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The Rescue of the US Auto Industry, Module G: The Auto Warranty Commitment Program

Benjamin Henken
Yale Program on Financial Stability

The Rescue of the US Auto Industry, Module G: The Auto Warranty Commitment Program[1]

Benjamin Henken[2]

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Abstract

On March 30, 2009, President Barack Obama announced a plan for government-funded protection of warranties on new vehicles sold by General Motors (GM) and Chrysler while the companies underwent restructuring. The initiative, which would become known as the Auto Warranty Commitment Program (AWCP), was intended to bolster consumer confidence by alleviating a major risk—the loss of warranty benefits—to consumers associated with the companies' potential bankruptcies. Under the AWCP, GM and Chrysler established independent special purpose vehicles (SPVs) to which they transferred a combination of their own money along with funding they received from Treasury in the form of a loan. The SPV then acted as an insurance fund, guaranteeing the availability of cash to respond to eligible warranty claims should either company fail or otherwise become unable to meet new claims on its own. The program closed on July 21, 2009, without either company's SPV having been called into action. At the time of its announcement, the program received generally positive reviews from some in the industry and media, although there were concerns that the program would be more difficult to implement than the administration had described.

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[1] This case is one of eight Yale Program on Financial Stability (YPFS) modules considering the various elements of the government's rescue of the US auto Industry and published in 2022:

- "The Rescue of the US Auto Industry, Module A: Automotive Bridge Loans" by Alexander Nye.
- "The Rescue of the US Auto Industry, Module B: Restructuring General Motors Through Bankruptcy" by Kaleb B. Nygaard.
- "The Rescue of the US Auto Industry, Module C: Restructuring Chrysler Through Bankruptcy" by Alexander Nye.
- "The Rescue of the US Auto Industry, Module D: Emergency Assistance to Ally Financial (formerly GMAC)" by Riki Matsumoto and Kaleb B. Nygaard.
- "The Rescue of the US Auto Industry, Module E: Emergency Assistance for Chrysler Financial" by Alexander Nye.
- "The Rescue of the US Auto Industry, Module F: Auto Supplier Support Program" by Riki Matsumoto.
- "The Rescue of the US Auto Industry, Module G: The Auto Warranty Commitment Program" by Benjamin Henken.
- "The Rescue of the US Auto Industry, Module Z: Overview" by Rosalind Z. Wiggins, Greg Feldberg, Alexander Nye, and Andrew Metrick.

Cases are available from the *Journal of Financial Crises* at https://elischolar.library.yale.edu/journal-of-financial-crises/.2021.

[2] Research Associate, YPFS, Yale School of Management.

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Auto Warranty Commitment Program

At a Glance

On March 30, 2009, President Barack Obama delivered a speech on the government's support and restructuring of General Motors (GM) and Chrysler. The two companies had just failed to receive approval for their restructuring plans from the President's Auto Task Force and, as a result, were refused the long-term funding they had been seeking.

Summary of Key Terms	
Purpose: To fund guarantees of warranties on all new vehicles sold by General Motors and Chrysler while they underwent a government-assisted bankruptcy and restructuring	
Announcement date	March 30, 2009
Termination date	July 10, 2009
Legal authority	Troubled Assets Relief Program
Total commitment	$1.1 billion
Peak utilization	$640.7 million
Term of loan	July 31, 2010 (in the case of GM) and June 30, 2010 (in the case of Chrysler)
Interest rate	The greater of LIBOR + 350 basis points (bp) and 550 bp
Net revenue	$5.5 million
Participants/borrowers	General Motors Corp.; Chrysler LLC
Administrator/lender	US Dept. of the Treasury

Given the scope of the challenges GM and Chrysler confronted, President Obama stressed the growing possibility of their having to file for bankruptcy. But rather than leading to their liquidation, bankruptcy would be used as a restructuring "tool" to allow the companies to swiftly dispose of legacy debts while still being able to maintain operations. However, due to negative public perceptions of bankruptcy, government officials and company executives feared that simply introducing its possibility—no matter how much sense it made for the companies—would drain public confidence in the firms, posing yet another risk to their viability as demand for their vehicles plummeted.

