

GMAC LLC
Form 10-Q
November 10, 2008

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**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

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Table of Contents**PART I FINANCIAL INFORMATION****Item 1. Financial Statements****GMAC LLC****CONDENSED CONSOLIDATED STATEMENTS OF INCOME (unaudited)**

| (\$ in millions) | Three months ended September 30, | | Nine months ended September 30, | |
|---|-------------------------------------|---------|------------------------------------|---------|
| | 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 |

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| | | | | |
|---|------------------|-----------|------------------|-----------|
| 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.

Table of Contents**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.

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (unaudited)
Nine Months Ended September 30, 2008 and 2007

| | Members | Preferred | (Accumulated deficit) retained | earnings accumulated other comprehensive | Total | Comprehensive income |
|--|----------------|----------------|--------------------------------------|---|-----------------|-------------------------|
| <i>(\$ in millions)</i> | interest | interests | earnings | income | equity | (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.

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

| <i>(\$ in millions)</i> | 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) |