

Straight Talk.

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\$150,000 SBA 7a
Business Expansion
Equipment/Working Capital

Packaging & Distribution Co.

\$1,337,500 Refinance
Conventional CRE Loan

Podiatrist

\$731,000 Refinance/Purchase
\$2,100,000 Refinance
\$250,000 Line of Credit

Cooperative Business Services Launches New Website

Cooperative Business Services ("CBS") launched its new website last week. The new features of the website will help support the growth and future of CBS. You can check out the website at www.cbcsuso.com.

Introducing

Trevor Haley



Trevor Haley currently serves as a credit analyst in business lending for Cooperative Business Services, LLC. Trevor is a graduate from the University of Iowa with a B.A. degree in Economics. In addition to his studies, Trevor was an active four year participant on the men's varsity swim team.

Trevor will underwrite business loan requests, support SBA business loan packaging duties and assist in the management of the commercial loan portfolio serviced by the CUSO.

Walter W. Dyminski



Walter W. Dyminski currently serves as Vice President and Director of Kentucky Operations for Cooperative Business Services, LLC. Walter has over 19 years of experience in financial services and commercial lending. Mr. Dyminski's background includes business loan underwriting, property management, real estate development and market feasibility studies. Walter received his B.S. degree in Finance and Economics in 1989 and his M.B.A. in 1992 - both from the University of Tampa in Florida.

Walter will be responsible for business loan underwriting support, business loan origination and the overall development of new Kentucky area credit union clients affiliating with Cooperative Business Services, LLC as their delivery channel for business loan services to their members.

Cooperative Business Services Receives SBA Award



The Small Business Administration (SBA) awarded Cooperative Business Services with the "Advocate to Credit Unions 2007" for their dedication and service to the small business community. Thank you to everyone who helped make this happen.

SBA NEWS:

- Marion Community Credit Union (Marion, OH) is now *APPROVED* to participate in the SBA 7a Program. CODE has been approved with a higher SBA guaranty under the SBA 7a Program.
- Clyde-Findlay Area Credit Union and KH Network Credit Union and are in the process of securing approval to participate in the SBA 7a Program.

Cooperative Business Services has record quarter

CBS closed 53 loans for \$37,371,311 during the 2nd quarter of 2008

The Credit Union Difference

Ask someone why a credit union is different than a bank and you will often hear a response similar to this - "*Because they focus on their member's needs, not on the profit of the stockholder.*" As the financial markets are unraveling all around us, one shining star of strength is the credit union movement. The fact that we are not-for-profit cooperatives has a lot to do with that. We have not been motivated to make unsafe or improper financial decisions, as more profit has not been our driving need. We have stayed true to our purpose – the true enrichment of our member's financial lives.

Similarly, I am very pleased that Cooperative Business Services (CBS) has also stayed focused on its mission. The goal of providing strong, competent and expedient back office services associated with member business loans is a main goal in its everyday dealings. Doing so in a way that protects credit unions from unsafe practices is a real strength.

At KEMBA Financial Credit Union, we are having a record year of loan growth. One of the leading components of our success is business lending. We have been able to take advantage of the unrest in the financial markets and the fact that many of the traditional players have perhaps over tightened their standards, due to liquidity concerns. Yet members and businesses still have borrowing needs and I can think of no better source than credit unions to fill these needs. We would not be able to handle this increased volume without our trusted CBS partner.

CBS is having an outstanding year of performance. When June concludes, they will have processed and booked more business loans than in any other year of its history. In fact, they will have surpassed their annual 2008 goals in every category.

While this success will benefit the credit unions associated with CBS, the real winners will be credit union members themselves. Without their credit union, and without CBS, the loan they needed may not have occurred. And without this loan, the business may not have made it. Without the business, people - members of credit unions, would become unemployed. Without a job, payments are tough to make and events such as home foreclosure occur. My point – business loans are vital to our economy. Why not have credit unions fill this need? After all, we have a rich tradition of enriching the lives of our members.

CBS has proven to be a trusted partner for KEMBA Financial. I am confident they stand ready to assist many more credit unions to meet the business loan needs of their members. If we, as credit unions, will continue to focus first and foremost on serving the needs of our members, I am confident that we will not only weather the financial storm that surrounds us, but that we will actually thrive.



