiaries of such Sections of this Agreement, entitled to enforce those specified provisions hereof.

Section 8.4 Entire Agreement. This Agreement (including the Exhibits, the ResCap Disclosure Letters hereto and any certificate or document required to be executed and delivered in connection with the execution of this Agreement or the consummation of the transactions contemplated hereby), the other Transaction Documents contain the entire agreement between the Parties hereto with respect to the subject matter hereof and thereof and supersedes all prior agreements and understandings, oral or written, with respect to such matters.

Section 8.5 Fulfillment of Obligations. Any obligation of any Party to any other Party under this Agreement, which obligation is performed, satisfied or fulfilled completely by an

Affiliate of such Party, shall be deemed to have been performed, satisfied or fulfilled by such Party.

Section 8.6 Expenses. Except as otherwise specified in this Agreement, all costs and expenses, including fees and disbursements of counsel, financial advisors and accountants, incurred in connection with this Agreement and the transactions contemplated hereby and thereby shall be paid by the Party incurring such costs and expenses, whether or not the Closing shall have occurred.

Section 8.7 Governing Law; Submission to Jurisdiction; Selection of Forum; Waiver of Trial by Jury. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW. Any action or proceeding in respect of any claim arising out of or related to this Agreement or the transactions contained in or contemplated hereby against any Party hereto shall be brought in the Chancery Court of the State of Delaware, any other state court of the State of Delaware or the United States District Court for the District of Delaware (the “Chosen Courts”), and solely in connection with claims arising under this Agreement or the transactions that are the subject of this Agreement, each Party: (i) irrevocably submits to the exclusive jurisdiction of the Chosen Courts, (ii) waives any objection to laying venue in any such action or proceeding in the Chosen Courts, (iii) waives any objection that the Chosen Courts are an inconvenient forum or do not have jurisdiction over any Party hereto and (iv) agrees that service of process upon such Party in any such action or proceeding shall be effective if notice is given in accordance with Section 8.1 of this Agreement. Each Party hereto irrevocably waives any and all right to trial by jury in any legal proceeding arising out of or relating to this Agreement or the transactions contemplated hereby.

Section 8.8 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, and all of which shall constitute one and the same Agreement. Executed signature pages to this Agreement may be delivered by facsimile and such facsimiles will be deemed as sufficient as if actual signature pages had been delivered.

Section 8.9 Headings. The heading references herein and the table of contents hereof are for convenience purposes only, and shall not be deemed to limit or affect any of the provisions hereof.

Section 8.10 Severability. The provisions of this Agreement shall be deemed severable and the invalidity or unenforceability of any provision shall not affect the validity or enforceability of the other provisions hereof. If any provision of this Agreement, or the application thereof to any Person or any circumstance, is invalid or unenforceable, (a) a suitable and equitable provision shall be substituted therefor in order to carry out, so far as may be valid and enforceable, the intent and purpose of such invalid or unenforceable provision and (b) the remainder of this Agreement and the application of such provision to other Persons or circumstances shall not be affected by such invalidity or unenforceability, nor shall such invalidity or unenforceability affect the validity or enforceability of such provision, or the application thereof, in any other jurisdiction.

Section 8.11 Commitment Regarding Actions of Controlled Affiliates. With respect to any covenant requiring any controlled Party or controlled Affiliate of a Party to take an action or omit to take an action, such Party shall cause such controlled Affiliate to comply with such covenant. Any failure by any Party's controlled Affiliates to do so shall also constitute a breach of such covenant by such Party.

Section 8.12 Specific Performance. Each Party acknowledges that money damages would be both incalculable and an insufficient remedy for any breach of this Agreement by such Party and that any such breach would cause the other Party hereto irreparable harm. Accordingly, each Party hereto also agrees that, in the event of any breach or threatened breach of the provisions of this Agreement by such Party, the other Party hereto shall be entitled to equitable relief without the requirement of posting a bond or other security, including in the form of injunctions and orders for specific performance.

[*Signature page follows.*]

IN WITNESS WHEREOF, each of the Parties has executed or caused this Agreement to be executed as of the date first written above.

RESIDENTIAL CAPITAL, LLC

By: /s/ James Young
Name: James Young
Title: Chief Financial Officer

DOA HOLDING PROPERTIES, LLC

By: /s/ David Flavin
Name: David Flavin
Title: Chief Financial Officer

DOA PROPERTIES IIIB (KB MODELS), LLC

By: /s/ David Flavin
Name: David Flavin
Title: Chief Financial Officer

MHPOOL HOLDINGS LLC

By: /s/ Ronald J. Kravit
Name: Ronald J. Kravit
Title: Vice President

EXHIBIT A

List of Assets**Pool 1 — All Assets**

File Number	Allocated Firm Bid	File Number	Allocated Firm Bid
6913	\$131,221	12632	\$106,972
6914	\$118,521	12634	\$113,927
6915	\$ 97,355	12635	\$125,370
7428	\$185,406	12636	\$111,795
7429	\$161,741	12082	\$149,227
7430	\$123,415	12083	\$163,817
7431	\$ 94,677	12343	\$138,898
7521	\$121,025	12344	\$138,898
7042	\$143,835	12345	\$365,468
7043	\$141,355	12346	\$380,294
7441	\$109,941	11681	\$147,206
7442	\$128,128	11682	\$154,067
7853	\$157,062	12219	\$109,465
7854	\$162,849	12220	\$136,994
7855	\$185,996	11361	\$134,520
7856	\$177,729	11362	\$119,569
7857	\$197,570	11363	\$112,803
7566	\$132,207	10585	\$105,163
7567	\$112,283	10586	\$122,231
7568	\$ 99,595	10587	\$ 81,270
7569	\$117,143	10595	\$ 88,157
7570	\$133,735	10596	\$ 84,779
7571	\$149,487	11452	\$ 97,756
7465	\$113,624	11457	\$ 88,662
7466	\$ 89,861	10588	\$ 89,035
7467	\$102,615	11628	\$ 76,479
8570	\$103,469	11629	\$ 83,449
8571	\$138,399	11630	\$ 89,762
8742	\$108,087	11631	\$120,690
8743	\$133,628	11632	\$ 84,932
9296	\$175,880	11633	\$ 80,175
8117	\$122,625	11634	\$ 77,588
8118	\$127,755	11635	\$ 82,243
8331	\$197,229	11636	\$ 72,375
8325	\$136,024	11638	\$ 88,016
8326	\$143,186	11468	\$213,220
9258	\$133,008	11469	\$196,661
9259	\$148,135	11250	\$160,106
8205	\$118,875	12585	\$103,247
8207	\$127,665	12817	\$204,829
8355	\$107,373	12818	\$163,351
8356	\$121,747	12250	\$251,210
8357	\$112,370	10774	\$188,119
8358	\$ 92,153	10777	\$184,439
8835	\$104,711	10778	\$169,757
8836	\$107,185	10779	\$142,377
8837	\$ 76,348	10780	\$250,285
8838	\$ 97,478	10781	\$238,986
8839	\$133,156	10782	\$184,439
8840	\$103,900	10783	\$163,215
8846	\$178,589	10784	\$273,068
9051	\$129,030	10785	\$275,081

Pool 1 — All Assets

File Number	Allocated Firm Bid	File Number	Allocated Firm Bid
9052	\$180,281	10786	\$303,277
9053	\$143,377	10791	\$261,600
9054	\$146,738	10792	\$288,040
9055	\$143,504	10799	\$196,153
9056	\$143,504	10800	\$182,341
9057	\$141,181	10802	\$268,037
8098	\$110,288	10787	\$192,824
8099	\$156,168	10788	\$180,463
8577	\$195,063	10789	\$176,817
8578	\$176,574	10790	\$167,403
8928	\$127,697	11860	\$271,433
8855	\$128,831	11863	\$125,926
8856	\$159,855	11864	\$158,762
9389	\$ 76,939	11865	\$137,848
9397	\$158,311	11866	\$122,980
8538	\$153,052	11867	\$150,252
8539	\$163,179	11868	\$163,928
9615	\$138,787	11869	\$168,869
9705	\$ 93,674	11870	\$173,327
9774	\$157,594	11919	\$193,293
9775	\$148,942	10793	\$156,737
9776	\$246,504	10795	\$171,394
9777	\$136,664	11874	\$141,381
9778	\$193,893	11875	\$137,364
9639	\$156,016	12938	\$182,072
9640	\$186,166	12940	\$240,617
9887	\$161,330	13384	\$238,529
9888	\$182,121	13385	\$276,844
9889	\$242,011	13386	\$222,728
9890	\$220,215	13387	\$156,237
10731	\$124,278	10977	\$168,438
9800	\$115,917	10978	\$171,882
9801	\$107,897	10979	\$172,275
10707	\$181,180	11624	\$166,649
10708	\$187,858	11625	\$127,888
9562	\$155,106	11626	\$134,095
9829	\$209,464	11967	\$242,274
9830	\$198,270	11968	\$246,276
9831	\$200,376	11969	\$248,277
10223	\$175,008	11972	\$278,939
10474	\$143,950	11973	\$261,609
10475	\$145,843	11974	\$230,960
10476	\$154,302	11975	\$229,946
11047	\$153,173	11976	\$270,201
11048	\$148,654	10611	\$152,791
9535	\$104,053	10618	\$ 97,524
9536	\$ 77,052	10619	\$108,837
9537	\$ 98,792	10620	\$125,513
9538	\$139,127	12676	\$201,853
9544	\$ 97,343	12677	\$163,712
9545	\$ 83,615	13576	\$214,744
9546	\$ 95,203	13577	\$166,150

Pool 1 — All Assets

File Number	Allocated Firm Bid	File Number	Allocated Firm Bid
9547	\$117,614	13578	\$125,203
9697	\$ 95,925	13579	\$121,314
9698	\$ 98,863	13580	\$112,961
9805	\$ 89,733	13581	\$123,182
9811	\$ 67,684	10690	\$ 91,938
10574	\$104,085	10691	\$ 96,740
10576	\$ 85,320	10692	\$108,073
10577	\$ 86,342	10693	\$195,523
10578	\$ 79,795	11531	\$108,127
10580	\$103,848	11532	\$101,885
10581	\$ 82,514	11533	\$ 96,226
10582	\$ 77,483	11534	\$ 89,309
10589	\$ 80,495	11535	\$ 83,915
10593	\$ 84,980	11536	\$ 88,274
10594	\$ 81,593	11537	\$ 94,856
9689	\$174,279	11538	\$ 96,996
10630	\$129,663	11539	\$212,052
9641	\$257,731	11540	\$166,389
9656	\$137,361	11582	\$109,421
10658	\$ 88,532	10687	\$129,760
10335	\$223,326	10688	\$ 97,755
10336	\$185,916	10689	\$119,643
10337	\$215,585	10997	\$168,360
10338	\$178,613	10998	\$177,795
10339	\$221,706	10999	\$276,127
10480	\$221,326	11000	\$238,325
10481	\$253,946	11001	\$216,250
10482	\$257,562	11002	\$287,987
10483	\$339,902	11003	\$296,899
9872	\$236,349	11004	\$302,010
9873	\$184,065	12088	\$132,021
9874	\$174,989	12089	\$117,550
9875	\$128,729	12090	\$107,857
9876	\$232,761	12091	\$125,458
9877	\$229,292	12788	\$222,169
9878	\$156,058	12789	\$145,052
9879	\$145,424	12477	\$188,949
10601	\$127,930	12478	\$195,659
10602	\$122,419	12479	\$200,759
10607	\$160,700	12480	\$216,662
10608	\$161,927	12481	\$229,318
10609	\$172,088	11904	\$169,821
10663	\$201,243	11905	\$164,335
10664	\$146,050	11906	\$159,731
10665	\$142,035	11907	\$203,712
9630	\$111,567	11908	\$175,662
10675	\$100,617	11884	\$180,365
10676	\$107,367	11885	\$182,227
10677	\$ 81,870	11886	\$193,666
10678	\$102,777	11887	\$184,515
10679	\$ 98,080	11888	\$194,377
10680	\$105,817	11889	\$208,091

Pool 1 — All Assets

File Number	Allocated Firm Bid	File Number	Allocated Firm Bid
10681	\$110,630	10833	\$451,045
10682	\$123,179	10834	\$510,329
9786	\$141,204	10835	\$413,089
9787	\$126,393	9947	\$327,080
9788	\$121,854	12289	\$185,213
9789	\$116,624	12290	\$175,989
9790	\$123,770	12291	\$169,757
9885	\$118,031	12292	\$147,097
9886	\$108,499	12773	\$229,201
9584	\$188,769	12774	\$221,827
9585	\$201,893	12775	\$184,282
9586	\$221,977	12776	\$409,103
9587	\$251,386	12777	\$402,835
9941	\$398,328	12778	\$428,923
9942	\$414,118	10936	\$209,039
9943	\$332,291	10937	\$195,737
9944	\$412,177	10938	\$214,213
9945	\$381,128	10939	\$200,488
9946	\$415,983	10940	\$209,842
9815	\$120,256	10941	\$211,952
9816	\$129,843	10943	\$160,664
9817	\$169,699	10944	\$167,778
9818	\$145,217	10945	\$169,765
11012	\$132,903	10946	\$174,791
11013	\$118,912	10947	\$189,549
11014	\$112,567	10950	\$168,155
9518	\$218,827	10951	\$183,240
9519	\$213,275	10952	\$210,019
9520	\$218,827	10953	\$194,734
9521	\$195,891	10954	\$170,646
10754	\$131,687	10955	\$109,892
10755	\$134,775	10956	\$108,580
10277	\$146,627	10957	\$119,490
10278	\$178,865	10958	\$137,617
10279	\$187,203	10959	\$132,512
10280	\$192,611	10960	\$149,341
10281	\$209,524	11495	\$107,660
10632	\$122,347	11496	\$ 98,357
10633	\$163,149	11500	\$316,935
10634	\$200,478	11501	\$264,554
12222	\$103,623	11497	\$ 94,583
12223	\$132,766	11498	\$111,357
12221	\$ 74,668	11499	\$134,731
12228	\$ 75,184	12049	\$103,415
12229	\$102,368	12050	\$ 82,072
12230	\$ 93,457	11842	\$118,752
12231	\$120,573	11844	\$234,521
12233	\$153,706	11845	\$179,283
12234	\$128,223	11848	\$135,230
12224	\$ 86,277	11846	\$251,693
12225	\$ 75,216	11847	\$205,572
12226	\$ 89,185	13537	\$ 73,190

Pool 1 — All Assets

File Number	Allocated Firm Bid	File Number	Allocated Firm Bid
12227	\$108,284	13538	\$ 73,177
12232	\$ 69,515	13539	\$ 79,510
11810	\$169,467	13540	\$ 78,454
12833	\$129,716	13541	\$182,364
12834	\$152,448	13542	\$168,250
12835	\$172,249	12918	\$272,941
12836	\$151,913	12919	\$260,688
10736	\$159,761	12920	\$318,266
10737	\$144,174	12921	\$312,525
12759	\$168,153	12922	\$319,293
12760	\$150,226	12923	\$682,586
12761	\$171,195	12924	\$358,173
10732	\$ 96,410	12925	\$391,089
10733	\$ 85,707	11672	\$258,977
10734	\$ 83,074	11673	\$233,718
12763	\$ 96,952	11674	\$228,945
12764	\$ 98,007	11675	\$196,999
12349	\$112,301	11676	\$218,122
12350	\$119,112	11677	\$193,343
10907	\$132,443	11668	\$176,749
10905	\$137,732	11669	\$186,524
10906	\$153,766	11670	\$184,641
12624	\$174,623	11671	\$165,891
12625	\$198,397	11241	\$ 86,771
10878	\$134,890	11242	\$ 87,379
10879	\$117,005	10744	\$147,744
10880	\$143,181	10748	\$125,198
10881	\$150,666	10749	\$137,391
10882	\$195,156	10745	\$115,458
10883	\$195,809	10746	\$108,337
12383	\$147,107	10747	\$102,824
12384	\$120,927	12271	\$123,113
12631	\$104,655	12272	\$151,315
		12273	\$148,371

Pool 2 — All Assets

<u>File Number</u>	<u>Allocated Firm Bid</u>
8711	\$ 260,558
10023	\$ 122,261
10034	\$ 244,590
10039	\$ 92,591

Excluded Assets**Pool 1 — Excluded Assets**

File Number	Allocated Bid Price	File Number	Allocated Bid Price
6913	\$131,221	10337	\$215,585
7428	\$185,406	10338	\$178,613
7431	\$ 94,677	10339	\$221,706
7521	\$121,025	10483	\$339,902
7042	\$143,835	9584	\$188,769
7043	\$141,355	9941	\$398,328
7441	\$109,941	9942	\$414,118
7442	\$128,128	9943	\$332,291
7853	\$157,062	10732	\$ 96,410
7854	\$162,849	10733	\$ 85,707
7855	\$185,996	10734	\$ 83,074
7856	\$177,729	12763	\$ 96,952
7857	\$197,570	12764	\$ 98,007
7568	\$ 99,595	10880	\$143,181
7569	\$117,143	12631	\$104,655
7571	\$149,487	12817	\$204,829
7465	\$113,624	12250	\$251,210
7466	\$ 89,861	10774	\$188,119
7467	\$102,615	10791	\$261,600
8570	\$103,469	10792	\$288,040
8571	\$138,399	10802	\$268,037
8742	\$108,087	11860	\$271,433
8743	\$133,628	11919	\$193,293
8117	\$122,625	10793	\$156,737
8118	\$127,755	10795	\$171,394
8331	\$197,229	12940	\$240,617
8325	\$136,024	13384	\$238,529
8326	\$143,186	13385	\$276,844
9258	\$133,008	13386	\$222,728
9259	\$148,135	10978	\$171,882
8836	\$107,185	10979	\$172,275
8838	\$ 97,478	11624	\$166,649
8839	\$133,156	11625	\$127,888
8840	\$103,900	11626	\$134,095
8846	\$178,589	10693	\$195,523
9052	\$180,281	11539	\$212,052
9053	\$143,377	11540	\$166,389
9054	\$146,738	10835	\$413,089
9055	\$143,504	12290	\$175,989
9057	\$141,181	12291	\$169,757
8099	\$156,168	11495	\$107,660
8577	\$195,063	11496	\$ 98,357
8855	\$128,831	12049	\$103,415
8856	\$159,855	12050	\$ 82,072
9389	\$ 76,939	11842	\$118,752
9397	\$158,311	11844	\$234,521
9705	\$ 93,674	11848	\$135,230
9639	\$156,016	11846	\$251,693
9640	\$186,166	11847	\$205,572
9641	\$257,731	13541	\$182,364
9656	\$137,361	13542	\$168,250
10335	\$223,326	12923	\$682,586
10336	\$185,916	12925	\$391,089

Pool 2 — Excluded Assets

<u>File Number</u>	<u>Allocated Bid Price</u>
8711	\$ 260,558

See the column entitled Allocated Bid Price in Exhibit B to the Purchase Agreement.

Calculation of Proration Amount

1. The following adjustments and prorations shall be apportioned between Seller and Buyer at Closing as of 11:59 p.m. (New York City Time) on the Cut-Off Date (the “Cut-Off Time”) (with Seller being responsible for reimbursing Buyer for all of the following costs and expenses incurred by Buyer (or Subsidiary after the Closing) to the extent such costs and/or expenses relate to the period of ownership or maintenance of the Subject Assets prior to the Cut-Off Time and with Buyer being responsible for reimbursing Seller for all of the following costs and expenses incurred by Seller to the extent such costs and/or expenses relate to the period of ownership or maintenance of the Subject Assets after the Cut-Off Time), to the extent that, on or prior to Closing, either Party has paid, received or is due any of the following amounts directly arising from the ownership, operation or maintenance of the Subject Assets:

(a) all real estate taxes or personal property taxes, water charges, sewer rents and vault charges, if any, on the basis of the fiscal years, respectively, for which same have been assessed;

(b) utilities, including, without limitation, telephone, steam, electricity and gas, on the basis of the most recently issued bills therefor, subject to adjustment after the Closing when the next bills are available, or if current meter readings are available, on the basis of such readings;

(c) any prepaid items, including, without limitation, insurance for each Subject Assets, fees for licenses which are transferred to Buyer at the Closing and annual permit and inspection fees; and

(d) all casualty repairs, maintenance costs and repair costs and other property-level out-of-pocket costs and expenses incurred and paid to third parties in the ordinary course consistent with past practice for the purpose of maintaining the Subject Assets in proper condition.

2. Seller and Buyer shall cooperate to make the adjustments and prorations required under this Exhibit D in accordance with the provisions of this Agreement and otherwise on a cash basis or accrual basis, as appropriate, and in accordance with sound accounting practices and the local customs regarding title closings as recommended by the Real Estate Board of New York.

3. Notwithstanding anything to the contrary in this Exhibit D, to the extent that any amounts referenced in Section 1 of this Exhibit D are included in the calculation of the Additional Proceeds Amount, such amounts shall be disregarded for purposes of calculating the Proration Amount.

SERVICING AGREEMENT

between

RESIDENTIAL CAPITAL, LLC

and

MHPOOL HOLDINGS LLC

dated as of

September 30, 2008

SERVICING AGREEMENT

THIS SERVICING AGREEMENT (this “Agreement”) is made and entered into as of September 30, 2008, among Residential Capital, LLC, a Delaware limited liability company (“ResCap”), on behalf of itself and its controlled Affiliates (as defined in the Purchase Agreement (as defined below)) and MHPool Holdings LLC, a Delaware limited liability company (“Buyer”), on behalf of itself and Subsidiary.

RECITALS

A. ResCap, DOA Holding Properties, LLC,, a Delaware limited liability company and indirect wholly-owned subsidiary of ResCap, DOA Properties IIIB (KB Models), LLC, a Delaware limited liability company and a subsidiary of Holdings (“Subsidiary”) and Buyer entered into that certain Purchase Agreement, dated as of September 30, 2008 (the “Purchase Agreement”), pursuant to which, on the Closing Date, Buyer purchased from ResCap, and ResCap sold to Buyer, the Interests.

B. The parties desire to enter into this Agreement on the terms and subject to the conditions set forth herein.

C. Capitalized terms used but not defined herein shall have the respective meanings set forth in the Purchase Agreement.

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual covenants and agreements contained in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, upon the terms and subject to the conditions set forth in this Agreement, the parties hereto, intending to be legally bound, hereby agree as follows:

ARTICLE IX Agreement to Provide Services .

Section 9.1 Agreement . ResCap hereby agrees to provide, or cause its controlled Affiliates to provide, or use its commercially reasonable efforts to cause other third parties to provide, to Subsidiary and Buyer, the Services (as defined below) with the same degree of care, skill, and diligence and in substantially the same manner as such services have been obtained by Subsidiary or any of the Prior Owners with respect to the Subject Assets during the six-month period ended September 30, 2008 (from ResCap or its controlled Affiliates or by virtue of third party services made available by ResCap or its controlled Affiliates) (the “Required Servicing Standard”); provided, however, that ResCap may only use third parties to provide Services so long as such third parties (or similar third parties) provided such Services (directly or indirectly) to Subsidiary as of the Closing Date. The term “Prior Owners” means, collectively, DOA Properties III (Models), LLC and GMAC Model Home Finance, LLC.

Section 9.2 Services . As used in this Agreement, the term “Services” means all services obtained by Subsidiary or a Prior Owner with respect to the Subject Assets during the six-month period ended September 30, 2008 (from ResCap or its controlled Affiliates or by virtue of third party services made available by ResCap or its

controlled Affiliates) that are necessary or advisable, in the reasonable judgment of Buyer, to own, operate and maintain the Subject Assets as owned, operated and maintained by Subsidiary or a Prior Owner during the six-month period ended September 30, 2008, including, without limitation, the services described in the schedules attached hereto (the “Schedules”).