Therefore, at the same time, President Obama also announced a plan for a government-funded guarantee of consumer warranties on GM and Chrysler vehicles purchased while they underwent restructuring. The initiative, which would become known as the Auto Warranty Commitment Program (AWCP), was intended to bolster consumer confidence by alleviating the risk of loss of auto warranty benefits associated with the companies' potential bankruptcies. Under the AWCP, GM and Chrysler established independent special purpose vehicles (SPVs) to which they transferred a combination of their own money and funding they received from the US Department of the Treasury (Treasury) in the form of a loan. The SPV then acted as an insurance fund, guaranteeing the availability of cash to respond to eligible warranty claims should either company fail or otherwise become unable to meet those claims on its own.

At the outset, Treasury dedicated up to $1.1 billion for the AWCP's implementation. In the end, it extended a total of $640.7 million in loans to GM and Chrysler. The program closed on

July 21, 2009, without either company's SPV having been required to pay warranty claims. Treasury recouped all loan principal and netted $5.5 million in interest payments.

Summary Evaluation

Given its size relative to the other components of the auto industry rescue, the AWCP has received comparatively little scrutiny from the academic community. No analysis has attempted to isolate its effect on demand for the companies' vehicles or its overall impact on GM and Chrysler's restructuring efforts.

At the time of its announcement, the AWCP received a generally positive reception from those in the auto industry as well as the media, although there were concerns that the program was too vague and that its proper implementation—if necessary—would be difficult.

Auto Warranty Commitment Program: United States Context 2008–2009	
GDP (SAAR, Nominal GDP in LCU converted to USD)	$14,559.5 billion in 2008 $14,628.0 billion in 2009
GDP per capita (SAAR, Nominal GDP in LCU converted to USD)	$48,383 in 2008 $47,100 in 2009
Sovereign credit rating (5-year senior debt)	As of Q4, 2008: Fitch: AAA Moody's: Aaa S&P: AAA As of Q4, 2009: Fitch: AAA Moody's: Aaa S&P: AAA
Size of banking system	$9,938.3 billion in total assets in 2008 $9,789.1 billion in total assets in 2009
Size of banking system as a percentage of GDP	68.3% in 2008 66.9% in 2009
Size of banking system as a percentage of financial system	30.5% in 2008 30.2% in 2009
5-bank concentration of banking system	45% in 2008 44% in 2009
Foreign involvement in banking system	18% in 2008 16% in 2009
Government ownership of banking system	0% in 2008 0% in 2009
Existence of deposit insurance	100% insurance on deposits up to $250,000 in 2008 100% insurance on deposits up to $250,000 in 2009
Sources: Bloomberg; World Bank Global Financial Development Database; Federal Deposit Insurance Corporation; World Bank, Bank Regulation and Supervision Survey.	

I. Overview

Background

During the fall of 2008, as General Motors (GM) and Chrysler headed toward collapse, they repeatedly asked the US government for emergency support. On December 19, 2008, the US Treasury, at the direction of President George W. Bush, agreed to extend emergency bridge loans to the companies so that they could fulfill their immediate liquidity requirements. The bridge loans were positioned as stopgap measures designed to achieve two main purposes: (1) to ensure that GM and Chrysler would survive the presidential transition, and (2) to force the companies to revamp their business models and begin restructuring into long-term viable entities (Paulson 2010).

Pursuant to the bridge loan agreements, GM and Chrysler received a total of $23.4 billion in emergency funding on the condition that, among other criteria, they would design and implement in-depth restructuring plans. The plans were to be reviewed by the President's Auto Task Force, whose evaluation was key to determining whether the government would fund the companies through their restructuring (COP 2009).

