

# Straight Talk.

December 2006

Volume 1, Issue 3



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## Recently Funded Business Loans:

Restaurant  
\$125,000 SBA 7(a) Loan  
Business Acquisition  
10 Year Term Loan

Beauty College  
\$820,000  
CRE Acquisition/ Construction  
25 Year Amortization  
Conventional Financing

Investment Real Estate Company  
\$1,280,000  
Construction Loan  
Conventional Financing

Manufacturing Company  
\$250,000 Term Loan  
\$250,000 Line of Credit  
7 Year Term Loan  
Conventional Financing

## Introducing



Leslie Biskner currently serves as Vice President of Business Development for Cooperative Business Services, LLC in Central Ohio. Leslie has worked in the real estate services industry since graduating from The Ohio State University in 1994. She has completed continuing education courses at Hondros College in Columbus, focusing on real estate transactions. Leslie has over 10 years of successful experience in commercial real estate, both as a buyer and seller, and has worked as a Business Development Officer in such specialty areas as environmentally challenged sites and new construction for several regional and national companies. Leslie has served on several community boards and is a past National Delegate and the 2004 past President of the Columbus Commercial Real Estate Women in Columbus. She is a featured author in Business First of Columbus.

As Vice President, Leslie is responsible for the overall development of Business Loan Origination for Cooperative Business Services, LLC in Central Ohio.

### CBS NEWS:

\* Kembra Financial Credit Union, Emery Federal Credit Union, and MidFirst Credit Union are now **APPROVED** to participate in the SBA 7(a) program.

\* Sharefax Credit Union, Vacationland Federal Credit Union, and Members Heritage Federal Credit Union are in the process of securing approval to participate in the SBA 7(a) program.

## *Horizon Certified Development Company's Lending Partner of the Year is Cooperative Business Services LLC*



Cooperative Business Services, LLC was recently named the 2006 Lending Partner of the Year by Horizon Certified Development Company. Horizon is one of Ohio's most active SBA 504 providers who work with financial institutions throughout the state on commercial real estate loans utilizing the U.S. Small Business Administration's 504 program. Cooperative Business Services, LLC finished second in production behind Fifth Third Bank with eight funded loan transactions totaling \$7.1 million dollars.

CBS would like to congratulate Angela Kelley, Lorain Cooper, Daisy Shafer and Liz Shanahan for their hard work and diligence in the processing and closing of these loan facilities. CBS would also like to recognize and thank the following credit unions for their individual and collective support of these transactions:

Day Met Credit Union  
Sharefax Credit Union  
Toledo Area Community Credit Union  
Ohio University Credit Union  
Midfirst Credit Union  
CODE Credit Union

Day Air Credit Union  
Wright-Patt Credit Union, Inc.  
River Valley Credit Union  
AurGroup Financial Credit Union  
Chaco Credit Union  
Kembra Financial Credit Union

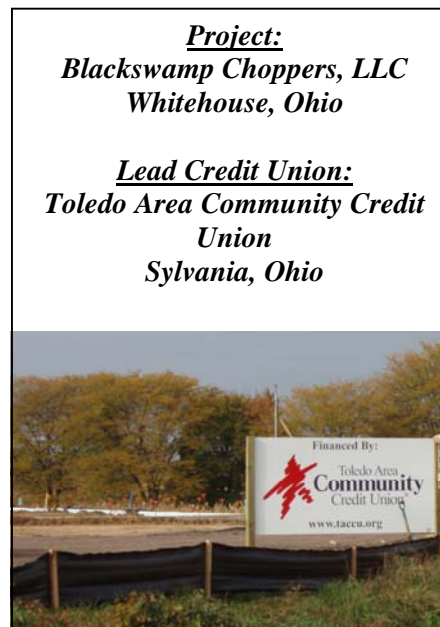
This is a very big accomplishment in our first year of SBA lending. Never underestimate the power of cooperation.

## ***Congratulations to all credit unions who helped in funding the following construction loans:***



***Project:***  
***2655 W. Alex-Bell Rd., LLC***  
***Moraine, Ohio***

***Lead Credit Union:***  
***Day Air Credit Union***  
***Kettering, Ohio***



***Project:***  
***Blackswamp Choppers, LLC***  
***Whitehouse, Ohio***

***Lead Credit Union:***  
***Toledo Area Community Credit Union***  
***Sylvania, Ohio***

## **Managing a Portfolio**

In order to properly assess the risk of a credit portfolio, all loans should be documented on a yearly basis to identify the continued worthiness of the business and its ability to meet its payment obligations. In order to evaluate this worthiness a portfolio manager should look at the following items to make an accurate assessment:

**Financial Statements and Tax Returns:** On an annual basis the portfolio manager should be requesting updated financial statements on the business and personal tax returns on the borrower(s). This information should be spread and compared with prior year financials to see if there are any “red flags” that would suggest a problem in the company. Obviously, there are a number of documents needed to do an annual review on a file. It is the responsibility of the relationship manager to let the borrower know they need to keep their file up to date. It is helpful when the relationship manager notifies their member that a portfolio manager will be contacting them on an annual basis to get this information. Setting the expectations on the front end will help make the updating process smoother.

