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Monday business

Q+A
WITH SUSAN TOMPOR



QUESTION: I would appreciate any comments on GMAC Demand Notes. Are they safe? — Hal

ANSWER: Several readers have wondered about the risks of owning GMAC Demand Notes during this time of uncertainty in the auto industry. I've written a few times that these notes are not FDIC-insured. GMAC Demand Notes are short-term, unsecured debt obligations of GMAC LLC. This means there's no property that backs up the debt. The risks are spelled out at www.gmacfs.com.

The notes are available to GM and GMAC retirees and employees and others including GM dealers and stockholders....

David Kudla, CEO of Mainstay Capital Management in Grand Blanc, said Friday that he sees less risk in GMAC Demand Notes than he did a year ago. That's because GMAC, the auto and home lender, has received a \$6-billion government bailout. On top of that, GMAC is replacing Chrysler Financial as the main lender for Chrysler's dealers and consumers.

He said the government's backing should help GMAC.

"I don't think they would allow them to fail any time soon," Kudla said.