

# COLEMAN REPORT

The SBA Lender's Industry Information Source

P.O. Box 546, La Cañada, California 91012

Tel (818) 790-4591 Fax (818) 790-7859

e-mail: robert.coleman@colemanpublishing.com www.colemanpublishing.com

---

**April 1, 2003**

Volume 11, Number 6--Issue #211

*Robert J. Coleman*

*Publisher & Editor*

---

## **2003 SBA Lender Compensation Survey**

**Compensation Increases for SBA Lending Professionals are Minimal – or Nonexistent**

SBA loan department manager compensation decreased in 2002, reflecting lender concerns about the overall profitability of the SBA 7(a) loan program.

SBA lenders who produced greater than \$20 million in loan volume in 2002 received the same compensation as they did in 2001. For managers of departments producing less than \$20 million, their compensation actually decreased a whopping 5% last year.

Business development officers earned modest gains, 2% to 4%.

The only exception to the flat numbers in SBA lending professional compensation is lenders continue to pay their top, the best of the best, SBA loan producers handsomely. These elite marketers saw their total compensation rise 13% to 16% last year.

These are the findings of the *Coleman Report's* ninth annual compensation survey of SBA department managers and business development officers.

Responses from lenders were gathered in one of two ways. First, we invited lenders to complete a survey form. Second, we chose additional lenders to survey by telephone to complete size and geographic balance. Over sixty lenders participated in the survey this year.

There was a natural break in the responses. Lenders generally fell into two categories, those that generated more than \$20 million in SBA 7(a) loans and those that generated less than \$12 million. Our analysis includes these natural breaks.

---

The *Coleman Report* is published 23 times per year, semi-monthly, except for December 31, by Coleman Publishing. Subscription price is \$597 per year. Additional subscriptions to the same institution are only \$99. No part of the *Coleman Report* may be excerpted, reproduced, photocopied or faxed in any form without written permission. Please abide by the law with respect to copyrighted material.

(c) 2003 All Rights Reserved by Coleman Publishing, P.O. Box 546, La Cañada, California 91012

---

# COLEMAN REPORT–APRIL 1, 2003

## Greater Than \$20 Million in SBA 7(a) Loan Annual Volume

SBA Department Manager Total Compensation	\$ 135,000	No Change
SBA Typical BDO Total Compensation	\$ 99,000	+ 2%
Elite SBA BDO Total Compensation	\$ 242,000	+ 16%

## Less Than \$12 Million in 7(a) Annual Volume

SBA Department Manager Total Compensation	\$ 89,000	- 5%
SBA Typical BDO Compensation	\$ 67,500	+ 4%
Elite SBA BDO Total Compensation	\$ 96,000	+13 %

## Costs of Producing an SBA 7(a) Loan (Costs as a Percentage of SBA 7(a) Loan Volume)

SBA Department Manager (Over \$20 Million Loan Volume)	0.24%
SBA Department Manager (Less than \$12 Million Loan Volume)	0.72%
SBA Typical BDO (Over \$20 Million Lender Loan Volume)	1.80%
SBA Typical BDO (Less than \$12 Million Lender Volume)	1.61%
Elite SBA BDO (Over \$20 Million Lender Loan Volume)	1.73%
Elite SBA BDO (Less than \$12 Million Lender Volume)	1.55%

### Compensation Costs of Producing an SBA 7(a) Loan

The above chart reflects the amount of total compensation SBA lending professionals receive for producing an SBA 7(a) loan. Total compensation includes base salary, commissions and bonus.

For example, an SBA department manager of a large lender receives .24%, or \$2,400 for every \$1 million generated. A manager of a smaller department receives \$7,200 for \$1 million of 7(a) loan generated. For every \$1 million in loan volume generated by a large lender BDO they will earn \$18,000 in the form of salary, commission and bonus. Lenders less than \$12 million in volume pay their BDOs \$16,100 for every \$1 million in loan volume.

