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## **Interest in Boat Loans Seen at Banking Conference**

Bankers from across the U.S. gathered in Ft. Lauderdale in June to attend the Consumer Bankers Association's "CBA Live" annual lending conference and received reasons why boat loans should be in their stable of offerings. While the hot topics at the event concerned the soon-to-be-enacted financial regulatory reform act and lingering work to resolve capital requirements, liquidity levels and lending risk management, registrants were generally open to the idea of serving or reconnecting with the marine community.

Attending the Conference were three members of the National Marine Bankers Association: President Karen Trostle of Sterling Acceptance; Jim Foley of Trident Funding; and immediate past president Jim Coburn of Coburn & Associates. Over the course of the three-day meeting, they used an exhibit booth and networked with a number of the 800 attendees to provide details on the NMBA's Annual Conference, Marine Lending Workshop and provide the updated market overview, "A Fresh Look at Marine Lending." Trostle said 70 brochures were distributed and a number of contacts were made to provide additional information.

The general view of lenders at the Conference reflected what many of their bank economists have been projecting. They expect a slight uptick in loan demand over the next year (59% expect loan demand to increase in the next 12 months) but that growth will be tempered by the overall economy (seen as "weak and wobbly" over the next two years).

Noted Trostle, "We talked to lenders not currently serving the market with an interest in learning more about the composition of boat loan portfolios. They assumed their portfolio would reflect the type of boating in their market area but needed a basic understanding of lien perfection and were curious about borrower profiles. Others who were current or former boat lenders were more focused on the state of the boating industry and collateral values. We explained that we had resources and data available to both groups that could assist in learning the boat lending routine or to benchmark performance."

“There doesn’t appear to be a preference for lending on types or sizes of boats, sail or power, or comparisons with other installment lending areas, such as RVs or home equity products,” explained Foley. “The focus now more than ever is on borrower quality and having a comfort level with a higher down payment level or equity that the borrower is willing to commit to the transaction. For banks that have been making boat loans, they will likely close more loans where there has been a profitable history with retailers, brokers and manufacturer brands. But, the bottom line is reducing risk with any loan transaction.”

“We also provided details of the SBA’s Dealer Floorplan Financing Program which is seeing enhancements to increase loan caps to \$5 million, eliminate fees, and make other improvements that will spur availability for business credit,” added Coburn. “Many of the CBA member lenders provide commercial credit to businesses in their markets and could facilitate these programs.”

Lenders will find an overview of the marine lending marketplace on the NMBA website, [www.marinebankers.org](http://www.marinebankers.org). Links to the “Fresh Look” brochure, Annual Conference and Lending Workshop are on the home page; click-throughs lead to the latest NMBA newsletter with recent news and trends and an Annual Report which summarizes marine lending data such as terms, turnover, delinquency rates, buyer profiles, etc.

Membership in the NMBA includes financial institutions such as commercial banks, private financing firms, savings and loan companies, and credit unions. Firms extend or originate credit to consumers, retailers/dealers and manufacturers of recreational boats and equipment. Associate members are those which provide services to the marine lending community.