On March 30, 2009, when President Obama announced that the Task Force's review was complete, he disclosed that, in the Auto Task Force's view, neither company had formulated a plan that was likely to lead to viability. As a result, GM and Chrysler were refused the long-term government investments they were seeking. But rather than cut off their funding entirely, the Obama Administration agreed to lend them additional working capital designed to last the next 30 days (Chrysler) and 60 days (GM), on the condition that they use the time to work with the government to create viable restructuring plans (Treasury 2009b; Obama 2009).

At the same time, President Obama announced to the public that, even with the introduction of viable restructuring plans, GM and Chrysler were unlikely to avoid filing for bankruptcy. Rather than force their liquidation, bankruptcy would be used as a restructuring "tool" that would facilitate swift reorganizations. GM and Chrysler could "quickly clear away old debt" while maintaining operations. But both government officials and company executives feared that simply introducing the possibility of bankruptcy, no matter how much sense it made for the companies, would drain public confidence in the firms, posing more systemic risks (Treasury 2009b; Obama 2009).

Program Description

On March 30, 2009, President Obama also announced government-funded protection[3] of consumer warranties on GM and Chrysler vehicles purchased while they underwent

[3] While sometimes called a "government guarantee," technically, under the AWCP, the government did not provide a guarantee. It was the related non-government SPVs (established by the participating auto manufacturers) that guaranteed the warranties. The government, in this case Treasury, indirectly provided

restructuring (Treasury 2009b; Obama 2009). The new Auto Warranty Commitment Program (AWCP) was intended to "give consumers who [were] considering new car purchases the confidence that even in this difficult economic period, their warrantees [would] be honored." Although the AWCP was announced in direct support of GM and Chrysler, participation was open to all domestic automakers. GM and Chrysler, however, were the only two manufacturers who chose to participate (Treasury 2009a).

Under the AWCP, GM and Chrysler each created a new, bankruptcy-remote, special purpose vehicle (SPV) to which they transferred funding equal to 125% of the expected cost of warranty obligations[4] on each new vehicle they sold, 15% of which they provided themselves and the remainder of which (110%) they funded with a Treasury loan (Treasury 2009a). In the event of a "Business Failure"[5] or in the event that the automaker otherwise became unable to meet its warranty obligations, the SPV would appoint (with Treasury's approval) one or more third-party program administrators to assume the automaker's warranty liabilities and be paid through the funding held by the SPV (Chrysler and Treasury 2009; GM and Treasury 2008; Treasury 2009a).

Terms of the Loans

Immediately following the announcement of the AWCP in March, Treasury dedicated up to $1.1 billion in funding for its implementation. Of that, $640.7 million in loans were ultimately disbursed for the establishment of each company's AWCP SPV: $280.1 million to Chrysler on April 29, 2009, and $360.6 million to GM on May 27 (Treasury 2018). These funds were subsequently transferred by the two companies to their respective SPVs, as contemplated. Treasury funded the loans through the Troubled Assets Relief Program (TARP), the $750 billion pool of money created under the Emergency Economic Stability Act of 2008 (EESA) (EESA 2008). The loans carried an interest rate of the greater of 550 basis points (bp) or the London Interbank Offered Rate (Libor) plus 350 basis points. The loans came with promissory notes for 6.67% of the value of any advances drawn upon under the AWCP but were also secured by a commensurate stake in GM and Chrysler's warranty SPVs[6] and by "Guaranty Collateral" that included a security interest in all of the collateral owned by the relevant warranty SPV. The loans were drawn up as amendments to the loan and security agreements originally entered into between Treasury and the automakers in December 2008

funding to support the SPVs' commitments. More accurately, the government "provide[d] government-funded protection for warrantees issued by participating domestic auto manufacturers" (Treasury 2009b). It labeled the ACWP as the "Obama Administration's New Warrantee Commitment Program" (Treasury 2009a).

