



January 12, 2008

The Honorable Barney Frank
Chairman, Committee on Financial Services
U.S. House of Representatives
Washington, D.C. 20510

Dear Mr. Chairman:

The National Marine Manufacturers Association (NMMA), the nation's leading recreational marine industry trade association, and the Massachusetts Marine Trades Association (MMTA) are writing to express growing concerns about the nation's financial crisis specifically with respect to thousands of small, American companies across the United States. The federal government has rightly spent considerable time and much effort on providing the necessary assistance to financial institutions and specific industries in order to stave off a worsening of the economic environment. However, for the many Main Street companies and the average consumer today, the credit situation is worsening and threatening thousands of businesses and tens of thousands of jobs.

We appreciate your leadership on increasing oversight and directed management of the disbursement of Troubled Asset Relief Program (TARP) monies, and we have several suggestions for your consideration as Congress and the Executive move forward with the remaining available funds.

- **First, we seek specific language in the bill to address the growing problem faced by marine and many other small businesses in commercial wholesale lending—often called floorplan financing.** H.R. 384 recognizes that the credit situation is having a direct and highly negative impact on the ability for dealers and retailers to secure financing for floor plans, but Sec. 416 limits its clarification regarding the availability of TARP monies to automotive dealers. *The lack of available credit for floorplan financing, however, is not limited to the automotive sector, but extends to U.S. recreational marine dealers and manufacturers and an array of other industries and their dealers.* Already, sales in our industry have declined more than 30 percent on average and as high as 40 percent for certain market segments. Boat building plant closures and layoffs are now a weekly occurrence. Unless credit through TARP or the Term Asset-Backed Securities Lending Facility (TALF) is opened up to assist the flow of credit to marine and other retailers, local dealers will continue to close and U.S. manufacturers will continue to reduce production, labor, and go into furlough or close down entirely. We strongly encourage additional language in H.R. 384 clarifying that federal assistance through TARP is available to other industries that rely on floorplan financing.

- **We request additional language in the bill requiring that banks and non-bank financial institutions, as a condition of receiving federal assistance under TARP, provide consumer loans available for all traditional uses on an equitable basis.** Economic recovery depends heavily on a rebound in consumer confidence, and consumers who are credit-worthy and encounter barriers to financing purchases will make this rebound more difficult. We note the special importance of this provision to employment in the United States associated with the recreational boating and RV industries, where an overwhelming majority of the new units are U.S.-manufactured.
- **Provide further clarification for Title IV, § 137 regarding authorities for consumer loans.** Language in H.R. 384 would clarify that the Secretary of the Treasury has the authority to establish new facilities to support the “availability of consumer loans, including loans for autos and other vehicles.” NMMA respectfully requests that, in an effort to ensure lending for all durable consumer goods, not just automobiles, are treated on an equitable basis, that additional language that clarifies and enables the Secretary to establish facilities to ensure lending is available for boats, recreation vehicles, and other durable goods and equipment is added to this section.
- **Congress should consider the creation of a mechanism to provide a safety net to banks and other non-bank financial institutions for floorplan lending.** The current credit squeeze is being exacerbated by lenders who are exiting certain market segments at a moment when lending is crucial. Lenders must be encouraged to remain in or re-enter the business of providing floorplan loans—for both marine retailers and other industries like recreational vehicles, autos, etc. Several major lenders, including Textron, Key Bank, Citizens Bank, Wachovia, and others have exited the marine floorplan lending market, have priced out dealers or announced that they will not finance new inventory for an undetermined period of time. Meanwhile, other alternatives for credit are highly limited. Without adequate floorplan financing, dealers cannot purchase new product from manufacturers. Further, manufacturers in many cases are required to repurchase inventory from dealers, causing a deleterious feedback loop that adds significant financial stress on already-struggling marine manufacturers. The direct consequence of the unavailability of credit for worthy companies is lost jobs.
- **Utilize a portion of the remaining TARP funds to establish a special lending facility within the Small Business Administration (SBA) to help small- and medium-sized firms.** Much financial assistance has rightly been provided to the financial services industry and major firms to prevent a deepening of the financial crisis. NMMA encourages Congress to direct specifically \$25-30 billion to SBA for the purpose of establishing a backstop for wholesale inventory/floorplan financing to a range of industries that depend on such financing, including marine, RV, pool and spa dealers, and others.

Mr. Chairman, we strongly believe that the actions outlined above would substantially mitigate the consequences of the credit crisis and save jobs. We emphasize that the actions we have outlined are not a bailout for the marine industry, but broad economic measures that would assist our industry as well all other durable good manufacturers and retailers in the U.S. These actions are necessary to prevent the further erosion of American manufacturing in the short term, and would provide considerable assistance to the recreational marine industry which has an overall economic impact in the country of over \$100 billion annually and directly and indirectly impacted 337,758 U.S.

jobs with a labor income of \$10.4 billion. The U.S. boating industry is comprised mostly of small- and medium-sized businesses, and its products are primarily made in America by American workers. In Massachusetts, more than **1,260** marine trade businesses and individuals employ **17,741 full time employees**, generate more than \$508 million in annual payroll and more than \$25 million in annual income taxes.

NMMA, MMTA and our member companies greatly appreciate your leadership as our country navigates these unprecedented economic challenges. Thank you for considering our views, and please let us know if we can be helpful in any way. Please contact me or Mathew Dunn (mdunn@nmma.org; 202-737-9760) of my staff if we can provide further assistance, and we look forward to hearing from you at the earliest opportunity.

Sincerely,

A handwritten signature in black ink, appearing to read 'T. Dammrich', written in a cursive style.

Thomas J. Dammrich
President, National Marine Manufacturers Association

A handwritten signature in black ink, appearing to read 'K. Saunders', written in a cursive style.

Kurt Saunders
President, Massachusetts Marine Trades Association