# COLEMAN REPORT—APRIL 1, 2003

## 2002 SBA Loan Department Manager Compensation

	Greater than \$20 million	Less than \$12 million
2002 Average Total Compensation (Includes Base Salary, Commissions and Bonus)	\$ 135,000	\$ 89,000
2001 Average Total Compensation	\$ 135,000	\$ 94,000
2002 Average Total Compensation Percentage Change	No Change	- 5%
2002 Average Base Salary	\$ 95,000	\$ 82,000
2002 Highest Survey Base Salary	\$ 115,000	\$ 90,000
2002 Lowest Survey Base Salary	\$ 50,000	\$ 58,000
2002 Highest Total Compensation	\$ 205,000 (California)	\$ 106,000 (Washington)
2002 Lowest Total Compensation	\$ 82,000 (Midwest)	\$ 64,000 (New England)
2002 Compensation as a Percentage of Gross Loan Volume	.24%	.72%
Percentage Earning Commissions	10%	8%
Percentage Earning Bonus	100%	85%
Bonus as a Percentage of Total Income	18%	13%

### Behind the SBA Loan Department Manager Numbers

The reduction of BDO earning power in 2000 and 2001 is now seen in the SBA loan department manager compensation numbers for 2002.

Managers of large lenders did not realize an increase in their \$135,000 average salary. Compensation for managers of small lenders decreased 5%, \$94,000 to \$89,000.

Not only did their real earning power decrease, they are now more cost efficient to their employers. The costs of producing an SBA loan decreased from .30% to .24% for large SBA lenders and from 1.00% to .72% for smaller SBA lenders.

# COLEMAN REPORT–APRIL 1, 2003

## 2002 SBA Typical Business Development Officer Compensation

	Greater than \$20 Million	Less than \$12 million
2002 7(a) Average Loan Production	\$ 5,500,000	\$ 4,200,000
2002 Highest 7(a) Loan Production	\$ 7,000,000	\$ 6,200,000
2002 Lowest 7(a) Loan Production	\$ 5,200,000	\$ 3,000,000
2002 Average Total Compensation (Includes Base Salary Commissions and Bonus)	\$ 99,000	\$ 67,500
Percentage Increase from 2001	2%	4%
2002 Average Base Salary	\$ 62,000	\$ 52,000
2002 Highest Survey Base Salary	\$ 74,000	\$60,000
2002 Lowest Survey Base Salary--Other than Zero	\$ 24,000	\$36,000
2002 Highest Total Compensation	\$ 120,000 (New England)	\$ 93,000 (California)
2002 Lowest Total Compensation	\$ 69,000 (Midwest)	\$ 49,000 (South)
2002 Compensation as a Percentage of Gross Loan Volume	1.80%	1.61%
Percentage Earning Commissions	100%	100%
Commission Income as a Percentage of Total Salary	37%	23%
Percentage Earning Bonus	25%	50%

### Behind the SBA Typical BDO Numbers

Lenders were asked to provide numbers for their average producing SBA 7(a) BDO. For example, if the lender has five BDOs, compensation and volume information was provided for the BDO who ranked third in loan production.

The decreases of 11% in business development officer (BDO) compensation in 1999 and 2000 has stopped with minimal increases for BDOs in 2002.

Typical SBA BDO compensation registered minimal increases over last year, 2% to 4%.

# COLEMAN REPORT–APRIL 1, 2003

## 2002 SBA 7(a) Elite BDO Officer Compensation

	Greater than \$20 Million	Less than \$12 million
2002 7(a) Average Loan Production	\$ 14,000,000	\$ 6,200,000
2002 Highest 7(a) Loan Production	\$ 24,000,000	\$ 9,000,000
2002 Lowest 7(a) Loan Production	\$ 6,000,000	\$ 5,500,000
2002 Average Total Compensation (Includes Base Salary Commissions and Bonus)	\$ 242,000	\$ 96,000
Percentage Increase from 2001	16%	13%
2002 Average Base Salary	\$ 64,000	\$ 60,000
2002 Highest Survey Base Salary	\$ 80,000	\$ 75,000
2002 Lowest Survey Base Salary--Other than Zero	\$ 48,000	\$ 54,000
2002 Highest Total Compensation	\$ 425,000 (Northeast)	\$ 128,000 (California)
2002 Lowest Total Compensation	\$ 100,000 (California)	\$ 56,000 (Florida)
2002 Compensation as a Percentage of Gross Loan Volume	1.73%	1.55%
Percentage Earning Commissions	100%	100%
Commission Income as a Percentage of Total Salary	74%	38%
Percentage Earning Bonus	80%	33%

### Behind the Elite BDO Officer Numbers

The best-of-the-best SBA BDOs-- the lender's top BDO--were the only SBA lending professionals who saw their compensation package rise --13% to 16%.

Lenders are willing to pay large compensation packages for elite producers --and it makes sense.

Elite BDOs are cheaper than the typical BDO-- costing large lender's \$17,300 per \$1 million versus \$18,000 for the typical BDO. Smaller lenders pay \$15,500 per \$1 million versus \$16,100 for the typical BDO.