[4] For an automaker, the expected cost of a warranty, in simplified terms, is the likelihood of the warranty being called upon multiplied by the average cost of fulfilling its obligations under the warranty (Chrysler and Treasury 2008; GM and Treasury 2008).

[5] The loan agreement between Treasury and each manufacturer defined a company failure as: "a bankruptcy, other reorganization, restructuring or cessation of business of General Motors Corporation in which it or any Subsidiary or Affiliate terminates, dishonors or rejects Limited Warranty Obligations, but excludes a reorganization or restructuring for purposes of implementing a plan acceptable to [Treasury]" (Chrysler and Treasury 2009; GM and Treasury 2008).

[6] While Treasury funding to GM and Chrysler for the AWCP was structured as a loan, the funding was used to "capitalize" their SPVs, and so in return Treasury received a commensurate stake in each (Chrysler and Treasury 2009; GM and Treasury 2008).

and January 2009 (Chrysler and Treasury 2009; GM and Treasury 2008). For more information on the original loan and security agreements, which facilitated the emergency bridge loans, see Nye 2021.

The AWCP was set to expire on June 30, 2010, for Chrysler and on July 31, 2010, for GM. GM and Chrysler could exit the program any time after they finished restructuring.[7] Funding held by the SPVs following a company's exit from the program (assuming its exit was due to completing restructuring and not failing) would be used first to pay interest and reduce principal on the Treasury loan. GM and Chrysler would then be entitled to any funds left over (Chrysler and Treasury 2009; GM and Treasury 2008).

Outcomes

Programmatic

Soon after receiving the funding, both companies filed for bankruptcy and were supported through that process by TARP debtor-in-possession (DIP) loans. By July 2009, both GM and Chrysler had successfully emerged from bankruptcy, having completed the most essential phase of their restructuring. By July 10, although other obligations to the government remained outstanding, GM and Chrysler paid back all AWCP loan principal plus $5.5 million in interest.[8] The program subsequently closed without either company having called upon the guarantee (SIGTARP 2009).

GM and Chrysler Vehicle Sales

As shown in Figure 1, consistent with broader market trends, GM's net revenue from sales began to decline in first-quarter 2008 and fell more sharply from fall 2008 through first-quarter 2009. Even though the company had yet to emerge from bankruptcy, its net revenue from sales began to stabilize during second-quarter 2009 when the AWCP was implemented. However, sales generally did not start to rebound until after GM's completion of a major restructuring and emergence from bankruptcy in the summer of 2009. Because Chrysler was a private company prior to the crisis, quarterly data on its sales revenue were not publicly available for comparison.

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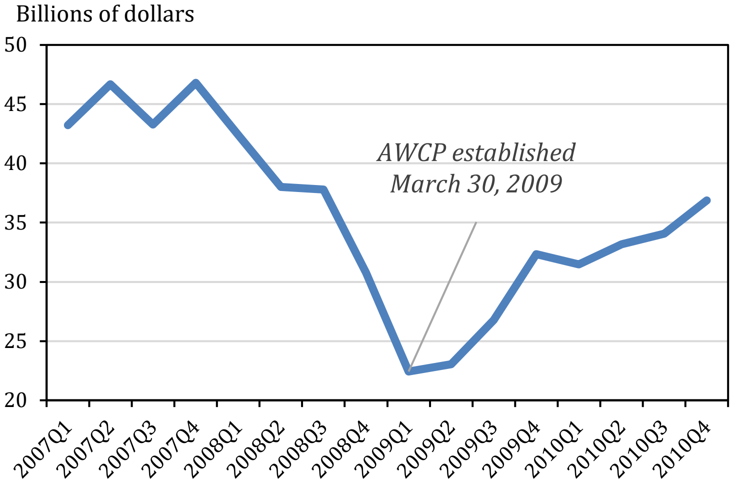
[7] What it would mean to "finish restructuring" was left undefined, but presumably this meant emerging from bankruptcy. To exit the program after finishing restructuring, the companies were required to provide written notice to this effect.

