

Straight Talk.

December 2008

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Conventional CRE Loan

Printing & Design Co.

\$150,000 Working Capital
Conventional CRE Loan

Hair Salon

\$135,000 SBA 7a
Real Estate Purchase

Happy Holidays and Thank You from CBS

CBS Partners and Friends:

Cooperative Business Services, LLC has enjoyed its best year since the company was founded in 2003. The CUSO has realized record growth in loan production and market expansion in spite of the economic down turn and the market challenges that are before us. I believe CBS is poised for impressive market penetration and growth over the next five years – all thanks to an unwavering commitment to excellence and hard work from many people affiliated with this company.

CBS Board of Managers – Thank you for your continued confidence in this company and in my leadership. Together, we have accomplished much in our first five years and I look forward to the next frontier for CBS. Your commitment to excellence and delivery of business lending to the credit union industry remains an inspiration to me and I value the leadership all of you bring to this business model.

The CBS Team – Thank you, individually and collectively, for a great year and for your continued willingness to work hard and to do the right thing for our clients. This group truly understands what “team” is all about and we are very fortunate to have assembled a group of professionals who understand that integrity and character matter in your approach to your job.

The CBS Credit Unions – We appreciate your continued confidence in us and we will continue working hard to earn your trust. Thank you for your individual and collective business loan contributions and also for your business loan participation support!

And to anyone I may have missed...referral sources, business loan originators, third party vendors and borrowing clients...thank you for your support of CBS and our credit unions. We value our relationships with you and we will continue working hard to earn your confidence in our company, our people and our process.

Merry Christmas and Happy New Year to all!!!



Keith

Introducing

Erin Stewart



Erin Stewart currently serves as Assistant Vice President of Business Development for Cooperative Business Services, LLC. Erin has worked in the financial services industry since graduating from the University of Dayton in 1997 with a B.S. degree in Finance. Erin's background includes time as an economic development loan officer and as an Assistant Vice President with several area financial institutions. Erin served as a business development officer with a focus on loan origination involving SBA guaranteed loan programs as well as conventional business loan financing programs. In addition to her business development responsibilities, Erin served in various business credit underwriting capacities with a focus on small to mid-sized companies.

As Assistant Vice President, Erin will be responsible for the overall development of business loan origination for Cooperative Business Services, LLC in Dayton and Southwestern Ohio.

CBS Completes SAS 70 Exam

Cooperative Business Services is proud to announce the completion of our first SAS 70 audit. For information on the completed report please contact akelley@cbscuso.com.

SBA NEWS:

Clyde-Findlay Area Credit Union and Sun Federal Credit Union are in the process of securing approval to participate in the SBA 7a Program.

Cooperative Business Services Expands its Kentucky Presence



Cooperative Business Services, LLC ("CBS LLC") has recently entered into agreement with University of Kentucky Federal Credit Union to provide business lending support for the Lexington, KY based credit union and its members. The \$270 million credit union will be offering a full array of commercial lending products and services to its members, including commercial real estate financing, term loan financing for capital assets and working capital lines of credit. The credit union is also exploring the possibility of offering SBA business loan products in the near future.

Keith D. Reed, President and CEO of the business lending consortium, sees expansion as great news for the entire credit union community within the Commonwealth of Kentucky. "Cooperative Business Services, LLC is very excited about our new relationship with University of Kentucky Federal Credit Union and our ability to serve the Commonwealth of Kentucky and its credit unions with a fresh approach to business lending".

CBS Launches Shared BDO Program in 2008

Cooperative Business Services, LLC has successfully launched three shared Business Development Officer (“BDO”) positions – all strategically placed within the state of Ohio. The program enables participating credit unions to cost share an experienced commercial loan business development officer and, in return, share in the funding of the commercial loans originated by the experienced BDO. The program also provides experienced commercial loan representation in the local market that is accessible to participating credit unions with members who have business loan questions or borrowing requests. The following models were launched in 2008:

<i>Cincinnati, Ohio</i>	<i>Central Ohio</i>	<i>Northwestern Ohio</i>
Sharefax Credit Union	Members 1 st Credit Union	Sun Federal Credit Union
Communicating Arts Credit Union	CME Federal Credit Union	Directions Credit Union
Emery Federal Credit Union	First Service Federal Credit Union	Glass City Federal Credit Union
Ohio Valley Federal Credit Union	Ohio Healthcare Federal Credit Union	Fremont Federal Credit Union
CINCO Family Financial Center Credit Union	Western Credit Union, Inc.	First Ohio Credit Union

For more information please contact Keith Reed at (513) 677-3100 x102.

Commercial Mortgage Performance During Economic Slowdowns

As the commercial real estate market begins to experience the effects of an economic slowdown and potential recession we as commercial lenders should examine the past delinquency and default rates of commercial loans during the recession periods of 1991 -1992 and 2001- 2002 as possible indicators of the performance of commercial loans during the current economic slowdown and probable recessionary period in 2009.

Examining the Federal Financial Institutions Examination Council (FFIEC) data for the 1991-1992 recession periods revealed that the delinquency rate for commercial loans was 5.85% in 1991 and 4.97% in 1992. In addition, the charge off rate was 1.71% in 1991 and 1.29% in 1992. The delinquency rate remained high at 3.51% in 1993 and declined to 2.23% in 1994.