Section 9.3 Change in Services. Any material change in the manner in which the Services are provided (a “Material Change in Service”), including any change in the employees or third parties providing such Services, shall require Buyer’s prior written consent, which consent shall not be unreasonably withheld, delayed or conditioned. To the fullest extent practicable, Buyer shall receive a written request for consent from ResCap at least five business days prior to any proposed Material Change in Service, together with reasonable documentation describing the material terms of such proposed Material Change in Service. Notwithstanding the foregoing, Buyer acknowledges that certain Material Changes in Service may be outside of ResCap’s control (“Involuntary Changes”), including the resignation of any employee or the termination by any third party service provider of its provision of services to ResCap, and that any Involuntary Change shall not require Buyer’s prior written consent; provided, that (i) ResCap shall confer with Buyer in determining the appropriate course of conduct in addressing any Involuntary Changes and (ii) ResCap shall obtain Buyer’s written consent (not to be unreasonably withheld, delayed or conditioned) prior to taking any action in response to such Involuntary Change that, if taken, would constitute a Material Change in Service.

ARTICLE X Payment of Services.

Section 10.1 Service Costs. From Closing until the thirty (30) day anniversary thereof, ResCap shall bear all costs of providing the Services. Thereafter, in consideration for each Service, Buyer shall reimburse ResCap as set forth on Schedule I hereto.

Section 10.2 Invoicing of Service Costs. During the applicable term of each Service, ResCap shall invoice Buyer for the Applicable Service Cost promptly after the end of each calendar month during such term. Buyer shall include with each invoice a reasonably detailed description of the Services performed, the costs charged, and such other details as may be necessary to support the invoice. All undisputed invoices shall be paid by Buyer to ResCap by wire transfer of immediately available funds not later than sixty (60) calendar days after receipt by Buyer of ResCap’s invoice, in accordance with the wiring instructions provided by ResCap to Buyer.

Section 10.3 Service Cost Disputes. In the event that Buyer has a good faith dispute with regard to any costs invoiced by ResCap hereunder, Buyer shall provide ResCap with written notice of such dispute, together with a reasonably detailed explanation of such dispute, at or prior to the time payment would have otherwise been due, and Buyer may withhold payment of any disputed amounts pending resolution of the dispute. Buyer’s failure to pay amounts disputed in accordance with the preceding

sentence shall not be grounds for a claim of breach or suspension of the provision of Services by ResCap, its controlled Affiliates or any third party service provider.

Section 10.4 Records and Inspection. During the term of this Agreement, ResCap shall maintain complete and accurate records of the Services provided, costs invoiced to Buyer and payments made thereunder. All such records shall be available for inspection by Buyer or its representative.

ARTICLE XI Relationship between the Parties.

Section 11.1 Independent Contractors. ResCap, its controlled Affiliates and any third party service providers in the performance of the Services, shall be acting as independent contractors to Subsidiary and Buyer and its Affiliates, and not as partners, joint venturers or agents of Buyer. Neither ResCap nor Buyer intends to create by this Agreement an employer-employee relationship. Each of ResCap, its controlled Affiliates and any third party service providers, on the one hand, and Subsidiary and Buyer, on the other hand, shall retain control over their respective personnel, and their respective employees shall not be considered employees of the other. Except as expressly provided pursuant to any signing authority granted pursuant to any power of attorney or written consent of the board of directors of Buyer, neither ResCap, any of its controlled Affiliates or any third party service providers, on the one hand, nor Subsidiary or Buyer, on the other hand, shall have any right, power or authority to create any obligation, express or implied, on behalf of the other pursuant to this Agreement.

Section 11.2 Cooperation. ResCap shall, and shall cause its controlled Affiliates to, and shall use its commercially reasonable efforts to cause its, employees, agents, representatives, third party service providers and subcontractors to, cooperate fully with Buyer, its Affiliates and their respective employees, agents and representatives to facilitate, in all respects, the provision of Services to Buyer and its Affiliates. Buyer shall and shall use its commercially reasonable efforts to cause its respective employees, agents, representatives and subcontractors to, cooperate fully with ResCap, its controlled Affiliates and their respective employees, agents and representatives to facilitate, in all respects, the provision of Services to Buyer.

Section 11.3 Steering Committee. As promptly as practicable, ResCap and Buyer shall form a steering committee (the “Steering Committee”), which shall consist of two individuals, one of whom shall be nominated by ResCap and one of whom shall be nominated by Buyer. Subject to Section 1.3, to the fullest extent practicable, ResCap shall keep the Steering Committee reasonably informed of all proposed changes to the provision of Services and consult with the Steering Committee prior to taking any such action that would reasonably be expected to adversely affect the provision of Services hereunder.

ARTICLE XII Service Standard; Compliance with Laws .

Section 12.1 Service Standard . ResCap shall, or shall cause its controlled Affiliates to, or shall use its commercially reasonable efforts to cause its third party service providers to, provide the Services.

Section 12.2 Compliance With Laws . Neither ResCap nor any of its controlled Affiliates shall violate any applicable Laws in connection with its performance of the Services.

Section 12.3 Third Party Service Provider . In each instance hereunder where ResCap shall use a third party service provider to provide the Services, ResCap shall use its commercially reasonable efforts to cause such third party service providers to provide the Services in accordance with the Required Servicing Standard and other applicable terms hereof. Notwithstanding the foregoing, any failure of any such third party service provider to perform any Services in accordance with the Required Servicing Standard or other applicable terms hereof shall constitute a breach by ResCap of the Requisite Servicing Standard or such other term, as the case may be, and Subsidiary and Buyer shall be entitled to the remedies provided in this Agreement with respect to such ResCap breach.

ARTICLE XIII Service Disruptions . If ResCap, its controlled Affiliates' or any third party service provider's performance of any Services is interrupted in whole or in part for any reason for more than three (3) full Business Days, then Subsidiary and Buyer has the right (in addition to any other remedies available under this Agreement or by Law), at ResCap's sole cost and expense, to make commercially reasonable arrangements to procure such interrupted Services from an alternative source for the period and to the extent reasonably necessitated by such interruption, or, if longer, for the duration of the contract entered into with such alternative source (provided , that Buyer shall use commercially reasonable efforts to limit the duration of the contract with such alternate source to the shortest period of time that is reasonably practical).

ARTICLE XIV Indemnification .

Section 14.1 Buyer Indemnity . Buyer shall indemnify, defend and hold harmless ResCap, its controlled Affiliates and its and their respective officers, directors, managers, partners, members, employees, successors and assigns (collectively, the “ ResCap Indemnified Parties ”) from and against all Losses arising out of any third party claims in connection with or arising from the performance of the obligations of ResCap and its controlled Affiliates under this Agreement, except to the extent such Losses arise out of (i) the gross negligence or willful misconduct of ResCap or any of its controlled Affiliates in the performance of its obligations under this Agreement, or (ii) any claim that any of the Services violates or infringes on any intellectual property rights of any third party.

Section 14.2 ResCap Indemnity . ResCap shall indemnify, defend and hold harmless Buyer, its Affiliates (including, for the avoidance of doubt, Subsidiary) and

its and their respective officers, directors, managers, partners, members, employees, successors and assigns (collectively, the “Buyer Indemnified Parties”) from and against all Losses arising out of (i) the gross negligence or willful misconduct of ResCap or any of its controlled Affiliates in the performance of its obligations under this Agreement, or (ii) any claim that any of the Services violates or infringes on any intellectual property rights of any third party.

Section 14.3 Procedure. The indemnified party shall promptly notify the indemnifying party of any action for which an indemnified party intends to claim indemnification hereunder (provided, however, that the failure to so notify the indemnifying party will not relieve the indemnifying party from its indemnification obligations, except to the extent (and only to the extent) that the indemnifying party is prejudiced by such failure). The indemnified party agrees that that the indemnifying party will have the right to assume and control the defense or settlement of such action, with counsel chosen by the indemnifying party and reasonably acceptable to the indemnified party; provided, however, that (i) if the indemnifying party assumes the defense of any action, it shall have conclusively established its obligation to indemnify the indemnified party with respect to such action and (ii) the indemnifying party shall not enter into any settlement or compromise of any such claim in the event such settlement or compromise imposes any liability or obligation on the indemnified party without the indemnified party’s prior written consent (which consent shall not be unreasonably withheld, conditioned or delayed). The indemnified party agrees to cooperate in all reasonable respects with the indemnifying party and its legal representatives in the investigation and defense of any action covered by indemnification hereunder.

Section 14.4 Limitation of Liability. NEITHER RESCAP NOR BUYER SHALL BE REQUIRED TO INDEMNIFY THE OTHER OR THE OTHER’S CONTROLLED AFFILIATES FOR ANY EXEMPLARY, PUNITIVE, TREBLE, SPECIAL, INDIRECT, CONSEQUENTIAL, REMOTE OR SPECULATIVE DAMAGES, LOST PROFITS OR INTERNAL COSTS; PROVIDED HOWEVER, THAT, IF ANY INDEMNIFIED PARTY IS HELD LIABLE PURSUANT TO A THIRD-PARTY CLAIM FOR ANY OF SUCH DAMAGES AND THE INDEMNIFYING PARTY IS OBLIGATED TO INDEMNIFY SUCH INDEMNIFIED PARTY UNDER SECTION 6.1 OR SECTION 6.2 OF THIS AGREEMENT, THEN THE INDEMNIFYING PARTY SHALL BE LIABLE FOR AND OBLIGATED TO REIMBURSE THE INDEMNIFIED PARTY FOR SUCH DAMAGES.

ARTICLE XV Term and Termination.

Section 15.1 Term. This Agreement shall be effective from and after the Closing Date and continue until the earlier of (i) the date on which all Services have been terminated in accordance with the terms hereof and (ii) the dissolution of Buyer. This Agreement shall terminate automatically (without further action by any of the parties hereto) at the end of the term set forth in the preceding sentence. ResCap shall provide, or cause to be provided to, Buyer and Subsidiary each Service until the earlier to occur of (i) the date on which Buyer notifies ResCap in writing to terminate such Service pursuant to Section 7.2 hereof and (ii) the dissolution of Buyer.

Section 15.2 Termination of Services. Buyer may terminate its right to receive any particular Service for any or no reason by providing ResCap not less than thirty (30) days' prior written notice setting forth the termination date for such Service.

Section 15.3 Obligations on Termination. Upon any termination of this Agreement or any Service, (i) ResCap shall cooperate, and cause its controlled Affiliates to cooperate, and shall use its commercially reasonable efforts to cause its third party service providers to cooperate, with all reasonable requests by Buyer in connection with the transition of such Services, including the transfer and retention of records and data pertaining to the Services or the Subsidiary to Buyer or its designees (in a mutually agreed industry standard electronic format), (ii) ResCap shall return to Buyer or, to the extent permitted by applicable Law, destroy, at Buyer's option, all Confidential Information (including data) relating to the Subsidiary or the Services that is in ResCap's, any of its controlled Affiliates' or any third party service provider's possession or control; (iii) no party hereto shall be relieved of any liability for any breach or nonfulfillment of any of its obligations hereunder with respect to such Service prior to termination of such Service; and (iv) Section 2 (as to any unpaid amounts), Sections 6, 8 and 9 and this Section 7 shall survive any termination of this Agreement or of any Service.

ARTICLE XVI Confidentiality.

Section 16.1 Confidential Information. As used in this Agreement, "Confidential Information" means any and all non-public information, in any form, furnished or made available directly or indirectly by one party hereto or any of its Affiliates (the "Disclosing Party") to the other hereto or any of its Affiliates or third party service providers (the "Receiving Party") pursuant to this Agreement, and in the case of Buyer as the Disclosing Party the term Confidential Information shall also include any non-public information concerning Buyer, any of its Affiliates (including, without limitation, Subsidiary) or any of the Subject Assets.

Section 16.2 Obligations of Confidentiality. The Receiving Party shall protect the Confidential Information of the Disclosing Party by using the same degree of care to prevent the unauthorized use, dissemination, or publication of such Confidential Information as the Receiving Party uses to protect its own Confidential Information of a similar nature, but in no event shall the Receiving Party use less than a reasonable standard of care in its treatment of such Confidential Information. The Receiving Party shall use the Confidential Information solely for the purposes contemplated by this Agreement, and shall limit its disclosure of such Confidential Information to those employees, other personnel and third party service providers who have a need to know such Confidential Information for such purposes and who are informed of the confidential nature of such Confidential Information and directed to use, hold and protect such Confidential Information in accordance with this Agreement. The Receiving Party shall be responsible for any breach of this Section 8.2 by any Person to whom it discloses or provides access to Confidential Information.

Section 16.3 Exclusions.

(i) This Agreement imposes no obligation upon the Receiving Party with respect to Confidential Information which (i) is or becomes a matter of public knowledge without violation of this Agreement by the Receiving Party or any other Person to whom the Receiving Party disclosed or provided access to the Confidential Information of the other party or of its Affiliates; (ii) is received on a non-confidential basis by the Receiving Party from a third party that, to the knowledge of the Receiving Party, is rightfully in possession of, and with a right to make an unrestricted disclosure of, such information; or (iii) is independently developed by the Receiving Party without the use of Confidential Information disclosed by the Disclosing Party.

(ii) If the Receiving Party is required (by applicable law, rule or regulation or a subpoena, court order, similar judicial process, regulatory agency, Governmental Entity, self-regulatory organization or stock exchange rule) to disclose any Confidential Information, the Receiving Party will, to the extent consistent with legal and regulatory requirements: (i) promptly notify the Disclosing Party of the existence, terms and circumstances surrounding such requirement, (ii) reasonably consult with the Disclosing Party on the advisability of taking legally available steps to resist or narrow such requirement and (iii) if disclosure of such information is required, to furnish only that portion of the Confidential Information which the Receiving Party is required to disclose and to reasonably cooperate with the Disclosing Party, at the Disclosing Party's sole cost and expense, to obtain an appropriate protective order or other reliable assurance that confidential treatment will be accorded the Confidential Information.

Section 16.4 Ownership of Confidential Information. Neither the Receiving Party nor any of its controlled Affiliates or third party service providers shall obtain any rights with respect to the Confidential Information of the Disclosing Party, and in all cases the Disclosing Party shall retain all right, title and interest in its Confidential Information.

Section 16.5 Return of Confidential Information. Upon termination of this Agreement, or at any time upon request by the Disclosing Party, the Receiving Party shall return to the Disclosing Party or, to the extent permitted by applicable Law, destroy, at the Disclosing Party's option, all Confidential Information of the Disclosing Party that is in the possession or under the control of the Receiving Party or any of its controlled Affiliates or third party service providers (including all copies thereof).

ARTICLE XVII General Provisions.

Section 17.1 Miscellaneous Provisions. Sections 8.1, 8.2, 8.5, 8.8, 8.9, 8.10, 8.11 and 8.12 of the Purchase Agreement shall apply to this Agreement *mutatis mutandis* as if set forth herein.

Section 17.2 Successors and Assigns. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective

successors, legal representatives and assigns. No party hereto may assign any of its rights or delegate any of its obligations under this Agreement, by operation of Law or otherwise, without the prior written consent of the other party hereto; provided, however, that Buyer may assign or delegate, in whole or in part, its rights and obligations under this Agreement to any one or more of its Affiliates so long as Buyer remains responsible for the performance of its obligations hereunder. Nothing in this Agreement, express or implied, is intended to confer upon any Person other than ResCap, Buyer and each of its controlled Affiliates, successors, legal representatives and permitted assigns, any rights or remedies under or by reason of this Agreement; provided, that, the Buyer Indemnified Parties (solely with respect to their indemnification rights pursuant to this Agreement) and the ResCap Indemnified Parties (solely with respect to their indemnification rights pursuant to this Agreement) shall be third party beneficiaries of such Sections of this Agreement, entitled to enforce those specified provisions hereof.

Section 17.3 Interpretation. The words “hereof,” “herein” and “hereunder” and words of like import used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. Terms defined in the singular in this Agreement shall also include the plural and vice versa. The captions and headings herein are included for convenience of reference only and shall be ignored in the construction or interpretation hereof. References to Articles, Sections, and Schedules are to Articles, Sections, and Schedules of this Agreement unless otherwise specified. Whenever the words “include,” “includes” or “including” are used in this Agreement, they shall be deemed to be followed by the words “without limitation,” whether or not they are in fact followed by those words or words of like import. The phrases “the date of this Agreement,” “the date hereof” and phrases of similar import, unless the context otherwise requires, shall be deemed to refer to the date set forth in the Preamble to this Agreement. The parties hereto have participated jointly in the negotiation and drafting of this Agreement. If any ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties hereto, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement.

Section 17.4 Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW.

Section 17.5 Disputes. Any controversy or dispute arising out of this Agreement (each, a “Dispute”), including, without limitation, any dispute under Section 2.3 hereof, shall be submitted to the Steering Committee. If the Steering Committee fails to reach unanimous agreement on the resolution of such Dispute within twenty (20) Business Days, then either ResCap or Buyer may seek remedies under Delaware law, and in connection therewith, such Dispute shall be brought in the Chancery Court of the State of Delaware, any other state court of the State of Delaware or the United States District Court for the District of Delaware (the “Chosen Courts”), and solely in connection with claims arising under this Agreement or the transactions that are the subject of this Agreement, each Party: (i) irrevocably submits to the exclusive

jurisdiction of the Chosen Courts, (ii) waives any objection to laying venue in any such action or proceeding in the Chosen Courts, (iii) waives any objection that the Chosen Courts are an inconvenient forum or do not have jurisdiction over any Party hereto and (iv) agrees that service of process upon such Party in any such action or proceeding shall be effective if notice is given in accordance with Section 8.1 of the Purchase Agreement. Each Party hereto irrevocably waives any and all right to trial by jury in any legal proceeding arising out of or relating to this Agreement or the transactions contemplated hereby.

Section 17.6 Entire Agreement. This Agreement (including the Schedules hereto), the Purchase Agreement and the other Transaction Documents contain the entire agreement between the parties hereto with respect to the subject matter hereof and thereof and supersedes all prior agreements and understandings, oral or written, with respect to such matters.

Section 17.7 Force Majeure. Subject to Section 5 of this Agreement, neither party shall be responsible to the other for any delay in or failure of performance of its obligations under this Agreement (other than payment obligations under Section 2) to the extent such delay or failure is attributable to any cause beyond its reasonable control, including any act of God, fire, earthquake, failures of its computers or electronic transmissions (but solely to the extent outside its reasonable control), strike or other labor disputes, war, embargo or other governmental act, or riot; provided, however, that the party affected thereby gives the other party prompt written notice of the occurrence of any event that is likely to cause any delay or failure setting forth a reasonable estimate of the length of any delay and any expectation that it shall be unable to resume performance; and provided, further, that said affected party shall use its commercially reasonable efforts to expeditiously overcome the effects of that event and resume performance with the least possible delay. For the avoidance of doubt, Buyer shall not be obligated to pay ResCap or any of its controlled Affiliates for Services during the period of time when ResCap is not providing, or causing to be provided, such Services.

Section 17.8 Conflicts. In case of conflict between the terms and conditions of this Agreement and the Purchase Agreement, the Purchase Agreement shall control.

Section 17.9 Schedules. All Schedules annexed hereto or referred to herein are hereby incorporated in and made a part of this Agreement as if set forth in full herein.

[SIGNATURE PAGE FOLLOWS THIS PAGE]

EXHIBIT F

IN WITNESS WHEREOF, the parties hereto have executed or caused this Agreement to be executed as of the date first written above.

RESIDENTIAL CAPITAL, LLC,
on behalf of itself and its controlled Affiliates

By: _____
Name:
Title:

MHPOOL HOLDINGS LLC,
on behalf of itself and Subsidiary

By:

By: _____
Name:
Title:

Schedule I

SERVICES TO BE PROVIDED

- Employees, including support of asset managers from ResCap's Special Assets Group and internal ResCap legal counsel;
- Third party professional service providers, including legal;
- Cash management services;
- IT services;
- Accounting services;
- Insurance;
- Use of the Richmond, Virginia headquarters facility, the Dallas, Texas servicing facility and/or such other facilities as determined by ResCap; provided, however, that if there is a material reduction in the performance of Services at the Richmond, Virginia or Dallas, Texas facility, taken as a whole, then ResCap's designation of replacement facilities to perform such Services shall require Buyer's prior written consent, which shall not be unreasonably withheld, delayed or conditioned; and
- Such other Services as may be necessary or incidental to own, operate and maintain the Subject Assets for the benefit of Buyer consistent with the ordinary course of business consistent with past practice relating to the Subject Assets.

PRICING

- \$300 per month per REO model; plus
- For all models under lease as of the end of the applicable calendar month, 30 basis points per annum on value allocated to such models as per Exhibit C of the Purchase Agreement; plus
- Reimbursement for direct, out-of-pocket costs and expenses incurred during the applicable calendar month in connection with providing for Services, including, without limitation, taxes, utilities, insurance premiums, fees and expenses of outside counsel, accountants, and other outside professionals and advisors, and all costs and fees incurred in pursuing any insurance claims (including costs of professional adjusters).

LIMITED ASSIGNMENT AND ASSUMPTION AGREEMENT

This Limited Assignment and Assumption Agreement (this “Assignment”) is made and executed as of the 30th day of September, 2008, by and among **KBOne, LLC**, a Delaware limited liability company (“KBOne”), **DOA Holdings NoteCo, LLC**, a Delaware limited liability company (“Holdings”), **Residential Funding Company, LLC**, a Delaware limited liability company (“RFC”), and **MHPool Holdings LLC**, a Delaware limited liability company (“Buyer”).

RECITALS:

A. KBOne entered into a certain Second Amended and Restated Master Sale and Rental Agreement, dated June 5, 2006 (the “MSRA”), with KB Home, a Delaware corporation (“KB Home”), and certain other affiliates of KB Home identified in the MSRA (KB Home and such other affiliates being sometimes hereinafter collectively referred to as the “Builder”).

B. Pursuant to the terms of the MSRA, KBOne agreed to purchase certain single family residential homes from Builder, and to lease such homes back to Builder for use as model homes in residential developments in which Builder develops and constructs additional for-sale homes.

C. In connection with the proposed purchase of homes pursuant to the MSRA, KBOne made and delivered to KB Home a certain Amended and Restated Note, dated June 5, 2006 (the “KB Home Note”), evidencing KBOne’s obligation to pay those portions of the purchase price of homes purchased by KBOne pursuant to the MSRA that were not paid in cash by KBOne to KB Home upon the closing of the purchase of such homes by KBOne.

D. In connection with the KB Home Note, Residential Funding Corporation, the predecessor of RFC, gave a performance and payment guaranty (the “Guaranty”) to KB Home, effective as of June 5, 2006, in connection with KBOne’s obligations under the MSRA and the Note.

E. Effective as of June 9, 2008, all of the equity of KBOne was transferred indirectly to CMH Holdings LLC (the “CMH Transfer”) pursuant to that Purchase Agreement, dated as of June 6, 2008, among Residential Capital, LLC, GMAC Model Home Finance I, LLC and CMH Holdings LLC (the “June Purchase Agreement”) and, in connection therewith, KBOne conveyed to DOA Properties IIIB (KB Models), LLC, a Delaware limited liability company and a

subsidiary of Holdings (“DOA IIIB”), those certain model homes and real property on which they are constructed described on attached Schedule 1 (the “DOA Models”), and KBOne retained title to those certain model homes and real property on which they are constructed described on attached Schedule 2 (the “CMH Models”).

F. In connection with the CMH Transfer, (i) KBOne desires to assign to Holdings certain rights and obligations under the MSRA and the KB Home Note, effective as of June 9, 2008, to the extent set forth herein, and Holdings desires to assume the same, and KBOne desires to retain certain rights and obligations under the MSRA and the KB Home Note, to the extent set forth herein, and (ii) RFC desires to assign to KBOne, effective as of June 9, 2008, certain rights and obligations under the Guaranty, to the extent set forth herein, and KBOne desires to assume the same, and RFC desires to retain certain rights and obligations under the Guaranty, to the extent set forth herein.

G. Effective as of the date hereof, Holdings is hereby assigning to Buyer (the “DOA Transfer”) pursuant to that Purchase Agreement, dated as of September 30, 2008, among Residential Capital, LLC (“ResCap”), DOA Holding Properties, LLC, DOA IIIB and Buyer (the “September Purchase Agreement”) all of its right, title and interest in and to those DOA Models described on attached Schedule 3 (the “Pool 1 Models”) by way of a transfer of all of the outstanding equity of DOA IIIB, and DOA Holding Properties, LLC, and ResCap are retaining beneficial ownership of those certain DOA Models described on attached Schedule 4 (the “Excluded Models”).