[8] Only Chrysler paid interest on the AWCP funding; GM repaid only the principal (Allison 2009). Chrysler repaid the $280.1 million warranty loan and related interest due when other pre-bankruptcy loans (but not the warranty loan) were transferred to the post-bankruptcy Chrysler. With respect to GM, it appears that the principal of the $360.6 million warranty loan was transferred to new GM along with other pre-bankruptcy loan obligations, but it is not clear why GM's interest obligations from the warranty loan seem to have gone unpaid (Treasury 2018).

Figure 1: General Motors Net Sales Revenue, 2007–2010



Source: Compustat Capital IQ.

II. Key Design Decisions

1. The AWCP was a small part of Treasury's broader initiative to rescue and restructure the US auto industry.

The US government's strategy for assisting the struggling US auto industry was largely ad-hoc and evolved considerably over time. Treasury's original stated purpose for intervening was to prevent the immediate collapse of GM and Chrysler—at the time two of the three largest US automakers—an event that was widely expected to be destabilizing for the entire industry (COP 2009). The AWCP constituted just $0.6 billion of the $79.7 billion in TARP funding ultimately disbursed in support of GM and Chrysler's restructurings and to assist other key players in the industry as well, including two auto finance companies (General Motors Acceptance Corporation and Chrysler Financial) and auto parts suppliers (Treasury 2018).

2. Legal authority for intervention in the US auto industry came from the Troubled Assets Relief Program.

Created with the enactment of the Emergency Economic Stabilization Act (EESA) in October 2008, the Troubled Assets Relief Program (TARP) enabled the US Treasury to "purchase and insure certain types of assets for the purposes of providing stability to and preventing disruption in the economy and financial system" (EESA 2008). In addition to targeting distressed mortgage-related holdings of US financial institutions, the law also enabled Treasury to purchase "any other financial instrument that the [Treasury] Secretary, after consultation with the Chairman of the Board of Governors of the Federal Reserve System, determines the purchase of which is necessary to promoting financial market stability" (EESA 2008). That clause proved essential when, in December 2008, it became apparent that no resolution for the auto industry would take hold in Congress (Nye 2021). As a result, the Bush Treasury used the flexibility built into EESA to justify extending GM and Chrysler emergency loans (Bush 2008).

3. President Obama announced the creation of the AWCP in a televised speech.

President Obama announced the warranty protection plan in a speech delivered to the public on March 30, 2009, speaking directly to American consumers whom the program targeted. Before discussing the AWCP, the President explained why the government was assisting the automakers. He described the process that had been applied, including judging their restructuring plans to be inadequate, and the decision to provide further working capital to give the companies a second chance. In particular, the President explained how bankruptcy might be employed as a "tool" to speed the restructuring of the automakers. He then explained how the AWCP would work in broad terms, while also taking pains to describe such things as automatic enrollment for purchases of eligible cars (Obama 2009). The President's speech was supplemented by the release of a program fact sheet on the White House and Treasury websites (Treasury 2009a).

4. The AWCP was open to participation by all domestic automakers.

Even though President Obama announced the program in support of GM and Chrysler, in its fact sheet Treasury confirmed that "any domestic auto manufacturer [was] eligible to participate in the program" (Treasury 2009a). No other manufacturers chose to participate (Treasury 2018).

5. The AWCP provided funding that indirectly guaranteed warranties on new vehicles sold by GM and Chrysler during their restructuring to bolster consumer confidence in the companies.

The looming threat of a GM or Chrysler bankruptcy had the potential to negatively and possibly significantly affect demand for the companies' vehicles. While President Obama attempted to position bankruptcy as a valuable restructuring tool, there was great risk that consumers would view the announcement as confirmation of the firms' precarious futures, and thus be hesitant to purchase one of their vehicles (COP 2009). For consumers, bankruptcy put at risk the fulfillment of warranty benefits and would likely result in the closure of many dealerships and service centers as well as a huge drop in vehicle resale value (COP 2009; GM 2008). Given these risks, it was thought that some consumers would avoid GM and Chrysler offerings entirely in favor of vehicles sold by financially sound automakers.