Jerry Guy - President & CEO
KEMBA Financial Credit Union

Reasonable Expectations Regarding Real Estate Secured Loans

If someone were to ask me what the most rewarding part of my job is, I would say it's the moment the borrower is at the closing table and receiving funding for their loan. The most frustrating part of my job is when I have a loan transitioned from underwriting to closing only to find that the borrower has been given unreasonable expectations regarding the closing process of a business loan.

To understand how long it takes to close a loan secured by real estate, the following discussion will outline the closing process once the loan reaches my desk. First, I order the Third Party Work which includes the appraisal, environmental report, survey and title work.

The Appraisal:

- *Limited Summary.* The cost typically varies from \$1,500 to \$3,000 (depending on size of property) and takes about three to four weeks.
- *Self-Contained.* Cost starts at \$3,000 and takes about three to five weeks.

The Environmental Report:

- *Transaction Screen Report.* The cost typically varies from \$800 to \$1,200 and takes about three weeks.
- *Phase One Report.* The cost typically varies from \$1,300 to \$1,800 and takes about three to four weeks.

The Survey:

- *Mortgage Location Survey.* The cost typically varies from \$250-\$350 and takes about two weeks.
- *ALTA Survey.* The cost typically starts at \$2,000 and takes about three to four weeks.
- *Survey provided by Borrower – Free.* If the borrower can provide an appropriate survey for the transaction and the Title Company accepts, this can cut out one cost. Surveys are good for only 10 years. Keep in mind that the survey must be acceptable to the Title Company or a new one must be ordered.

Title Work:

The title search is performed by the title company and they prepare a title commitment.

Once I have ordered the third party work, I take care of due diligence and loan documentation preparation. In order to close the loan, the borrower has to provide me with corporate documents and insurance information for their company. After the loan documents are prepared, I send them for legal review. There are occasions when we have to get Subordination Agreements prepared for the borrower's tenant(s) to sign – this is usually addressed with the borrower in the form of a conditional loan commitment letter. Be sure that the conditional loan commitment letter is reviewed with the borrower and that there is a complete understanding about what is contained in the document...don't assume the borrower will read the document on their own. After review of the third party work is complete- and there are no further unresolved issues to address - the closing is then set!

To be fair to our borrowers, please set reasonable expectations. Conventional commercial real estate loans can take four to six weeks to close and fund. SBA loans can take about six to eight weeks (or longer) because of the approval process with the Government. The best advice I can give is to have patience. CBS will do all we can to make the closing process a good experience for the credit union and its member.



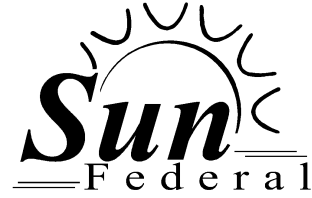
Pepper Forrest
Administration/Compliance

CBS would like to welcome Communicating Arts Credit Union and Sun Federal Credit Union as the newest credit unions to affiliate with the CUSO. We look forward to working with everyone and establishing great partnerships.

WELCOME!!!



Communicating Arts
Credit Union



Credit Union Showcase



Day Air Credit Union
Centerville, Dayton, Kettering - Ohio
(937) 643-2160 or (888) 329-2472
www.dayair.org

Day Air Credit Union's mission is to improve the financial condition of all its members. For over 63 years, Day Air Credit Union has offered financial services to its members in order to satisfy that mission. We continually add products and services to accommodate the ever changing needs of our membership. Over the years, we've added many member business products and services as well.

Most recently, we began offering Platinum Business Visa® credit cards. Not only does our Platinum Visa have an excellent rate, business owners can earn rewards on purchases. Additionally, business owners have the ability to give employees their own cards making the tracking of expenses easier than ever.

In today's business world individualized attention seems to be forgotten but because of our size and the fact that we have a Member Business Lending Officer, Lori Willoughby, dedicated to helping your growing business, we can give each and every business member the individualized attention they deserve. Our ultimate goal is for your business to grow and succeed!

