



Building Relationship through Business Services

Member Business Financial Services, LLC (MBFS) was created to assist credit unions in providing services to the local business community in a safe, efficient, and effective manner. MBFS is owned by credit unions and uses that inside perspective in helping credit unions provide more business loans at a cost lower than they could individually. Since its inception in 2008, the CUSO has grown to manage 7,500+ business loans with more than \$2 billion in business loan balances.

Business Loan Training and Program Strategic Development

MBFS offers comprehensive training to credit union boards of directors and senior management on a wide variety of topics. Training can be delivered either in person or virtually. Programs are customizable to meet specific needs but can include loan policy development, starting a business lending program, sales planning, and risk management.

Transactional Services

- Credit Analysis for New & Existing Loan
- Independent Portfolio Reviews
- Loan Documentation
- Loan Servicing & Portfolio Monitoring

Credit Union Shared Relationship Managers

A serious challenge for credit union business services programs is hiring and retaining skilled, qualified candidates in a cost-effective fashion. MBFS offers credit union clients a Shared Relationship Manager service to combat this problem. MBFS hires a business lender to work in a geographic market shared among credit unions. Participating credit unions share in new loan originations as a lead lender or participant. This system allows credit unions to efficiently grow their portfolios of both member and nonmember business loans.

Nu Direction Lending

Credit unions can often struggle to fund loans to small businesses that may need non-real estate loans to grow their business. MBFS has formed Nu Direction Lending to help fill in the gap for these loans to small businesses. The loans are funded in a fintech-like atmosphere for your member. The loans are then divided up multiple times to sell the loans to credit union participants in a strongly diversified risk basis. Credit unions can also act as a referral partner for Nu Direction Lending and to build fee income at the credit union.

For more information about how MBFS can assist credit unions, email consult@myleverage.com.



Q: Is my credit union big enough to do business lending?

A: 70 percent of credit unions over \$50 million in assets have at least one commercial loan on the books. That doesn't include business purpose loans under \$50,000 or residential rental properties that do not meet the regulatory definition of a business loan. In 2017, the NCUA also provided small credit unions regulatory relief that are looking to assist members with business-related needs.

Q: What if we don't have anyone in-house to do business loans?

A: NCUA Regulations permit the use of a CUSO that is independent of the loan transaction to assist the credit union with business lending. Like other vendors, the credit union must conduct due diligence along with understanding risks associated with business lending relative to size and complexity of the loan portfolio.

Q: Are residential rental properties still business loans?

A: Yes and No. In 2018, Congress amended the Federal Credit Union Act so that loans secured with any 1-4 family residential property are no longer classified as a member business loan. However, credit unions must still properly underwrite, close and manage the risk associated with this category of loan. Residential investment property loans have many of the same risk characteristics of business loans and should be managed differently than residential mortgages.

Q: Why are SBA loans so difficult?

A: Loans guaranteed by the Small Business Administration are an excellent way to complement your business lending program and provide financing to the local community. However, unless the credit union has extensive in-house resources and experience in underwriting, closing, and servicing these loans, it can be a frustrating experience. The SBA loan process can be quite different from traditional business loans. It is highly advisable to utilize a third party who specializes in this type of financing to make the process much more pleasant for the borrower and credit union.

Q: Can I buy participation loans?

A: Credit unions can purchase a portion of other credit unions' business loans as an excellent way to diversify risk, build income, and assist other credit unions. Credit unions purchasing loans need to exercise the same level of diligence in originating and closing the loan as if they were making the loan to one of their members. Participation loans should have the same credit criteria as other loans and should be viewed as a "loan" with credit risk and not an investment.