As a result, on March 30, 2009, at the same time that he announced the possibility of a GM or Chrysler bankruptcy, President Obama also took the step of announcing a government-funded protection plan for warranties on vehicles the companies sold while restructuring. While concern over the future of GM and Chrysler would remain, the program was intended to alleviate a major risk associated with bankruptcy and, to the maximum extent possible, bolster consumer confidence in their vehicles (Treasury 2009a).

6. GM and Chrysler were required to create new SPVs to which they transferred funding to be held in reserve in case of their failures.

The AWCP required a participating auto manufacturer to establish an independent bankruptcy-remote SPV to guarantee the warranties; the guarantees did not flow from the manufacturer or the government. Guarantees normally do not require upfront payments by the guarantors; rather, auto manufacturers typically establish an accounting reserve to cover the expected cost of providing warranty services on each newly sold vehicle. The AWCP required Treasury and the participating manufacturers to pre-fund the SPV so that the funding backing the guarantee would be set aside. In the event of either company's failure, the SPV, a separate legal entity, would remain financially able to meet the warranty commitments (Treasury 2009a).

7. Each SPV was funded by contributions from Treasury and the participating automaker's funding.

Each participating automaker and Treasury together contributed funding equal to 125% of the expected cost of fulfilling warranties on eligible vehicles they projected to sell while restructuring, with 88% contributed by Treasury and 12% contributed by the participant (Chrysler and Treasury 2009; GM and Treasury 2008).[9] GM and Chrysler were responsible for providing 15% of this amount (as 12% of 125% is 15% of the overall total) and funded the remainder with a Treasury loan (Treasury 2009a). Treasury did not state why it divided the funding in this manner.

The companies calculated the expected cost of warranty obligations using historical data on warranty payouts in years past. If at any point during the program warranty cost expectations increased by more than 10% (for example, by the companies selling more vehicles than expected or due to an unforeseen increase in the average cost of fulfilling each eligible warranty), the companies were required to deposit into the SPV additional funds to cover this increase (Chrysler and Treasury 2009; GM and Treasury 2008). The administration agreements do not detail how this historical data would be used to compute the expected cost of warranty data.

8. Treasury extended loans to each participating manufacturer to support the warranty commitment.

Treasury originally committed up to $1.1 billion for the program and ultimately disbursed $640.7 million in loans. Treasury extended Chrysler a loan worth $280.1 million on April 29 and GM a loan worth $360.6 million on May 27 (Treasury 2018).

Treasury's loans to each manufacturer had an interest rate of the greater of (1) the three-month Libor plus 350 basis points, or (2) 550 basis points. The loans were payable by 30 days after the termination of the facility, which was June 30, 2010, for Chrysler and July 31,

[9] Based on available information, it is unclear how long each company expected to be in restructuring and thus over how long of a timeframe they projected these costs.

2010, for GM (or, whichever was earlier, 30 days after the entrance of the warranty SPV into an arrangement with a third-party administrator or 30 days after notice of a successfully completed restructuring) (Chrysler and Treasury 2009; GM and Treasury 2008). There is no data available that explains why Treasury chose these dates to terminate the facility or why the dates differ for the two automotive companies.