Day Air will continue to offer uncomplicated solutions for the small business owner. We thank CBS (Cooperative Business Services) for their partnership with Day Air, allowing us to help our member business owners reach their goals with competitive loan options.



Directions Credit Union
Toledo Area & Central Ohio Locations
(888) 508-2228 Toledo Area or (800) 445-3505 Central Ohio
www.directionscu.org

Directions Credit Union was founded in 1953 as St. Clements Credit Union. Over the years the credit union has grown to become the 4th largest credit union in the State of Ohio. Directions Credit Union has current assets of \$500 million and nearly 85,000 members. There are nine branch locations in the Toledo Area and 11 branch locations in Central Ohio.

Directions offers a full array of financial services including savings, checking, investments, auto loans and leasing, mortgage and home equity loans, credit cards, and personal loans. These offerings generally feature better rates and lower fees than traditional banks.

Members have convenient access to their accounts through our online banking service that includes free bill payment and courtesy alerts. In addition, with multiple branch locations, a FREE ATM network, and access to over 3,200 shared branching credit unions nationwide, Directions is there for our members whenever and wherever they need us.

Membership is available to persons who live, work, worship, attend school or volunteer in Wood, Fulton, Lucas, Huron, Ashland, Richland, Wayne, and Tuscarawas Counties. To learn more about Directions Credit Union visit www.directionscu.org.

CBS is a valuable partner and resource for Directions in serving our communities. Small businesses are vital in the communities we serve, where many larger traditional employers have downsized or ceased operations altogether. With the support of CBS, we can better support these important members of our communities, and continue to be there for our members just as we have for the past 55 years.

TESTIMONIALS



Ishmael Precision Tool Corporation

“I began my relationship with Wright-Patt Credit Union, Inc.(WPCU), while looking at the benefits of a credit union for my employees. After meeting with WPCU I became aware of the benefits they could also offer my corporation. I did not realize that a credit union did commercial banking. That is when WPCU introduced me to Cooperative Business Services, LLC (CBS). Together, they put together an extremely competitive financing package in a very timely and professional manner. Their personnel are very helpful and the day to day business that we have with them as a member of their Select Employer Group makes banking very quick and easy. We are glad to have WPCU and CBS as part of our family.” - Larry Ishmael

Roby Services, LTD

“Day Air Credit Union helped us to acquire the financial package our business needed. Other area financial institutions offered “standard” loan packages which were not conducive to our needs. Day Air Credit Union worked with us to tailor a loan package which covered all of our financial needs. We look forward to continuing our business relationship with Day Air Credit Union.” - Michelle Sledge



Evaluating Your Relationship with Cooperative Business Services, LLC

A credit union using a third-party vendor (Cooperative Business Services, LLC), is required to review the overall financial condition of third parties and the state of operational controls in the third parties business model. To help you meet this aspect of due diligence, Cooperative Business Services, LLC will have a SAS 70 audit for year-end 2008.

Statement on Accounting Standards (SAS) No. 70 is a widely recognized auditing standard developed by the American Institute of Certified Public Accountants (AICPA) and represents that a service organization has been through an in-depth independent audit of their control activities. In the meantime, please refer to your credit union’s servicing agreement with Cooperative Business Services, LLC. Also, the reports issued to you monthly enable you to identify loan characteristics, repayment histories, repayment methods, and delinquency status of the loans serviced by our CUSO.

As your CUSO, we want to help you accomplish your strategic objectives through increased member service, competitiveness, and economies of scale. Please contact me if you have any questions.



Angela R. Kelley, CPA
SVP/CFO

KEY RATES

	Current	1 Month Prior	3 Month Prior	6 Month Prior	1 Year Prior
US T-Bill 1 yr Index	2.57	2.05	1.33	3.20	4.97
US T-Bill 3 yr Index	3.24	2.58	1.71	3.09	5.01
Prime Rate	5.00	5.00	5.25	7.50	8.25
US T-Bill 5 yr Index	3.64	3.02	2.36	3.45	5.05
US T-Bill 10 yr Index	4.20	3.78	3.34	4.04	5.14

Our sincerest thanks to everyone who contributed ideas, stories, or pictures for this issue.