Utilizing the historical delinquency rate and default rate information for Insured Commercial Banks available from the Federal Financial Institutions Examination Council (FFIEC), we uncovered that the delinquency rate for commercial loans has averaged under 2.00% during the twelve year period of 1995 – 2007. Delinquent loans are those which are past due 30 days or more and still accruing interest as well as those in a non-accrual status.

The 2001-2002 economic slowdown saw delinquency rates on commercial loans increasing to 3.08% and 3.84% respectively. As the economy regained its momentum in 2003, the delinquency rate began to decline to below the long term trend line of 2.00%.

Based on the historical trends and recent delinquency information for 2007 and the current year of 2008, delinquency rates are mirroring their past performance in economic slowdowns and recessionary periods ranging from 3.08% to 5.85% depending on the time period covered. Depending on the length and severity of the current economic slowdown and probable recession, the decline in the commercial loan delinquency rate should become apparent 18 – 24 months after economic recovery is realized.



Walter W. Dyminski
Vice President/Kentucky Operations

Credit Union Showcase



FirstDay Federal Credit Union
Dayton, Ohio
(937) 222-4546
www.firstdayfcu.org

FirstDay is a financial institution whose purpose is to maximize benefits to members through dynamic, cost effective, sound programs that provide competitive and comprehensive financial services. It was this purpose that one man in 1935 started what was then called the Dayton Ohio Teachers Federal Credit Union. This credit union served the Dayton Public School District. Today we serve anyone who lives, works, worships, attend school, and has going concern businesses or other legal entities located in Greene, Miami, Montgomery, or Preble Counties.

Our Credit Union has grown to over 14,000 members and more than \$75,000,000 in total assets. This past year brought a lot of change to our business lending platform as we were granted SBA 7a status. FirstDay offers Business members competitive pricing on accounts from free business checking accounts to free ATMs. We have numerous products to meet your business needs and our business lending, in partnership with CBS, allows us to further provide low cost, low fee, low rate services to business members.

CBS Enjoys a Record Year of Production with 116 Closed Loans Totaling \$93,444,952

Top 2008 Producer



Leslie Biskner
Cooperative Business Services
\$18,838,500
12 Transactions

Other 2008 Top Producers (\$5 million minimum)



Jerry Guy
KEMBA Financial Credit Union
\$15,112,340
16 Transactions



Donna Hale
Wright-Patt Credit Union, Inc.
\$10,899,877
17 Transactions



Bill Burke, CEO
Lori Willoughby - BDO
Day Air Credit Union
\$8,294,500
6 Transactions

Other 2008 Top Producers (\$5 million minimum) - cont.



Debra Scheetz
Cooperative Business Services
\$7,961,644
8 Transactions



Walter W. Dyminski
Cooperative Business Services
\$5,305,000
3 Transactions



Lorain Cooper
Cooperative Business Services
\$5,024,200
9 Transactions

TESTIMONIALS

Sort & Pack Inc.



"I started both of my companies in 1996. I offer fulfillment services such as reticketing and repackaging for the retail industry. Some of my customers include Limited Brands, Eddie Bauer, and Build a Bear Workshop. Because of continual growth, I wanted to own instead of continuing to rent. With a construction loan I completed a new corporate headquarters, but still needed permanent financing. A friend recommended that I consider using Cooperative Business Services, LLC ("CBS").

I called Leslie Biskner from Cooperative Business Services. Everything went very smoothly with CBS and with KEMBA Financial Credit Union as the lead credit union on the deal.

Leslie stayed in constant contact with me through our entire process. I was able to close my financing hassle free and with a great rate! I plan to continue to develop the rest of my land and I will look to CBS and KEMBA for my future financing. I am thankful that my friend recommended CBS and Leslie to me. I was a little nervous not using a large bank but now I see it was the right move for me and I would recommend CBS to others looking for commercial financing."

— J. Renee' Claxton

CBS Receives an Outstanding "Job Well Done"

"CBS does a phenomenal job and has helped so many of our clients. I really enjoy working with Leslie, Liz, Andy and Pepper and hope we can find more opportunities to do business together."

Onda, LaBuhn, Rankin & Boggs Co., LPA
Columbus, Ohio

IRS Form

We are quickly approaching the end of the year which means.....TAX TIME!!!! One of the many services CBS provides for its member credit unions is the filing of Form 1098.

What is Form 1098? Form 1098 is a Mortgage Interest Statement to report mortgage interest received by you during the year in the course of your trade or business from an individual, including a sole proprietor. A mortgage is any obligation secured by real estate.

Who must file Form 1098? File this form if you are engaged in a trade or business and, in the course of such trade or business, you receive from an individual \$600 or more of mortgage interest on any one mortgage during the calendar year.

Are there any exceptions to filing Form 1098? Yes. You need not file Form 1098 for interest received from a corporation, partnership, trust, estate, association, or company (other than a sole proprietor) even if an individual is a co-borrower and all the trustees, beneficiaries, partners, members, or shareholders of the payer of record are individuals. CBS ensures that all IRS requirements are followed when completing Form 1098 on your behalf.



Daisy Shafer
VP Finance & Marketing

KEY RATES

	Current	1 Month Prior	3 Month Prior	6 Month Prior	1 Year Prior
US T-Bill 1 yr Index	.40	.93	1.95	2.46	3.28
US T-Bill 3 yr Index	1.12	1.40	2.37	3.08	3.17
Prime Rate	3.25	4.00	5.00	5.00	7.25
US T-Bill 5 yr Index	1.50	2.06	3.02	3.50	3.52
US T-Bill 10 yr Index	2.18	3.10	3.84	4.09	4.12



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