9. Treasury's loans were secured by a senior lien on the SPV's assets after the program's end.

Treasury's loan was designed to comprise 88% of the total funding in each warranty SPV. If the AWCP ended with the funding in each company's SPV having gone unused, Treasury would be entitled to receive what it had accrued. However, if one of the companies failed and its SPV had to be put to use, Treasury had no recourse other than its investment plus any interest that might remain after the program's end. Treasury stood first in line (ahead of the companies) to receive any funding left over (Chrysler and Treasury 2009; GM and Treasury 2008)

10. Consumers who purchased an eligible vehicle were automatically registered for the program.

To be eligible, a vehicle had to be new and sold by a participating automaker while it restructured. For those purchasing an eligible vehicle, registration for the program was "automatic." As explained to consumers on the AWCP Fact Sheet: "You do not have to do anything to receive the US commitment to your warrantee [*sic*]. It is automatic" (Treasury 2009a). President Obama stated the same in his speech announcing the program (Obama 2009). Individuals owning a GM or Chrysler vehicle at the time of the program's announcement, or purchasing a used car during the restructuring, would continue to be covered by outstanding warranties, but would not receive benefits under the AWCP (Treasury 2009a).

11. The failure of either automaker would trigger a search for a third party capable of taking over its warranty obligations.

If GM or Chrysler were to fail, its SPV would be given a 10-day period during which to try to locate a third party willing to accept the warranty obligations in exchange for the funding it held. If the 10-day period passed and no suitor was found, Treasury's program administrator would seek to carry out this. During this time, the program administrator would be responsible for fulfilling a range of duties, including structuring the processing of claims, assuring their validity, cutting down on fraud, and doing "other administrative functions" as needed (Chrysler and Treasury 2009; GM and Treasury 2008). The government believed it would not be difficult to find a suitor. "Because of the significant funding of the reserve account, Treasury is confident that qualified third parties will be interested in taking over the warranty obligations" (Treasury 2009a).

12. The Canadian government simultaneously guaranteed warranties on new GM and Chrysler vehicles sold in Canada.

Canada established a warranty guarantee program similar to the AWCP. The Canadian Warranty Commitment Program, announced on April 7, 2009, supported new vehicle warranties for GM and Chrysler customers with the "goal . . . to increase consumer confidence and encourage Canadians to buy new cars" (Industry Canada 2009a). The program ended on September 16, 2009, after both companies emerged from bankruptcy (Industry Canada 2009b).

The Canadian government stated:

> Under the Canadian Warranty Commitment Program, the federal government is committed to honouring consumer warranties on new vehicles purchased from GMCL or Chrysler Canada for a limited period while improved restructuring plans are put in place (Industry Canada 2009a).

It described the warranty program as one that "paralleled the US warranty program announced by President Barack Obama on March 30, 2009" (Industry Canada 2009a).

It appears that segregated information about the warranty commitments appears not to be publicly available. The Auditor General of Canada criticized the lack of publc information about the use of the government's loans, including the warranty program: "Industry Canada had limited documentation on the actual use of a $2.8 billion loan made to GM Canada for capital expenditures, warranty claims, and other general corporate purposes." (Auditor General Canada, Section 5.45).

III. Evaluation

Given its size relative to the other components of the auto industry rescue, the AWCP has received comparatively little scrutiny from the academic community. No analysis has attempted to isolate its effect on demand for the companies' vehicles nor its overall impact on GM and Chrysler's restructuring efforts. However, the AWCP did roughly coincide with auto sales' lowest point in the recession (Goolsbee and Kruger 2015). This raises the possibility that the AWCP may have helped stabilize sales during this time.

At the time of its announcement, the AWCP received a generally positive reception from those in the auto industry as well as the media, although there were concerns that the program was too vague and that its implementation, if necessary, might be difficult. On the positive end, Joe Serra, president of a major US dealership group, called the initiative a game-changer, suggesting it would go a long way toward making consumers comfortable with buying a car from the companies (Roland and Truett 2009). Clarence Ditlow, executive director of the Center for Auto Safety, criticized the program for not backing current vehicle owners and pointed out that safety recalls can occur years after warranties expire. He also questioned whether it would be as easy as Treasury thought to find a third-party warranty service provider to take over the program in the event the companies went out of business (Fox News 2009).

