



# **Bringing Business To You**

*Company and Product Overview*



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## Profile – December 2011

CU Business Group is a CUSO formed to assist credit unions in offering business loan and deposit services. CU Business Group is owned by eight corporate credit unions and partners with three other corporate credit unions as remarketers.

The following are highlights of our history:

- ❑ Initially formed in August 2002 as a CUSO of Northwest Corporate – hired three staff, all with well over twenty years experience in commercial banking.
- ❑ CU Business Group is now a staff of twenty-eight working with 382 credit unions in 43 states to help them deliver quality business services.
- ❑ Our loan services include underwriting, loan documents, risk monitoring, consulting and training on business loans. We do not fund loans – we only provide recommendations, advice and training. To date, credit unions have submitted over \$2.5 billion in business loan packages for our review.
- ❑ Independent loan reviews are an integral part of the services we provide. As credit unions grow their own in-house programs it is imperative that they review and maintain a sound business loan portfolio. Our staff has the knowledge and expertise to provide these independent reviews for quality control or problem situations.
- ❑ The CUBG Participation Network is a major strength, bringing together all our credit unions to share in buying and selling opportunities on larger loans.
- ❑ A large part of our consulting work centers in the business deposits area. Credit unions are typically not set up to handle business accounts and we spend considerable time helping them with account structure, pricing, operations and compliance.
- ❑ We also help credit unions put together a complete package of business services. This includes merchant bankcards, business remote deposit capture, ACH, and tax payments, marketing materials, and training on products and sales techniques.
- ❑ Education sessions are a major part of our role in the industry. Our education staff regularly lead sessions across the country and via webcast on all aspects of business services. These offering include in-depth business lending education to credit union staff and executives as well as detailed cash flow analysis instruction.



## CU Business Group Products and Services

### Strategic Consulting

- Board and management education
- Strategic options for building your business services program including recruiting/interviewing
- Market demographics, program potential and breakeven analysis customized for your credit union

### Business Deposits

- Structure and pricing of core deposit accounts and package services
- Treasury management products including remote deposit capture, ACH origination and merchant services
- Operations, compliance, and systems guidance and expertise
- Package products, including merchant bankcards, remote deposit capture, ACH origination, etc.
- Marketing ideas, templates and resources; training in high-performance sales techniques

### Business Loan Consulting

- Policy development, forms, and procedures
- Processes, work flows, quality control steps
- Contract loan administration
- Education and training in operations, compliance and all aspects of business lending

### Business Loan Origination

- Commercial real estate, term, lines of credit, construction, agriculture, SBA
- Complete analysis and risk-rated credit presentation
- Assistance with pricing and loan structure
- Loan documentation compliant in all 50 states

### Loan and Participation Servicing

- Book your loan or participation on CUBG's system
- Includes funds management/distribution reporting and all detailed accounting

### Risk Monitoring

- Periodic financial review and analysis of business loans, including updated risk ratings
- Tools and consulting for proper MBL portfolio monitoring
- Expertise in problem loans and workouts available to your credit union on demand

### Loan Participations

- Established network makes buying or selling easy
- Standardized processes, parameters and legal agreements
- Expertise to guide your credit union through the entire process
- CUBG will service the entire participation and serve as one point of contact for all participants

### Loan Review and Quality Control

- Independent loan reviews for quality assurance and management comfort

### Education

- Complete webinar program covering a variety of important business services topics
- Regional in-person courses covering a variety of business lending and deposits topics
- National business services conference held annually in Portland, Oregon
- Customized training to fit your credit union's or association's need

CU Business Group, LLC

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## Core Staff Expertise

### Larry Middleman, President/CEO

**31 Years Experience**



Larry is the founder of CU Business Group and brings 31 years of banking expertise to the credit union industry. His background is based in community banking where he has extensive experience in leading business banking and cash management practices, including product development, pricing and sales. As a CPA and consultant, Larry has done extensive work with banks and credit unions throughout the United States to expand product lines, improve efficiency and increase profitability. His primary role at CU Business Group is consulting with credit unions on business services planning, program development, pricing and education.

### Jim Brekke, SVP/Chief Credit Officer

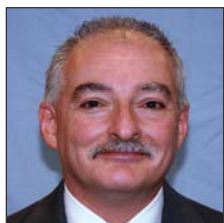
**38 Years Experience**



Jim brings 38 years of commercial lending, banking, and credit union experience to CU Business Group. As a tenured chief credit officer, Jim has proven success in all aspects of commercial lending, including managing loan growth and credit quality in large business loan portfolios. He has extensive background in originating all types of secured and unsecured business loans including commercial real estate, lines of credit, term loans, agriculture, faith-based and Small Business Administration (SBA) loans. Jim has in-depth experience in administering commercial loan programs, from soliciting loans to developing and administering a commercial loan portfolio, and has managed portfolios ranging from \$15 million to \$800+ million. Jim leads the commercial loan underwriting group and regularly consults with credit unions on business loans.

