

EXHIBIT “A”

Breaking News Stories

The Washington Post

September 20, 2010

Ally's GMAC mortgage unit temporarily halts evictions in 23 states



A foreclosed home in Miami, Fla. (Photo Credit: Joe Raedle/Getty Images)

Ally Financial Inc., the troubled lender that is majority-owned by the federal government after a bailout during the financial crisis, has temporarily suspended evictions on foreclosed homes in 23 states.

In an internal memo dated Sept. 17 and marked "urgent," brokers and agents of the company's GMAC mortgage unit were ordered to immediately halt evictions, cash-for-key transactions and lockouts. Ally, the nation's fourth-largest home loan originator, may "need to take corrective action in connection with some foreclosures" in the affected states, the memo said.

Ally Financial spokesman James Olecki said the suspension will allow the company time to review files for a "potential issue" related to legal forms required for such proceedings. The 23 states mentioned, which span the country from New York and Florida to Hawaii, are the ones that "follow a more judicial foreclosure process," he said.

"We are going back to review our process in those states and continue to remove states we have confirmed all requirements have been met," Olecki said.

He said the company is "committed to preserving the integrity of the foreclosure process," but declined to respond to questions on the specific issues involved because of pending litigation. Olecki said that while some existing foreclosures may experience delays, new foreclosures will continue on a normal timeframe.

The U.S. Treasury Department, which owns a 56.3 percent stake in GMAC after bailing it out, was not involved in the decision, Olecki said.

Treasury officials declined to comment.

Ally's suspension may be due to several cases in Maine being pursued by a group of pro bono attorneys. While investigating complaints by homeowners about unjust foreclosures, the group discovered that the filings were all signed off by one GMAC employee, the "team leader for document execution."

<http://www.washingtonpost.com/>

In his deposition, this employee -- who signed documents for foreclosures across the country -- stated that when he signs them, he does not know what information the file contains other than the borrower's name, that he does not inspect the exhibits he's supposed to, and that the notary who supposedly witnessed his signing was not in the room.

Thomas Cox, a lawyer in Portland, Maine, who took the deposition, said in a phone interview that it's clear that this employee "doesn't know what he's talking about."

"We've established that in these foreclosures, GMAC hasn't proven its case," Cox said.

Cox said the Maine attorney general's office is investigating the matter.

Originally created in 1919 to finance GM auto sales, GMAC was the largest lender to General Motors and Chrysler dealerships and their customers. During the housing boom, it changed focus and became one of the nation's largest mortgage lenders. The company lost \$13 billion from 2006 to 2009 as borrowers defaulted on those loans.

The government's extraordinary \$17 billion aid to the financing company -- it was the only bank to get [three separate rounds of financing](#) and is the only one in which the government owns a majority stake -- has been [criticized](#) by members of a Congressional oversight panel tasked with overseeing the bailout. The Obama administration has tried to tackle the foreclosure issue with various mortgage-relief programs but have failed at making more than a dent in the problem.

Meanwhile, lenders such as Ally have been trying to clear out a backlog of bad loans by repossessing homes but they have had trouble selling them on the market.

The number of home being repossessed by banks in August were the highest of any month since the start of the U.S. financial crisis, according to RealtyTrac. Lenders repossessed 95,364 properties in August, up 3 percent from July and 25 percent from August 2009.

The number of homes in any part of the foreclosure process -- which includes default notices, scheduled auctions and bank repossessions -- declined for the seventh month in a row.

The company, which renamed itself Ally in August, spent \$160,000 in the second quarter of this year to lobby Congress and the Federal Deposit Insurance Commission on financial reform, home mortgage issues, foreclosure prevention and other legislation.

Here's the full list of states that are affected:

Connecticut
Florida
Hawaii
Illinois
Indiana
Iowa
Kansas
Kentucky
Louisiana
Maine
Nebraska
New Jersey
New Mexico
New York
North Carolina
North Dakota
Ohio

Oklahoma
Pennsylvania
South Carolina
South Dakota
Vermont
Wisconsin

This post has been updated since it was first published.

By Ariana Eunjung Cha | September 20, 2010; 12:59 PM ET

Categories: [U.S. Economy](#)

BN Ally's GMAC Mortgage Halts Evictions Across 23 States (Update3)
 Sep 20 2010 15:49:57

(Updates with Ally's statement starting in the third paragraph, Barclays's comments starting in the eighth paragraph.)

By Denise Pellegrini and Dakin Campbell

Sept. 20 (Bloomberg) -- Ally Financial Inc.'s GMAC Mortgage unit told brokers and agents to halt evictions tied to foreclosures on homeowners in 23 states including Florida, Connecticut and New York.

