

Congress of the United States
Washington, DC 20515

December 10, 2008

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

The Honorable Ben S. Bernanke
Chairman
Board of Governors of the Federal
Reserve System
20th Street and Constitution Ave, NW
Washington, DC 20551

Dear Secretary Paulson and Chairman Bernanke:

As you continue your efforts to stabilize our financial system and stimulate the credit markets, we are writing to convey to you our strong support for more specific action to ensure that those institutions that have received or will receive TARP funds increase their lending to consumers and businesses.

We represent districts that rely heavily on the manufacturing sector for jobs and economic growth. In particular, manufacturers of recreational vehicles (RVs) employ thousands of Hoosiers in good-paying jobs and have been key components of local economies for generations. Our support for the Emergency Economic Stabilization Act was based on our belief that the government's infusion of capital would help to thaw the credit markets and stanch job loss. Unfortunately, the tightening credit market has made it very difficult for consumers to finance RV purchases and dealers to secure inventory financing. As a result, the Recreational Vehicle Industry Association tells us RV shipments declined 9.5 percent in 2007 and 30 percent in 2008, causing manufacturers, dealers, and campground operators to reduce their workforce by 53 percent since last summer.

We support the important joint efforts by the Treasury and Federal Reserve to promote the availability of consumer financing for qualified borrowers through the newly created Term Asset-Backed Securities Loan Facility. We are encouraged by the Treasury's November 25 statement that the facility may be expanded to include other asset classes beyond automobile, credit card, and student loans. Since Treasury's stated intent with the facility is to accommodate the credit needs of consumers and small businesses by improving ABS market conditions, we request that newly or recently originated recreational vehicle consumer and business loans be included in the ABS facility. An already declining pool of RV buyers faces the additional challenge of financing these units, even in instances where the buyers have strong credit. Moreover, in addition to tight consumer credit, floor plan financing for RV dealerships is disappearing as lenders exit the RV market or retreat from financing additional product inventory. Credit must become available to these consumers and businesses to support economic recovery and growth—and the ABS facility offers a critical piece of the broader strategy to restore liquidity to the lending market.

In the same vein, to help ensure the availability of credit, Treasury should require that banks and nonbank financial concerns receiving TARP funds use this newfound liquidity to actually make consumer and business loans available. Action is needed, perhaps stronger than mere urging, to require that a portion of the remaining TARP funds be used for consumer and business loans. 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 look forward to working with you to make sure that TARP achieves the desired goal of restored liquidity in the credit markets through the recapitalization of our financial system. But we must strive to make sure that the government's steps to recapitalize result in the expedient restoration of the lending, increased consumer activity, and job protection. Thank you for your careful consideration of our request, and we look forward to your response.

Sincerely,



Joe Donnelly
Member of Congress



Mark Souder
Member of Congress