

Coleman's 2016 Rural Lending Survey

USDA Rural Development Lenders Meeting

Washington D.C.

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**By Bob Coleman
Editor, Coleman Report**

Data and comments from 49 participants in our Rural Lending Survey

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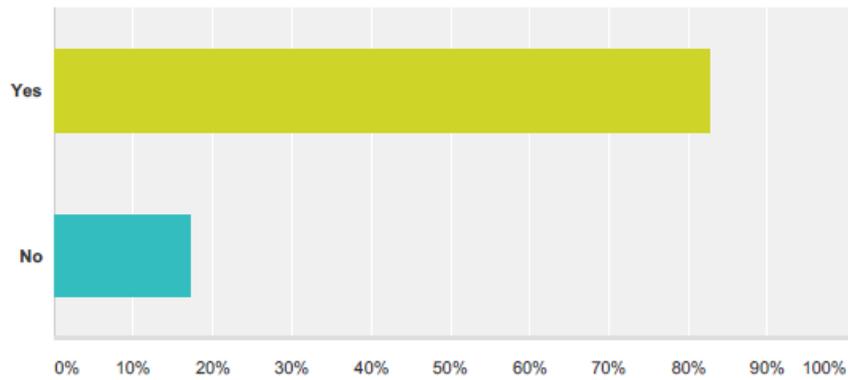
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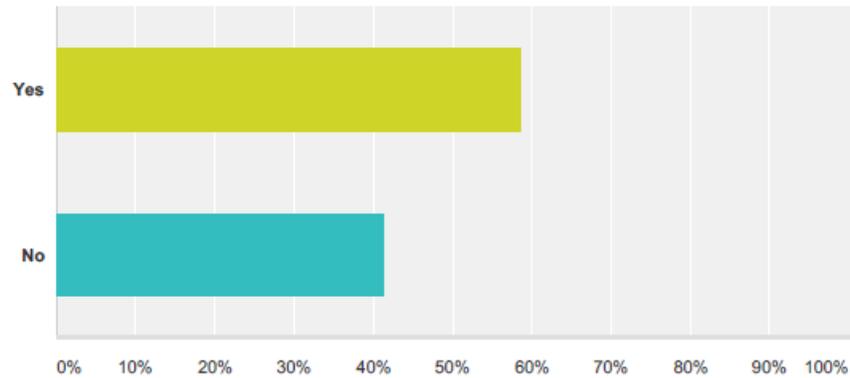
Q8 Do you sell your loans to the secondary market?

Answered: 46 Skipped: 3



Q9 Do you support the concept of a fiscal transfer agent?

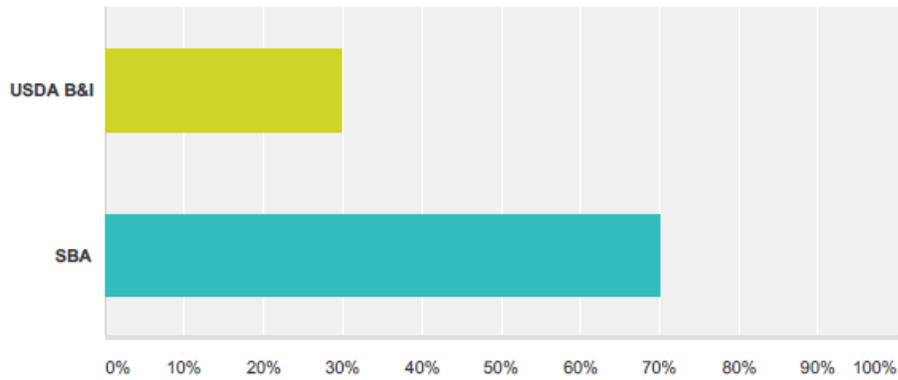
Answered: 46 Skipped: 3



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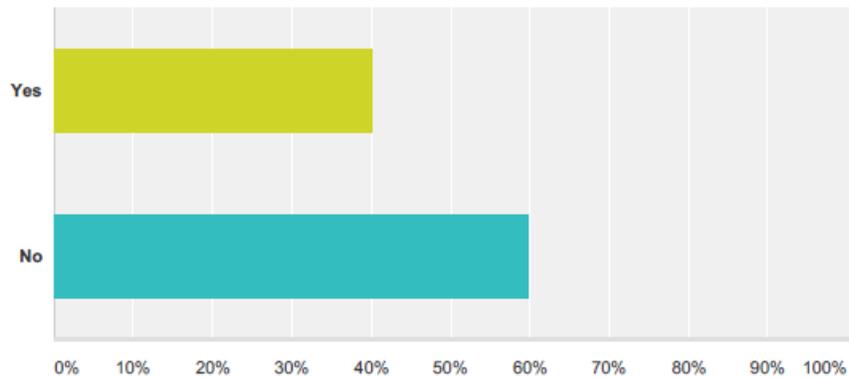
Q2 Given the choice, would you process a USDA B&I loan, or one through SBA?