GMAC Mortgage may "need to take corrective action in connection with some foreclosures" in the affected states, according to a two-page memo dated Sept. 17 marked "urgent." Ally Financial spokesman James Olecki confirmed the contents of the memo. Brokers were told to immediately stop evictions, cash-for-key transactions and lockouts, according to the document, addressed to GMAC preferred agents.

The suspensions will "allow time to address a potential issue that was raised in a number of existing foreclosures challenging the internal procedure we used for executing one or more judicially required forms," Ally spokeswoman Gina Proia said today in an e-mailed statement. Foreclosures won't be suspended and will continue with "no interruption," she said.

Lenders and lawmakers have been trying to slow foreclosures and keep people in their homes as U.S. seizures set records. Bank repossessions climbed 25 percent in August from a year earlier to 95,364, according to RealtyTrac Inc., the Irvine, California-based data provider. Detroit-based Ally, the auto and home lender formerly known as GMAC Inc., is 56.3 percent owned by the U.S. after more than \$17 billion of taxpayer bailouts.

Working on Issue

The company has been working on the issue for "more than three months" and expects it to be resolved "within the next few weeks," Proia said. She declined to provide further details, saying some of the cases are in litigation.

Suspensions will occur "where the related foreclosure could have been impacted by the same internal procedure. We are also reviewing certain previously completed foreclosures where the same procedure may have been used," Proia said.

The lender will suspend sales of bank-owned properties and extend closings 30 days. Buyers will be able to cancel their agreement to purchase and get their deposit back, according to the memo.

Barclays Capital analysts told clients in a note today the action may involve issues with officials in so-called judicial states where lenders must appear before a judge before starting foreclosure proceedings. Of the 23 states listed in the memo, all except North Carolina are judicial states, and the only judicial state not on the list is Delaware, the analysts led by Jasraj Vaidya wrote.

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 'Potential Issues'

"This would hint at some potential issues with judicial states," the analysts wrote. The moratorium may be an attempt "to ensure that the process does not have significant flaws that can leave it open to legal action in the future," they said.

There is no public enforcement action pending against GMAC in North Carolina, Ha Nguyen, a spokeswoman for the state's bank commissioner, said today.

Florida Attorney General William McCollum in August announced an investigation into three law firms that represent loan servicers in foreclosures. McCollum issued subpoenas to the firms, which are alleged to have submitted fraudulent documents to the courts in "numerous occasions" or failed to submit documents at all, according to an Aug. 10 statement from McCollum's office.

"Thousands of final judgments of foreclosure against Florida homeowners may have been the result of the allegedly improper actions of the law firms under investigation," the statement said.

Ranked Fourth

GMAC Mortgage ranked fourth among U.S. home-loan originators in the first six months of this year, with \$26 billion of mortgages, according to Inside Mortgage Finance, an industry newsletter. Wells Fargo & Co. ranked first, with \$160 billion, and Citigroup Inc. was fifth, with \$25 billion.

Ally's 8 percent notes maturing in 2031 rose \$4.13, or 4 percent, today to 108.5 cents on the dollar to yield 7.21 percent, according to the Trace bond-price reporting system.

Following is a table of the affected states.

*T

Connecticut
 Florida
 Hawaii
 Illinois
 Indiana
 Iowa
 Kansas
 Kentucky
 Louisiana
 Maine
 Nebraska
 New Jersey
 New Mexico
 New York
 North Carolina
 North Dakota
 Ohio
 Oklahoma

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Pennsylvania
South Carolina
South Dakota
Vermont
Wisconsin
*T

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GMAC Mortgage Statement on Speculation Related to Foreclosure Moratorium

PR Newswire

MINNEAPOLIS, Sept. 20

MINNEAPOLIS, Sept. 20 /PRNewswire/ -- Recent reports have stated that GMAC Mortgage instituted a moratorium on all residential foreclosures in 23 states. This is not true. In fact, all new residential foreclosures are continuing in the ordinary course of business with no interruption in our usual practice.

The speculation likely emanates from a direction previously given by GMAC Mortgage to certain of its outsource vendors to allow time to address a potential issue that was raised in a number of existing foreclosures challenging the internal procedure we used for executing one or more judicially required forms. This direction was to suspend evictions and REO closings where the related foreclosure could have been impacted by the same internal procedure. We are also reviewing certain previously completed foreclosures where the same procedure may have been used.

We are unable to comment on the specific merits of the challenge because some of them are in litigation.

Nevertheless, a new process has already been developed and implemented so that though some existing foreclosures may experience delays while corrective action is taken, there will be no interruption in new foreclosures. These delays are expected to be resolved within the next few weeks and certainly before year end, without serious consequence. GMAC Mortgage has been addressing the procedural challenge for more than three months. In all other respects, the mortgage business is

operating as usual.

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