# COLEMAN REPORT-APRIL 1, 2003

## BDO Compensation Matrix

Most lenders have adopted a compensation matrix to calculate a BDO's commission.

Common 7(a) matrix factors include:

1. Loan Amount
2. Guaranty Percentage
3. Term
4. Interest Rate
5. Amount of Referral Fee Paid

Some lenders require BDOs to payback part of the commission if the loan defaults early, within six to 12 months.

Additionally, most lenders pay a higher commission rate after the BDO reaches certain production goals.

This amount ranged from \$4 million to \$7 million.

\*\*\*\*\*

## SBA Department Manager Challenges for 2003

Survey respondents were asked to list their toughest challenge in 2003.

Loan quality and backroom issues dominated the responses dominated 2002 responses. Increasing loan volume only ranked fourth.

This year increasing loan volume ranks as the number one challenge for SBA department manager.

The top concerns for 2003 are:

### 1) Increasing Loan Volume

The majority of respondents are struggling with the challenge of increasing loan volume.

Challenges include the three month \$500,000 7(a) loan cap, stricter internal underwriting guidelines, fiercer competition and attracting qualified BDO's

### 2) Audit/Servicing Issues

Without saying it directly, many respondents hinted their backroom was out of control and were determined to solve their processing, servicing and liquidation workflow problems.

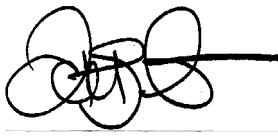
### 3) Department Profitability

Managers cited a number of factors negatively affecting their department's profitability.

Increased BDO compensation, increased loan loss reserves, guaranty repairs and denials were cited as the major concerns.

**SBA Department Manager Challenges for 2003**

- 1) Increasing Loan Volume
- 2) Audit/Servicing Issues
- 3) Department Profitability



# SBA Lender's Marketplace

April 1, 2003

A Service of the *Coleman Report*



Make  
Dreams Happen.

## SBA Credit Center Manager Rosemont, III

Banco Popular North America is a leading financial institution in Puerto Rico, the United States and the Caribbean with over \$33 billion in assets. Banco Popular ranks as the 35<sup>th</sup> largest bank holding company in the U.S., with 96 branch locations nationwide. At Banco Popular, we make dreams happen for our customers and our employees. Join our team and make *your* dreams happen!

We are seeking qualified individuals to manage a Chicago-based Centralized Credit Center. In this key position, you will be responsible for the daily management of our team of SBA Credit Analysts. You will exercise credit authority within assigned limits to lead our credit team in supporting our SBA lending efforts. You will oversee SBA functions and ensure the timely completion of credit analysis. Staff management activities will include training, coaching, mentoring and skill development.

We require Bachelors degree in accounting or finance coupled with a minimum of seven years experience of managing similar type units with full knowledge of SBA loan programs and SOP. Candidates must also possess Underwriting and credit approval authority.

Qualified individuals should submit their resume and salary history to: Rose Baltazar, HR Dept. at Fax: 847-994-6930, or via email to: [ruiz@bpop.com](mailto:ruiz@bpop.com)

EOE m/f/d/v

## SBA Credit Analyst Rosemont, III

Banco Popular North America is a leading financial institution in Puerto Rico, the United States and the Caribbean with over \$33 billion in assets. Banco Popular ranks as the 35<sup>th</sup> largest bank holding company in the U.S., with 96 branch locations nationwide. At Banco Popular, we make dreams happen for our customers and our employees. Join our team and make *your* dreams happen!

We seek experienced individuals to prepare written analyses for SBA loan transactions. You will be responsible for analyzing SBA loan applications and conducting in-depth reviews of borrowers' financial statements and status by spreading financial statements through the use of financial software applications. You will also prepare detailed write-ups and credit risk assessments to include borrowers' financial strengths and weaknesses and collateral and loan structures. Additional responsibilities will include determining eligibility and compliance with SBA Standard Operating Procedures.

We require a Bachelors degree in Finance or accounting, coupled with two years of previous experience in credit analysis including SBA loans. Strong computer literacy and Excel analysis skills are also required.

Qualified individuals should submit their resume and salary history to: Rose Baltazar, HR Dept. at Fax: 847-994-6930, or via email to: [ruiz@bpop.com](mailto:ruiz@bpop.com)

EOE m/f/d/v



# SBA Lender's Marketplace

April 1, 2003

A Service of the *Coleman Report*

## FAX to (818) 790-7859

All manuals are guaranteed to be the latest version.