H. In connection with the DOA Transfer, Holdings and RFC desire to assign to Buyer certain rights and obligations under the MSRA, the KB Home Note and the Guaranty, effective as of the date hereof, to the extent set forth herein, and Holdings and RFC desire to retain certain rights and obligations under the MSRA, the KB Home Note and the Guaranty, to the extent set forth herein.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each of KBOne, Holdings, RFC and Buyer hereby agree as follows:

Section 1. Assignment and Assumption of Obligations .

(a) Effective as of June 9, 2008, (i) KBOne hereby assigns and conveys to Holdings certain rights and obligations in, to and under the MSRA and the KB Home Note, but only to the extent set forth opposite Holdings’ name on Exhibit A hereto, and Holdings hereby

assumes all of such rights and obligations, and KBOne hereby retains certain rights and obligations under the MSRA and the KB Home Note, but only to the extent set forth opposite KBOne's name on Exhibit A hereto, and (ii) RFC hereby assigns and conveys to KBOne certain rights and obligations under the Guaranty, but only to the extent set forth opposite KBOne's name on Exhibit A hereto, and KBOne hereby assumes all of such rights and obligations, and RFC hereby retains all other rights and obligations under the Guaranty, as set forth on Exhibit A.

(b) Effective as of the date hereof, (i) Holdings hereby assigns and conveys to Buyer certain rights and obligations in, to and under the MSRA and the KB Home Note, but only to the extent set forth opposite Buyer's name on Exhibit B hereto, and Buyer hereby assumes all of such rights and obligations, and Holdings hereby retains certain rights and obligations under the MSRA and the KB Home Note, but only to the extent set forth opposite Buyer's name on Exhibit B hereto, and (ii) RFC hereby assigns and conveys to Buyer certain rights and obligations under the Guaranty, but only to the extent set forth opposite Buyer's name on Exhibit B hereto, and Buyer hereby assumes all of such rights and obligations, and RFC hereby retains all other rights and obligations under the Guaranty, as set forth on Exhibit B.

Section 2. Other Covenants of the Parties. Each of KBOne, Holdings, RFC and Buyer hereby agrees and covenants that it shall not agree to any modification or amendment of, or waiver any of its rights under, the Note, the MSRA or the guaranty, without the prior written consent of each of the other parties hereto.

Section 3. Further Assurances. KBOne, Holdings, RFC and Buyer agree to cooperate with each other and to execute such other documents and take such other actions as may be reasonably required to give effect to the intent and agreements of the parties as set forth in this Assignment.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the undersigned have executed and delivered this Limited Assignment and Assumption Agreement as of the date set forth above.

KBOne, LLC

By _____
Its _____

DOA Holdings NoteCo, LLC

By _____
Its _____

Residential Funding Company, LLC

By _____
Its _____

MHPOOL HOLDINGS LLC

By _____
Name: _____
Title: _____

MUTUAL RELEASE

Dated as of September 30, 2008

Pursuant to Sections 2.6(b) and 2.7(c) of that certain Purchase Agreement, dated as of September 30, 2008 (the “Purchase Agreement”), by and among Residential Capital, LLC, a Delaware limited liability company (“ResCap”), DOA Holding Properties, LLC, a Delaware limited liability company and an indirect wholly-owned subsidiary of ResCap (“Seller”), DOA Properties IIIB (KB Models), LLC, a Delaware limited liability company and direct wholly-owned subsidiary of Seller (“Subsidiary”) and MHPool Holdings LLC, a Delaware limited liability company (“Buyer”), this Mutual Release (the “Release”), dated as of the Closing Date, is being entered into by ResCap, on behalf of itself and its controlled Affiliates (other than Subsidiary) on the one hand, and Subsidiary, on the other hand. Except as otherwise defined herein, terms used herein with initial capital letters are so used with the meanings ascribed thereto in the Purchase Agreement.

Effective as of the Closing, each of ResCap, on behalf of itself and its controlled Affiliates (other than Subsidiary), on the one hand, and Subsidiary, on the other hand, hereby irrevocably and unconditionally releases and forever discharges one another and each of their respective past and present parents, subsidiaries and Affiliates, together with each of their respective officers, directors, members, managers, employees, agents, representatives and attorneys, predecessors, successors and assigns from any and all Liabilities to one another, including all Liabilities arising out of or in connection with the assets, properties, businesses or operations of the Subsidiary, the Interests and/or the Subject Assets, prior to, or as of, the Closing or otherwise from events, actions, omissions, failures to act or circumstances occurring or existing prior to, or as of, the Closing; provided, however, that, notwithstanding anything to the contrary herein, nothing herein shall release or discharge or be construed or otherwise deemed to release or discharge any rights, Liabilities, claims, agreements, arrangements or undertakings of any Person arising pursuant to any of the Transaction Documents (including, without limitation, the indemnification obligations of ResCap pursuant to Article VII of the Purchase Agreement) or any certificate or document required to be executed in connection with the execution of the Purchase Agreement or the consummation of the transactions contemplated thereby or otherwise expressly contemplated by any of the Transaction Documents to continue after the Closing.

Each of ResCap, on behalf of itself and its controlled Affiliates (other than Subsidiary) and Subsidiary hereby irrevocably covenants to, and shall cause its respective controlled Affiliates to, refrain from, directly or indirectly, asserting or commencing, instituting or causing to be commenced, any claim for Liabilities of any nature whatsoever based upon any matter covered by this Release (other than Liabilities excluded pursuant to the proviso set forth in the paragraph above).

Each of ResCap and Subsidiary hereby expressly waives, and shall cause its respective controlled Affiliates to waive any rights it may have under any statute, law, rule or regulation applicable to the Liabilities released hereby. Each of ResCap and Subsidiary, on behalf of itself and its respective controlled Affiliates, assumes the risk of the subsequent discovery or

understanding of any matter, fact or law which, if known or understood, would in any respect have affected the releases and waivers made herein. In furtherance of the foregoing:

EACH PARTY HERETO ACKNOWLEDGES THAT IT IS FAMILIAR WITH THE PROVISIONS OF CALIFORNIA CIVIL CODE SECTION 1542, WHICH PROVIDES AS FOLLOWS:

“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.”

[Signature Page Follows]

IN WITNESS WHEREOF, each of the undersigned has duly executed this Release as of the date written above.

ResCap (on behalf of itself and its controlled Affiliates, other than Subsidiary):

RESIDENTIAL CAPITAL, LLC

By: _____
Name:
Title:

Subsidiary:

DOA PROPERTIES IIIB (KB MODELS), LLC

By: _____
Name:
Title:

SERVICING AGREEMENT
between
RESIDENTIAL CAPITAL, LLC
and
MHPOOL HOLDINGS LLC
dated as of
September 30, 2008

SERVICING AGREEMENT

THIS SERVICING AGREEMENT (this “ Agreement ”) is made and entered into as of September 30, 2008, among Residential Capital, LLC, a Delaware limited liability company (“ ResCap ”), on behalf of itself and its controlled Affiliates (as defined in the Purchase Agreement (as defined below)) and MHPool Holdings LLC, a Delaware limited liability company (“ Buyer ”), on behalf of itself and Subsidiary.

RECITALS

A. ResCap, DOA Holding Properties, LLC, a Delaware limited liability company and indirect wholly-owned subsidiary of ResCap, DOA Properties IIIB (KB Models), LLC, a Delaware limited liability company and a subsidiary of Holdings (“ Subsidiary ”) and Buyer entered into that certain Purchase Agreement, dated as of September 30, 2008 (the “ Purchase Agreement ”), pursuant to which, on the Closing Date, Buyer purchased from ResCap, and ResCap sold to Buyer, the Interests.

B. The parties desire to enter into this Agreement on the terms and subject to the conditions set forth herein.

C. Capitalized terms used but not defined herein shall have the respective meanings set forth in the Purchase Agreement.

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual covenants and agreements contained in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, upon the terms and subject to the conditions set forth in this Agreement, the parties hereto, intending to be legally bound, hereby agree as follows:

1. Agreement to Provide Services .

1.1. Agreement . ResCap hereby agrees to provide, or cause its controlled Affiliates to provide, or use its commercially reasonable efforts to cause other third parties to provide, to Subsidiary and Buyer, the Services (as defined below) with the same degree of care, skill, and diligence and in substantially the same manner as such services have been obtained by Subsidiary or any of the Prior Owners with respect to the Subject Assets during the six-month period ended September 30, 2008 (from ResCap or its controlled Affiliates or by virtue of third party services made available by ResCap or its controlled Affiliates) (the “ Required Servicing Standard ”); provided, however, that ResCap may only use third parties to provide Services so long as such third parties (or similar third parties) provided such Services (directly or indirectly) to Subsidiary as of the Closing Date. The term “ Prior Owners ” means, collectively, DOA Properties III (Models), LLC and GMAC Model Home Finance, LLC.

1.2. Services . As used in this Agreement, the term “ Services ” means all services obtained by Subsidiary or a Prior Owner with respect to the Subject Assets

during the six-month period ended September 30, 2008 (from ResCap or its controlled Affiliates or by virtue of third party services made available by ResCap or its controlled Affiliates) that are necessary or advisable, in the reasonable judgment of Buyer, to own, operate and maintain the Subject Assets as owned, operated and maintained by Subsidiary or a Prior Owner during the six-month period ended September 30, 2008, including, without limitation, the services described in the schedules attached hereto (the “Schedules”).

1.3. Change in Services. Any material change in the manner in which the Services are provided (a “Material Change in Service”), including any change in the employees or third parties providing such Services, shall require Buyer’s prior written consent, which consent shall not be unreasonably withheld, delayed or conditioned. To the fullest extent practicable, Buyer shall receive a written request for consent from ResCap at least five business days prior to any proposed Material Change in Service, together with reasonable documentation describing the material terms of such proposed Material Change in Service. Notwithstanding the foregoing, Buyer acknowledges that certain Material Changes in Service may be outside of ResCap’s control (“Involuntary Changes”), including the resignation of any employee or the termination by any third party service provider of its provision of services to ResCap, and that any Involuntary Change shall not require Buyer’s prior written consent; provided, that (i) ResCap shall confer with Buyer in determining the appropriate course of conduct in addressing any Involuntary Changes and (ii) ResCap shall obtain Buyer’s written consent (not to be unreasonably withheld, delayed or conditioned) prior to taking any action in response to such Involuntary Change that, if taken, would constitute a Material Change in Service.

2. Payment of Services.

2.1. Service Costs. From Closing until the thirty (30) day anniversary thereof, ResCap shall bear all costs of providing the Services. Thereafter, in consideration for each Service, Buyer shall reimburse ResCap as set forth on Schedule I hereto.

2.2. Invoicing of Service Costs. During the applicable term of each Service, ResCap shall invoice Buyer for the Applicable Service Cost promptly after the end of each calendar month during such term. Buyer shall include with each invoice a reasonably detailed description of the Services performed, the costs charged, and such other details as may be necessary to support the invoice. All undisputed invoices shall be paid by Buyer to ResCap by wire transfer of immediately available funds not later than sixty (60) calendar days after receipt by Buyer of ResCap’s invoice, in accordance with the wiring instructions provided by ResCap to Buyer.

2.3. Service Cost Disputes. In the event that Buyer has a good faith dispute with regard to any costs invoiced by ResCap hereunder, Buyer shall provide ResCap with written notice of such dispute, together with a reasonably detailed explanation of such dispute, at or prior to the time payment would have otherwise been due, and Buyer may withhold payment of any disputed amounts pending resolution of the dispute. Buyer’s failure to pay amounts disputed in accordance with the preceding

sentence shall not be grounds for a claim of breach or suspension of the provision of Services by ResCap, its controlled Affiliates or any third party service provider.

2.4. Records and Inspection . During the term of this Agreement, ResCap shall maintain complete and accurate records of the Services provided, costs invoiced to Buyer and payments made thereunder. All such records shall be available for inspection by Buyer or its representative.

3. Relationship between the Parties .

3.1. Independent Contractors . ResCap, its controlled Affiliates and any third party service providers in the performance of the Services, shall be acting as independent contractors to Subsidiary and Buyer and its Affiliates, and not as partners, joint venturers or agents of Buyer. Neither ResCap nor Buyer intends to create by this Agreement an employer-employee relationship. Each of ResCap, its controlled Affiliates and any third party service providers, on the one hand, and Subsidiary and Buyer, on the other hand, shall retain control over their respective personnel, and their respective employees shall not be considered employees of the other. Except as expressly provided pursuant to any signing authority granted pursuant to any power of attorney or written consent of the board of directors of Buyer, neither ResCap, any of its controlled Affiliates or any third party service providers, on the one hand, nor Subsidiary or Buyer, on the other hand, shall have any right, power or authority to create any obligation, express or implied, on behalf of the other pursuant to this Agreement.

3.2. Cooperation . ResCap shall, and shall cause its controlled Affiliates to, and shall use its commercially reasonable efforts to cause its, employees, agents, representatives, third party service providers and subcontractors to, cooperate fully with Buyer, its Affiliates and their respective employees, agents and representatives to facilitate, in all respects, the provision of Services to Buyer and its Affiliates. Buyer shall and shall use its commercially reasonable efforts to cause its respective employees, agents, representatives and subcontractors to, cooperate fully with ResCap, its controlled Affiliates and their respective employees, agents and representatives to facilitate, in all respects, the provision of Services to Buyer.

3.3. Steering Committee . As promptly as practicable, ResCap and Buyer shall form a steering committee (the “ Steering Committee ”), which shall consist of two individuals, one of whom shall be nominated by ResCap and one of whom shall be nominated by Buyer. Subject to Section 1.3, to the fullest extent practicable, ResCap shall keep the Steering Committee reasonably informed of all proposed changes to the provision of Services and consult with the Steering Committee prior to taking any such action that would reasonably be expected to adversely affect the provision of Services hereunder.

4. Service Standard; Compliance with Laws.

4.1. Service Standard. ResCap shall, or shall cause its controlled Affiliates to, or shall use its commercially reasonable efforts to cause its third party service providers to, provide the Services.

4.2. Compliance With Laws. Neither ResCap nor any of its controlled Affiliates shall violate any applicable Laws in connection with its performance of the Services.

4.3. Third Party Service Provider. In each instance hereunder where ResCap shall use a third party service provider to provide the Services, ResCap shall use its commercially reasonable efforts to cause such third party service providers to provide the Services in accordance with the Required Servicing Standard and other applicable terms hereof. Notwithstanding the foregoing, any failure of any such third party service provider to perform any Services in accordance with the Required Servicing Standard or other applicable terms hereof shall constitute a breach by ResCap of the Requisite Servicing Standard or such other term, as the case may be, and Subsidiary and Buyer shall be entitled to the remedies provided in this Agreement with respect to such ResCap breach.

5. Service Disruptions. If ResCap, its controlled Affiliates' or any third party service provider's performance of any Services is interrupted in whole or in part for any reason for more than three (3) full Business Days, then Subsidiary and Buyer has the right (in addition to any other remedies available under this Agreement or by Law), at ResCap's sole cost and expense, to make commercially reasonable arrangements to procure such interrupted Services from an alternative source for the period and to the extent reasonably necessitated by such interruption, or, if longer, for the duration of the contract entered into with such alternative source (provided, that Buyer shall use commercially reasonable efforts to limit the duration of the contract with such alternate source to the shortest period of time that is reasonably practical).

6. Indemnification.

6.1. Buyer Indemnity. Buyer shall indemnify, defend and hold harmless ResCap, its controlled Affiliates and its and their respective officers, directors, managers, partners, members, employees, successors and assigns (collectively, the "ResCap Indemnified Parties") from and against all Losses arising out of any third party claims in connection with or arising from the performance of the obligations of ResCap and its controlled Affiliates under this Agreement, except to the extent such Losses arise out of (i) the gross negligence or willful misconduct of ResCap or any of its controlled Affiliates in the performance of its obligations under this Agreement, or (ii) any claim that any of the Services violates or infringes on any intellectual property rights of any third party.

6.2. ResCap Indemnity. ResCap shall indemnify, defend and hold harmless Buyer, its Affiliates (including, for the avoidance of doubt, Subsidiary) and its

and their respective officers, directors, managers, partners, members, employees, successors and assigns (collectively, the “Buyer Indemnified Parties”) from and against all Losses arising out of (i) the gross negligence or willful misconduct of ResCap or any of its controlled Affiliates in the performance of its obligations under this Agreement, or (ii) any claim that any of the Services violates or infringes on any intellectual property rights of any third party.

6.3. Procedure. The indemnified party shall promptly notify the indemnifying party of any action for which an indemnified party intends to claim indemnification hereunder (provided , however , that the failure to so notify the indemnifying party will not relieve the indemnifying party from its indemnification obligations, except to the extent (and only to the extent) that the indemnifying party is prejudiced by such failure). The indemnified party agrees that that the indemnifying party will have the right to assume and control the defense or settlement of such action, with counsel chosen by the indemnifying party and reasonably acceptable to the indemnified party; provided , however , that (i) if the indemnifying party assumes the defense of any action, it shall have conclusively established its obligation to indemnify the indemnified party with respect to such action and (ii) the indemnifying party shall not enter into any settlement or compromise of any such claim in the event such settlement or compromise imposes any liability or obligation on the indemnified party without the indemnified party’s prior written consent (which consent shall not be unreasonably withheld, conditioned or delayed). The indemnified party agrees to cooperate in all reasonable respects with the indemnifying party and its legal representatives in the investigation and defense of any action covered by indemnification hereunder.

6.4. Limitation of Liability. NEITHER RESCAP NOR BUYER SHALL BE REQUIRED TO INDEMNIFY THE OTHER OR THE OTHER’S CONTROLLED AFFILIATES FOR ANY EXEMPLARY, PUNITIVE, TREBLE, SPECIAL, INDIRECT, CONSEQUENTIAL, REMOTE OR SPECULATIVE DAMAGES, LOST PROFITS OR INTERNAL COSTS; PROVIDED HOWEVER , THAT, IF ANY INDEMNIFIED PARTY IS HELD LIABLE PURSUANT TO A THIRD-PARTY CLAIM FOR ANY OF SUCH DAMAGES AND THE INDEMNIFYING PARTY IS OBLIGATED TO INDEMNIFY SUCH INDEMNIFIED PARTY UNDER SECTION 6.1 OR SECTION 6.2 OF THIS AGREEMENT, THEN THE INDEMNIFYING PARTY SHALL BE LIABLE FOR AND OBLIGATED TO REIMBURSE THE INDEMNIFIED PARTY FOR SUCH DAMAGES.

7. Term and Termination.

7.1. Term. This Agreement shall be effective from and after the Closing Date and continue until the earlier of (i) the date on which all Services have been terminated in accordance with the terms hereof and (ii) the dissolution of Buyer. This Agreement shall terminate automatically (without further action by any of the parties hereto) at the end of the term set forth in the preceding sentence. ResCap shall provide, or cause to be provided to, Buyer and Subsidiary each Service until the earlier to occur of (i) the date on which Buyer notifies ResCap in writing to terminate such Service pursuant to Section 7.2 hereof and (ii) the dissolution of Buyer.

7.2. Termination of Services . Buyer may terminate its right to receive any particular Service for any or no reason by providing ResCap not less than thirty (30) days' prior written notice setting forth the termination date for such Service.

7.3. Obligations on Termination . Upon any termination of this Agreement or any Service, (i) ResCap shall cooperate, and cause its controlled Affiliates to cooperate, and shall use its commercially reasonable efforts to cause its third party service providers to cooperate, with all reasonable requests by Buyer in connection with the transition of such Services, including the transfer and retention of records and data pertaining to the Services or the Subsidiary to Buyer or its designees (in a mutually agreed industry standard electronic format), (ii) ResCap shall return to Buyer or, to the extent permitted by applicable Law, destroy, at Buyer's option, all Confidential Information (including data) relating to the Subsidiary or the Services that is in ResCap's, any of its controlled Affiliates' or any third party service provider's possession or control; (iii) no party hereto shall be relieved of any liability for any breach or nonfulfillment of any of its obligations hereunder with respect to such Service prior to termination of such Service; and (iv) Section 2 (as to any unpaid amounts), Sections 6, 8 and 9 and this Section 7 shall survive any termination of this Agreement or of any Service.

8. Confidentiality .

8.1. Confidential Information . As used in this Agreement, " Confidential Information " means any and all non-public information, in any form, furnished or made available directly or indirectly by one party hereto or any of its Affiliates (the " Disclosing Party ") to the other hereto or any of its Affiliates or third party service providers (the " Receiving Party ") pursuant to this Agreement, and in the case of Buyer as the Disclosing Party the term Confidential Information shall also include any non-public information concerning Buyer, any of its Affiliates (including, without limitation, Subsidiary) or any of the Subject Assets.

8.2. Obligations of Confidentiality . The Receiving Party shall protect the Confidential Information of the Disclosing Party by using the same degree of care to prevent the unauthorized use, dissemination, or publication of such Confidential Information as the Receiving Party uses to protect its own Confidential Information of a similar nature, but in no event shall the Receiving Party use less than a reasonable standard of care in its treatment of such Confidential Information. The Receiving Party shall use the Confidential Information solely for the purposes contemplated by this Agreement, and shall limit its disclosure of such Confidential Information to those employees, other personnel and third party service providers who have a need to know such Confidential Information for such purposes and who are informed of the confidential nature of such Confidential Information and directed to use, hold and protect such Confidential Information in accordance with this Agreement. The Receiving Party shall be responsible for any breach of this Section 8.2 by any Person to whom it discloses or provides access to Confidential Information.

8.3. Exclusions .

(a) This Agreement imposes no obligation upon the Receiving Party with respect to Confidential Information which (i) is or becomes a matter of public knowledge without violation of this Agreement by the Receiving Party or any other Person to whom the Receiving Party disclosed or provided access to the Confidential Information of the other party or of its Affiliates; (ii) is received on a non-confidential basis by the Receiving Party from a third party that, to the knowledge of the Receiving Party, is rightfully in possession of, and with a right to make an unrestricted disclosure of, such information; or (iii) is independently developed by the Receiving Party without the use of Confidential Information disclosed by the Disclosing Party.

(b) If the Receiving Party is required (by applicable law, rule or regulation or a subpoena, court order, similar judicial process, regulatory agency, Governmental Entity, self-regulatory organization or stock exchange rule) to disclose any Confidential Information, the Receiving Party will, to the extent consistent with legal and regulatory requirements: (i) promptly notify the Disclosing Party of the existence, terms and circumstances surrounding such requirement, (ii) reasonably consult with the Disclosing Party on the advisability of taking legally available steps to resist or narrow such requirement and (iii) if disclosure of such information is required, to furnish only that portion of the Confidential Information which the Receiving Party is required to disclose and to reasonably cooperate with the Disclosing Party, at the Disclosing Party's sole cost and expense, to obtain an appropriate protective order or other reliable assurance that confidential treatment will be accorded the Confidential Information.

8.4. Ownership of Confidential Information. Neither the Receiving Party nor any of its controlled Affiliates or third party service providers shall obtain any rights with respect to the Confidential Information of the Disclosing Party, and in all cases the Disclosing Party shall retain all right, title and interest in its Confidential Information.

8.5. Return of Confidential Information. Upon termination of this Agreement, or at any time upon request by the Disclosing Party, the Receiving Party shall return to the Disclosing Party or, to the extent permitted by applicable Law, destroy, at the Disclosing Party's option, all Confidential Information of the Disclosing Party that is in the possession or under the control of the Receiving Party or any of its controlled Affiliates or third party service providers (including all copies thereof).

9. General Provisions.

9.1. Miscellaneous Provisions. Sections 8.1, 8.2, 8.5, 8.8, 8.9, 8.10, 8.11 and 8.12 of the Purchase Agreement shall apply to this Agreement *mutatis mutandis* as if set forth herein.

9.2. Successors and Assigns. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors, legal representatives and assigns. No party hereto may assign any of its

rights or delegate any of its obligations under this Agreement, by operation of Law or otherwise, without the prior written consent of the other party hereto; provided, however, that Buyer may assign or delegate, in whole or in part, its rights and obligations under this Agreement to any one or more of its Affiliates so long as Buyer remains responsible for the performance of its obligations hereunder. Nothing in this Agreement, express or implied, is intended to confer upon any Person other than ResCap, Buyer and each of its controlled Affiliates, successors, legal representatives and permitted assigns, any rights or remedies under or by reason of this Agreement; provided, that, the Buyer Indemnified Parties (solely with respect to their indemnification rights pursuant to this Agreement) and the ResCap Indemnified Parties (solely with respect to their indemnification rights pursuant to this Agreement) shall be third party beneficiaries of such Sections of this Agreement, entitled to enforce those specified provisions hereof.

