December 13, 2010

Technical Director
Financial Accounting Standards Board
401 Merritt 7
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File Reference: No. 1880-100

Dear Board Members and FASB Staff:

Ally Financial Services ("Ally") is pleased to comment on Financial Accounting Standards Board's ("FASB") Exposure Draft, Clarification to Accounting for Troubled Debt Restructurings by Creditors (the "ED"). Ally Financial Inc. (formerly GMAC Inc.) is one of the world's largest automotive financial services companies. The company offers a full suite of automotive financing products and services in key markets around the world. Ally's other business units include mortgage operations and commercial finance, and the company's subsidiary, Ally Bank, offers online retail banking products. With more than $173 billion in assets as of September 30, 2010, Ally operates as a bank holding company.

If the Board proceeds with the Proposed Update, as written, we would like to provide the following observations, concerns and insights through the General Comments that follow and in response to the Board’s Questions for Respondents in Appendix A to this letter.

General Comments

Diversity in Practice
While we support the Board’s efforts towards clarification in this complicated area of the Codification, we believe, that until recently, there has been little diversity in practice, particularly in the residential mortgage industry. We believe this is especially true subsequent to the issuance of the AICPA’s Center for Audit Quality white paper Application of Statement 114 to Modifications of Residential Mortgage Loans That Qualify for Troubled Debt Restructurings which provided clarity on several issues.

However, we acknowledge that recently the TDR practices of regulated entities have been called into question, and interpretations of the existing literature that have been widely held and practiced are being challenged which is resulting in the recently identified diversity in practice. We believe this to be particularly true in situations where regulators and independent auditors are diverging from the long held understanding and practice of when a loan modification qualifies as a trouble debt restructuring ("TDR").
Finally, we believe that the proposed guidance as written will result not simply in a clarification of current practice, but rather redefine when a loan modification is to be considered a TDR and as a consequence significantly increase the number of loans being reported as TDRs. This expansion would likely include loans being classified as TDRs even in cases where no specific reserve would be required.

**Timing of Classification**

We have long held the opinion that the primary determinant of when a loan is classified as a TDR is the point that the loan is modified in a legally binding contract with the borrower. Until the time of modification of the underlying loan documentation, a loan was not accounted for as TDR. After modification of the loan documentation, and if meeting the qualifications set forth in the Codification, the modified loan was classified and accounted for as a TDR. We believe that certain stakeholders, maybe even the same stakeholders that brought the diversity in practice to the Board’s attention, have taken the view that the TDR classification can and does occur before legal modification of the loan agreement. We strongly disagree with this position.

As we, and other lenders, have been directly encouraged to provide foreclosure avoidance and aid to borrowers during the current distressed economic cycle, clarification on the issue of when a loan is restructured is of the highest priority. The residential mortgage industry, in particular, has a long standing history of aiding borrowers in distress so that they may keep their homes. Prior to the current economic cycle the number of modifications was modest, and immaterial, and primarily due to the disability, death or divorce of a borrower. During the last three years the residential mortgage industry has experienced delinquencies and defaults at numbers never before seen in the U.S. housing market. We, at Ally, have been a recognized leader in home loan modification programs to borrowers with the sole purpose of keeping families in their homes. The social loss of displaced families as well as the economic loss to communities and businesses has made home loan modification programs the best possible outcome that can be expected in the current economic cycle and our highest priority. As such, the number of home loan modifications has increased substantially.

We believe the language in the ED and the Codification is ambiguous related to the point in time that a TDR should be recognized and we ask the Board in redeliberations of the ED, or during the credit impairment redeliberations, for explicit guidance on the timing of recognition of TDRs. We note here that the underlying loan terms in our loan accounting systems are not modified until a loan modification is finalized by execution of the underlying loan documents. We have yet to determine the practicality of operationalizing a conclusion that would require TDR classification prior to legal modification, when the data needed for TDR accounting is outside of the loan accounting system, but we expect that it would be significant. We ask that this issue be a priority of the Board.
Insignificant Delays in Contractual Cash Flows
We believe that the proposed guidance indicating that an insignificant delay in contractual cash flows, while not specifically requiring TDR classification on a stand alone basis could be interpreted in a manner such that any delay in cash flows would be considered a concession and therefore the loan would be classified as TDR. Further, this language contradicts the existing guidance within ASC 310-10-35-10 regarding recognition of a loss that specifically states that “a creditor need not consider an insignificant delay in or insignificant shortfall in the amount of payments.” We believe this point to be the main contributing factor in regards to our comment above that loans could be required to be classified as TDRs and therefore independently reviewed for impairment, when no specific reserve would be recognized. We ask that the Board reconsider and remove this guidance.