**Loan History:** A loan history report should be looked at to ensure the borrower has been making all payments in a timely manner. This would be the first sign that a borrower’s business may be experiencing some trouble.

**Collateral Value:** An annual review of the lenders collateral value will need to be conducted to compare with the existing balance. This will determine if any additional collateral needs to be requested or a principal reduction needs to be done.

**Site Inspections:** With each annual review it is advised that the lender or loan officer visit the business premises to observe operations and the facilities in order to get a sense of how the business is performing. In certain situations it is critical that site visitations be conducted to ensure the existence and estimated valuation of the credit union’s collateral.

After review of these items it is the portfolio manager’s decision to keep the credit at its current risk rating or upgrade/downgrade the credit based on the trends and the risk involved with the credit. Adjusting the risk rating will allow the lender to get an overall feel of the risk associated with the portfolio.



Andy Weingartner  
AVP/Business Lending

# TESTIMONIALS

## Connex Group, Inc.



“Cooperative Business Services and AurGroup Financial Credit Union have proved to be invaluable business partners. As a mid-size non-profit experiencing significant growth, many traditional lending institutions were unwilling or unable to fully appreciate our financial situation. Cooperative Business Services and AurGroup Financial Credit Union made a concerted effort to fully understand our agency, mission, and strategic plan.

They were thorough and demonstrated consistent follow through. When it came time for us to invest in a new facility, Keith took up our cause and developed an excellent loan package. Cooperative Business Services and AurGroup Financial Credit Union made it financially feasible for Connex Group to continue its growth and continue its mission, providing individuals with disabilities the services they need and desire. Cooperative Business Services and AurGroup Financial Credit Union are playing a vital role in the provision of our mission.”- Connex Group

## The Winery at Wilcox



“Wineries present a unique challenge for traditional financial institutions because of large liquid inventories, slow inventory turnover, and expensive equipment outlays. Although we had a solid relationship with our regional bank in Pennsylvania, they had no branches in Ohio. We found Wright-Patt Credit Union, Inc. and Cooperative Business Services, LLC not only eager to learn about our specific needs but able to understand and service our business rather quickly. As a result, we transferred our business from both wineries to Wright-Patt Credit Union, Inc. and Cooperative Business Services, LLC. We enjoy low loan rates, quick response and a desire to learn and service the needs of our growing business.”

– The Winery at Wilcox

## Wagbros Company, Ltd.



“Wagenbrenner Company has been a customer of some of the larger banks for many years. Although we received good service, it seemed as though the fees were becoming higher and higher, and we longed for a time when banking was much more personalized.

Another Grandview business owner told us that they had moved their banking needs to a local institution called Members First Credit Union. We contacted the credit union, and after meeting with them, we were pleasantly surprised to discover that the personal touch does still exist in banking, and we could actually earn money on our accounts instead of just offsetting the fees.

We soon made the decision to move over 25 of our accounts to Members First Credit Union. The credit union’s President, Greg Kidwell, and his staff have been attentive to all of our needs, and have made us feel that our business is

very important. It is so refreshing to be able to pick up the phone and talk directly to someone who can make a decision, and make things happen right on the spot.

We also approached the credit union about our business lending needs. They put us in touch with Cooperative Business Services, their business lending partner, who were able to quickly and efficiently handle our lending needs. The underwriting process went very smoothly, and we have closed two loans with them, at very favorable interest rates.

We can’t say enough good things about both Members First Credit Union and Cooperative Business Services – they have shown us that, indeed, the customer is their most valuable asset.” - Wagenbrenner Company

## Tips for Successful Prospecting

Prospecting is an essential part of every salesperson's daily routine. No matter how many years you have worked in an industry or how large your contact base is, cold-calling to continually look for new prospects/contacts is critical to your success. As an experienced salesperson, it is natural to become comfortable with the number of contacts in your database but becoming complacent in your calling efforts will lead to difficulties in making your sales goals, no matter how many years experience you possess.

The first step to effective and efficient cold calling is to understand your "numbers". As a salesperson, you must get in tune with your "hit ratio" to truly understand how to structure your weekly calling plan. If your goal is to make one new sale per week and you need to make three appointments/presentations per week to achieve one sale, then you must know how many phone calls per day it will take for you to achieve your goal. If you successfully set appointments on 10% of your phone calls, you will need to make 30 calls per week or six calls per day in order to schedule three appointments. Therefore, your hit ratio of 3:1 should result in one new sale per week. You will hear, on average, nine "no's" before you will set an appointment.

In conclusion, knowing **your** numbers is critical to your success. Simply tracking your phone calls will give you the data you need to determine your sales plan. Keeping a log is an easy way to track and determine your "hit ratio" that can then be applied to your weekly plan.