Answered: 47 Skipped: 2



Q7 In 2010, Judy Canales, USDA Administrator, and her staff told everyone that the USDA B&I Program was a lender driven program. Do you find this to be true?

Answered: 45 Skipped: 4



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Please tell us what you like or dislike about the USDA B&I program.

Used to like the program more but not as use friendly. Still need to change the tangible balance sheet equity. Need to be more lender driven especially with experienced RD lenders. CF much easier than B&I.

Each state should be reminded the B&I loan program is a Lender Driven Program. It seems way too often the different state offices have a bad attitude towards making loans and create additional hoops instead of helping facilitate the process. In addition, they want to make-up their own regulations. The environmental process should be redone as is it way to cumbersome and should follow the SBA.

The USDA rules and regulations are too vague and processing is confusing and endless. I processed my last USDA loan 3 yrs ago and I have vowed to not do another due to the process.

Great terms and great program but do not like the inconsistency between the agencies on a state-level.

Complexity of the program. On and off access to the funds.

Great program for businesses in rural areas that have exceeded their SBA limit or are over \$5 million. Higher guarantee & longer loan terms. Personal service provided by USDA Staff.

Great program where the attitude is good and the people have a service attitude, terrible when not.

I didn't answer questions because I am not eligible to participate. My bank is in an urban market. USDA only supports loans in rural markets. So, I do not have any way of comparing SBA with USDA. SBA covers both urban and rural markets. Why cannot things change to allow USDA deals in urban markets?

Enjoy dealing with people from my state, smaller program allows for more contact with staff and not as much as a number. 10% TBE requirement sometimes does not work for what otherwise would be a very good loan, but staff of Florida USDA B&I is centralized and that makes problem solving much more efficient.

Too clunky, no centralized approach. I like that in some select areas, the local office can be VERY helpful. Haven't had enough experience to speak with authority on USDA so take my comments with a grain of salt.

The process seems to vary state-to-state which makes it difficult to anticipate timelines. Some USDA offices are slow to respond, and some USDA staff don't seem to understand the program or general loan underwriting.

The tangible equity test

The intricacies of the guarantee and when it is valid and invalid confuse the lending community. Also, the need to certify financial condition prior to formal guarantee being granted or enforceable can be cumbersome.

Dislike: The tangible net worth requirement.

I like the larger loan amounts and guarantee. I do not like the increased mound of paper. I wish they would go to an electronic platform.

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Very, very slow processing; double approvals locally and at DC; 10% tangible net worth requirement makes the program not very useful, especially for refinances. Collateral requirements are higher than in 504 program.

USDA process is too long. Should be stream-lined. Regulations not publicized enough.

The tangible net worth test eliminates a lot of borrowers. This requirement should be dropped or significantly modified. Also, I dislike the lack of urgency that some states display.

Like: In the secondary market USDA loans typically bring higher premiums than SBA loans. Dislike: without an FTA the signoffs required for a sale in the secondary market are more cumbersome to obtain than an SBA loan.

Too much variation in service and rules interpretation from State to State. Also - in the event of a liquidation, lenders would be wise to be prepared for a more difficult process than you'd likely experience from SBA. USDA will often times (not always) put up more of a fight in paying the guaranty - which is always in the back of your mind when making a new loan.

The USDA program has greater flexibility than SBA, however the process can be cumbersome and varies from state to state.

Speed

Not a scalable business. Regional.

USDA is technologically where SBA was in the 1990s.

Slow, do not know what they are doing, excessive servicing issues. I would not touch this program again.

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Which states do you prefer to process USDA B&I loans?

Ohio

Hawaii, South and Western Pacific; and other continental US States

Florida, North Carolina, Mississippi

GA

Within our geographic footprint.

North Carolina, Florida, Pennsylvania, Mississippi

GEORGIA

New Mexico and Arizona

Nevada, California, Virginia

Florida, California, New York, North Carolina and Pennsylvania

Florida

SC, NC, GA, FL, TN, AL

California

Oregon

Georgia and Florida

WA, OR , ID

South Carolina, Tennessee

Tennessee, Missouri, NC, Arkansas, SC

New York is the only state I operate in.

LA, MS

My Bank is based in the Midwest, so we have greater familiarity with Ohio, Michigan, and Indiana, all of which are good to work with.

Arizona and California

CA

ca

Illinois

Kansas Missouri

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Which state processes your USDA loans the fastest?

Hawaii

Florida, North Carolina

I've only processed loans through GA and Alaska. Alaska was quick and the experience was much more pleasant

North Carolina, Florida

New Mexico

Nevada, California

Florida, California, New York, North Carolina and Pennsylvania

Florida

AZ, HI, OH, OK, UT, NC

NC

California - limited to just that state though.

Georgia

Vermont New Hampshire one office

Missouri, Tennessee

NY

NA

California

CA

Missouri

A handwritten signature in blue ink that reads "Bob Coleman". The signature is written in a cursive style with a large, sweeping initial "B".