

February 3, 2010

The President
The White House
Washington, D.C. 20003

Dear Mr. President:

During your town hall event in Nashua, New Hampshire yesterday announcing your new, much-needed Small Business Lending Initiative, you made a remark which unfortunately associated buying a recreational boat with irresponsible spending. While we agree with you that consumers should always make responsible buying decisions before making any significant purchase or investment, we take issue with your characterization of boating as an extraneous or irresponsible purchase. As with your remarks about Las Vegas, we hope you will take the opportunity to recognize that boating is a fun, family activity that supports hundreds of thousands of American manufacturing and service jobs.

Indeed, the recreational boating industry is one of the last remaining American manufacturing businesses and net exporters, with annual sales of nearly \$30 billion and a total economic impact of \$100 billion. Boats are made by middle-class American workers for middle-class American consumers. Our industry creates jobs for well over 200,000 Americans—workers in factories in Elkhart, Indiana; Marion, South Carolina; Neodesha, Kansas; Fort Meyers, Florida and in hundreds of communities across the United States. These are the very small businesses that your Administration is working to help.

By associating buying a boat with irresponsible spending, you send a very negative and unfortunate signal to boatbuilding workers, marine dealers, marina owners, marine suppliers and the thousands of marine industry employees in the United States.

We cannot overemphasize how important it is to fuel American middle class recovery and growth with confidence and through responsible spending, rather than calling out an industry that is trying to work alongside your Administration to support job growth and U.S. manufacturing. We sincerely hope you will clarify your remarks and join us in celebrating a great American industry.

As you know, recreational boating has been severely impacted by the economic downturn. Low consumer confidence, general economic uncertainty, and an unmitigated contraction of conventional commercial lending has brought boatbuilding production to a near standstill and reduced overall industry sales by nearly 30 percent. We estimate that more than 135,000 jobs in our industry have been lost, but we are optimistic that economic growth will return and employees will be re-hired if the Administration keeps focused on promoting a positive business environment.

In particular, we applaud your renewed focus on small business lending, which has greatly exacerbated

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Thomas J. Dammrich
NMMA

the impact of the downturn in our industry. While we are encouraged by your new Small Business Lending Initiative and support your efforts to increase access to capital, we hope that you will begin to pay particular attention to continued credit illiquidity in wholesale, or floorplan, financing. When a retailer cannot access capital to purchase new inventory from manufacturers, those manufacturers are forced to stop production, causing further painful labor reductions. Floorplan credit availability is key to any meaningful economic recovery for these industries.

NMMA has worked with your Administration, including the Small Business Administration (SBA), the Treasury Department and the Federal Reserve Board, as well as the Congress in trying to find solutions to this ongoing problem. Your Small Business Lending Initiative should include specific efforts and incentives to encourage community banks and other lenders to provide floorplan financing to marine dealers at reasonable terms.

Additionally, in July of 2009, SBA launched the Dealer Floorplan Pilot Initiative (DFP), which is specifically designed to address floorplan financing. This Initiative established a pilot 7(a) loan guaranty program dedicated for lines of credit that provide floor plan financing and allows auto, boat, RV, trailer and similar product dealers to acquire inventory. The SBA Floorplan Pilot Initiative has the potential to assist a wide array of product dealers in establishing critical lines of credit with SBA approved banks to replace lines that have either become unaffordable or have disappeared. However, after months of operation, this program has received scant participation by national, regional, or community banks. We have encouraged SBA to make specific changes to this program and to extend it to 3-5 years to encourage more bank participation, and we hope these changes will be made soon.

Thank you for your continued efforts to improve the lending environment for businesses throughout the United States. We stand ready to assist you in efforts to improve the business environment, and we welcome you or members of you Administration to tour an American boatbuilding factory to see the quality of jobs our industry provides to Americans across the country. We are happy to help coordinate such a visit at any time.

Sincerely,

A handwritten signature in black ink, appearing to read 'T. Dammrich', with a stylized flourish at the end.

Thomas J. Dammrich
President