Debbie Scheetz  
VP/Business Development

## Servicing Fees

Do you understand the servicing fee amount on the Remittance Report? The servicing fee is based upon the principal balance during the reporting period and the servicing fee rate. The rate of the servicing fee is based upon your individual credit union's loan portfolio balance currently serviced by Cooperative Business Services and your credit union's asset size (subscriber credit unions should refer to the pricing model). The Small Business Administration (SBA) also charges a fee to the lender based upon the guaranteed portion of the principal. Cooperative Business Services does not have any control over the SBA fee as it is federally regulated and subject to change. Not every credit union has participated in an SBA loan; therefore, this fee does not apply to some of you.

Let's calculate a Cooperative Business Services' fee together. Assume a loan on September 1 has a balance of \$100,000 and a payment is made on September 30<sup>th</sup>. The fee would be calculated in the following manner:

Principal Balance	\$100,000.00
Service Fee Rate	.0050
Multiply the rate by the balance	\$500
Divide by 365 days	\$1.36 per day
Multiply by 29 (the number of days outstanding)	\$39.44

The Cooperative Business Services servicing fee is used to cover the cost of collecting and monitoring the credit. The SBA fee is remitted directly to the Small Business Administration. Please be aware that the servicing rate used by Cooperative Business Services can change by loan based upon the structuring of the deal. Servicing fees can be used to pass fees that would be charged to the borrower on to the lender in order to be competitive.



Angela R. Kelley, CPA  
Senior Vice President/Controller

# The official guide to SBA acronyms and form numbers

If there is one common theme when working with the SBA, it is acronyms and form numbers. Here is an example of a conversation with a potential SBA candidate.

“The SBA’s SOP mandates the usage of a 912 and 4506T, but you must ensure you research NAICS to correctly identify the data for form 4i. If you are charging fees for processing you must complete a 159 and the HUD must match the 1050.

In English, the SBA Acronyms are:

- SBA – Small Business Administration
- SOP – Standard Operating Procedure. This is the SBA’s bible. They have several different volumes. The 5010 which is the standard policies of SBA lending, the 5050 – instructs lender how to service the SBA loan, the 5051 – the SBA liquidation manual, the 5011 – SBA’s credit manual for underwriting and the 7050 – SBA and Lender legal responsibilities.
- NAICS – North American Industry Classification System. All businesses have this code to identify their type of industry. The SBA utilizes this information in their Size Standards Table for eligibility of the business to participate in the SBA program.

A few other acronyms you may have heard of:

- PLP – Preferred Lender Program – Most banks and some non-banks are preferred lenders with the SBA. As a preferred lender, the SBA relies upon the lenders underwriting, documentation and closing of the loan in accordance with SBA’s rules and regulations. They are not required to submit their loans to the district offices.
- CLP – Certified Lender Program – The SBA District office feels comfortable enough with the lender’s underwriting and documentation. The district only reviews applicable SBA forms.
- GP – General Program – All deals, regardless of size, must be submitted through appropriate district offices to be re-underwritten after CBS and the credit union have approved the deal internally. All credit unions are GP lenders.

And the Form numbers are:

- SBA Form 912 – Statement of Personal History Form. This form is required for all SBA 7(a) and SBA 7(a) Express transactions. It asks questions about citizenship, and three questions regarding personal character. This is a requirement by the SBA.
- IRS Form 4506T – This form is utilized for the verification of Tax Returns. Prior to a loan closing, CBS will submit this form to the appropriate IRS office and will receive, review and verify that the tax return and the transcript contain the same information. This is a requirement by the SBA.
- SBA Form 4i and 4a – These are forms for the SBA application involving the transaction. These are completed for each SBA 7(a) and SBA 7(a) Express transaction. Some forms require the credit union representative’s signature, while others require the member’s signature. The SBA will not begin working on underwriting a transaction without these forms.
- SBA Form 159 – Compensation Agreement. The SBA requires this form to be completed by any vendor who receives compensation for their work on an SBA 7a or Express transaction. CBS is required to complete this form for our packaging fee. The lender and the member must also sign this form stating that they have been made aware that CBS is paid for their packaging services.
- SBA Form 1050 – Settlement Statement – The SBA requires this form to show the uses of the SBA loan proceeds. The break-down must match the SBA Authorization.



Lorain Cooper  
Vice President/Business Lending

## KEY RATES

	Current	1 Month Prior	3 Month Prior	6 Month Prior	1 Year Prior
US T-Bill 1 yr Index	4.90	5.01	5.02	5.13	4.35
US T-Bill 3 yr Index	4.48	4.64	4.76	5.04	4.39
Prime Rate	8.25	8.25	8.25	8.00	7.25
US T-Bill 5 yr Index	4.44	4.57	4.69	5.04	4.14
US T-Bill 10 yr Index	4.48	4.61	4.73	5.13	4.49