9.3. Interpretation. The words “hereof,” “herein” and “hereunder” and words of like import used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. Terms defined in the singular in this Agreement shall also include the plural and vice versa. The captions and headings herein are included for convenience of reference only and shall be ignored in the construction or interpretation hereof. References to Articles, Sections, and Schedules are to Articles, Sections, and Schedules of this Agreement unless otherwise specified. Whenever the words “include,” “includes” or “including” are used in this Agreement, they shall be deemed to be followed by the words “without limitation,” whether or not they are in fact followed by those words or words of like import. The phrases “the date of this Agreement,” “the date hereof” and phrases of similar import, unless the context otherwise requires, shall be deemed to refer to the date set forth in the Preamble to this Agreement. The parties hereto have participated jointly in the negotiation and drafting of this Agreement. If any ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties hereto, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement.

9.4. Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW.

9.5. Disputes. Any controversy or dispute arising out of this Agreement (each, a “Dispute”), including, without limitation, any dispute under Section 2.3 hereof, shall be submitted to the Steering Committee. If the Steering Committee fails to reach unanimous agreement on the resolution of such Dispute within twenty (20) Business Days, then either ResCap or Buyer may seek remedies under Delaware law, and in connection therewith, such Dispute shall be brought in the Chancery Court of the State of Delaware, any other state court of the State of Delaware or the United States District Court for the District of Delaware (the “Chosen Courts”), and solely in connection with claims arising under this Agreement or the transactions that are the subject of this Agreement, each Party: (i) irrevocably submits to the exclusive jurisdiction of the Chosen Courts, (ii) waives any objection to laying venue in any such action or proceeding in the Chosen Courts, (iii) waives any objection that the Chosen Courts are

an inconvenient forum or do not have jurisdiction over any Party hereto and (iv) agrees that service of process upon such Party in any such action or proceeding shall be effective if notice is given in accordance with Section 8.1 of the Purchase Agreement. Each Party hereto irrevocably waives any and all right to trial by jury in any legal proceeding arising out of or relating to this Agreement or the transactions contemplated hereby.

9.6. Entire Agreement. This Agreement (including the Schedules hereto), the Purchase Agreement and the other Transaction Documents contain the entire agreement between the parties hereto with respect to the subject matter hereof and thereof and supersedes all prior agreements and understandings, oral or written, with respect to such matters.

9.7. Force Majeure. Subject to Section 5 of this Agreement, neither party shall be responsible to the other for any delay in or failure of performance of its obligations under this Agreement (other than payment obligations under Section 2) to the extent such delay or failure is attributable to any cause beyond its reasonable control, including any act of God, fire, earthquake, failures of its computers or electronic transmissions (but solely to the extent outside its reasonable control), strike or other labor disputes, war, embargo or other governmental act, or riot; provided, however, that the party affected thereby gives the other party prompt written notice of the occurrence of any event that is likely to cause any delay or failure setting forth a reasonable estimate of the length of any delay and any expectation that it shall be unable to resume performance; and provided, further, that said affected party shall use its commercially reasonable efforts to expeditiously overcome the effects of that event and resume performance with the least possible delay. For the avoidance of doubt, Buyer shall not be obligated to pay ResCap or any of its controlled Affiliates for Services during the period of time when ResCap is not providing, or causing to be provided, such Services.

9.8. Conflicts. In case of conflict between the terms and conditions of this Agreement and the Purchase Agreement, the Purchase Agreement shall control.

9.9. Schedules. All Schedules annexed hereto or referred to herein are hereby incorporated in and made a part of this Agreement as if set forth in full herein.

[SIGNATURE PAGE FOLLOWS THIS PAGE]

IN WITNESS WHEREOF, the parties hereto have executed or caused this Agreement to be executed as of the date first written above.

RESIDENTIAL CAPITAL, LLC,
on behalf of itself and its controlled Affiliates

By: /s/ James Young
Name: James Young
Title: Chief Financial Officer

MHPOOL HOLDINGS LLC,
on behalf of itself and Subsidiary

By:

By: /s/ Ronald J. Kravit
Name: Ronald J. Kravit
Title: Vice President

Schedule I

SERVICES TO BE PROVIDED

- Employees, including support of asset managers from ResCap's Special Assets Group and internal ResCap legal counsel;
- Third party professional service providers, including legal;
- Cash management services;
- IT services;
- Accounting services;
- Insurance;
- Use of the Richmond, Virginia headquarters facility, the Dallas, Texas servicing facility and/or such other facilities as determined by ResCap; provided, however, that if there is a material reduction in the performance of Services at the Richmond, Virginia or Dallas, Texas facility, taken as a whole, then ResCap's designation of replacement facilities to perform such Services shall require Buyer's prior written consent, which shall not be unreasonably withheld, delayed or conditioned; and
- Such other Services as may be necessary or incidental to own, operate and maintain the Subject Assets for the benefit of Buyer consistent with the ordinary course of business consistent with past practice relating to the Subject Assets.

PRICING

- \$300 per month per REO model; plus
- For all models under lease as of the end of the applicable calendar month, 30 basis points per annum on value allocated to such models as per Exhibit C of the Purchase Agreement; plus
- Reimbursement for direct, out-of-pocket costs and expenses incurred during the applicable calendar month in connection with providing for Services, including, without limitation, taxes, utilities, insurance premiums, fees and expenses of outside counsel, accountants, and other outside professionals and advisors, and all costs and fees incurred in pursuing any insurance claims (including costs of professional adjusters).

LIMITED ASSIGNMENT AND ASSUMPTION AGREEMENT

This Limited Assignment and Assumption Agreement (this “Assignment”) is made and executed as of the 30th day of September, 2008, by and among **KBOne, LLC**, a Delaware limited liability company (“KBOne”), **DOA Holdings NoteCo, LLC**, a Delaware limited liability company (“Holdings”), **Residential Funding Company, LLC**, a Delaware limited liability company (“RFC”), and **MHPool Holdings LLC**, a Delaware limited liability company (“Buyer”).

RECITALS:

A. KBOne entered into a certain Second Amended and Restated Master Sale and Rental Agreement, dated June 5, 2006 (the “MSRA”), with KB Home, a Delaware corporation (“KB Home”), and certain other affiliates of KB Home identified in the MSRA (KB Home and such other affiliates being sometimes hereinafter collectively referred to as the “Builder”).

B. Pursuant to the terms of the MSRA, KBOne agreed to purchase certain single family residential homes from Builder, and to lease such homes back to Builder for use as model homes in residential developments in which Builder develops and constructs additional for-sale homes.

C. In connection with the proposed purchase of homes pursuant to the MSRA, KBOne made and delivered to KB Home a certain Amended and Restated Note, dated June 5, 2006 (the “KB Home Note”), evidencing KBOne’s obligation to pay those portions of the purchase price of homes purchased by KBOne pursuant to the MSRA that were not paid in cash by KBOne to KB Home upon the closing of the purchase of such homes by KBOne.

D. In connection with the KB Home Note, Residential Funding Corporation, the predecessor of RFC, gave a performance and payment guaranty (the “Guaranty”) to KB Home, effective as of June 5, 2006, in connection with KBOne’s obligations under the MSRA and the Note.

E. Effective as of June 9, 2008, all of the equity of KBOne was transferred indirectly to CMH Holdings LLC (the “CMH Transfer”) pursuant to that Purchase Agreement, dated as of June 6, 2008, among Residential Capital, LLC, GMAC Model Home Finance I, LLC and CMH Holdings LLC (the “June Purchase Agreement”) and, in connection therewith, KBOne conveyed to DOA Properties IIIB (KB Models), LLC, a Delaware limited liability company and a subsidiary of Holdings (“DOA IIIB”), those certain model homes and real property on which they are constructed described on attached Schedule 1 (the “DOA Models”), and KBOne retained title to those certain model homes and real property on which they are constructed described on attached Schedule 2 (the “CMH Models”).

F. In connection with the CMH Transfer, (i) KBOne desires to assign to Holdings certain rights and obligations under the MSRA and the KB Home Note, effective as of June 9, 2008, to the extent set forth herein, and Holdings desires to assume the same, and KBOne desires to retain certain rights and obligations under the MSRA and the KB Home Note, to the extent set forth herein, and (ii) RFC desires to assign to KBOne, effective as of June 9, 2008, certain rights

and obligations under the Guaranty, to the extent set forth herein, and KBOne desires to assume the same, and RFC desires to retain certain rights and obligations under the Guaranty, to the extent set forth herein.

G. Effective as of the date hereof, Holdings is hereby assigning to Buyer (the "DOA Transfer") pursuant to that Purchase Agreement, dated as of September 30, 2008, among Residential Capital, LLC ("ResCap"), DOA Holding Properties, LLC, DOA IIIB and Buyer (the "September Purchase Agreement") all of its right, title and interest in and to those DOA Models described on attached Schedule 3 (the "Pool 1 Models") by way of a transfer of all of the outstanding equity of DOA IIIB, and DOA Holding Properties, LLC, and ResCap are retaining beneficial ownership of those certain DOA Models described on attached Schedule 4 (the "Excluded Models").

H. In connection with the DOA Transfer, Holdings and RFC desire to assign to Buyer certain rights and obligations under the MSRA, the KB Home Note and the Guaranty, effective as of the date hereof, to the extent set forth herein, and Holdings and RFC desire to retain certain rights and obligations under the MSRA, the KB Home Note and the Guaranty, to the extent set forth herein.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each of KBOne, Holdings, RFC and Buyer hereby agree as follows:

Section 1. Assignment and Assumption of Obligations.

(a) Effective as of June 9, 2008, (i) KBOne hereby assigns and conveys to Holdings certain rights and obligations in, to and under the MSRA and the KB Home Note, but only to the extent set forth opposite Holdings' name on Exhibit A hereto, and Holdings hereby assumes all of such rights and obligations, and KBOne hereby retains certain rights and obligations under the MSRA and the KB Home Note, but only to the extent set forth opposite KBOne's name on Exhibit A hereto, and (ii) RFC hereby assigns and conveys to KBOne certain rights and obligations under the Guaranty, but only to the extent set forth opposite KBOne's name on Exhibit A hereto, and KBOne hereby assumes all of such rights and obligations, and RFC hereby retains all other rights and obligations under the Guaranty, as set forth on Exhibit A.

(b) Effective as of the date hereof, (i) Holdings hereby assigns and conveys to Buyer certain rights and obligations in, to and under the MSRA and the KB Home Note, but only to the extent set forth opposite Buyer's name on Exhibit B hereto, and Buyer hereby assumes all of such rights and obligations, and Holdings hereby retains certain rights and obligations under the MSRA and the KB Home Note, but only to the extent set forth opposite Buyer's name on Exhibit B hereto, and (ii) RFC hereby assigns and conveys to Buyer certain rights and obligations under the Guaranty, but only to the extent set forth opposite Buyer's name on Exhibit B hereto, and Buyer hereby assumes all of such rights and obligations, and RFC hereby retains all other rights and obligations under the Guaranty, as set forth on Exhibit B.

Section 2. Other Covenants of the Parties. Each of KBOne, Holdings, RFC and Buyer hereby agrees and covenants that it shall not agree to any modification or amendment of, or waiver any of its rights under, the Note, the MSRA or the guaranty, without the prior written consent of each of the other parties hereto.

Section 3. Further Assurances. KBOne, Holdings, RFC and Buyer agree to cooperate with each other and to execute such other documents and take such other actions as may be reasonably required to give effect to the intent and agreements of the parties as set forth in this Assignment.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the undersigned have executed and delivered this Limited Assignment and Assumption Agreement as of the date set forth above.

KBOne, LLC

By /s/ Ronald J. Kravit

Name: Ronald J. Kravit

Title:

DOA Holdings NoteCo, LLC

By /s/ David Flavin

Its Chief Financial Officer

Residential Funding Company, LLC

By /s/ James Young

Its Chief Financial Officer

MHPOOL HOLDINGS LLC

By /s/ Ronald J. Kravit

Name: Ronald J. Kravit

Title: Vice President

SCHEDULE 1
DOA MODELS

Schedule 1 to Limited Assignment and Assumption Agreement (Pool 1)

Models Conveyed from KBOne to DOA Properties IIIB

Count	FILE #	BUILDER	AGREEMENT	COMMUNITY NAME	STREET ADDRESS	CITY	STATE	ZIP
1	6913	KB HOME	KB	EL CAMINO REAL	111 SALERNO DRIVE	San Marcos	TX	78666
2	6914	KB HOME	KB	EL CAMINO REAL	113 SALERNO DRIVE	San Marcos	TX	78666
3	6915	KB HOME	KB	EL CAMINO REAL	115 SALERNO DRIVE	San Marcos	TX	78666
4	7042	KB HOME	KB	FIRST CREEK HEARTHSTONE	5795 BISCAY STREET	Denver	CO	80249
5	7043	KB HOME	KB	FIRST CREEK HEARTHSTONE	5793 BISCAY STREET	Denver	CO	80249
6	7428	KB HOME	KB	SUMMERFIELD	606 YOSEMITE TRAIL	Taylor	TX	76574
7	7429	KB HOME	KB	SUMMERFIELD	608 YOSEMITE TRAIL	Taylor	TX	76574
8	7430	KB HOME	KB	SUMMERFIELD	610 YOSEMITE TRAIL	Taylor	TX	76574
9	7431	KB HOME	KB	SUMMERFIELD	612 YOSEMITE TRAIL	Taylor	TX	76574
10	7441	KB HOME	KB	FIRST CREEK RIDGELINE (CONDOS)	18818 EAST 58TH AVENUE. #A	Denver	CO	80249
11	7442	KB HOME	KB	FIRST CREEK RIDGELINE (CONDOS)	18818 EAST 58TH AVENUE. #B	Denver	CO	80249
12	7463	KB HOME	KB	BRIDGEWOOD	7722 BARHILL POST	San Antonio	TX	78254
13	7465	KB HOME	KB	MEADOWS OF BRIDGEWOOD E	7734 BARHILL POST	San Antonio	TX	78254
14	7466	KB HOME	KB	MEADOWS OF BRIDGEWOOD E	7738 BARHILL POST	San Antonio	TX	78254
15	7467	KB HOME	KB	BRIDGEWOOD VILLAS	7714 BARHILL POST	San Antonio	TX	78254
16	7521	KB HOME	KB	LAKE PARKS	5315 MAVERICK DR.	Grand Prairie	TX	75052
17	7566	KB HOME	KB	LEGENDS RUN	29619 LEGENDS BLUFF DRIVE	Spring	TX	77379
18	7567	KB HOME	KB	LEGENDS RUN	29623 LEGENDS BLUFF DRIVE	Spring	TX	77379
19	7568	KB HOME	KB	LEGENDS RUN	29627 LEGENDS BLUFF DRIVE	Spring	TX	77379
20	7569	KB HOME	KB	LEGENDS RUN	29326 LEGENDS BLUFF DRIVE	Spring	TX	77379
21	7570	KB HOME	KB	LEGENDS RUN	29622 LEGENDS BLUFF DRIVE	Spring	TX	77379
22	7571	KB HOME	KB	LEGENDS RUN	29618 LEGENDS BLUFF DRIVE	Spring	TX	77379
23	7853	KB HOME	KB	PARKFIELD LODGE	5531 LEWISTON COURT	Denver	CO	80239
24	7854	KB HOME	KB	PARKFIELD LODGE	5529 LEWISTON COURT	Denver	CO	80239
25	7855	KB HOME	KB	PARKFIELD LODGE	5527 LEWISTON COURT	Denver	CO	80239
26	7856	KB HOME	KB	PARKFIELD CAPITOL	5523 LEWISTON COURT	Denver	CO	80239
27	7857	KB HOME	KB	PARKFIELD CAPITOL	5521 LEWISTON COURT	Denver	CO	80239
28	8021	KB HOME	KB	HUNT CROSSING	1247 HUNTERS PLANE	San Antonio	TX	78245
29	8098	KB HOME	KB	CHASTEIN	3101 MARCONY WAY	Raleigh	NC	27616
30	8099	KB HOME	KB	CHASTEIN	3013 BEN HILL CIRCLE	Raleigh	NC	27610
31	8117	KB HOME	KB	SAINT JOHNS FOREST	212 WATERLEMON WAY	Monroe	NC	28110
32	8118	KB HOME	KB	SAINT JOHNS FOREST	214 WATERLEMON WAY	Monroe	NC	28110
33	8205	KB HOME	KB	NORTHERN POINT	12226 WINDSOR BAY CT	Tomball	TX	77375
34	8207	KB HOME	KB	NORTHERN POINT	12230 WINDSOR BAY CT	Tomball	TX	77375
35	8325	KB HOME	KB	HAMILTON LAKES 135'	15428 SUPERIOR STREET	Charlotte	NC	28273
36	8326	KB HOME	KB	HAMILTON LAKES 130	15432 SUPERIOR STREET	Charlotte	NC	28273
37	8330	KB HOME	KB	VERSAGE	5607 VERSAGE DRIVE	Mint Hill	NC	28227
38	8331	KB HOME	KB	VERSAGE 50'	5613 VERSAGE DRIVE	Indian Trail	NC	28227
39	8355	KB HOME	KB	CYPRESS SPRINGS	7131 CYPRESS PRAIRIE DRIVE	Houston	TX	77433
40	8356	KB HOME	KB	CYPRESS SPRINGS	7127 CYPRESS PRAIRIE DRIVE	Houston	TX	77433
41	8357	KB HOME	KB	CYPRESS SPRINGS	7119 CYPRESS PRAIRIE DRIVE	Houston	TX	77433
42	8358	KB HOME	KB	CYPRESS SPRINGS	7115 CYPRESS PRAIRIE DRIVE	Houston	TX	77433
43	8538	KB HOME	KB	SANTO TOMAS	1330 W. PLACITA TECOLOTE MESA	Tucson	AZ	85629
44	8539	KB HOME	KB	SANTO TOMAS	1338 W. PLACITA TECOLOTE MESA	Tucson	AZ	85629
45	8570	KB HOME	KB	MEADOWS OF BERDOLL	12905 PERCONTE	Del Valle	TX	78617
46	8571	KB HOME	KB	MEADOWS OF BERDOLL	12909 PERCONTE	Del Valle	TX	78617
47	8577	KB HOME	KB	RAVENSTONE	407 RAVENSTONE LANE	Durham	NC	27703
48	8578	KB HOME	KB	RAVENSTONE	405 RAVENSTONE LANE	Durham	NC	27704
49	8742	KB HOME	KB	WESTWOOD	2002 WOODWAY	LEANDER	TX	78641
50	8743	KB HOME	KB	WESTWOOD	2004 WOODWAY	LEANDER	TX	78641
51	8835	KB HOME	KB	REMINGTON RANCH - 707	535 REMINGTON GREEN CT	Houston	TX	77073
52	8836	KB HOME	KB	REMINGTON RANCH - 707	531 REMINGTON GREEN CT	Houston	TX	77073
53	8837	KB HOME	KB	REMINGTON RANCH - 708	523 REMINGTON GREEN CT	Houston	TX	77073
54	8838	KB HOME	KB	REMINGTON RANCH - 708	519 REMINGTON GREEN CT	Houston	TX	77073
55	8839	KB HOME	KB	REMINGTON RANCH - 709	526 REMINGTON GREEN CT	Houston	TX	77073
56	8840	KB HOME	KB	REMINGTON RANCH - 709	530 REMINGTON GREEN CT	Houston	TX	77073
57	8846	KB HOME	KB	TIMBER CREEK	76177 TIMBER CREEK BOULEVARD	Yulee	FL	32097
58	8855	KB HOME	KB	SPRINGTREE III	148 SPRINGTREE COVE	Cibola	TX	78108
59	8856	KB HOME	KB	SPRINGTREE III	144 SPRINGTREE COVE	Cibola	TX	78108
60	8928	KB HOME	KB	CHASTAIN	5805 CARRETTA COURT	Raleigh	NC	27610
61	9051	KB HOME	KB	LIBERTY AT HUNTINGTON	476 HAUNTS WALK AVENUE	Las Vegas	NV	89148
62	9052	KB HOME	KB	LIBERTY AT HUNTINGTON	470 HAUNTS WALK AVENUE	Las Vegas	NV	89148
63	9053	KB HOME	KB	LIBERTY AT HUNTINGTON	464 HAUNTS WALK AVENUE	Las Vegas	NV	89148
64	9054	KB HOME	KB	VILLAS AT HUNTINGTON	465 HAUNTS WALK AVENUE	Las Vegas	NV	89148