Market Rate Considerations
We believe that the ED, as written, is not operational in regards to determining if a borrower has “access to funds at a market rate for debt with similar risk characteristics as the restructured debt.” In the recent economic downturn, markets that had previously been active became inactive, some became non-existent. Circumstances such as market disruption may force a lender to not be able to determine a market rate for an existing borrower beyond the terms the lender is willing to make at that time. This is particularly true in commercial lending products where the entire borrower relationship may be evaluated in determining an appropriate interest rate. Because market rates can vary from lender to lender, this criterion would be challenging to audit. Further, as written, we fear that without explicit proof that another entity would lend to the borrower at similar rate, the loan would automatically be considered a TDR. In most circumstances, an entity will be able to determine both financial difficulty and whether or not a concession was granted without expressly identifying whether or not another lender would provide funds to the borrower under similar terms. As such, we suggest the Board consider removing this language from any final standard.

International Convergence
As no similar accounting guidance exists for TDRs under IFRS we question the need to provide the guidance in the ED at this time when the Board is concurrently working on a convergence project with the IASB on credit impairment which would likely replace the guidance in this ED, if finalized, as well as, all other existing guidance on trouble debt restructurings within the Codification. Therefore, we believe the guidance in this ED is best deliberated within the context of the credit impairment component of the Financial Instruments project.
In summary, we believe that the existing guidance for troubled debt restructurings is not in need of clarification with possible exception to the determination of when in the modification cycle a loan should be considered under the guidance for TDRs, and respectfully request the withdrawal of the ED.

Ally appreciates the opportunity to share our comments with the Board. We urge the FASB staff to consider our responses in Appendix A when finalizing the effective dates and transition in the exposure draft. If you have any questions on the comments contained in this letter, please contact Mark Sitlinger at 215-734-4887 or me at 215-734-4886.

Sincerely,

Michael Anspach
Executive Director, Global Corporate Accounting Policy
Ally

cc: Mr. David DeBrunner, Chief Accounting Officer and Corporate Controller
Appendix A

FASB Questions for Respondents

Question 1: Would precluding creditors from applying the guidance in paragraph 470-60-55-10, create any operational challenges for determining whether a troubled debt restructuring exists? If yes, please explain why.

 Ally Response: No. We currently do not use paragraph 470-60-55-10 as a sole determinate of TDR status.

Question 2: Do you believe that the proposed changes to the guidance for determining whether a troubled debt restructuring exists would result in a more consistent application of troubled debt restructuring guidance? If not, please explain why.

 Ally Response: No. We do not believe that there is significant diversity in practice under the current guidance. Further, we believe that in most cases the question of whether or not a borrower is experiencing financial difficulty and/or default is imminent is not difficult to determine and the clarification provided would not result in a more consistent application of the guidance for trouble debt restructuring then currently exists in practice.

Question 3: The Board decided that a creditor may consider that a debtor is experiencing financial difficulty when payment default is considered to be “probable in the foreseeable future.” Do you believe that this is an appropriate threshold for such an assessment? If not, please explain why.

 Ally Response: Yes. As the recent economic cycle has shown us, the propensity for default can be foreseen and in many cases mitigated if acted upon before the occurrence of delinquency. We feel that we are able to determine borrower specific default probability with enough accuracy to identify borrowers in need of intervention to either remain in compliance in accordance with their current or modified lending terms or refinance them into a different lending product that will allow them to remain in a product that will minimize the risk of default. Although we may proactively approach a borrower about a loan modification prior to the occurrence of delinquency, we believe that these loans do not qualify for TDR classification and accounting until the underlying loan documentation has been modified and executed, as discussed in our General Comments.
**Question 4:** Are the proposed transition and effective date provisions operational? If not, please explain why.

**Ally Response:** No. We do not believe that retrospective application to the earliest period presented is operational. The guidance provided would likely change the definition of TDR and therefore, require a company to go back and revisit all past modifications in order to present them on a retrospective basis.

**Question 5:** Should the transition and effective date be different for nonpublic entities versus public entities? If so, please explain why.

**Ally Response:** No. Ally believes the guidance should be adopted universally by all entities for comparability.

**Question 6:** Should early adoption of the proposed amendments in this Update be permitted? If so, please explain why.

**Ally Response:** Yes. We generally believe that entities should be allowed to early adopt emerging accounting standards when they are capable of proper execution.