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V. Key Program Documents

Summary of Program

(Treasury 2009a) Obama Administration’s New Warrantee Commitment Program
US government fact sheet highlight key terms of the AWCP.
https://ypfs.som.yale.edu/library/obama-administrations-new-warrantee-commitment-program-fact-sheet.

Legal/Regulatory Guidance

(Chrysler and Treasury 2009) Chrysler Original Loan and Security Agreement (with amendments)
Original loan and security agreement entered into by Chrysler and Treasury on January 2, 2009; Amendment No. 4 and the corresponding Administration Agreement, signed May 27, 2009, concern the AWCP.
https://ypfs.som.yale.edu/library/document/loan-and-security-agreement-between-chrysler-and-us-department-treasury.

(GM and Treasury 2008) GM Original Loan and Security Agreement (with amendments)
Original loan security agreement entered into by GM and Treasury on December 31, 2008; Amendment No. 4 and the corresponding Administration Agreement, signed May 27, 2009, concern the AWCP.
https://ypfs.som.yale.edu/node/4085.

Press Releases/Announcements

(Obama 2009) Remarks by the President on the American Automotive Industry
Speech by President Obama announcing the results of the Auto Task Force’s review of GM and Chrysler’s restructuring plans and introducing what would become the AWCP.
https://ypfs.som.yale.edu/library/obamas-announcement-auto-industry.

Media Stories

“Canada to guarantee new GM, Chrysler warranties.”
Reuters article discussing Canada’s guarantee program associated with the AWCP.
https://ypfs.som.yale.edu/library/canada-guarantee-new-gm-chrysler-warranties.

“Government Ends Warranty Program for GM, Chrysler.”
Automotive News *article discussing the termination of the AWCP.*
https://ypfs.som.yale.edu/library/government-ends-warranty-program-gm-chrysler.

(Roland and Truett 2009) "US Will Guarantee GM, Chrysler Warranties."
Article discussing the announcement of the AWCP.
https://ypfs.som.yale.edu/library/us-will-guarantee-gm-chrysler-warranties.

"Understanding Obama's Auto Warranty Plan."
New York Times *column analyzing the AWCP on the day of its announcement.*
https://ypfs.som.yale.edu/library/understanding-obamas-auto-warranty-plan.

Reports/Assessments

(COP 2009) September Oversight Report: The Use of TARP Funds in the Support and Reorganization of the Domestic Automotive Industry
Congressional Oversight Panel report analyzing and providing recommendations related to the creation, implementation, and issues raised by the use of TARP funds in the automotive bailout.

https://ypfs.som.yale.edu/library/september-oversight-report-use-tarp-funds-support-and-reorganization-domestic-automotive.

Freedom of Investment Process: Inventory of Investment Measures Taken between 1 September 2009 and 14 February 2010
OECD report assessing the effects of government interventions implemented globally in response to the GFC.
https://ypfs.som.yale.edu/library/freedom-investment-process-inventory-investment-measures-taken-between-1-september-2009-and.

"SIGTARP Quarterly Report to Congress, April 21, 2009.
First quarter of 2009 SIGTARP report that contains summaries of the AWCP and records spending from all programs within TARP.
https://ypfs.som.yale.edu/library/quarterly-report-congress-april-21-2009

"SIGTARP Quarterly Report to Congress, July 21, 2009."
Second quarter of 2009 report that contains summaries of the AWCP and records spending from all programs within TARP.
https://ypfs.som.yale.edu/library/quarterly-report-congress-july-21-2009.

(SIGTARP 2009) "SIGTARP Quarterly Report to Congress, October 21, 2009."
SIGTARP report covering all TARP programs and including key programmatic and financial details.
https://ypfs.som.yale.edu/library/sigtarp-quarterly-report-congress-october-21-2009.

Status Report: Inventory of Investment Measures Taken between 15 November 2008 and 15 June 2009
OECD report assessing the effects of government interventions implemented globally in response to the GFC.
https://ypfs.som.yale.edu/node/3107.