Count	FILE #	BUILDER	AGREEMENT	COMMUNITY NAME	STREET ADDRESS	CITY	STATE	ZIP
65	9055	KB HOME	KB	VILLAS AT HUNTINGTON	471 HAUNTS WALK AVENUE	Las Vegas	NV	89148
66	9056	KB HOME	KB	VILLAS AT HUNTINGTON	477 HAUNTS WALK AVENUE	Las Vegas	NV	89148
67	9057	KB HOME	KB	VILLAS AT HUNTINGTON	483 HAUNTS WALK AVENUE	Las Vegas	NV	89148
68	9258	KB HOME	KB	PRAIRIE MEADOWS VILLAS	9071 APACHE PLUME DRIVE #F	Parker	CO	80134
69	9259	KB HOME	KB	PRAIRIE MEADOWS VILLAS	9071 APACHE PLUME DRIVE #E	Parker	CO	80134
70	9296	KB HOME	KB	EAGLE RUN	200 COMMENCEMENT BLVD.	Summerville	SC	29485
71	9389	KB HOME	KB	GREENWAY TERRACE	10815 TERRACE WALK	San Antonio	TX	78223
72	9397	KB HOME	KB	STAGE RUN H	24306 BRAZOS STAGE	San Antonio	TX	78255
73	9518	KB HOME	KB	CAMPO HILLS	32250 EVENING PRIMROSE TRAIL	Campo	CA	91906
74	9519	KB HOME	KB	CAMPO HILLS	32238 EVENING PRIMROSE TRAIL	Campo	CA	91906
75	9520	KB HOME	KB	CAMPO HILLS	32226 EVENING PRIMROSE TRAIL	Campo	CA	91906
76	9521	KB HOME	KB	CAMPO HILLS	32214 EVENING PRIMROSE TRAIL	Campon	CA	91906
77	9535	KB HOME	KB	LIBERTY LAKES F - 104	6914 LIBERTY CREEK TRAIL	Houston	TX	77049
78	9536	KB HOME	KB	LIBERTY LAKES F - 104	6918 LIBERTY CREEK TRAIL	Houston	TX	77049
79	9537	KB HOME	KB	LIBERTY LAKES S - 105	6902 LIBERTY CREEK TRAIL	Houston	TX	77049
80	9538	KB HOME	KB	LIBERTY LAKES S - 105	6906 LIBERTY CREEK TRAIL	Houston	TX	77049
81	9544	KB HOME	KB	SKYVIEW FOREST I - 908	2703 SKYVIEW MILL DRIVE	Houston	TX	77047
82	9545	KB HOME	KB	SKYVIEW FOREST I - 908	2707 SKYVIEW MILL DRIVE	Houston	TX	77047
83	9546	KB HOME	KB	SKYVIEW FOREST F - 909	2715 SKYVIEW MILL DRIVE	Houston	TX	77047
84	9547	KB HOME	KB	SKYVIEW FOREST F - 909	2719 SKYVIEW MILL DRIVE	Houston	TX	77047
85	9562	KB HOME	KB	SOMERSET VILLAGE PAIRED	17205 E. ARIZONA DRIVE	Aurora	CO	80013
86	9584	KB HOME	KB	AUTUMN RIDGE	3330 SORKSBILL DRIVE	Hemet	CA	92545
87	9585	KB HOME	KB	AUTUMN RIDGE	3331 SORKSBILL DRIVE	Hemet	CA	92545
88	9586	KB HOME	KB	AUTUMN RIDGE	3361 SORKSBILL DRIVE	Hemet	CA	92545
89	9587	KB HOME	KB	AUTUMN RIDGE	3391 SORKSBILL DRIVE	Hemet	CA	92545
90	9615	KB HOME	KB	CEDAR GROVE	6238 WAVERLY LANE	Fairburn	GA	30213
91	9630	KB HOME	KB	PRESERVE @SANTARRA	25660 PLEASANT LN.	Buckeye	AZ	85326
92	9639	KB HOME	KB	EVANTON 40S	10400 GLENBURN LANE	Charlotte	NC	28278
93	9640	KB HOME	KB	EVANTON 40S	10322 GLENBURN LANE	Charlotte	NC	28278
94	9641	KB HOME	KB	PARADISE POINTE	1143 Highbury Grove Street	Henderson	NV	89015
95	9656	KB HOME	KB	LOS LAGOS	3326 LOS LAGOS DR.	Edinburg	TX	78539
96	9689	KB HOME	KB	SAMARA LAKES	309 BOSTWICK CIRCLE	Saint Augustine	FL	32092
97	9697	KB HOME	KB	NORTHERN POINT	12222 WINDSOR BAY COURT	Tomball	TX	77375
98	9698	KB HOME	KB	REMINGTON RANCH	534 REMINGTON GREEN COURT	Houston	TX	77073
99	9705	KB HOME	KB	CHISOLM CROSSING	1734 EAST MESA PARK COVE	Round Rock	TX	78664
100	9774	KB HOME	KB	SILVERADO	500 TRAIL DUST	Cedar Park	TX	78613
101	9775	KB HOME	KB	SILVERADO	501 TRAIL DUST	Cedar Park	TX	78613
102	9776	KB HOME	KB	SILVERADO	502 TRAIL DUST	Cedar Park	TX	78613
103	9777	KB HOME	KB	SILVERADO	503 TRAIL DUST	Cedar Park	TX	78613
104	9778	KB HOME	KB	SILVERADO	505 TRAIL DUST	Cedar Park	TX	78613
105	9786	KB HOME	KB	MESQUITE COVE	17086 N. 184TH DRIVE	Surprise	AZ	85379
106	9787	KB HOME	KB	MESQUITE COVE	17074 N. 184TH DRIVE	Surprise	AZ	85379
107	9788	KB HOME	KB	MESQUITE COVE	17062 N. 184TH DRIVE	Surprise	AZ	85379
108	9789	KB HOME	KB	MESQUITE COVE	17050 N. 184TH DRIVE	Surprise	AZ	85379
109	9790	KB HOME	KB	MESQUITE COVE	17038 N. 184TH DRIVE	Surprise	AZ	85379
110	9800	KB HOME	KB	MONTERREY PARK	632 CANCUN STREET	Grand Prairie	TX	75051
111	9801	KB HOME	KB	MONTERREY PARK	636 CANCUN STREET	Grand Prairie	TX	75051
112	9805	KB HOME	KB	AUTUMN GLEN E - 305	4107 AUTUMN VIEW	Houston	TX	77048
113	9811	KB HOME	KB	SKYVIEW FOREST - I - 908	2711 SKYVIEW MILL DRIVE	Houston	TX	77047
114	9815	KB HOME	KB	FOX GROVE	4518 MANITOU BAY	San Antonio	TX	78259
115	9816	KB HOME	KB	FOX GROVE	4522 MANITOU BAY	San Antonio	TX	78259
116	9817	KB HOME	KB	FOX GROVE	4506 MANITOU BAY	San Antonio	TX	78259
117	9818	KB HOME	KB	FOX GROVE	4510 MANITOU BAY	San Antonio	TX	78259
118	9829	KB HOME	KB	STAPLETON	2927 EMPORIA STREET	Denver	CO	80238
119	9830	KB HOME	KB	STAPLETON	2925 EMPORIA STREET	Denver	CO	80238
120	9831	KB HOME	KB	STAPLETON	2917 EMPORIA STREET	Denver	CO	80238
121	9872	KB HOME	KB	ARBOR RIDGE	2248 REEFVIEW LOOP	Apopka	FL	32712
122	9873	KB HOME	KB	ARBOR RIDGE	2238 REEFVIEW LOOP	Apopka	FL	32712
123	9874	KB HOME	KB	ARBOR RIDGE	2232 REEFVIEW LOOP	Apopka	FL	32712
124	9875	KB HOME	KB	ARBOR RIDGE	2226 REEFVIEW LOOP	Apopka	FL	32712
125	9876	KB HOME	KB	SOUTHERN FIELDS	4400 ARUBA BLVD	Clermont	FL	34711
126	9877	KB HOME	KB	SOUTHERN FIELDS	4404 ARUBA BLVD	Clermont	FL	34711
127	9878	KB HOME	KB	SOUTHERN FIELDS	4408 ARUBA BLVD	Clermont	FL	34711
128	9879	KB HOME	KB	SOUTHERN FIELDS	4412 ARUBA BLVD	Clermont	FL	34711
129	9885	KB HOME	KB	STONEHILL	921 OBSIDIAN WAY	Durham	NC	27703
130	9886	KB HOME	KB	STONEHILL	919 OBSIDIAN WAY	Durham	NC	27703
131	9887	KB HOME	KB	HAMILTON LAKES	15420 SUPERIOR STREET	Charlotte	NC	28278
132	9888	KB HOME	KB	HAMILTON LAKES	15416 SUPERIOR STREET	Charlotte	NC	28278
133	9889	KB HOME	KB	MADISON GREEN	1188 MADISON GREEN DRIVE	Fort Mill	SC	29715
134	9890	KB HOME	KB	MADISON GREEN	1180 MADISON GREEN DRIVE	Fort Mill	SC	29715
135	9941	KB HOME	KB	VALDEMOSA	30982 SANJAY COURT	Temecula	CA	92591
136	9942	KB HOME	KB	VALDEMOSA	30972 SANJAY COURT	Temecula	CA	92591

Count	FILE #	BUILDER	AGREEMENT	COMMUNITY NAME	STREET ADDRESS	CITY	STATE	ZIP
137	9943	KB HOME	KB	VALDEMOSA	30962 SANJAY COURT	Temecula	CA	92591
138	9944	KB HOME	KB	BRIDGEPORT	16303 YARMOUTH CIRCLE	Riverside	CA	92503
139	9945	KB HOME	KB	BRIDGEPORT	16321 YARMOUTH CIRCLE	Riverside	CA	92503
140	9946	KB HOME	KB	BRIDGEPORT	16339 YARMOUTH CIRCLE	Riverside	CA	92503
141	9947	KB HOME	KB	BRIDGEPORT	16252 YARMOUTH CIRCLE	Riverside	CA	92503
142	10223	KB HOME	KB	STAPLETON	2915 EMPORIA STREET	DENVER	CO	80238
143	10277	KB HOME	KB	OAK KNOLL PLACE	3231 PAMMA COURT	LIVE OAK	CA	95953
144	10278	KB HOME	KB	CASTLEWOOD	3210 PAMMA COURT	LIVE OAK	CA	95953
145	10279	KB HOME	KB	OAK KNOLL PLACE	3232 PAMMA COURT	LIVE OAK	CA	95953
146	10280	KB HOME	KB	OAK KNOLL PLACE	3266 PAMMA COURT	LIVE OAK	CA	95953
147	10281	KB HOME	KB	OAK KNOLL PLACE	3278 PAMMA COURT	LIVE OAK	CA	95953
148	10335	KB HOME	KB	MEADOW GLEN	509 HEATHER CREEK COURT	LOS BANOS	CA	93635
149	10336	KB HOME	KB	MEADOW GLEN	513 HEATHER CREEK COURT	LOS BANOS	CA	93635
150	10337	KB HOME	KB	MEADOW GLEN	517 HEATHER CREEK COURT	LOS BANOS	CA	93635
151	10338	KB HOME	KB	MEADOW GLEN	521 HEATHER CREEK COURT	LOS BANOS	CA	93635
152	10339	KB HOME	KB	MEADOW VISTA	2301 S. CREEKSIDE DRIVE	LOS BANOS	CA	93635
153	10474	KB HOME	KB	OAKVILLE GROVE	5407 W. PERALTA WAY	FRESNO	CA	93722
154	10475	KB HOME	KB	OAKVILLE GROVE	5415 W. PERALTA WAY	FRESNO	CA	93722
155	10476	KB HOME	KB	OAKVILLE GROVE	5421 W. PERALTA WAY	FRESNO	CA	93722
156	10480	KB HOME	KB	STANFORD PLACE	2339 FREED AVENUE	PITTSBURG	CA	94565
157	10481	KB HOME	KB	STANFORD PLACE	2351 FREED AVENUE	PITTSBURG	CA	94565
158	10482	KB HOME	KB	STANFORD PLACE	2363 FREED AVENUE	PITTSBURG	CA	94565
159	10483	KB HOME	KB	TEAL COVE	40 SANDHILL CRANE COURT	OAKLEY	CA	94561
160	10574	KB HOME	KB	WILLOW SPRINGS	11706 NEWELL ELM STREET	HOUSTON	TX	77038
161	10576	KB HOME	KB	WILLOW SPRINGS	11710 NEWELL ELM STREET	HOUSTON	TX	77038
162	10577	KB HOME	KB	WILLOW SPRINGS	11719 NEWELL ELM STREET	HOUSTON	TX	77073
163	10578	KB HOME	KB	WILLOW SPRINGS	11722 NEWELL ELM STREET	HOUSTON	TX	77073
164	10580	KB HOME	KB	FOREST RIDGE	3018 TALL TREE RIDGE WAY	HOUSTON	TX	77389
165	10581	KB HOME	KB	FOREST RIDGE	3022 TALL TREE RIDGE WAY	HOUSTON	TX	77389
166	10582	KB HOME	KB	FOREST RIDGE	3026 TALL TREE RIDGE WAY	HOUSTON	TX	77389
167	10585	KB HOME	KB	WESTGATE	18218 WESTRIDGE BEND LANE	HOUSTON	TX	77433
168	10586	KB HOME	KB	WESTGATE	18222 WESTRIDGE BEND LANE	HOUSTON	TX	77433
169	10587	KB HOME	KB	WESTGATE	18234 WESTRIDGE BEND LANE	HOUSTON	TX	77433
170	10588	KB HOME	KB	WESTGATE	18238 WESTRIDGE BEND LANE	HOUSTON	TX	77433
171	10589	KB HOME	KB	CRESCENT PARK TOWNHOMES	13102 STRATFORD SKIES LN	HOUSTON	TX	77072
172	10593	KB HOME	KB	LAKEWOOD TOWNHOMES	16040 SWEETWATER FIELDS	TOMBALL	TX	77377
173	10594	KB HOME	KB	LAKEWOOD TOWNHOMES	16042 SWEETWATER FIELDS	TOMBALL	TX	77377
174	10595	KB HOME	KB	LAKEWOOD TOWNHOMES	16044 SWEETWATER FIELDS	TOMBALL	TX	77377
175	10596	KB HOME	KB	LAKEWOOD TOWNHOMES	16046 SWEETWATER FIELDS	TOMBALL	TX	77377
176	10601	KB HOME	KB	AVALON	13001 AUBURN COVE LANE	ORLANDO	FL	32828
177	10602	KB HOME	KB	AVALON	13005 AUBURN COVE LANE	ORLANDO	FL	32828
178	10607	KB HOME	KB	MALLARD POND	3525 PINTAIL LANE	ST. CLOUD	FL	34772
179	10608	KB HOME	KB	MALLARD POND	3523 PINTAIL LANE	ST. CLOUD	FL	34772
180	10609	KB HOME	KB	MALLARD POND	3521 PINTAIL LANE	ST. CLOUD	FL	34772
181	10611	KB HOME	KB	STRATFORD POINTE	10121 STRATFORD POINTE AVENUE	ORLANDO	FL	32832
182	10618	KB HOME	KB	AMBER POINTE	2502 AVENTURINE STREET	KISSIMMEE	FL	34744
183	10619	KB HOME	KB	AMBER POINTE	2500 AVENTURINE STREET	KISSIMMEE	FL	34744
184	10620	KB HOME	KB	CRESTWYND BAY	2666 ANDROS LANE	KISSIMMEE	FL	34747
185	10630	KB HOME	KB	BELLA TOSCANA	105 Verdi Street	DAVENPORT	FL	33837
186	10632	KB HOME	KB	THE OAKS AT TWIN CREEKS	305 ISLAND OAK DRIVE	AUSTIN	TX	78747
187	10633	KB HOME	KB	THE OAKS AT TWIN CREEKS	309 ISLAND OAK DRIVE	AUSTIN	TX	78747
188	10634	KB HOME	KB	THE OAKS AT TWIN CREEKS	313 ISLAND OAK DRIVE	AUSTIN	TX	78747
189	10658	KB HOME	KB	WOODCREST	5302 HUISACHE AVENUE	PHARR	TX	78577
190	10663	KB HOME	KB	TIMBERCREEK	13871 EARPOD DRIVE	ORLANDO	FL	32828
191	10664	KB HOME	KB	TIMBERCREEK	13865 EARPOD DRIVE	ORLANDO	FL	32828
192	10665	KB HOME	KB	TIMBERCREEK	13859 EARPOD DRIVE	ORLANDO	FL	32828
193	10675	KB HOME	KB	MUIRFIELD VILLAGE	1250 S. RIALTO #6	MESA	AZ	85208
194	10676	KB HOME	KB	MUIRFIELD VILLAGE	1250 S. RIALTO #4	MESA	AZ	85208
195	10677	KB HOME	KB	MUIRFIELD VILLAGE	1250 S. RIALTO #5	MESA	AZ	85208
196	10678	KB HOME	KB	INDIGO TRAILS	21125 E. PICKETT STREET	QUEEN CREEK	AZ	85242
197	10679	KB HOME	KB	INDIGO TRAILS	21121 E. PICKETT STREET	QUEEN CREEK	AZ	85242
198	10680	KB HOME	KB	INDIGO TRAILS	21117 E. PICKETT STREET	QUEEN CREEK	AZ	85242
199	10681	KB HOME	KB	INDIGO TRAILS	21113 E. PICKETT STREET	QUEEN CREEK	AZ	85242
200	10682	KB HOME	KB	INDIGO TRAILS	21109 E. PICKETT STREET	QUEEN CREEK	AZ	85242
201	10687	KB HOME	KB	HUNTER RIDGE	7510 S. 29TH WAY	PHOENIX	AZ	85040
202	10688	KB HOME	KB	HUNTER RIDGE	7506 S. 29TH WAY	PHOENIX	AZ	85040
203	10689	KB HOME	KB	HUNTER RIDGE	7514 S. 29TH WAY	PHOENIX	AZ	85040
204	10690	KB HOME	KB	TALLADERA	22848 S. 218TH STREET	QUEEN CREEK	AZ	85242
205	10691	KB HOME	KB	TALLADERA	22840 S. 218TH STREET	QUEEN CREEK	AZ	85242
206	10692	KB HOME	KB	TALLADERA	22832 S. 218TH STREET	QUEEN CREEK	AZ	85242
207	10693	KB HOME	KB	TALLADERA	22824 S. 218TH STREET	QUEEN CREEK	AZ	85242
208	10707	KB HOME	KB	BAYBERRY LAKES	212 BAYBERRY LAKES BOULEVARD	Daytona	FL	32114

Count	FILE #	BUILDER	AGREEMENT	COMMUNITY NAME	STREET ADDRESS	CITY	STATE	ZIP
209	10708	KB HOME	KB	BAYBERRY LAKES	216 BAYBERRY LAKES BOULEVARD	Daytona	FL	32114
210	10731	KB HOME	KB	ST. JOHN'S	208 WATERLEMON WAY	MONROE	NC	28110
211	10732	KB HOME	KB	WATERLYNN TOWNHOMES	225-A EAST WATERLYNN ROAD	MOORESVILLE	NC	28117
212	10733	KB HOME	KB	WATERLYNN TOWNHOMES	225-B EAST WATERLYNN ROAD	MOORESVILLE	NC	28117
213	10734	KB HOME	KB	WATERLYNN TOWNHOMES	225-C EAST WATERLYNN ROAD	MOORESVILLE	NC	28117
214	10736	KB HOME	KB	WATERLYNN	112 WATERLYNN CLUB DRIVE	MOORESVILLE	NC	28115
215	10737	KB HOME	KB	WATERLYNN	110 WATERLYNN CLUB DRIVE	MOORESVILLE	NC	28115
216	10741	KB HOME	KB	CREEKSIDE AT INVERNESS RIDGE	1067 RIDGEVIEW	INVERNESS	IL	60010
217	10744	KB HOME	KB	SANTO TOMAS	1346 W. PLACITA TECOLOTE MESA	SAHUARITA	AZ	85629
218	10745	KB HOME	KB	PRESIDIO DEL CIELO	730 W PASEO CELESTIAL	SAHUARITA	AZ	85629
219	10746	KB HOME	KB	PRESIDIO DEL CIELO	734 W PASEO CELESTIAL	SAHUARITA	AZ	85629
220	10747	KB HOME	KB	PRESIDIO DEL CIELO	738 W PASEO CELESTIAL	SAHUARITA	AZ	85629
221	10748	KB HOME	KB	PRESIDIO DEL CIELO	784 W PASEO CELESTIAL	SAHUARITA	AZ	85629
222	10749	KB HOME	KB	PRESIDIO DEL CIELO	792 W PASEO CELESTIAL	SAHUARITA	AZ	85629
223	10754	KB HOME	KB	TIERRA DEL SOL	9128 GABLEWOOD PLACE	LAND O' LAKES	FL	34637
224	10755	KB HOME	KB	TIERRA DEL SOL	9124 GABLEWOOD PLACE	LAND O' LAKES	FL	34637
225	10774	KB HOME	KB	VILLAS AT TIERRA LINDA	65 WOOD CLIFF AVENUE	LAS VEGAS	NV	89123
226	10777	KB HOME	KB	VILLAS AT CHACO CANYON	7059 HICKORY POST AVENUE	LAS VEGAS	NV	89124
227	10778	KB HOME	KB	VILLAS AT CHACO CANYON	7067 HICKORY POST AVENUE	LAS VEGAS	NV	89124
228	10779	KB HOME	KB	VILLAS AT CHACO CANYON	7075 HICKORY POST AVENUE	LAS VEGAS	NV	89124
229	10780	KB HOME	KB	CHACO CANYON	11166 ASH MOUNTAIN STREET	LAS VEGAS	NV	89179
230	10781	KB HOME	KB	CHACO CANYON	11174 ASH MOUNTAIN STREET	LAS VEGAS	NV	89179
231	10782	KB HOME	KB	CHACO CANYON	11182 ASH MOUNTAIN STREET	LAS VEGAS	NV	89179
232	10783	KB HOME	KB	CHACO CANYON	11199 ASH MOUNTAIN STREET	LAS VEGAS	NV	89179
233	10784	KB HOME	KB	CHACO CANYON	11183 ASH MOUNTAIN STREET	LAS VEGAS	NV	89179
234	10785	KB HOME	KB	CHACO CANYON	11175 ASH MOUNTAIN STREET	LAS VEGAS	NV	89179
235	10786	KB HOME	KB	CHACO CANYON	11167 ASH MOUNTAIN STREET	LAS VEGAS	NV	89179
236	10787	KB HOME	KB	SILVER HILLS	10052 NATCHEZ TRACE STREET	LAS VEGAS	NV	89178
237	10788	KB HOME	KB	SILVER HILLS	10044 NATCHEZ TRACE STREET	LAS VEGAS	NV	89178
238	10789	KB HOME	KB	SILVER HILLS	10036 NATCHEZ TRACE STREET	LAS VEGAS	NV	89178
239	10790	KB HOME	KB	SILVER HILLS	10028 NATCHEZ TRACE STREET	LAS VEGAS	NV	89178
240	10791	KB HOME	KB	SIERRA RANCH	308 POCONO RANCH AVENUE	NORTH LAS VEGAS	NV	89031
241	10792	KB HOME	KB	SIERRA RANCH	312 POCONO RANCH AVENUE	NORTH LAS VEGAS	NV	89031
242	10793	KB HOME	KB	SIERRA RANCH	5833 CRYSTAL POND STREET	NORTH LAS VEGAS	NV	89031
243	10795	KB HOME	KB	SIERRA RANCH	5837 CRYSTAL POND STREET	NORTH LAS VEGAS	NV	89031
244	10799	KB HOME	KB	LADERA CREST	5391 CANDLESPICE WAY	LAS VEGAS	NV	89135
245	10800	KB HOME	KB	LADERA CREST	5399 CANDLESPICE WAY	LAS VEGAS	NV	89135
246	10802	KB HOME	KB	LADERA RIDGE	5369 CANDLESPICE WAY	LAS VEGAS	NV	89135
247	10833	KB HOME	KB	ALICANTE	16898 NANDINA AVENUE	RIVERSIDE	CA	92504
248	10834	KB HOME	KB	ALICANTE	16874 NANDINA AVENUE	RIVERSIDE	CA	92504
249	10835	KB HOME	KB	ALICANTE	16850 NANDINA AVENUE	RIVERSIDE	CA	92504
250	10878	KB HOME	KB	OAKPOINT	2301 OKLAHOMA LANE	PLANO	TX	75074
251	10879	KB HOME	KB	OAKPOINT	2305 OKLAHOMA LANE	PLANO	TX	75074
252	10880	KB HOME	KB	OAKPOINT	2309 OKLAHOMA LANE	PLANO	TX	75074
253	10881	KB HOME	KB	OAKPOINT	2313 OKLAHOMA LANE	PLANO	TX	75074
254	10882	KB HOME	KB	OAKPOINT	2313 SHINGLE LANE	PLANO	TX	75074
255	10883	KB HOME	KB	OAKPOINT	2309 SHINGLE LANE	PLANO	TX	75074
256	10905	KB HOME	KB	MILLSTREAM	112 MILL WHEEL DRIVE	LEXINGTON	SC	29072
257	10906	KB HOME	KB	MILLSTREAM	108 MILL WHEEL DRIVE	LEXINGTON	SC	29072
258	10907	KB HOME	KB	SWEETGRASS	7103 SWEETGRASS BLVD.	HANNAHAN	SC	29406
259	10936	KB HOME	KB	THE HAMPTONS TRADITIONAL	5433 DUCK WALK WAY	SACRAMENTO	CA	95835
260	10937	KB HOME	KB	THE HAMPTONS TRADITIONAL	5427 DUCK WALK WAY	SACRAMENTO	CA	95835
261	10938	KB HOME	KB	THE HAMPTONS TRADITIONAL	5421 DUCK WALK WAY	SACRAMENTO	CA	95835
262	10939	KB HOME	KB	THE HAMPTONS TRADITIONAL	5415 DUCK WALK WAY	SACRAMENTO	CA	95835
263	10940	KB HOME	KB	THE HAMPTONS TRADITIONAL	5409 DUCK WALK WAY	SACRAMENTO	CA	95835
264	10941	KB HOME	KB	THE HAMPTONS TRADITIONAL	5403 DUCK WALK WAY	SACRAMENTO	CA	95835
265	10943	KB HOME	KB	THE HAMPTONS ALLEYS	3227 HAYGROUND WAY	SACRAMENTO	CA	95835
266	10944	KB HOME	KB	THE HAMPTONS ALLEYS	3233 HAYGROUND WAY	SACRAMENTO	CA	95835
267	10945	KB HOME	KB	THE HAMPTONS ALLEYS	3239 HAYGROUND WAY	SACRAMENTO	CA	95835
268	10946	KB HOME	KB	THE HAMPTONS ALLEYS	3245 HAYGROUND WAY	SACRAMENTO	CA	95835
269	10947	KB HOME	KB	THE HAMPTONS ALLEYS	3251 HAYGROUND WAY	SACRAMENTO	CA	95835
270	10950	KB HOME	KB	THE HAMPTONS CLUSTER	11 GREAT PECONIC PLACE	SACRAMENTO	CA	95835
271	10951	KB HOME	KB	THE HAMPTONS CLUSTER	17 GREAT PECONIC PLACE	SACRAMENTO	CA	95835
272	10952	KB HOME	KB	THE HAMPTONS CLUSTER	18 GREAT PECONIC PLACE	SACRAMENTO	CA	95835
273	10953	KB HOME	KB	THE HAMPTONS CLUSTER	12 GREAT PECONIC PLACE	SACRAMENTO	CA	95835
274	10954	KB HOME	KB	THE HAMPTONS CLUSTER	6 GREAT PECONIC PLACE	SACRAMENTO	CA	95835
275	10955	KB HOME	KB	THE HAMPTON VILLAGE CONDOS	3301 NORTH PARK DRIVE	SACRAMENTO	CA	95835
276	10956	KB HOME	KB	THE HAMPTON VILLAGE CONDOS	3301 NORTH PARK DRIVE	SACRAMENTO	CA	95835
277	10957	KB HOME	KB	THE HAMPTON VILLAGE CONDOS	3301 NORTH PARK DRIVE	SACRAMENTO	CA	95835
278	10958	KB HOME	KB	THE HAMPTON VILLAGE CONDOS	3301 NORTH PARK DRIVE	SACRAMENTO	CA	95835
279	10959	KB HOME	KB	THE HAMPTON VILLAGE CONDOS	3301 NORTH PARK DRIVE	SACRAMENTO	CA	95835
280	10960	KB HOME	KB	THE HAMPTON VILLAGE CONDOS	3301 NORTH PARK DRIVE	SACRAMENTO	CA	95835

