

COLEMAN REPORT

The SBA Lender's Industry Information Source

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2005 SBA BDO Compensation Survey

Down 3 Percent say 79 Respondents

The key statistic in SBA business development officer (BDO) compensation is how much the lender pays the individual as a percentage of the gross loan amount — total compensation divided by the BDO's SBA loan production.

For 2005, lenders are receiving greater value from established producers. Lenders are paying more for those that produce less than \$6 million a year

Overall, BDO compensation decreased three percent between 2003 and 2004.

On a percentage basis, lenders are paying double for BDOs who generate less than \$6 million, than those that produce over \$10 million— 2.67% versus 1.32%

Seventy-nine participants responded to this year's survey.

Compensation as a Percentage of Gross Loan Volume	2004	2003	Percent Change
Over \$12 Million	1.44%	1.55%	-7%
\$10 to \$12 Million	1.06%	1.22%	-13%
\$6 to \$9 Million	1.41%	1.45%	-3%
Less than \$6 Million	2.67%	2.51%	+6%

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Average Total Compensation	2004	2003	Percent Change
Over \$12 Million	\$228,000	\$219,500	+ 4%
\$10 to \$12 Million	\$117,000	\$159,000	-26%
\$6 to \$9 Million	\$112,750	\$110,500	+ 2%
Less than \$6 Million	\$92,000	\$84,500	+ 9%

Average Total Compensation

Average total compensation includes base salary, commissions and bonus.

These figures support the finding that lenders continue to pay more for producers that generate less than \$6 million in annual production.

Top Producers Utilize 504

SBA loan production consists of two factors — 7(a) gross loan production and the first position on 504 loans.

High volume SBA BDOs utilize the 504 loan program to a much greater extent than those at the lower end. Following is the breakdown how 504 loan first loan position loans comprise a BDOs production:

- Over \$12 million — 36%
- \$10 to \$12 million — 23%
- \$6 to \$10 million — 14%
- Less than \$6 million — 9%

Base Salary Increases

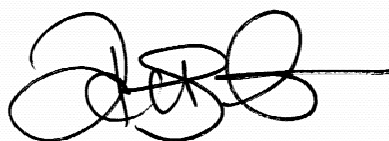
While BDOs overall compensation dropped three percent, we found their base salaries increased three percent.

Average BDO base salary is \$73,000 for 2004.

Industry Trends

These numbers reflect 2004 compensation and do not reflect the 2005 expansionary trends of several top lenders who appear to be paying a premium for established, reliable BDOs.

We will publish the 2006 compensation survey in early 2006. Based on anecdotal observations expect BDO compensation to increase in 2005.



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Compensation Table for BDOs who Produce over \$12 million in 7(a) and 504 1st position loans

2004 Average Total Compensation (Includes Base Salary, Commissions and Bonus)	\$228,000
2004 Average Base Salary	\$82,500
2004 Highest Survey Base Salary	\$168,000
2004 Lowest Survey Base Salary	\$47,000
2004 Highest Total Compensation	\$500,000
2004 Lowest Total Compensation	\$105,000
2004 Compensation as a Percentage of Gross Loan Volume	1.44%
Commission Income as Percentage of Total Salary	63%
Percentage Earning Bonus	56%
Bonus Income as Percentage of Total Salary	7%
Percent of Production in 7(a)	64%
Percent of Production in 504	36%

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Compensation Table for BDOs who Produce over \$10 to \$12 million in 7(a) and 504 1st position loans

2004 Average Total Compensation (Includes Base Salary, Commissions and Bonus)	\$117,000
2004 Average Base Salary	\$67,000
2004 Highest Survey Base Salary	\$95,000
2004 Lowest Survey Base Salary	\$50,000
2004 Highest Total Compensation	\$150,500
2004 Lowest Total Compensation	\$77,500
2004 Compensation as a Percentage of Gross Loan Volume	1.06%
Commission Income as Percentage of Total Salary	46%
Percentage Earning Bonus	25%
Bonus Income as Percentage of Total Salary	6%
Percent of Production in 7(a)	77%
Percent of Production in 504	23%

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Compensation Table for BDOs who Produce \$6 to \$12 million in 7(a) and 504 1st position loans

2004 Average Total Compensation (Includes Base Salary, Commissions and Bonus)	\$112,750
2004 Average Base Salary	\$70,000
2004 Highest Survey Base Salary	\$105,000
2004 Lowest Survey Base Salary	\$57,000
2004 Highest Total Compensation	\$150,000
2004 Lowest Total Compensation	\$80,000
2004 Compensation as a Percentage of Gross Loan Volume	1.41%
Commission Income as Percentage of Total Salary	34%
Percentage Earning Bonus	50%
Bonus Income as Percentage of Total Salary	3%
Percent of Production in 7(a)	86%
Percent of Production in 504	14%

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Compensation Table for BDOs who Produce less than \$6 million in 7(a) and 504 1st position loans

2004 Average Total Compensation (Includes Base Salary, Commissions and Bonus)	\$92,000
2004 Average Base Salary	\$73,000
2004 Highest Survey Base Salary	\$125,000
2004 Lowest Survey Base Salary	\$45,000
2004 Highest Total Compensation	\$169,000
2004 Lowest Total Compensation	\$47,000
2004 Compensation as a Percentage of Gross Loan Volume	2.67%
Commission Income as Percentage of Total Salary	10%
Percentage Earning Bonus	71%
Bonus Income as Percentage of Total Salary	9%
Percent of Production in 7(a)	91%
Percent of Production in 504	9%