

## Industry Memorandum

June 16, 2009

To: All NMMA Members & Industry Colleagues

From: David Slikkers, Chairman, National Marine Manufacturers Association

As you well know, the U.S. recreational boating industry is currently facing unprecedented challenges. The general economic environment and business conditions for the last several months have deeply impacted every marine manufacturer, dealer, supplier, and any company or business engaged in the boating industry. Overall, approximately 135,000 boating industry jobs have been lost as our industry contracts.

If you are in the business, you understand what is going on and why. Recently, you may have received a letter from Irwin Jacobs outlining a proposal to alleviate, in particular, the issue of Floorplan financing. As this is a critical problem in our industry, I want to outline actions that have been taken to address this issue.

As the Floorplan financing issue became acute in the Fall of 2008, all aspects of NMMA began taking actions to address the issue. The Government Relations team in Washington, D.C. aggressively engages with federal lawmakers to educate and pursue appropriate and viable policy remedies. Public Relations in both Chicago and Washington engages the national consumer and trade media. Grow Boating, Inc. redirected funds to manufacturers to promote sales for their dealers now in lieu of a national advertising campaign. The Shows staff took significant steps to reduce costs for exhibitors and deliver quality crowds to help move product. The Affiliates staff worked closely with and the National Marine Bankers Association (NMBA) to initiate steps to educate dealers on their options and the lending community about our industry. NMMA Canada has given the issue a high profile within the Canadian government. The NMMA Boat Manufacturing Board formed a Dealer Floorplan Task Force to identify solutions and provide recommendations to NMMA staff.

All of these efforts remain ongoing as the Floorplan lending problem remains unresolved. There has been progress, however. Here is what has been done to date:

1. **Marine/Non-auto Floorplan Inclusion into Term Asset Backed Securities Lending Facility (TALF).** Designed to unfreeze the secondary markets, TALF is a program designed to leverage up to \$1 trillion in capital to restart the securities market, which is used by primary lenders, including GE Commercial Distribution Finance (CDF), to increase their cash balances to enable them keep interest rates low and issue more Floorplan loans. Initially, the marine industry was excluded from this program but NMMA staff and members ultimately succeeded in getting marine floorplans included. However, because the program is not working as it should for the marine sector, NMMA continues to work with lawmakers to correct this flaw. NMMA has also been engaged privately with lenders, banks, and potential investors in order to facilitate participation in this program.

2. **Marine Dealer Floorplan Financing Program through Small Business Administration (SBA).** NMMA worked closely SBA to include dealer Floorplan financing in SBA's 7(a) Loan Program. SBA has created a new pilot program that will offer Floorplan loans through 1,200 SBA-approved lenders. This program is designed to keep viable dealerships open that would have otherwise closed and attract qualified banks into the Floorplan space. NMMA continues to work with SBA to make this program more effective. We are also looking to identify a viable servicing and marketing entity to potentially help overcome some lenders' operational concerns with Floorplan financing.
3. **Telling the Floorplan Financing Story to Key Congressional Committees.** Last week, NMMA brought a New York-based marine dealer before the House Committee on Small Business to testify about the Floorplan lending crisis and lack of access to reasonably priced capital. This testimony was designed to inform key Members of Congress that insufficient Congressional action has been taken to solve the Floorplan financing problem. NMMA Canada has testified before the Canadian Parliament about lack of Floorplan financing in Canada and continues to work with Canadian officials on this issue.
4. **Lobbying & Education of Members of Congress.** NMMA Washington staff consistently engages with dozens of Members of Congress and Congressional staff in discussions on the Floorplan issue. NMMA has met with staff for Rep. Barney Frank, Chairman of the House Financial Services Committee, and Sen. Christopher Dodd, Chairman of the Senate Banking Committee, to seek solutions and assistance. NMMA has also addressed this issue with officials at the Treasury Department, the Federal Reserve Board, and the New York Federal Reserve Bank. On behalf of the marine industry, several Members of Congress have raised this issue publicly and privately with Administration officials, including Senator Evan Bayh, Senator Bob Corker, Senator Mel Martinez, Rep. Joe Donnelly, Rep. Peter Hoekstra, Rep. Ron Klein, Rep. Lincoln Diaz-Balart, and others.
5. **Media Awareness.** Coverage of the marine Floorplan lending issue has appeared in numerous publications, including a front page article in *The New York Times* as well as many other business, consumer, and boating trade publications. This is an effort to "tell the story," designed to bolster advocacy efforts in Washington.
6. **Educating Dealers and Attracting New Lenders.** The National Marine Bankers Association has developed a webinar and information kit for marine dealers that helps them understand their financing options. NMBA has also put together a comprehensive White Paper on lending in the marine business, retail and wholesale, as a product piece to market our industry to regional and local banks as part of the larger effort to attract new lenders into our industry. In the meantime, NMMA and NMBA are doing everything we can to support existing marine lenders.

Despite these efforts, as Irwin Jacobs very clearly represented in his letter, there is more work to be done. NMMA will continue to aggressively tackle this issue. I do not know if it is possible to have the government compel GMAC or any other lending institution to enter the marine Floorplan lending business. I do not know if we want the government dictating the terms of our business or the business of our lenders. Despite billions of dollars given to the auto industry, the government solution has not worked. As many of their dealers shut their doors, Chrysler and GM are now in government-engineered bankruptcies.

I do know that we need to take a serious look at every idea. And, I agree with Irwin that it is time for the entire industry to become personally involved in telling their stories to their federal elected officials. Now is the time to use the personal relationships that you have with your Congressmen and Congresswomen, and to make new relationships. I encourage you to do this. Collectively, we can increase the noise-level in Washington and raise our industry profile further.

To help this effort, NMMA Government Relations will soon make available a letter on its website that you will be able to easily send to your Representatives and Senators by email. NMMA will also make available information you can use to call their offices in Washington and in your home state or Congressional District. Members of Congress will be home for a week beginning on June 26 for the July 4th Congressional recess, and they will be home again during the entire month of August. They need to hear from company CEOs directly and from your employees, vendors, and dealers. I encourage you to visit their in-state Congressional offices, invite them to your plant facility or dealership (even if it is closed or not producing). Face-to-face meetings with Members of Congress and their staff are the most valuable interaction you can have.

First and foremost, this is an issue about local jobs. Tell them about the people you employ or used to employ, the amount you contributed to federal and local tax revenues, and what you provide for your communities.

I encourage you to utilize your NMMA advocacy team in Washington and Chicago to help make the case. They are there every day working on behalf of the entire industry and are ready to help. The only way our industry can emerge from this crisis is if we work together to find the answers to these challenges.

Sincerely,

David Slikkers  
Chairman, NMMA