



November 11, 2008

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

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

Dear Secretary Paulson and Chairman Bernanke:

Given today's rough economic times, automobile dealers – particularly ethnic minority automobile dealers – are finding it extremely difficult, if not impossible, to obtain access to capital and to maintain their current banking relationships. Although the trouble facing the overall automobile industry is highly publicized, the story that is not being told is that of the automobile dealer, particularly the ethnic minority dealer. For ethnic minority automobile dealers, the road to access and opportunity began in the mid-to-late 60s; it was through that process that the government and the automobile manufacturers – particularly the domestic auto manufacturers – paved the way for ethnic minority entrepreneurs to become dealers. Today, there are 2,100 ethnic minority automobile dealers which represent 5 percent of the overall automobile dealer network in the United States. **However, with the economic turmoil that this country is facing, up to 75 percent of the entire minority dealer body could run out of cash and close their doors by year end. Federal financial assistance is needed immediately to allow these dealers to survive.**

As you consider the requests for financial assistance to the automobile industry, I urge you to also consider provisions to provide financial assistance to automobile dealers, especially ethnic minority dealers. These dealers are being negatively affected by financial and "captive" institutions with their increase in floor plan interest rates, the curtailing of lines of credit, the cancelling and/or non-renewal of floor plan loans, and the overall lack of lending to automobile dealers. As a result of this credit crunch, it is estimated that over 600 dealerships and 30,000 jobs have been lost already. Of that 600, it is estimated that over 150 were owned by ethnic minority dealers. If immediate assistance is not provided to automobile dealers, extremely negative consequences will be felt within the dealer body and the industry that will directly and adversely affect the economy in the United States, both short and long-term.

For the foregoing reasons, NAMAD, a 501c (3) non profit organization headquartered in Lanham, MD which represents the 2,100 ethnic minority-owned new automobile dealers, both domestic and import, in the United States, requests immediate assistance under either the Emergency Economic Stabilization Act or other, current lending authority. I also write to you today in full support of the National Automobile Dealers Association (NADA) letter to you of November 7. In particular, I request that:

- when reviewing any request associated with automobile manufacturers' "captive" finance companies, a thorough review also be conducted as to the impact automobile dealers play with the financial institutions. I also urge that financial assistance be provided to dealers at low interest rates and on favorable terms;
- dealer representatives be included in the discussions with automobile manufacturers. A healthy dealer body leads to a healthy automobile industry and a healthy economy;

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- a temporary release in the lending requirements be granted to allow automobile dealers access to capital and favorable floor plan loans, which include low interest rates. I also urge that loans be made directly to automobile dealers through the federal government;
- establishment of a comprehensive automotive industry restoration package that will also provide distressed automotive dealerships owners and operators immediate access to funding that would accommodate their credit needs;

Without dealer support, government intervention in support of the auto manufacturers will not work. Therefore, assistance is needed immediately so that we all can succeed during this global turbulence.

Sincerely,

A handwritten signature in black ink, appearing to read "D-L-L", with a large, stylized "D" at the beginning and two "L"s following.

Damon Lester
President

Cc: The Honorable Harry Reid
The Honorable Mitch McConnell
The Honorable Nancy Pelosi
The Honorable John Boehner
The Honorable Jim Clyburn
Congressional Black Caucus
Congressional Hispanic Caucus
Congressional Asian Pacific American Caucus
NAMAD Board of Directors