Count	FILE #	BUILDER	AGREEMENT	COMMUNITY NAME	STREET ADDRESS	CITY	STATE	ZIP
281	10977	KB HOME	KB	DISCOVERY TRAILS BELMONT	6402 EXPLORER WAY	PALMDALE	CA	93550
282	10978	KB HOME	KB	DISCOVERY TRAILS BELMONT	6424 EXPLORER WAY	PALMDALE	CA	93550
283	10979	KB HOME	KB	DISCOVERY TRAILS BELMONT	6438 EXPLORER WAY	PALMDALE	CA	93550
284	10997	KB HOME	KB	TWIN LAKES	117 High Tide Court	CARY	NC	27519
285	10998	KB HOME	KB	TWIN LAKES	119 High Tide Court	CARY	NC	27519
286	10999	KB HOME	KB	TWIN LAKES	111 High Tide Court	CARY	NC	27519
287	11000	KB HOME	KB	TWIN LAKES	109 High Tide Court	CARY	NC	27519
288	11001	KB HOME	KB	TWIN LAKES	105 High Tide Court	CARY	NC	27519
289	11002	KB HOME	KB	TWIN LAKES	113 High Tide Court	CARY	NC	27519
290	11003	KB HOME	KB	TWIN LAKES	112 High Tide Court	CARY	NC	27519
291	11004	KB HOME	KB	TWIN LAKES	114 High Tide Court	CARY	NC	27519
292	11012	KB HOME	KB	WOODCREST	6503 ASHBY POINT	LIVE OAK	TX	78233
293	11013	KB HOME	KB	WOODCREST	6505 ASHBY POINT	LIVE OAK	TX	78233
294	11014	KB HOME	KB	WOODCREST	6507 ASHBY POINT	LIVE OAK	TX	78233
295	11047	KB HOME	KB	OLIVE LANE	2285 S. ADRIAN AVENUE	FRESNO	CA	93727
296	11048	KB HOME	KB	OLIVE LANE	2297 S. ADRIAN AVENUE	FRESNO	CA	93727
297	11241	KB HOME	KB	ST CHARLES PLACE	10816 Great Carlisle Court	RIVERVIEW	FL	33569
298	11242	KB HOME	KB	ST CHARLES PLACE	10818 Great Carlisle Court	RIVERVIEW	FL	33569
299	11250	KB HOME	KB	ADAMS LAKE	2490 TANNER LAKE COURT	JACKSONVILLE	FL	32221
300	11361	KB HOME	KB	BERKSHIRE	157 SHENANDOAH WAY	LOCHBUIE	CO	80603
301	11362	KB HOME	KB	BERKSHIRE	145 SHENANDOAH WAY	LOCHBUIE	CO	80603
302	11363	KB HOME	KB	BERKSHIRE	133 SHENANDOAH WAY	LOCHBUIE	CO	80603
303	11452	KB HOME	KB	WESTGATE	18230 WESTRIDGE BEND LANE	HOUSTON	TX	77433
304	11457	KB HOME	KB	FOREST RIDGE	3014 TALL TREE RIDGE WAY	HOUSTON	TX	77389
305	11468	KB HOME	KB	CEDAR GLEN	3907 CEDAR BLUFF LANE	JACKSONVILLE	FL	32226
306	11469	KB HOME	KB	GRAND CAY	101 CAMDEN CAY DRIVE	Saint Augustine	FL	32086
307	11495	KB HOME	KB	CAMBRIDGE	7611 DUSTY DIAMOND	SAN ANTONIO	TX	78249
308	11496	KB HOME	KB	CAMBRIDGE	7615 DUSTY DIAMOND	SAN ANTONIO	TX	78249
309	11497	KB HOME	KB	SUNDANCE	1103 SUNDANCE FALLS	SAN ANTONIO	TX	78245
310	11498	KB HOME	KB	SUNDANCE	1107 SUNDANCE FALLS	SAN ANTONIO	TX	78245
311	11499	KB HOME	KB	SUNDANCE	1111 SUNDANCE FALLS	SAN ANTONIO	TX	78245
312	11500	KB HOME	KB	QUARRY	19218 BARTLETT BAY	SAN ANTONIO	TX	78258
313	11501	KB HOME	KB	QUARRY	19222 BARTLETT BAY	SAN ANTONIO	TX	78258
314	11531	KB HOME	KB	JUNIPER	18500 N. DAVIS DR.	MARICOPA	AZ	85239
315	11532	KB HOME	KB	JUNIPER	18512 N. DAVIS DR.	MARICOPA	AZ	85239
316	11533	KB HOME	KB	JUNIPER	18524 N. DAVIS DR.	MARICOPA	AZ	85239
317	11534	KB HOME	KB	JUNIPER	18534 N. DAVIS DR.	MARICOPA	AZ	85239
318	11535	KB HOME	KB	SAGE	18531 N. DAVIS DR.	MARICOPA	AZ	85239
319	11536	KB HOME	KB	SAGE	18521 N. DAVIS DR.	MARICOPA	AZ	85239
320	11537	KB HOME	KB	SAGE	18509 N. DAVIS DR.	MARICOPA	AZ	85239
321	11538	KB HOME	KB	SAGE	18497 N. DAVIS DR.	MARICOPA	AZ	85239
322	11539	KB HOME	KB	Smith Farms	40291 W. LOCOCO STREET	MARICOPA	AZ	85239
323	11540	KB HOME	KB	Smith Farms	40271 W. LOCOCO STREET	MARICOPA	AZ	85239
324	11582	KB HOME	KB	Smith Farms	40241 W. LOCOCO STREET	MARICOPA	AZ	85239
325	11624	KB HOME	KB	SUGARLAND	1529 CANDY LANE	EDINBURG	TX	78539
326	11625	KB HOME	KB	MEADOW RIDGE	4609 N. 47TH STREET	MCALLEN	TX	78504
327	11626	KB HOME	KB	MEADOW RIDGE	4605 N. 47TH STREET	MCALLEN	TX	78504
328	11628	KB HOME	KB	WESTGATE	18022 REXINE LANE	HOUSTON	TX	77433
329	11629	KB HOME	KB	WESTGATE	18018 REXINE LANE	HOUSTON	TX	77433
330	11630	KB HOME	KB	WESTGATE	18014 REXINE LANE	HOUSTON	TX	77433
331	11631	KB HOME	KB	WESTGATE	18214 WESTRIDGE BEND LANE	HOUSTON	TX	77433
332	11632	KB HOME	KB	LAKEWOOD PLACE	16028 SWEETWATER FIELDS	TOMBALL	TX	77377
333	11633	KB HOME	KB	LAKEWOOD PLACE	16030 SWEETWATER FIELDS	TOMBALL	TX	77377
334	11634	KB HOME	KB	LAKEWOOD PLACE	16032 SWEETWATER FIELDS	TOMBALL	TX	77377
335	11635	KB HOME	KB	LAKEWOOD PLACE	16034 SWEETWATER FIELDS	TOMBALL	TX	77377
336	11636	KB HOME	KB	WILLOW SPRINGS	11715 NEWELL ELM STREET	HOUSTON	TX	77073
337	11638	KB HOME	KB	WILLOW SPRINGS	11702 NEWELL ELM STREET	HOUSTON	TX	77038
338	11668	KB HOME	KB	MOSSDALE LANDING-WOODHAVEN	17219 WOOD CREEK LANE	LATHROP	CA	95330
339	11669	KB HOME	KB	MOSSDALE LANDING-WOODHAVEN	17243 WOOD CREEK LANE	LATHROP	CA	95330
340	11670	KB HOME	KB	MOSSDALE LANDING-WOODHAVEN	17242 WOOD CREEK LANE	LATHROP	CA	95330
341	11671	KB HOME	KB	MOSSDALE LANDING-WOODHAVEN	17220 WOOD CREEK LANE	LATHROP	CA	95330
342	11672	KB HOME	KB	RIVERBEND	2822 TWIN BRIDGES LANE	STOCKTON	CA	95212
343	11673	KB HOME	KB	RIVERBEND	2830 TWIN BRIDGES LANE	STOCKTON	CA	95212
344	11674	KB HOME	KB	RIVERBEND	2838 TWIN BRIDGES LANE	STOCKTON	CA	95212
345	11675	KB HOME	KB	RIVERBEND	2846 TWIN BRIDGES LANE	STOCKTON	CA	95212
346	11676	KB HOME	KB	RIVERBEND	2854 TWIN BRIDGES LANE	STOCKTON	CA	95212
347	11677	KB HOME	KB	RIVERBEND	2847 TWIN BRIDGES LANE	STOCKTON	CA	95212
348	11681	KB HOME	KB	ORCHARD POINT	843 Kiwi Street	MADERA	CA	93638
349	11682	KB HOME	KB	ORCHARD POINT	853 Kiwi Street	MADERA	CA	93638
350	11810	KB HOME	KB	EAGLE BLUFF	1302 SONG SPARROW WAY	HANAHAN	SC	29445
351	11842	KB HOME	KB	HERFF RANCH	125 CLEAR WATER	BOERNE	TX	78006
352	11843	KB HOME	KB	HERFF RANCH	121 CLEAR WATER	BOERNE	TX	78006

Count	FILE #	BUILDER	AGREEMENT	COMMUNITY NAME	STREET ADDRESS	CITY	STATE	ZIP
353	11844	KB HOME	KB	HERFF RANCH	113 CLEAR WATER	BOERNE	TX	78006
354	11845	KB HOME	KB	HERFF RANCH	109 CLEAR WATER	BOERNE	TX	78006
355	11846	KB HOME	KB	HERFF RANCH	101 CLEAR WATER	BOERNE	TX	78006
356	11847	KB HOME	KB	HERFF RANCH	105 CLEAR WATER	BOERNE	TX	78006
357	11848	KB HOME	KB	HERFF RANCH	117 CLEAR WATER	BOERNE	TX	78006
358	11860	KB HOME	KB	MARIPOSA PLACE	10078 CHASEWOOD AVENUE	LAS VEGAS	NV	89148
359	11861	KB HOME	KB	MARIPOSA PLACE	10070 CHASEWOOD AVENUE	LAS VEGAS	NV	89148
360	11862	KB HOME	KB	MARIPOSA PLACE	10062 CHASEWOOD AVENUE	LAS VEGAS	NV	89148
361	11863	KB HOME	KB	STERLING RIDGE	9992 PIMERA ALTA STREET	LAS VEGAS	NV	89178
362	11864	KB HOME	KB	STERLING RIDGE	9986 PIMERA ALTA STREET	LAS VEGAS	NV	89178
363	11865	KB HOME	KB	STERLING RIDGE	9980 PIMERA ALTA STREET	LAS VEGAS	NV	89178
364	11866	KB HOME	KB	STERLING RIDGE	9974 PIMERA ALTA STREET	LAS VEGAS	NV	89178
365	11867	KB HOME	KB	SUNSET RIDGE	10076 GLEN AIRE AVENUE	LAS VEGAS	NV	89148
366	11868	KB HOME	KB	SUNSET RIDGE	10068 GLEN AIRE AVENUE	LAS VEGAS	NV	89148
367	11869	KB HOME	KB	SUNSET RIDGE	10060 GLEN AIRE AVENUE	LAS VEGAS	NV	89148
368	11870	KB HOME	KB	SUNSET RIDGE	10052 GLEN AIRE AVENUE	LAS VEGAS	NV	89148
369	11874	KB HOME	KB	SIERRA RANCH	137 ICY RIVER AVENUE	NORTH LAS VEGAS	NV	89031
370	11875	KB HOME	KB	SIERRA RANCH	141 ICY RIVER AVENUE	NORTH LAS VEGAS	NV	89031
371	11884	KB HOME	KB	MISSION CREEK	11155 DALLAS PLACE	LOMA LINDA	CA	92354
372	11885	KB HOME	KB	MISSION CREEK	11149 DALLAS PLACE	LOMA LINDA	CA	92354
373	11886	KB HOME	KB	MISSION CREEK	11143 DALLAS PLACE	LOMA LINDA	CA	92354
374	11887	KB HOME	KB	MISSION CREEK	11146 DALLAS PLACE	LOMA LINDA	CA	92354
375	11888	KB HOME	KB	MISSION CREEK	11152 DALLAS PLACE	LOMA LINDA	CA	92354
376	11889	KB HOME	KB	MISSION CREEK	11158 DALLAS PLACE	LOMA LINDA	CA	92354
377	11904	KB HOME	KB	FAIRFIELD	32645 SAN JOSE	LAKE ELSINORE	CA	92530
378	11905	KB HOME	KB	FAIRFIELD	32635 SAN JOSE	LAKE ELSINORE	CA	92530
379	11906	KB HOME	KB	FAIRFIELD	32625 SAN JOSE	LAKE ELSINORE	CA	92530
380	11907	KB HOME	KB	MADISON	32620 SAN JOSE	LAKE ELSINORE	CA	92530
381	11908	KB HOME	KB	MADISON	32630 SAN JOSE	LAKE ELSINORE	CA	92530
382	11919	KB HOME	KB	MONTECITO	9314 ASPEN SHADOW STREET	LAS VEGAS	NV	89178
383	11967	KB HOME	KB	BELLA FLORA	284 MALCOLM DRIVE	RICHMOND	CA	94801
384	11968	KB HOME	KB	BELLA FLORA	278 MALCOLM DRIVE	RICHMOND	CA	94801
385	11969	KB HOME	KB	BELLA FLORA	272 MALCOLM DRIVE	RICHMOND	CA	94801
386	11972	KB HOME	KB	PACIFIC TERRACE	35041 11TH STREET	UNION CITY	CA	94587
387	11973	KB HOME	KB	PACIFIC TERRACE	35045 11TH STREET	UNION CITY	CA	94587
388	11974	KB HOME	KB	PACIFIC TERRACE	35049 11TH STREET	UNION CITY	CA	94587
389	11975	KB HOME	KB	PACIFIC TERRACE	35053 11TH STREET	UNION CITY	CA	94587
390	11976	KB HOME	KB	PACIFIC TERRACE	35057 11TH STREET	UNION CITY	CA	94587
391	12049	KB HOME	KB	LAGO VISTA	8907 REDBIRD SUN	SAN ANTONIO	TX	78224
392	12050	KB HOME	KB	LAGO VISTA	8911 REDBIRD SUN	SAN ANTONIO	TX	78224
393	12082	KB HOME	KB	CASTLEWOOD	13694 E. WEAVER PLACE	CENTENNIAL	CO	80111
394	12083	KB HOME	KB	CASTLEWOOD	13696 E. WEAVER PLACE	CENTENNIAL	CO	80111
395	12088	KB HOME	KB	WESTPORT @ TWIN LAKES	2017 RAPID FALLS ROAD	MORRISVILLE	NC	27560
396	12089	KB HOME	KB	WESTPORT @ TWIN LAKES	2019 RAPID FALLS ROAD	MORRISVILLE	NC	27560
397	12090	KB HOME	KB	WESTPORT @ TWIN LAKES	2021 RAPID FALLS ROAD	MORRISVILLE	NC	27560
398	12091	KB HOME	KB	WESTPORT @ TWIN LAKES	2023 RAPID FALLS ROAD	MORRISVILLE	NC	27560
399	12219	KB HOME	KB	LEISURE LAKES	1990 LEISURE LANE	LEAGUE CITY	TX	77573
400	12220	KB HOME	KB	LEISURE LAKES	1992 LEISURE LANE	LEAGUE CITY	TX	77573
401	12221	KB HOME	KB	MCKINNEY HEIGHTS	8709 ALUM ROCK	AUSTIN	TX	78747
402	12222	KB HOME	KB	MCKINNEY HEIGHTS	8705 ALUM ROCK DRIVE	AUSTIN	TX	78747
403	12223	KB HOME	KB	MCKINNEY HEIGHTS	8701 ALUM ROCK DRIVE	AUSTIN	TX	78747
404	12224	KB HOME	KB	UNIVERSITY PARK	1921 ASHBERRY DRIVE	GEORGETOWN	TX	78626
405	12225	KB HOME	KB	UNIVERSITY PARK	1917 ASHBERRY DRIVE	GEORGETOWN	TX	78626
406	12226	KB HOME	KB	UNIVERSITY PARK	1909 ASHBERRY DRIVE	GEORGETOWN	TX	78626
407	12227	KB HOME	KB	UNIVERSITY PARK	1905 ASHBERRY DRIVE	GEORGETOWN	TX	78626
408	12228	KB HOME	KB	WATERLEAF	575 GINA DRIVE	KYLE	TX	78640
409	12229	KB HOME	KB	WATERLEAF	565 GINA DRIVE	KYLE	TX	78640
410	12230	KB HOME	KB	WATERLEAF	601 GINA DRIVE	KYLE	TX	78640
411	12231	KB HOME	KB	WATERLEAF	611 GINA DRIVE	KYLE	TX	78640
412	12232	KB HOME	KB	WATERLEAF	591 GINA DRIVE	KYLE	TX	78640
413	12233	KB HOME	KB	SPRING TRAILS	18421 STAR GAZER WAY	PFLUGERVILLE	TX	78660
414	12234	KB HOME	KB	SPRING TRAILS	18425 STAR GAZER WAY	PFLUGERVILLE	TX	78660
415	12250	KB HOME	KB	TYLER'S RIDGE	11307 60TH PLACE	KENOSHA	WI	53142
416	12271	KB HOME	KB	RANCHO VALENCIA	4818 E. CHICKWEED DRIVE	TUCSON	AZ	85706
417	12272	KB HOME	KB	RANCHO VALENCIA	4824 E. CHICKWEED DRIVE	TUCSON	AZ	85706
418	12273	KB HOME	KB	RANCHO VALENCIA	4830 E. CHICKWEED DRIVE	TUCSON	AZ	85706
419	12289	KB HOME	KB	MONTEVINA	3634 FREESIA STREET	PERRIS	CA	92571
420	12290	KB HOME	KB	MONTEVINA	3628 FREESIA STREET	PERRIS	CA	92571
421	12291	KB HOME	KB	MONTEVINA	3622 FREESIA STREET	PERRIS	CA	92571
422	12292	KB HOME	KB	MONTEVINA	3616 FREESIA STREET	PERRIS	CA	92571
423	12343	KB HOME	KB	WALNUT GROVE	9158 104TH CIRCLE	WESTMINSTER	CO	80021
424	12344	KB HOME	KB	WALNUT GROVE	9164 104TH CIRCLE	WESTMINSTER	CO	80021

Count	FILE #	BUILDER	AGREEMENT	COMMUNITY NAME	STREET ADDRESS	CITY	STATE	ZIP
425	12345	KB HOME	KB	CANYON VIEW	601 JOSEPH CIRCLE	GOLDEN	CO	80022
426	12346	KB HOME	KB	CANYON VIEW	781 JOSEPH CIRCLE	GOLDEN	CO	80022
427	12349	KB HOME	KB	BLUFFS AT SPRING CREEK	2143 BABBLING STREAM HEIGHTS	COLORADO SPRINGS	CO	80910
428	12350	KB HOME	KB	BLUFFS AT SPRING CREEK	2149 BABBLING STREAM HEIGHTS	COLORADO SPRINGS	CO	80910
429	12383	KB HOME	KB	CASCADES PATIOS	5805 STONE MOUNTAIN ROAD	COLONY	TX	75056
430	12384	KB HOME	KB	CASCADES PATIOS	5809 STONE MOUNTAIN ROAD	COLONY	TX	75056
431	12477	KB HOME	KB	G CURTI RANCH	465 MANCIANO WAY	RENO	NV	89521
432	12478	KB HOME	KB	G CURTI RANCH	455 MANCIANO WAY	RENO	NV	89521
433	12479	KB HOME	KB	G CURTI RANCH	445 MANCIANO WAY	RENO	NV	89521
434	12480	KB HOME	KB	G CURTI RANCH	435 MANCIANO WAY	RENO	NV	89521
435	12481	KB HOME	KB	G CURTI RANCH	425 MANCIANO WAY	RENO	NV	89521
436	12585	KB HOME	KB	TUSCANY VILLAGE	328 WEST PISA PLACE	Saint Augustine	FL	32084
437	12624	KB HOME	KB	SETTLERS POINT	305 PLYMOUTH PASS	LEXINGTON	SC	29072
438	12625	KB HOME	KB	SETTLERS POINT	301 PLYMOUTH PASS	LEXINGTON	SC	29072
439	12631	KB HOME	KB	CASCADES	6310 CEDAR FALLS DRIVE	COLONY	TX	75056
440	12632	KB HOME	KB	CASCADES	6318 CEDAR FALLS DRIVE	COLONY	TX	75056
441	12634	KB HOME	KB	CASCADES	6314 CEDAR FALLS DRIVE	COLONY	TX	75056
442	12635	KB HOME	KB	CASCADES	6302 CEDAR FALLS DRIVE	COLONY	TX	75056
443	12636	KB HOME	KB	CASCADES	6322 CEDAR FALLS DRIVE	COLONY	TX	75056
444	12676	KB HOME	KB	LOCH LEVEN	1852 STRATHMORE CIRCLE	MT. DORA	FL	32726
445	12677	KB HOME	KB	LOCH LEVEN	1848 STRATHMORE CIRCLE	MT. DORA	FL	32726
446	12759	KB HOME	KB	PROSPERITY RIDGE	10027 ROCKY FORD CLUB ROAD	CHARLOTTE	NC	28269
447	12760	KB HOME	KB	PROSPERITY RIDGE	10023 ROCKY FORD CLUB ROAD	CHARLOTTE	NC	28269
448	12761	KB HOME	KB	PROSPERITY RIDGE	10019 ROCKY FORD CLUB ROAD	CHARLOTTE	NC	28269
449	12763	KB HOME	KB	WATERLYNN TOWNHOMES	225-D EAST WATERLYNN ROAD	MOORESVILLE	NC	28117
450	12764	KB HOME	KB	WATERLYNN TOWNHOMES	225-E EAST WATERLYNN ROAD	MOORESVILLE	NC	28117
451	12773	KB HOME	KB	BONITA RIDGE	16489 GALA AVENUE	FONTANA	CA	92337
452	12774	KB HOME	KB	BONITA RIDGE	16483 GALA AVENUE	FONTANA	CA	92337
453	12775	KB HOME	KB	BONITA RIDGE	16475 GALA AVENUE	FONTANA	CA	92337
454	12776	KB HOME	KB	STERLING HEIGHTS	5660 STONEVIEW PLACE	RANCHO CUCAMONGA	CA	91730
455	12777	KB HOME	KB	STERLING HEIGHTS	5673 STONEVIEW PLACE	RANCHO CUCAMONGA	CA	91730
456	12778	KB HOME	KB	STERLING HEIGHTS	5663 STONEVIEW PLACE	RANCHO CUCAMONGA	CA	91730
457	12788	KB HOME	KB	TWIN LAKES	103 BRIGHT SAND COURT	CARY	NC	27519
458	12789	KB HOME	KB	TWIN LAKES	402 TRANQUIL SOUND DRIVE	CARY	NC	27560
459	12817	KB HOME	KB	WOODBIDGE	2905 BENT BOW LANE	MIDDLEBURG	FL	32068
460	12818	KB HOME	KB	WOODBIDGE	2901 BENT BOW LANE	MIDDLEBURG	FL	32068
461	12833	KB HOME	KB	FOXBANK	204 WOODBROOK WAY	MONCKS CORNER	SC	29461
462	12834	KB HOME	KB	FOXBANK	202 WOODBROOK WAY	MONCKS CORNER	SC	29461
463	12835	KB HOME	KB	FOXBANK	400 GLENMORE DRIVE	MONCKS CORNER	SC	29461
464	12836	KB HOME	KB	FOXBANK	402 GLENMORE DRIVE	MONCKS CORNER	SC	29461
465	12918	KB HOME	KB	CIELO @ TERRA SERENA	198 ALVAREZ COMMON	MILPITAS	CA	95035
466	12919	KB HOME	KB	CIELO @ TERRA SERENA	190 ALVAREZ COMMON	MILPITAS	CA	95035
467	12920	KB HOME	KB	CIELO @ TERRA SERENA	182 ALVAREZ COMMON	MILPITAS	CA	95035
468	12921	KB HOME	KB	CIELO @ TERRA SERENA	174 ALVAREZ COMMON	MILPITAS	CA	95035
469	12922	KB HOME	KB	CIELO @ TERRA SERENA	166 ALVAREZ COMMON	MILPITAS	CA	95035
470	12923	KB HOME	KB	VIENTO @ TERRA SERENA	230 ALVAREZ COMMON	MILPITAS	CA	95035
471	12924	KB HOME	KB	VIENTO @ TERRA SERENA	222 ALVAREZ COMMON	MILPITAS	CA	95035
472	12925	KB HOME	KB	VIENTO @ TERRA SERENA	214 ALVAREZ COMMON	MILPITAS	CA	95035
473	12938	KB HOME	KB	CLIFFS EDGE	10740 BEACH HOUSE AVENUE	LAS VEGAS	NV	89166
474	12939	KB HOME	KB	CLIFFS EDGE	10744 BEACH HOUSE AVENUE	LAS VEGAS	NV	89166
475	12940	KB HOME	KB	CLIFFS EDGE	10748 BEACH HOUSE AVENUE	LAS VEGAS	NV	89166
476	13384	KB HOME	KB	MANCHESTER PARK	7510 PINE HARBOR STREET	LAS VEGAS	NV	89166
477	13385	KB HOME	KB	MANCHESTER PARK	7514 PINE HARBOR STREET	LAS VEGAS	NV	89166
478	13386	KB HOME	KB	MANCHESTER PARK	7516 CLIFTON GARDENS STREET	LAS VEGAS	NV	89166
479	13387	KB HOME	KB	MANCHESTER PARK	7512 CLIFTON GARDENS STREET	LAS VEGAS	NV	89166
480	13537	KB HOME	KB	MESA CREEK	10131 ANCIENT ANCHOR	SAN ANTONIO	TX	78245
481	13538	KB HOME	KB	MESA CREEK	10135 ANCIENT ANCHOR	SAN ANTONIO	TX	78245
482	13539	KB HOME	KB	MESA CREEK	10143 ANCIENT ANCHOR	SAN ANTONIO	TX	78245
483	13540	KB HOME	KB	MESA CREEK	10147 ANCIENT ANCHOR	SAN ANTONIO	TX	78245
484	13541	KB HOME	KB	SADDLE MOUNTAIN	1415 SADDLE BLANKET	SAN ANTONIO	TX	78258
485	13542	KB HOME	KB	SADDLE MOUNTAIN	1411 SADDLE BLANKET	SAN ANTONIO	TX	78258
486	13576	KB HOME	KB	BLACKSTONE	4908 STONE ACRES CIRCLE	ST. CLOUD	FL	34771
487	13577	KB HOME	KB	BLACKSTONE	4906 STONE ACRES CIRCLE	ST. CLOUD	FL	34771
488	13578	KB HOME	KB	THE PRESERVE AT EAGLE LAKE	221 PERCHING POST COVE	SANFORD	FL	32773
489	13579	KB HOME	KB	THE PRESERVE AT EAGLE LAKE	225 PERCHING POST COVE	SANFORD	FL	32773
490	13580	KB HOME	KB	THE PRESERVE AT EAGLE LAKE	229 PERCHING POST COVE	SANFORD	FL	32773
491	13581	KB HOME	KB	THE PRESERVE AT EAGLE LAKE	233 PERCHING POST COVE	SANFORD	FL	32773

