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First SBA Marine Dealer Floor Plan Loan Issued

NMMA encourages program expansion to relieve industry-wide floor plan financing challenges

WASHINGTON, D. C., November 12, 2009 – The first marine loan has been issued under the Small Business Administration’s Dealer Floor Plan (SBA DFP) pilot program launched earlier this year and strongly supported by the National Marine Manufacturers Association (NMMA) and the recreational boating industry. Earlier today, the Tennessee-based Cleveland Boat Center finalized its SBA Dealer Floor Plan loan with long-time SBA lender Citizens National Bank of Athens, TN. The SBA Dealer Floor Plan program offers government guaranteed loans to finance inventory for eligible boat, auto, RV and other dealerships. President Obama recently encouraged Congress to increase the maximum loan size for a number of SBA loans, including SBA DFP loans.

NMMA has been working with SBA, the Treasury Department, the Federal Reserve Board, the Commerce Department and House and Senate Small Business Committees to alleviate the floor plan financing crisis. At the start of the economic downturn, the majority of lenders servicing the industry left the marine lending market, leaving boat dealers with limited or no access to critical business credit. This negatively impacted boat dealers and manufacturers, contributing to staff lay-offs, furloughs, plant closures, liquidations and bankruptcies. The SBA DFP program is a critical initiative designed to directly address this problem.

Since the SBA DFP program is the first time that the agency has ever offered floor plan loans, NMMA has been collaborating with SBA as well as boat dealers and manufacturers to make this program a success. Shortly after the launch of the program, NMMA submitted [detailed feedback](#) to SBA on how to improve the program and maximize its impact for marine businesses.

“We’re pleased to hear that the SBA has finalized its first marine floor plan loan and hope to see many more marine loans,” added Jim Coburn, President of the National Marine Bankers Association. “This is a vital program for our industry and we encourage SBA to make it a permanent lending program once the pilot ends.”

To date, there have been 23 businesses approved for SBA DFP loans. Of these, there are marine businesses in Michigan and New Jersey that have pending loans in addition to the Cleveland Boat Center, a family-owned boat dealership and repair facility that has been serving Chattanooga area boaters for nearly four decades.

“Our SBA loan has provided our business with manageable terms and increased flexibility,” said Randy Wattenbarger, owner of the Cleveland Boat Center. “It’s helping us preserve jobs and keep boats available to local boaters at a price they can afford.”

“Citizens National Bank is proud to be able to offer these types of loans to small businesses like Randy’s that have been part of our community for many generations,” added Shane Jackson, loan officer and Vice President of Commercial Lending at Citizens National Bank.

In another encouraging development for the boating industry, last week, GE Commercial Distribution Finance brought more than \$500 million in securitized floor plan loans to market partially under the Term Asset-Backed Securities Lending Facility, or TALF. GE previously brought an initial \$500 million in floorplan loans through TALF to market in early August. NMMA has worked directly with officials at the Treasury Department, the Federal Reserve, and the Federal Reserve Bank of New York, which administers TALF, in successfully getting marine (or non-auto) floorplan asset-backed securities eligible under the TALF program and making the terms of TALF more equitable along all asset classes.

“As the economy slowly recovers, initiatives like TALF and the SBA DFP program are providing additional, much-needed help to resilient marine businesses as they work to emerge from this downturn,” added National Marine Manufacturers Association President Thom Dammrich. “NMMA has been working hard to make these programs relevant to the marine industry and we look forward to continued collaboration with SBA and the Obama Administration.”

The SBA DFP program is slated to end on September 30, 2010 at which point SBA will decide to extend the pilot, terminate the pilot or make it a permanent part of SBA’s lending programs. NMMA is recommending that in lieu of that current expiration date, SBA make the

program a three-year pilot program that will automatically renew unless SBA determines that floor plan financing is readily available from the private market.

For more information, contact Cindy Squires at 202-737-9766; csquires@nmma.org.

Additional Resources:

[SBA DFP Web Site](#)

[NMBA/NMMA/MRAA Fact Sheet on SBA DFP program](#)

[NMBA/NMMA White Paper on Marine Lending](#)

[NMBA Webinar on Finding New Funding Sources & Building Lender Relationships](#)

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About NMMA: National Marine Manufacturers Association (NMMA) is the leading association representing the recreational boating industry in North America. NMMA member companies produce more than 80 percent of the boats, engines, trailers, accessories and gear used by boaters and anglers throughout the U.S. and Canada. The association is dedicated to industry growth through programs in public policy advocacy, market statistics and research, product quality assurance and promotion of the boating lifestyle. For more information, visit www.nmma.org.

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