



November 12, 2008

The Honorable Henry M. Paulson, Jr.
Secretary
U.S. Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, D.C. 20220

Dear Secretary Paulson:

The National Marine Manufacturers Association (NMMA), the nation's leading recreational marine industry association, and the National Marine Bankers Association (NMBA) applaud your leadership during this difficult, unprecedented economic situation in the United States. Our organizations are encouraged by the actions the Treasury Department is undertaking to ameliorate instability in the financial markets and re-open the flow of credit. In particular, we are encouraged by recent reports that the Treasury Department is moving to utilize some of the authorities and monies made available in the *Emergency Economic Stabilization Act* (Pub. L. No. 110-343) to shore up non-bank financial institutions.

NMMA represents nearly 1,700 boat builders, engine manufacturers, and marine accessory manufacturers who collectively produce more than 80 percent of all recreational marine products made in the United States. With more than 59 million boaters nationwide, the recreational boating industry is a major consumer goods industry with expenditures on recreational marine products and services of \$37.5 billion in 2007 alone. Recreational boating has an overall economic impact in the country of over \$100 billion annually.

NMBA, an industry association partner of NMMA, works to ensure retail marine financing is readily available, educating both lenders and consumers on the affordability and benefits of marine financing and marine financing procedures. NMBA promotes the extension of credit to consumer and trade borrowers, maintains alliances with industry partners, and measures and reports on the vitality of the marine lending market.

The U.S. boating industry is comprised mostly of small- and medium-sized businesses, and our products are primarily made in America by American workers. In 2007, recreational boating directly and indirectly impacted 337,758 U.S. jobs with a labor income of \$10.4 billion. Nearly 19,000 boating businesses employ more than 154,000 U.S. workers. Additionally, our consumers are middle-class Americans—75 percent of boat owners earned an annual household income of less than \$100,000, and 95 percent of boats in use are less than 26 feet in length (in other words, trailerable boats).

The current challenging financial landscape is having a severe impact on the American recreational marine industry. The credit and housing crises, the collapse of consumer confidence, and the weakening export market have resulted in sales for our industry declining an average of 26 percent so far in 2008 and 40 percent since the housing crisis and falling consumer confidence began, with much higher declines in certain segments. As a consequence, many American marine companies are shutting their

Executive Committee

Chairman, NMMA
David Slikkers
Tiara Yachts

Vice Chairman, NMMA
Jason Pajonk-Taylor
Taylor Made Products

Treasurer, NMMA
Joan Maxwell
Regulator Marine

Secretary, NMMA
Mark Schwabero
Mercury Marine

BMD Representative
John Dorton
MasterCraft Boats

EMD Representative
Paul Dierksen
Volvo Penta

AMD Representative
Fred Sherrerd
ASA Electronics

Member At-Large
Chuck Rowe
Indmar

President
Thomas J. Dammrich
NMMA

doors, closing manufacturing facilities permanently or temporarily, and making painful decisions about their operations in order to survive. Companies that have not closed are dramatically reducing production, cutting back on expenses, reducing labor, and taking on mounting losses.

As you continue your efforts to stabilize financial institutions, we wish to draw attention to our growing concern that the resources made available through the Troubled Asset Relief Program (TARP) are not reaching critical sectors of the financial industry with sufficient pace. The boating industry is uniquely vulnerable to volatile credit markets and illiquidity, as financing for marine dealers is limited to a handful of specialty financial lending institutions.

Recently, the industry has watched with alarm at the exit of KeyBank, Wachovia, and Citizens Bank from the business of floor-plan lending to marine and other recreational vehicle products. GE Money recently exited the retail marine lending market, although GE Distribution Finance remains a commercial marine lender responsible for a significant portion of all marine floor-plan financing, with over \$3 billion invested. We are increasingly concerned about the prospect of additional specialty financial lending institutions exiting the commercial marine lending market, which would have potentially devastating consequences for manufacturers and dealers of recreational marine equipment.

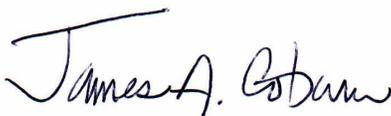
Consumers now have fewer choices to obtain retail financing for recreational boat purchases, and marine dealer inventories continue to remain static. As the financial statements of dealers become problematic as sales continue to decline, marine dealers are having increasing difficulty securing and retaining sufficient credit to sustain their operations and purchase new model year product. Additionally, marine manufacturers have been forced to intervene in many cases to keep their dealers solvent rather than reacquiring their inventories, and manufacturers have been forced to dramatically scale back new production across all market segments. Should lending continue to contract for the marine sector, the U.S. boating industry will face severe short- and long-term challenges.

Our organizations respectfully encourage the Treasury Department to move forward quickly with the purchase of assets of non-bank financial institutions, and inject these firms with available capital to increase the flow of credit. The failure of these lenders and continued credit inaccessibility will have major negative consequences for countless small- and mid-sized businesses in the U.S. We greatly appreciate your and the President's leadership to alleviate the nation's economic challenges. Please do not hesitate to contact us if we can be of any assistance.

Sincerely,



Thomas J. Dammrich
President, National Marine Manufacturers Association



James A. Coburn
President, National Marine Bankers Association

CC: The Honorable Neel Kashkari, Interim Assistant Secretary of the Treasury for Financial Stability