SCHEDULE 2
CMH MODELS

Schedule 2 to Limited Assignment and Assumption Agreement (Pool 1)
CMH Models

COUNT	FILE #	BUILDER	AGREEMENT	STREET ADDRESS	CITY	STATE	ZIP
1	5666	KB Home	KB	5509 TESSA COVE	Austin	TX	78617
2	6133	KB Home	KB	21527 DALTON SPRINGS LANE	Katy	TX	77449
3	6502	KB Home	KB	21214 LINDEN HILLS	Humble	TX	77338
4	6503	KB Home	KB	21218 LINDEN HILLS	Humble	TX	77338
5	6504	KB Home	KB	21202 LINDEN HILLS	Humble	TX	77338
6	6505	KB Home	KB	21206 LINDEN HILLS	Humble	TX	77338
7	6506	KB Home	KB	2610 MIDNIGHT STAR CIRCLE	Friendswood	TX	77546
8	6518	KB Home	KB	18110 SHADY CYPRESS LANE	Cypress	TX	77429
9	6519	KB Home	KB	18114 SHADY CYPRESS LANE	Cypress	TX	77429
10	6520	KB Home	KB	18118 SHADY CYPRESS LANE	Cypress	TX	77429
11	6649	KB Home	KB	10654 BUTTE DRIVE	Longmont	CO	80504
12	6904	KB Home	KB	61 JAN LANE	Georgetown	TX	78626
13	6909	KB Home	KB	111 CERMENO COVE	Kyle	TX	78640
14	6912	KB Home	KB	110 CERMENO COVE	Kyle	TX	78640
15	7518	KB Home	KB	5323 MAVERICK DR.	Grand Prairie	TX	75052
16	7520	KB Home	KB	5319 MAVERICK DR.	Grand Prairie	TX	75052
17	7564	KB Home	KB	6003 Wildsage Court	Spring	TX	77379
18	8141	KB Home	KB	5430 SABLE BAY POINTE	Union City	GA	30291
19	8202	KB Home	KB	15706 KING CYPRESS	Cypress	TX	77429
20	8203	KB Home	KB	12214 WINDSOR BAY CT	Tomball	TX	77375
21	8204	KB Home	KB	12218 WINDSOR BAY CT	Tomball	TX	77375
22	8206	KB Home	KB	12227 WINDSOR BAY CT	Tomball	TX	77375
23	8208	KB Home	KB	12231 WINDSOR BAY CT	Tomball	TX	77375
24	8584	KB Home	KB	404 RAMBLE WAY	Acworth	GA	30102
25	8814	KB Home	KB	6243 TRINITY CREEK DR.	Dallas	TX	75217
26	8816	KB Home	KB	18341 PINE NUT COURT	LeHigh Acres	FL	33936
27	8820	KB Home	KB	965 CHIQUITA BOULEVARD. UNIT 63	Cape Coral	FL	33914
28	8822	KB Home	KB	13225 RAGGED SPUR COURT	Fort Worth	TX	76119
29	8823	KB Home	KB	13229 RAGGED SPUR COURT	Fort Worth	TX	76119
30	8842	KB Home	KB	8119 LIBERTY POINT LANE	Humble	TX	77338
31	8843	KB Home	KB	8123 LIBERTY POINT LANE	Humble	TX	77338
32	8868	KB Home	KB	7 BROOKVIEW DRIVE	Newnan	GA	30263
33	8869	KB Home	KB	3 BROOKVIEW DRIVE	Newnan	GA	30263
34	8983	KB Home	KB	1124 GARLAND WAY	Corona	CA	92879
35	9046	KB Home	KB	599 WEALDSTON COURT	Las Vegas	NV	89148
36	9295	KB Home	KB	109 SASSAFRAS SPRINGS DRIVE	Columbia	SC	29229
37	9304	KB Home	KB	2978 FARMSTEAD COURT	Grayson	GA	30017
38	9408	KB Home	KB	37507 PIPPIN LANE	Palmdale	CA	93551
39	9409	KB Home	KB	37501 PIPPIN LANE	Palmdale	CA	93551
40	9410	KB Home	KB	37469 PIPPIN LANE	Palmdale	CA	93551
41	9514	KB Home	KB	690 CASCADING CREEK LANE	Winter Garden	FL	34787
42	9515	KB Home	KB	684 CASCADING CREEK LANE	Winter Garden	FL	34787
43	9533	KB Home	KB	20722 SPRING LIGHT LANE	Spring	TX	77379
44	9534	KB Home	KB	20718 SPRING LIGHT LANE	Spring	TX	77379
45	9539	KB Home	KB	22807 TWISTING PINE DRIVE	Spring	TX	77373
46	9540	KB Home	KB	4103 FAIRHOPE OAK ST.	Pasadena	TX	77503
47	9541	KB Home	KB	4107 FAIRHOPE OAK ST.	Pasadena	TX	77503
48	9542	KB Home	KB	29530 LEGENDS GREEN DRIVE	Houston	TX	77386
49	9543	KB Home	KB	29534 LEGENDS GREEN DRIVE	Houston	TX	77386
50	9578	KB Home	KB	12019 FERN BLOSSOM DRIVE	Gibson	FL	33534
51	9582	KB Home	KB	33062 CANOPY LANE	Lake Elsinore	CA	92532
52	9595	KB Home	KB	1776 BARNEY AVENUE	Olivehurst	CA	95961
53	9609	KB Home	KB	6488 WATERFORD STREET	Atlanta	GA	30331
54	9610	KB Home	KB	2813 BROOKFORD LN.	Atlanta	GA	30331
55	9611	KB Home	KB	2809 BROOKFORD LANE	Atlanta	GA	30331

Schedule 2 to Limited Assignment and Assumption Agreement (Pool 1)
CMH Models

COUNT	FILE #	BUILDER	AGREEMENT	STREET ADDRESS	CITY	STATE	ZIP
56	9643	KB Home	KB	1135 Highbury Grove Street	Henderson	NV	89015
57	9699	KB Home	KB	20726 Spring Light Lane	Spring	TX	77379
58	9806	KB Home	KB	4111 Autumn View	Houston	TX	77048
59	9807	KB Home	KB	4110 Autumn View	Houston	TX	77048
60	9808	KB Home	KB	4106 Autumn View	Houston	TX	77048
61	9809	KB Home	KB	19806 Breezy Cove Court	Tomball	TX	77375
62	9810	KB Home	KB	19802 Breezy Cove Court	Tomball	TX	77375
63	9838	KB Home	KB	7342 Parks Trail	Fairburn	GA	30213
64	9857	KB Home	KB	37313 Verbena Court	Palmdale	CA	93551
65	9858	KB Home	KB	37319 Verbena Court	Palmdale	CA	93551
66	9859	KB Home	KB	37325 Verbena Court	Palmdale	CA	93551
67	9860	KB Home	KB	37338 Paintbrush Drive	Palmdale	CA	93551
68	9861	KB Home	KB	37340 Paintbrush Drive	Palmdale	CA	93551
69	9862	KB Home	KB	37344 Paintbrush Drive	Palmdale	CA	93551
70	9863	KB Home	KB	17742 Golden Spike Trail	Lathrop	CA	95212
71	9864	KB Home	KB	17764 Golden Spike Trail	Lathrop	CA	95212
72	9865	KB Home	KB	17788 Golden Spike Trail	Lathrop	CA	95212
73	9896	KB Home	KB	874 Manuel Ortiz Avenue	El Centro	CA	92243
74	9898	KB Home	KB	82-047 Highland Drive	Indio	CA	92203
75	9900	KB Home	KB	82-075 Highland Drive	Indio	CA	92203
76	9901	KB Home	KB	82-089 Highland Drive	Indio	CA	92203
77	9934	KB Home	KB	36360 Bastiano Lane	Winchester	CA	92596
78	9938	KB Home	KB	4518 Luigl Court	Riverside	CA	92501
79	9940	KB Home	KB	4506 Luigl Court	Riverside	CA	92501
80	9961	KB Home	KB	3541 Emma Court	Yuba	CA	95993
81	9962	KB Home	KB	3531 Emma Court	Yuba	CA	95993
82	9965	KB Home	KB	380 Crescent Moon Drive	Lathrop	CA	95330
83	9966	KB Home	KB	376 Crescent Moon Drive	Lathrop	CA	95330
84	9967	KB Home	KB	364 Crescent Moon Drive	Lathrop	CA	95330
85	10267	KB Home	KB	1556 Edmon Way	Riverside	CA	92501
86	10268	KB Home	KB	1536 Edmon Way	Riverside	CA	92501
87	10340	KB Home	KB	2305 S. Creekside Drive	Los Banos	CA	93635
88	10341	KB Home	KB	2309 S. Creekside Drive	Los Banos	CA	93635
89	10477	KB Home	KB	5416 W. Peralta Way	Fresno	CA	93722
90	10478	KB Home	KB	5408 W. Peralta Way	Fresno	CA	93722
91	10479	KB Home	KB	5394 W. Peralta Way	Fresno	CA	93722
92	10487	KB Home	KB	40 Gull View Court	Oakley	CA	94561
93	10569	KB Home	KB	9384 Aegean Circle	Lehigh Acres	FL	33936
94	10570	KB Home	KB	9386 Aegean Circle	Lehigh Acres	FL	33936
95	10571	KB Home	KB	8994 Aegean Circle	Lehigh Acres	FL	33936
96	10572	KB Home	KB	8996 Aegean Circle	Lehigh Acres	FL	33936
97	10573	KB Home	KB	11703 Madison Oak Street	Houston	TX	77038
98	10575	KB Home	KB	11707 Madison Oak Street	Houston	TX	77038
99	10583	KB Home	KB	4307 Brazos Bend Drive	Pearland	TX	76248
100	10584	KB Home	KB	4309 Brazos Bend Drive	Pearland	TX	76248
101	10590	KB Home	KB	13106 Stratford Skies Ln	Houston	TX	77072
102	10591	KB Home	KB	13110 Stratford Skies Ln	Houston	TX	77072
103	10592	KB Home	KB	13114 Stratford Skies Ln	Houston	TX	77072
104	10597	KB Home	KB	9515 Lower Ridge Way	Houston	TX	77075
105	10603	KB Home	KB	13009 Auburn Cove Lane	Orlando	FL	32828
106	10604	KB Home	KB	13013 Auburn Cove Lane	Orlando	FL	32828
107	10610	KB Home	KB	3519 Pintail Lane	St. Cloud	FL	34772
108	10617	KB Home	KB	2504 Aventurine Street	Kissimmee	FL	34744
109	10622	KB Home	KB	2662 Andros Lane	Kissimmee	FL	34747
110	10627	KB Home	KB	5213 Paradise Cay Circle	Kissimmee	FL	34746

Schedule 2 to Limited Assignment and Assumption Agreement (Pool 1)
CMH Models

COUNT	FILE #	BUILDER	AGREEMENT	STREET ADDRESS	CITY	STATE	ZIP
111	10631	KB Home	KB	125 Verdi Street	DAVENPORT	FL	33837
112	10641	KB Home	KB	6387 S. POTOMAC STREET	CENTENNIAL	CO	80111
113	10642	KB Home	KB	6391 S. POTOMAC STREET	CENTENNIAL	CO	80111
114	10655	KB Home	KB	53-943 AMETHYST COURT	COACHELLA	CA	92236
115	10657	KB Home	KB	53-913 AMETHYST COURT	COACHELLA	CA	92236
116	10667	KB Home	KB	13847 EARPOD DRIVE	ORLANDO	FL	32828
117	10669	KB Home	KB	25675 N. SANDSTONE WAY	SURPRISE	AZ	85375
118	10694	KB Home	KB	6343 W. SOPHIE LANE	LAVEEN	AZ	85339
119	10695	KB Home	KB	6347 W. SOPHIE LANE	LAVEEN	AZ	85339
120	10696	KB Home	KB	6351 W. SOPHIE LANE	LAVEEN	AZ	85339
121	10697	KB Home	KB	6355 W. SOPHIE LANE	LAVEEN	AZ	85339
122	10698	KB Home	KB	6350 W. VALENCIA DRIVE	LAVEEN	AZ	85339
123	10709	KB Home	KB	220 BAYBERRY LAKES BOULEVARD	Daytona	FL	32114
124	10718	KB Home	KB	14063 TOURMALINE STREET	HESPERIA	CA	92345
125	10719	KB Home	KB	14051 TOURMALINE STREET	HESPERIA	CA	92344
126	10720	KB Home	KB	14039 TOURMALINE STREET	HESPERIA	CA	92345
127	10750	KB Home	KB	812 W PASEO CELESTIAL	SAHUARITA	AZ	85629
128	10751	KB Home	KB	820 W PASEO CELESTIAL	SAHUARITA	AZ	85629
129	10752	KB Home	KB	828 W PASEO CELESTIAL	SAHUARITA	AZ	85629
130	10753	KB Home	KB	804 W PASEO CELESTIAL	SAHUARITA	AZ	85629
131	10756	KB Home	KB	9120 GABLEWOOD PLACE	LAND O' LAKES	FL	34637
132	10757	KB Home	KB	10825 LAKE ST. CHARLES BLVD	RIVERVIEW	FL	33569
133	10758	KB Home	KB	10823 LAKE ST. CHARLES BLVD	RIVERVIEW	FL	33569
134	10759	KB Home	KB	10821 LAKE ST. CHARLES BLVD	RIVERVIEW	FL	33569
135	10760	KB Home	KB	10819 LAKE ST. CHARLES BLVD	RIVERVIEW	FL	33569
136	10765	KB Home	KB	68 DARK CREEK AVENUE	LAS VEGAS	NV	89183
137	10767	KB Home	KB	55 DARK CREEK AVENUE	LAS VEGAS	NV	89123
138	10775	KB Home	KB	11673 PRIDE HILL STREET	LAS VEGAS	NV	89123
139	10776	KB Home	KB	11665 PRIDE HILL STREET	LAS VEGAS	NV	89123
140	10794	KB Home	KB	4 SNOW DOME AVENUE	NORTH LAS VEGAS	NV	89031
141	10801	KB Home	KB	5361 CANDLESPICE WAY	LAS VEGAS	NV	89135
142	10836	KB Home	KB	16429 ORY CIRCLE	RIVERSIDE	CA	92503
143	10837	KB Home	KB	16447 ORY CIRCLE	RIVERSIDE	CA	92503
144	10903	KB Home	KB	307 CHARTER OAK COURT	LEXINGTON	SC	29072
145	10904	KB Home	KB	209 INDIGO SPRINGS DRIVE	COLUMBIA	SC	29229
146	10927	KB Home	KB	2788 BENDER PLACE	WOODLAND	CA	95776
147	10928	KB Home	KB	2792 BENDER PLACE	WOODLAND	CA	95776
148	10929	KB Home	KB	2796 BENDER PLACE	WOODLAND	CA	95776
149	10930	KB Home	KB	2800 BENDER PLACE	WOODLAND	CA	95776
150	10931	KB Home	KB	2799 BENDER PLACE	WOODLAND	CA	95776
151	10932	KB Home	KB	2795 BENDER PLACE	WOODLAND	CA	95776
152	10933	KB Home	KB	2791 BENDER PLACE	WOODLAND	CA	95776
153	10934	KB Home	KB	2787 BENDER PLACE	WOODLAND	CA	95776
154	10935	KB Home	KB	2783 BENDER PLACE	WOODLAND	CA	95776
155	10964	KB Home	KB	10847 DUTCH TULIP DRIVE	STOCKTON	CA	95209
156	10965	KB Home	KB	10841 DUTCH TULIP DRIVE	STOCKTON	CA	95209
157	10966	KB Home	KB	10835 DUTCH TULIP DRIVE	STOCKTON	CA	95209
158	10967	KB Home	KB	5200 VIEWCREST DRIVE	BAKERSFIELD	CA	93313
159	10969	KB Home	KB	5110 VIEWCREST DRIVE	BAKERSFIELD	CA	93313
160	10970	KB Home	KB	5106 VIEWCREST DRIVE	BAKERSFIELD	CA	93313
161	10974	KB Home	KB	6141 SANDWOOD WAY	PALMDALE	CA	93550
162	10975	KB Home	KB	6147 SANDWOOD WAY	PALMDALE	CA	93550
163	10980	KB Home	KB	6456 EXPLORER WAY	PALMDALE	CA	93550
164	10981	KB Home	KB	6468 EXPLORER WAY	PALMDALE	CA	93550
165	10982	KB Home	KB	6482 EXPLORER WAY	PALMDALE	CA	93550

Schedule 2 to Limited Assignment and Assumption Agreement (Pool 1)
CMH Models

COUNT	FILE #	BUILDER	AGREEMENT	STREET ADDRESS	CITY	STATE	ZIP
166	11045	KB Home	KB	2259 S. ADRIAN AVENUE	FRESNO	CA	93727
167	11046	KB Home	KB	2271 S. ADRIAN AVENUE	FRESNO	CA	93727
168	11221	KB Home	KB	304 CRICHTON STREET	RUSKIN	FL	33570
169	11237	KB Home	KB	10820 Great Carlisle Court	RIVERVIEW	FL	33578
170	11240	KB Home	KB	10814 Great Carlisle Court	RIVERVIEW	FL	33569
171	11244	KB Home	KB	11646 MANGO RIDGE BOULEVARD	SEFFNER	FL	33584
172	11246	KB Home	KB	11650 MANGO RIDGE BOULEVARD	SEFFNER	FL	33584
173	11247	KB Home	KB	7104 BRIDGEVIEW DRIVE	WESLEY CHAPEL	FL	33544
174	11248	KB Home	KB	7110 BRIDGEVIEW DRIVE	WESLEY CHAPEL	FL	33544
175	11249	KB Home	KB	7118 BRIDGEVIEW DRIVE	WESLEY CHAPEL	FL	33544
176	11259	KB Home	KB	6812 WIND ROW	MCKINNY	TX	75070
177	11355	KB Home	KB	3325 MONTESE STREET	NEW SMYRNA BEACH	FL	32168
178	11356	KB Home	KB	3327 MONTESE STREET	NEW SMYRNA BEACH	FL	32168
179	11451	KB Home	KB	20710 CYPRESS VALE DRIVE	HOUSTON	TX	77072
180	11453	KB Home	KB	21134 WICKTON LANE	HUMBLE	TX	77338
181	11454	KB Home	KB	21130 WICKTON LANE	HUMBLE	TX	77338
182	11455	KB Home	KB	21126 WICKTON LANE	HUMBLE	TX	77338
183	11491	KB Home	KB	6084 SILKEN SADDLE STREET	NORTH LAS VEGAS	NV	89031
184	11526	KB Home	KB	1703 SE SAN FILIPPO DRIVE	PALM BAY	FL	32908
185	11528	KB Home	KB	13791 ORCHARD LEAF WAY	WINTER GARDEN	FL	34787
186	11530	KB Home	KB	13803 ORCHARD LEAF WAY	WINTER GARDEN	FL	34787
187	11637	KB Home	KB	11711 MADISON OAK STREET	HOUSTON	TX	77073
188	11653	KB Home	KB	2723 NICOLSON CIRCLE	WOODLAND	CA	95776
189	11654	KB Home	KB	2727 NICOLSON CIRCLE	WOODLAND	CA	95776
190	11655	KB Home	KB	2731 NICOLSON CIRCLE	WOODLAND	CA	95776
191	11657	KB Home	KB	2739 NICOLSON CIRCLE	WOODLAND	CA	95776
192	11658	KB Home	KB	2743 NICOLSON CIRCLE	WOODLAND	CA	95776
193	11659	KB Home	KB	2748 NICOLSON CIRCLE	WOODLAND	CA	95776
194	11660	KB Home	KB	2744 NICOLSON CIRCLE	WOODLAND	CA	95776
195	11661	KB Home	KB	2740 NICOLSON CIRCLE	WOODLAND	CA	95776
196	11662	KB Home	KB	2736 NICOLSON CIRCLE	WOODLAND	CA	95776
197	11663	KB Home	KB	2732 NICOLSON CIRCLE	WOODLAND	CA	95776
198	11664	KB Home	KB	2728 NICOLSON CIRCLE	WOODLAND	CA	95776
199	11665	KB Home	KB	11185 MESSINA WAY	RENO	NV	89521
200	11666	KB Home	KB	11175 MESSINA WAY	RENO	NV	89521
201	11667	KB Home	KB	11165 MESSINA WAY	RENO	NV	89521
202	11678	KB Home	KB	166 Mono Lake Court	MERCED	CA	95340
203	11679	KB Home	KB	180 Mono Lake Court	MERCED	CA	95340
204	11680	KB Home	KB	198 Mono Lake Court	MERCED	CA	95340
205	11683	KB Home	KB	863 Kiwi Street	MADERA	CA	93638
206	11684	KB Home	KB	873 Kiwi Street	MADERA	CA	93638
207	11685	KB Home	KB	883 Kiwi Street	MADERA	CA	93638
208	11873	KB Home	KB	5912 SIERRA CLIFF STREET	NORTH LAS VEGAS	NV	89031
209	11876	KB Home	KB	205 ICY RIVER AVENUE	NORTH LAS VEGAS	NV	89031
210	11938	KB Home	KB	5 RIVENDALE COURT	COLUMBIA	SC	29229
211	11963	KB Home	KB	336 COTTSWALD COURT	DANVILLE	CA	94506
212	11964	KB Home	KB	324 COTTSWALD COURT	DANVILLE	CA	94506
213	11965	KB Home	KB	312 COTTSWALD COURT	DANVILLE	CA	94506
214	11966	KB Home	KB	290 MALCOLM DRIVE	RICHMOND	CA	94801
215	11978	KB Home	KB	118 NANTERRE STREET	DANVILLE	CA	94506
216	11989	KB Home	KB	3246 IVY ROSE WAY	STOCKTON	CA	95209
217	11990	KB Home	KB	3238 IVY ROSE WAY	STOCKTON	CA	95209
218	12069	KB Home	KB	1435 TAHOE STREET	BEAUMONT	CA	92223
219	12071	KB Home	KB	1426 TAHOE STREET	BEAUMONT	CA	92223
220	12114	KB Home	KB	5408 SANDY SHELL DRIVE	APOLLO BEACH	FL	33572

