



# Solano EDC Member Breakfast

## Finance Update

### “Defrosting the Commercial Loan Market”

Patsy Van Ouwerkerk, President and CEO  
Travis Credit Union

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# OVERVIEW

- Credit Unions and Business Services
- Travis Credit Union Statistics
- Business Services/Lending at TCU
- Related Legislation

# National Credit Union Statistics

- 7,909 credit unions in the USA
- \$812.4 billion in assets
- 90.5 million members
- 2,168 credit unions with MBLs
- 136,057 MBLs
- \$26.3 billion in MBLs

# California Credit Union Statistics

- 486 credit unions in California
- \$129.6 billion in assets
- 10.1 million members
- 17,819 MBLs
- \$5.8 billion in MBLs

# Travis Credit Union Statistics

- Established at Travis Air Force Base in 1951
- Serving 12 counties with 20 branches
- 159,400 members
- Assets of \$1.62 billion
- \$139 million in reserves
- 72<sup>nd</sup> in size nationally
- 12<sup>th</sup> in size in California

# Travis Credit Union Statistics

- \$1.12 billion in loans
- \$605 million in auto loans (85% indirect/point of purchase)
- \$268 million in real estate portfolio loans:
  - \$54 million in HELOCs, \$85 million in fixed seconds
- \$143 million serviced for Fannie Mae and Freddie Mac
- \$104 million in credit card balances
- \$108 million in commercial real estate participations
- \$6 million in small business loans

# Evolution of Business Services at Travis Credit Union

## Deposit Services

- Business checking accounts
  - FREE small business and non-profit checking
  - Checking for larger businesses
  - Dividend Checking
- Business money market and certificate accounts
- Merchant credit card services
- Payroll services
- Remote deposit capture
- Tax payments

***The “Entire” Business Relationship***

# Evolution of Business Services at Travis Credit Union

## Purchase of Participation Loans

- Purchase part of the commercial real estate loans from other credit unions (2001 to present)
  - alternative to investment products for excess liquidity
  - buying a portion (participation) of a commercial real estate loan
  - provided greater yield and diversification of risk
- Convenient way to enter business lending market
- Current participation portfolio: \$108 million

# Evolution of Business Services at Travis Credit Union

## Business Lending

- Small business and commercial real estate loans (2004 to present)
  - a natural evolution based on requests from members who own businesses
  - approximately 60 small business loans booked
  - total balance of about \$6 million at an average interest rate of 8.0%
  - approximately \$6 million in local commercial real estate portfolio loans
  - term loans, lines of credit, commercial real estate loans in process

# Evolution of Business Services at Travis Credit Union

## Business Lending

- Small business loans from \$50,000 to \$2 million
  - lines of credit and term loans
- SBA loans (SBA preferred lender)
  - SBA 7(a) – working capital, machinery and equipment, inventory, leasehold improvements, etc., up to \$2 million
  - SBA 504 – CRE with 10% down, 40% from SBA
  - SBA America's Recovery Capital Loan Program, announced by the SBA on June 15, 2009
- Commercial real estate loans
  - \$300,000 to \$30 million
  - local origination, participate out to other credit unions

# America's Recovery Capital (ARC) Small Business Loans

- New, temporary SBA-guaranteed loan program
- Authorized by the American Recovery and Reinvestment Act of 2009
- Drives economic recovery; retains jobs by helping small businesses
- Loans up to \$35,000 available through SBA-participating lenders
- Short-term help to make up to six months of payments on *existing*, qualifying loans
- Interest-free, 100% guaranteed by SBA, and no fees
- SBA pays the interest to the lender
- Complex and expensive for lenders to administer
- Most SBA lenders have *not* adopted the program at this point

# Business Services

## Why make business loans today?

- To support local businesses and the community
- Excellent reserves
- Excess liquidity
- Some other financial institutions are not lending
- Many lenders/brokers are out of the business
- Consumers seek safety of credit unions

# Credit Union Business Lending Legislation

- MBLs currently capped at 12.25% of assets (1998)
- Bill being drafted in Congress to eliminate the cap or increase it

# Business Services/Lending

**Consultation, quick applications, anytime, anywhere**

- Extensive information online at *[www.traviscu.org](http://www.traviscu.org)*
- Business Services Officers come to you
- Or, visit in-person at the Business Service Center
- In-house underwriting

# Questions/Comments?

