**MARKET UPDATE ON THE STATE OF YACHT LENDING**

**Maritime Law Association**

**G. Robert Toney, Vice Chair, Yacht Finance Committee**

**October 26, 2015**

Recreational Retail Consumer Marine Loan Overview

 Active Lenders

 SunTrust

US Bank

 BB&T

 M&T Bank

 First Merit (Regional)

 US Alliance Credit Union

 Wealth Product-High End

 Bank United, FL

 US Trust (BofA)

 Iberia

 Commercial Transactions (multiple collateral)

 New Participants/Acquisitions

 Shore Premier-Bank of Hampton Roads

 United Bank, CT. acquired CGI Platform

 Iberia Bank, LA

 Bank of the Ozarks acquired C&S Bank, (GA) and C-1 Bank (FL).

BoatFinance, LLC

Hudson United

Key Bank Merger with First Niagara

Increase in Branch Originations

 High Rate/High Risk Lenders

LightStream (SunTrust Acquisition) Up to $75,000

 BoatFinance, LLC (Funded by Private Capital) Up to $75,000

 Medallion Up to $75,000

 ST Liberty/Maritime Capital, $100,000 to $500,000

Floorplan (Wholesale) Market Update

Wells Fargo-current reputation challenges

 Northpoint

 NextGear Capital (Cox Automotive-Manheim)

NMLA Conference Update

 Boat Setter-

Charter Issues/Shared Ownership/

 Insurance/Liability Risk

Dealer/Lender presence highest since 2006 (pre-recession)

Credit Union Participants

Retail Loan Business (NMLA reported) 2014 vs. 2013

 85% reported increases in loan outstandings (92% prior year)

 Credit Parameters reported to be LESS stringent

 Some lenders waving proof of income, approving higher LTV’s

Credit quality level remains high

New Boat Sales Projections (NMLA/NMMA)

 6% increase in new boat sales, 10% increase in dollars

 7% increase in used boat sales

Financial Regulation

 CFPB Policies still not clearly written or clearly passed on to banks/institutions

Disclosure of Dealer Reserve & broker fees could heavily affect the originator (loan broker) role

 Closely monitor residential mortgage and auto industries for indications of future policy

Wells Fargo issue increasing scrutiny on big institutions

BSA/SARS (Suspicious transactions) carry more regulatory pressure than loan quality concerns.

Foreign transactions/closings regulations

**Delinquency/Charge-off Overview**

**Year Delinquency Charge-off**

2003 0.85% 0.35%

2004 0.69 0.20

2005 0.83 0.52

2006 0.63 0.27

2007 0.85 0.77

2008 1.18 0.93

2009 2.26 1.43

2010 1.69 0.89

2011 1.48 1.14

2012 0.82 0.77

2013 0.80 0.57

2014 0.87 0.44

2015 0.69 0.38 (est.)

**Recovery & Liquidation Overview**

Repossession activity remains at historically low levels and banks are seeing better and quicker returns on owned inventory.

CFPB remains very involved in debt collection practices, commercially reasonable sale and fees charged to borrowers for same.

Pro-consumer bar is becoming more aggressive in representation of borrowers and challenging these issues.

**National Marine Lenders Association Events**

* **2017 NMLA 38th Annual Conference**

October 22-24, 2017

Hyatt Indian Wells Resort and Spa, Indian Wells, CA

* **2017 Marine Lending & Recreational Finance Workshop**

Tampa, FL

March, 5-7, 2017 - TBA

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National Marine Lenders Association, Annual Report