

WE ARE ALL BANKS NOW

GMAC wins bank status—gains access to TARP.

Optimistic emptywheel:

One of the critical problems in the auto industry is the absence of credit (I've heard folks under 750 can't get a car loan, for example). By making GMAC a bank, you relieve one of the biggest problems in the sickest parts of the auto industry, and thereby stimulate one of the key segments of the economy, and you begin to get to get money the economy moving again.

Pessimistic emptywheel:

Dan Quayle and John Snow have an (increasingly limited) ability to suck at the federal teat to make their private profit.

The small print:

GM must now reduce its stake in the auto lender below 10 percent, from 49 percent. GM has three years to sell the rest of its shares, which in the interim will be placed in a trust that the company does not control. The automaker and GMAC also agreed to unwind a number of exclusive agreements, freeing GMAC to offer financing on equal terms to customers of other car companies.

Cerberus and its chief, Steve Feinberg, must reduce their stake below 15 percent, from 51 percent. The private equity fund plans to distribute its GMAC shares proportionally among its investors.