SBA and USDA Manuals include all applicable Procedural Notices through April 1, 2003.

All are published in a loose-leaf 3 ring binder. 100% satisfaction guaranteed.

Description	Number Ordered	Price	Ship	Sub-Total	Total
SOP 5010,5050, 5051		\$140.00	\$15.00	\$155.00	
SOP 5010 Financing		\$ 69.00	\$7.00	\$ 76.00	
SOP 5050 Servicing		\$ 49.00	\$6.00	\$ 55.00	
SOP 5051 Liquidation		\$ 49.00	\$6.00	\$ 55.00	
CFR 13 (January 2002)		\$ 45.00	\$6.00	\$ 51.00	
USDA B&I Loan Manual		\$299.00	\$6.00	\$305.00	
One-Year Subscription to the <i>Coleman Report</i>		\$597.00	n/a	\$597.00	
Additional Individual Subscription to <i>Coleman Report</i> (Same Location)		\$ 99.00	n/a	\$ 99.00	

Or forward Payment to:  
 Coleman Publishing  
 P.O. Box 546  
 La Cañada Flintridge, CA 91012

Sub-Total \$ \_\_\_\_\_  
 CA Sales Tax 8.25% \_\_\_\_\_  
 (For CA Shipments)  
 Total \$ \_\_\_\_\_

Ship to: \_\_\_\_\_  
 Name \_\_\_\_\_  
 Title \_\_\_\_\_  
 Company \_\_\_\_\_  
 Street Address \_\_\_\_\_  
 City, State, Zip \_\_\_\_\_  
 Phone \_\_\_\_\_  
 Email \_\_\_\_\_

Please Invoice  
 Check Enclosed  
 Credit Card--M/C or Visa  
 Name \_\_\_\_\_  
 Acct # \_\_\_\_\_  
 Exp Date \_\_\_\_\_  
 Signature \_\_\_\_\_

# Processing, Servicing and Liquidation Tips to Protect the SBA 7(a) Loan Guaranty



Thursday, April 24, 2003 -- 2:00 p.m (EST)

A 90 minute audio conference led by SBA Guaranty Experts

PLACE: Your office or conference room. Invite as many colleagues as you would like to gather around a speakerphone. No special equipment is required. A simple speakerphone will allow everyone to hear the program.

## YOUR INFORMATION

Name: \_\_\_\_\_ Title: \_\_\_\_\_  
Organization: \_\_\_\_\_  
Address: \_\_\_\_\_  
City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_  
Phone: \_\_\_\_\_  
Fax: \_\_\_\_\_  
Email: \_\_\_\_\_

## BILLING INFORMATION

[  ] \$ 189 for live audioconference and program materials.

[  ] Add \$30 for a tape of the event.

### Method of Payment (choose one):

Check (enclosed) made payable to *Coleman Publishing*

#### Credit Card

Mastercard

Visa

Number: \_\_\_\_\_ Exp: \_\_\_\_\_

Signature: \_\_\_\_\_

## ORDER NOW!

**Fax this form today: 1-818-790-7859**

Or Mail to: Coleman Publishing  
P.O. Box 546  
La Cañada, CA 91012

**Or Call! 1-800-617-1380**

# Processing, Servicing and Liquidation Tips to Protect the USDA B&I Loan Guaranty



**Thursday, April 17, 2003 -- 2:00 p.m (EST)**

**A 90 minute audio conference led by USDA's Carolyn Parker**

PLACE: Your office or conference room. Invite as many colleagues as you would like to gather around a speakerphone. No special equipment is required. A simple speakerphone will allow everyone to hear the program.

## YOUR INFORMATION

Name: \_\_\_\_\_ Title: \_\_\_\_\_  
Organization: \_\_\_\_\_  
Address: \_\_\_\_\_  
City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_  
Phone: \_\_\_\_\_  
Fax: \_\_\_\_\_  
Email: \_\_\_\_\_

## BILLING INFORMATION

[  ] \$ 189 for live audioconference and program materials.

[  ] Add \$30 for a tape of the event.

### Method of Payment (choose one):

Check (enclosed) made payable to *Coleman Publishing*

#### Credit Card

Mastercard

Visa

Number: \_\_\_\_\_ Exp: \_\_\_\_\_

Signature: \_\_\_\_\_

## ORDER NOW!

# Fax this form today: 1-818-790-7859

Or Mail to: Coleman Publishing  
P.O. Box 546  
La Cañada, CA 91012

**Or Call! 1-800-617-1380**