Schedule 2 to Limited Assignment and Assumption Agreement (Pool 1)
CMH Models

COUNT	FILE #	BUILDER	AGREEMENT	STREET ADDRESS	CITY	STATE	ZIP
221	12115	KB Home	KB	5410 SANDY SHELL DRIVE	APOLLO BEACH	FL	33572
222	12116	KB Home	KB	5412 SANDY SHELL DRIVE	APOLLO BEACH	FL	33572
223	12117	KB Home	KB	5414 SANDY SHELL DRIVE	APOLLO BEACH	FL	33572
224	12118	KB Home	KB	5416 SANDY SHELL DRIVE	APOLLO BEACH	FL	33572
225	12247	KB Home	KB	9010 N 22ND LANE	MCALLEN	TX	78504
226	12277	KB Home	KB	1123 S. PANTANO OVERLOOK DRIVE	TUCSON	AZ	85710
227	12278	KB Home	KB	1113 S. PANTANO OVERLOOK DRIVE	TUCSON	AZ	85710
228	12284	KB Home	KB	3092 BLUE CASCADE DRIVE	PERRIS	CA	92571
229	12285	KB Home	KB	3086 BLUE CASCADE DRIVE	PERRIS	CA	92571
230	12286	KB Home	KB	3080 BLUE CASCADE DRIVE	PERRIS	CA	92571
231	12287	KB Home	KB	3074 BLUE CASCADE DRIVE	PERRIS	CA	92571
232	12288	KB Home	KB	3068 BLUE CASCADE DRIVE	PERRIS	CA	92571
233	12347	KB Home	KB	2131 BABBLING STREAM HEIGHTS	COLORADO SPRINGS	CO	80910
234	12351	KB Home	KB	2137 BABBLING STREAM HEIGHTS	COLORADO SPRINGS	CO	80910
235	12385	KB Home	KB	2636 CEDAR FALLS DRIVE	LITTLE ELM	TX	75068
236	12386	KB Home	KB	2640 CEDAR FALLS DRIVE	LITTLE ELM	TX	75068
237	12417	KB Home	KB	3455 PEGASO AVENUE	NEW SMYRNA	FL	32168
238	12482	KB Home	KB	415 MANCIANO WAY	RENO	NV	89521
239	12483	KB Home	KB	405 MANCIANO WAY	RENO	NV	89521
240	12487	KB Home	KB	2509 KINSELLA WAY	ROSEVILLE	CA	95661
241	12488	KB Home	KB	2493 KINSELLA WAY	ROSEVILLE	CA	95661
242	12489	KB Home	KB	2477 KINSELLA WAY	ROSEVILLE	CA	95661
243	12490	KB Home	KB	2469 KINSELLA WAY	ROSEVILLE	CA	95661
244	12493	KB Home	KB	3510 EMMA COURT	YUBA CITY	CA	95993
245	12494	KB Home	KB	3520 EMMA COURT	YUBA CITY	CA	95993
246	12557	KB Home	KB	7124 BRIDGEVIEW DRIVE	WESLEY CHAPEL	FL	33544
247	12622	KB Home	KB	7086 PAINTED BUTTE AVENUE	LAS VEGAS	NV	89178
248	12678	KB Home	KB	1844 STRATHMORE CIRCLE	MT. DORA	FL	32726
249	12781	KB Home	KB	7442 SPRINGBOX DRIVE	FAIRBURN	GA	30213
250	12782	KB Home	KB	7438 SPRINGBOX DRIVE	FAIRBURN	GA	30213
251	12783	KB Home	KB	7439 SPRINGBOX DRIVE	FAIRBURN	GA	30213
252	12784	KB Home	KB	7447 SPRINGBOX DRIVE	FAIRBURN	GA	30213
253	12785	KB Home	KB	7451 SPRINGBOX DRIVE	FAIRBURN	GA	30213
254	12786	KB Home	KB	7455 SPRINGBOX DRIVE	FAIRBURN	GA	30213
255	12787	KB Home	KB	7492 MISTYDAWN DRIVE	FAIRBURN	GA	30213
256	12794	KB Home	KB	11772 PUMA PATH	VENICE	FL	34292
257	12795	KB Home	KB	11768 PUMA PATH	VENICE	FL	34292
258	12855	KB Home	KB	1621 BALINESE COURT	PALMDALE	CA	93550
259	12856	KB Home	KB	1629 BALINESE COURT	PALMDALE	CA	93550
260	12858	KB Home	KB	1643 BALINESE COURT	PALMDALE	CA	93550
261	12859	KB Home	KB	43416 59TH STREET	W. LANCASTER	CA	93536
262	12860	KB Home	KB	43422 59TH STREET	W. LANCASTER	CA	93536
263	12861	KB Home	KB	43428 59TH STREET	W. LANCASTER	CA	93536
264	12913	KB Home	KB	1076 E. WILLIAM STREET	SAN JOSE	CA	95116
265	12941	KB Home	KB	84191 LA JOLLA AVENUE	COACHELLA	CA	92236
266	12943	KB Home	KB	84213 LA JOLLA AVENUE	COACHELLA	CA	92236
267	12945	KB Home	KB	84243 LA JOLLA AVENUE	COACHELLA	CA	92236
268	13381	KB Home	KB	10741 BAYVIEW HOUSE AVENUE	LAS VEGAS	NV	89166
269	13382	KB Home	KB	10737 BAYVIEW HOUSE AVENUE	LAS VEGAS	NV	89166
270	13383	KB Home	KB	10733 BAYVIEW HOUSE AVENUE	LAS VEGAS	NV	89166
271	13573	KB Home	KB	2800 POLSON DRIVE	KISSIMMEE	FL	34746
272	13574	KB Home	KB	2802 POLSON DRIVE	KISSIMMEE	FL	34746
273	13575	KB Home	KB	2804 POLSON DRIVE	KISSIMMEE	FL	34746

SCHEDULE 3
POOL 1 MODELS

Pool 1 — All Assets

File Number	Allocated Firm Bid	File Number	Allocated Firm Bid
6913	\$131,221	12632	\$106,972
6914	\$118,521	12634	\$113,927
6915	\$ 97,355	12635	\$125,370
7428	\$185,406	12636	\$111,795
7429	\$161,741	12082	\$149,227
7430	\$123,415	12083	\$163,817
7431	\$ 94,677	12343	\$138,898
7521	\$121,025	12344	\$138,898
7042	\$143,835	12345	\$365,468
7043	\$141,355	12346	\$380,294
7441	\$109,941	11681	\$147,206
7442	\$128,128	11682	\$154,067
7853	\$157,062	12219	\$109,465
7854	\$162,849	12220	\$136,994
7855	\$185,996	11361	\$134,520
7856	\$177,729	11362	\$119,569
7857	\$197,570	11363	\$112,803
7566	\$132,207	10585	\$105,163
7567	\$112,283	10586	\$122,231
7568	\$ 99,595	10587	\$ 81,270
7569	\$117,143	10595	\$ 88,157
7570	\$133,735	10596	\$ 84,779
7571	\$149,487	11452	\$ 97,756
7465	\$113,624	11457	\$ 88,662
7466	\$ 89,861	10588	\$ 89,035
7467	\$102,615	11628	\$ 76,479
8570	\$103,469	11629	\$ 83,449
8571	\$138,399	11630	\$ 89,762
8742	\$108,087	11631	\$120,690
8743	\$133,628	11632	\$ 84,932
9296	\$175,880	11633	\$ 80,175
8117	\$122,625	11634	\$ 77,588
8118	\$127,755	11635	\$ 82,243
8331	\$197,229	11636	\$ 72,375
8325	\$136,024	11638	\$ 88,016
8326	\$143,186	11468	\$213,220
9258	\$133,008	11469	\$196,661
9259	\$148,135	11250	\$160,106
8205	\$118,875	12585	\$103,247
8207	\$127,665	12817	\$204,829
8355	\$107,373	12818	\$163,351
8356	\$121,747	12250	\$251,210
8357	\$112,370	10774	\$188,119
8358	\$ 92,153	10777	\$184,439
8835	\$104,711	10778	\$169,757
8836	\$107,185	10779	\$142,377
8837	\$ 76,348	10780	\$250,285
8838	\$ 97,478	10781	\$238,986
8839	\$133,156	10782	\$184,439
8840	\$103,900	10783	\$163,215
8846	\$178,589	10784	\$273,068
9051	\$129,030	10785	\$275,081

Pool 1 — All Assets

File Number	Allocated Firm Bid	File Number	Allocated Firm Bid
9052	\$180,281	10786	\$303,277
9053	\$143,377	10791	\$261,600
9054	\$146,738	10792	\$288,040
9055	\$143,504	10799	\$196,153
9056	\$143,504	10800	\$182,341
9057	\$141,181	10802	\$268,037
8098	\$110,288	10787	\$192,824
8099	\$156,168	10788	\$180,463
8577	\$195,063	10789	\$176,817
8578	\$176,574	10790	\$167,403
8928	\$127,697	11860	\$271,433
8855	\$128,831	11863	\$125,926
8856	\$159,855	11864	\$158,762
9389	\$ 76,939	11865	\$137,848
9397	\$158,311	11866	\$122,980
8538	\$153,052	11867	\$150,252
8539	\$163,179	11868	\$163,928
9615	\$138,787	11869	\$168,869
9705	\$ 93,674	11870	\$173,327
9774	\$157,594	11919	\$193,293
9775	\$148,942	10793	\$156,737
9776	\$246,504	10795	\$171,394
9777	\$136,664	11874	\$141,381
9778	\$193,893	11875	\$137,364
9639	\$156,016	12938	\$182,072
9640	\$186,166	12940	\$240,617
9887	\$161,330	13384	\$238,529
9888	\$182,121	13385	\$276,844
9889	\$242,011	13386	\$222,728
9890	\$220,215	13387	\$156,237
10731	\$124,278	10977	\$168,438
9800	\$115,917	10978	\$171,882
9801	\$107,897	10979	\$172,275
10707	\$181,180	11624	\$166,649
10708	\$187,858	11625	\$127,888
9562	\$155,106	11626	\$134,095
9829	\$209,464	11967	\$242,274
9830	\$198,270	11968	\$246,276
9831	\$200,376	11969	\$248,277
10223	\$175,008	11972	\$278,939
10474	\$143,950	11973	\$261,609
10475	\$145,843	11974	\$230,960
10476	\$154,302	11975	\$229,946
11047	\$153,173	11976	\$270,201
11048	\$148,654	10611	\$152,791
9535	\$104,053	10618	\$ 97,524
9536	\$ 77,052	10619	\$108,837
9537	\$ 98,792	10620	\$125,513
9538	\$139,127	12676	\$201,853
9544	\$ 97,343	12677	\$163,712
9545	\$ 83,615	13576	\$214,744
9546	\$ 95,203	13577	\$166,150

Pool 1 — All Assets

File Number	Allocated Firm Bid	File Number	Allocated Firm Bid
9547	\$117,614	13578	\$125,203
9697	\$ 95,925	13579	\$121,314
9698	\$ 98,863	13580	\$112,961
9805	\$ 89,733	13581	\$123,182
9811	\$ 67,684	10690	\$ 91,938
10574	\$104,085	10691	\$ 96,740
10576	\$ 85,320	10692	\$108,073
10577	\$ 86,342	10693	\$195,523
10578	\$ 79,795	11531	\$108,127
10580	\$103,848	11532	\$101,885
10581	\$ 82,514	11533	\$ 96,226
10582	\$ 77,483	11534	\$ 89,309
10589	\$ 80,495	11535	\$ 83,915
10593	\$ 84,980	11536	\$ 88,274
10594	\$ 81,593	11537	\$ 94,856
9689	\$174,279	11538	\$ 96,996
10630	\$129,663	11539	\$212,052
9641	\$257,731	11540	\$166,389
9656	\$137,361	11582	\$109,421
10658	\$ 88,532	10687	\$129,760
10335	\$223,326	10688	\$ 97,755
10336	\$185,916	10689	\$119,643
10337	\$215,585	10997	\$168,360
10338	\$178,613	10998	\$177,795
10339	\$221,706	10999	\$276,127
10480	\$221,326	11000	\$238,325
10481	\$253,946	11001	\$216,250
10482	\$257,562	11002	\$287,987
10483	\$339,902	11003	\$296,899
9872	\$236,349	11004	\$302,010
9873	\$184,065	12088	\$132,021
9874	\$174,989	12089	\$117,550
9875	\$128,729	12090	\$107,857
9876	\$232,761	12091	\$125,458
9877	\$229,292	12788	\$222,169
9878	\$156,058	12789	\$145,052
9879	\$145,424	12477	\$188,949
10601	\$127,930	12478	\$195,659
10602	\$122,419	12479	\$200,759
10607	\$160,700	12480	\$216,662
10608	\$161,927	12481	\$229,318
10609	\$172,088	11904	\$169,821
10663	\$201,243	11905	\$164,335
10664	\$146,050	11906	\$159,731
10665	\$142,035	11907	\$203,712
9630	\$111,567	11908	\$175,662
10675	\$100,617	11884	\$180,365
10676	\$107,367	11885	\$182,227
10677	\$ 81,870	11886	\$193,666
10678	\$102,777	11887	\$184,515
10679	\$ 98,080	11888	\$194,377
10680	\$105,817	11889	\$208,091

Pool 1 — All Assets

File Number	Allocated Firm Bid	File Number	Allocated Firm Bid
10681	\$110,630	10833	\$451,045
10682	\$123,179	10834	\$510,329
9786	\$141,204	10835	\$413,089
9787	\$126,393	9947	\$327,080
9788	\$121,854	12289	\$185,213
9789	\$116,624	12290	\$175,989
9790	\$123,770	12291	\$169,757
9885	\$118,031	12292	\$147,097
9886	\$108,499	12773	\$229,201
9584	\$188,769	12774	\$221,827
9585	\$201,893	12775	\$184,282
9586	\$221,977	12776	\$409,103
9587	\$251,386	12777	\$402,835
9941	\$398,328	12778	\$428,923
9942	\$414,118	10936	\$209,039
9943	\$332,291	10937	\$195,737
9944	\$412,177	10938	\$214,213
9945	\$381,128	10939	\$200,488
9946	\$415,983	10940	\$209,842
9815	\$120,256	10941	\$211,952
9816	\$129,843	10943	\$160,664
9817	\$169,699	10944	\$167,778
9818	\$145,217	10945	\$169,765
11012	\$132,903	10946	\$174,791
11013	\$118,912	10947	\$189,549
11014	\$112,567	10950	\$168,155
9518	\$218,827	10951	\$183,240
9519	\$213,275	10952	\$210,019
9520	\$218,827	10953	\$194,734
9521	\$195,891	10954	\$170,646
10754	\$131,687	10955	\$109,892
10755	\$134,775	10956	\$108,580
10277	\$146,627	10957	\$119,490
10278	\$178,865	10958	\$137,617
10279	\$187,203	10959	\$132,512
10280	\$192,611	10960	\$149,341
10281	\$209,524	11495	\$107,660
10632	\$122,347	11496	\$ 98,357
10633	\$163,149	11500	\$316,935
10634	\$200,478	11501	\$264,554
12222	\$103,623	11497	\$ 94,583
12223	\$132,766	11498	\$111,357
12221	\$ 74,668	11499	\$134,731
12228	\$ 75,184	12049	\$103,415
12229	\$102,368	12050	\$ 82,072
12230	\$ 93,457	11842	\$118,752
12231	\$120,573	11844	\$234,521
12233	\$153,706	11845	\$179,283
12234	\$128,223	11848	\$135,230
12224	\$ 86,277	11846	\$251,693
12225	\$ 75,216	11847	\$205,572
12226	\$ 89,185	13537	\$ 73,190

Pool 1 — All Assets

File Number	Allocated Firm Bid	File Number	Allocated Firm Bid
12227	\$108,284	13538	\$ 73,177
12232	\$ 69,515	13539	\$ 79,510
11810	\$169,467	13540	\$ 78,454
12833	\$129,716	13541	\$182,364
12834	\$152,448	13542	\$168,250
12835	\$172,249	12918	\$272,941
12836	\$151,913	12919	\$260,688
10736	\$159,761	12920	\$318,266
10737	\$144,174	12921	\$312,525
12759	\$168,153	12922	\$319,293
12760	\$150,226	12923	\$682,586
12761	\$171,195	12924	\$358,173
10732	\$ 96,410	12925	\$391,089
10733	\$ 85,707	11672	\$258,977
10734	\$ 83,074	11673	\$233,718
12763	\$ 96,952	11674	\$228,945
12764	\$ 98,007	11675	\$196,999
12349	\$112,301	11676	\$218,122
12350	\$119,112	11677	\$193,343
10907	\$132,443	11668	\$176,749
10905	\$137,732	11669	\$186,524
10906	\$153,766	11670	\$184,641
12624	\$174,623	11671	\$165,891
12625	\$198,397	11241	\$ 86,771
10878	\$134,890	11242	\$ 87,379
10879	\$117,005	10744	\$147,744
10880	\$143,181	10748	\$125,198
10881	\$150,666	10749	\$137,391
10882	\$195,156	10745	\$115,458
10883	\$195,809	10746	\$108,337
12383	\$147,107	10747	\$102,824
12384	\$120,927	12271	\$123,113
12631	\$104,655	12272	\$151,315
		12273	\$148,371

SCHEDULE 4
EXCLUDED MODELS

Pool 1 — Excluded Assets

File Number	Allocated Bid Price	File Number	Allocated Bid Price
6913	\$131,221	10337	\$215,585
7428	\$185,406	10338	\$178,613
7431	\$ 94,677	10339	\$221,706
7521	\$121,025	10483	\$339,902
7042	\$143,835	9584	\$188,769
7043	\$141,355	9941	\$398,328
7441	\$109,941	9942	\$414,118
7442	\$128,128	9943	\$332,291
7853	\$157,062	10732	\$ 96,410
7854	\$162,849	10733	\$ 85,707
7855	\$185,996	10734	\$ 83,074
7856	\$177,729	12763	\$ 96,952
7857	\$197,570	12764	\$ 98,007
7568	\$ 99,595	10880	\$143,181
7569	\$117,143	12631	\$104,655
7571	\$149,487	12817	\$204,829
7465	\$113,624	12250	\$251,210
7466	\$ 89,861	10774	\$188,119
7467	\$102,615	10791	\$261,600
8570	\$103,469	10792	\$288,040
8571	\$138,399	10802	\$268,037
8742	\$108,087	11860	\$271,433
8743	\$133,628	11919	\$193,293
8117	\$122,625	10793	\$156,737
8118	\$127,755	10795	\$171,394
8331	\$197,229	12940	\$240,617
8325	\$136,024	13384	\$238,529
8326	\$143,186	13385	\$276,844
9258	\$133,008	13386	\$222,728
9259	\$148,135	10978	\$171,882
8836	\$107,185	10979	\$172,275
8838	\$ 97,478	11624	\$166,649
8839	\$133,156	11625	\$127,888
8840	\$103,900	11626	\$134,095
8846	\$178,589	10693	\$195,523
9052	\$180,281	11539	\$212,052
9053	\$143,377	11540	\$166,389
9054	\$146,738	10835	\$413,089
9055	\$143,504	12290	\$175,989
9057	\$141,181	12291	\$169,757
8099	\$156,168	11495	\$107,660
8577	\$195,063	11496	\$ 98,357
8855	\$128,831	12049	\$103,415
8856	\$159,855	12050	\$ 82,072
9389	\$ 76,939	11842	\$118,752
9397	\$158,311	11844	\$234,521
9705	\$ 93,674	11848	\$135,230
9639	\$156,016	11846	\$251,693
9640	\$186,166	11847	\$205,572
9641	\$257,731	13541	\$182,364
9656	\$137,361	13542	\$168,250
10335	\$223,326	12923	\$682,586
10336	\$185,916	12925	\$391,089

Exhibit 12
GMAC LLC

RATIO OF EARNINGS TO FIXED CHARGES

	Nine months ended September 30,	
<i>(\$ in millions)</i>	2008	2007
Earnings		
Consolidated net loss	(\$5,594)	(\$1,608)
Income tax expense	94	241
Equity-method investee distribution	65	42
Equity-method investee loss (earnings)	62	(80)
Minority interest expense	2	1
Consolidated loss before income taxes, minority interest and income or loss from equity investees	(5,371)	(1,404)
Fixed charges	8,974	11,225
Earnings available for fixed charges	3,603	9,821
Fixed charges		
Interest, discount, and issuance expense on debt	8,922	11,163
Portion of rentals representative of the interest factor	52	62
Total fixed charges	\$8,974	\$11,225
Ratio of earnings to fixed charges (a)	0.40	0.87

(a) The ratio indicates a less than one-to-one coverage for the nine months ended September 30, 2008 and 2007. Earnings available for fixed charges for the nine months ended September 30, 2008 and 2007, were inadequate to cover total fixed charges. The deficit amount for the ratio was \$5,371 million and \$1,404 million for the nine months ended September 30, 2008 and 2007, respectively.

Exhibit 31.1
GMAC LLC

I, Alvaro G. de Molina, certify that:

1. I have reviewed this report on Form 10-Q of GMAC LLC;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 10, 2008

/s/ ALVARO G. DE MOLINA

Alvaro G. de Molina
Chief Executive Officer

Exhibit 31.2
GMAC LLC

I, Robert S. Hull certify that:

1. I have reviewed this report on Form 10-Q of GMAC LLC;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 10, 2008

/s/ ROBERT S. HULL

Robert S. Hull
*Executive Vice President and
Chief Financial Officer*

Exhibit 32
GMAC LLC

Certification of Principal Executive Officer and Principal Financial Officer Pursuant to 18 U.S.C. Section 1350

In connection with the Quarterly Report of GMAC LLC (the Company) on Form 10-Q for the period ending September 30, 2008, as filed with the Securities and Exchange Commission on the date hereof (the Report), each of the undersigned officers of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to the best of their knowledge:

- 1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- 2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ ALVARO G. DE MOLINA

Alvaro G. de Molina
Chief Executive Officer
November 10, 2008

/s/ ROBERT S. HULL

Robert S. Hull
*Executive Vice President and
Chief Financial Officer*
November 10, 2008

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to GMAC LLC and will be furnished to the Securities and Exchange Commission or its staff upon request.