### Mike Mucilli, SVP/Senior Business Services Officer

**33 Years Experience**



Michael has spent his entire career gaining expertise in banking, commercial lending and sales. He founded CU Business Group's east coast operations in 2003, and has gained significant experience in credit union business services since then. Michael has underwritten all types of business loans, including commercial real estate, lines of credit, term loans, taxi medallions, letters of credit, and asset-based lines. He also has extensive experience with SBA lending, has 12 years experience as a branch manager, and served as Director of Consumer and Home Equity Lending. He is a former instructor for the American Institute of Banking and has taught extensively throughout his banking and credit union career. Michael consults with credit unions in the eastern U.S. on all aspects of business services planning, program development, account pricing, and education.

### Dan Hutchison, VP/Senior Business Services Officer

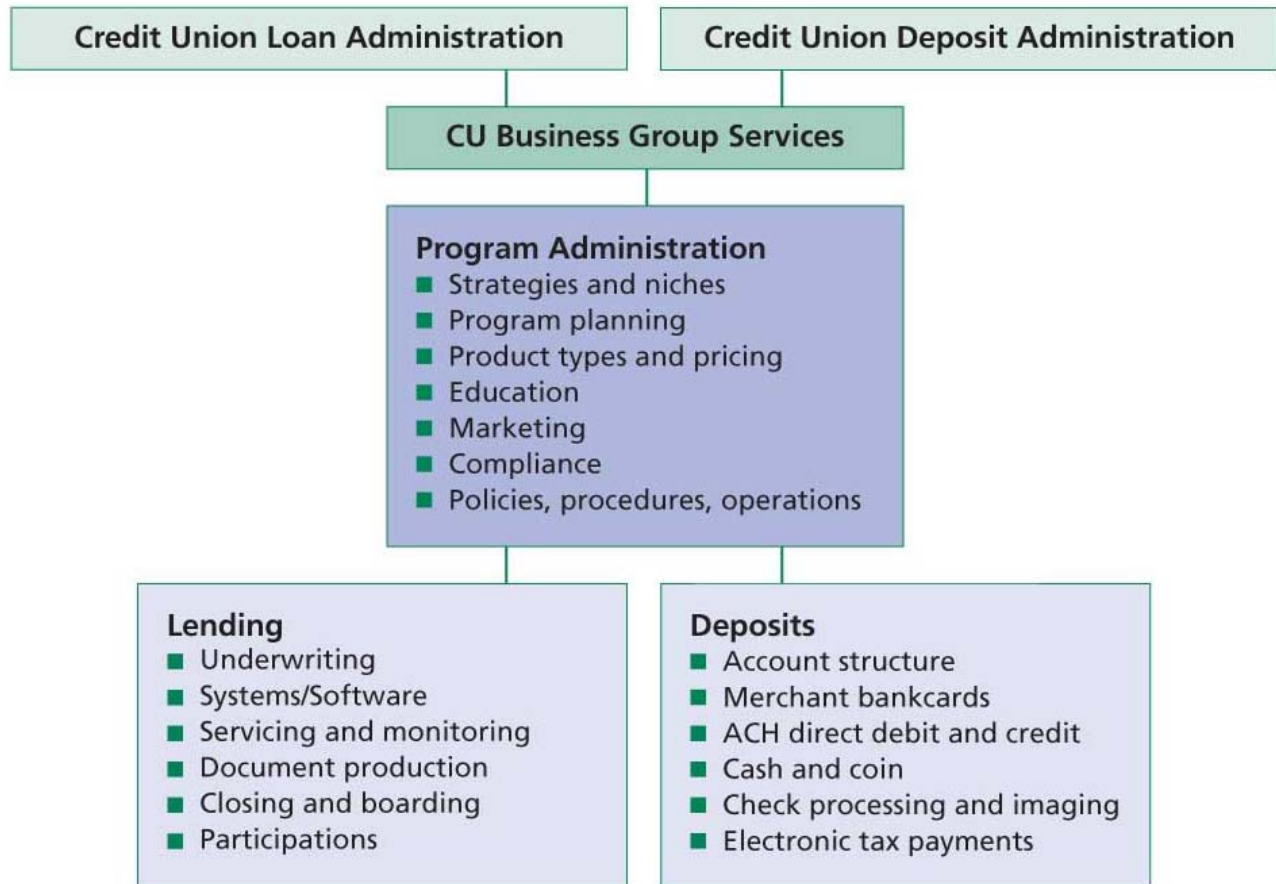
**40 Years Experience**



Dan has brought a wealth of experience to credit unions in his 6 years at CU Business Group. Prior to joining CUBG he spent 1½ years at Redwood Credit Union, a \$1.3 billion institution in Northern California, where he managed the business lending, deposits and sales to Redwood's 100,000+ members. Before that, Dan spent 30+ years' at large national banks and smaller community banks. As a senior banking officer, credit administrator, and special assets manager, Dan gained extensive experience in all types of term loans, lines of credit, equipment loans, and commercial real estate, letters of credit and SBA loans. Dan has taught a variety of courses in both banks and credit unions and specializes in consulting with credit unions throughout the U.S. on all aspects of business services.



# CU Business Group Services



Members get the “five course meal”

Affiliates go “a la carte”



# How We Work With You

Business Lending: a shared process with CU Business Group		
Process Step	Responsibility	
	Credit Union	CU Business Group
Business development, sales calls, marketing efforts	■	■
Obtain completed application and supporting information, submit for underwriting	■	
Receive complete package and begins underwriting process (cash flow, industry, business fundamentals, collateral, net worth, quality of management, etc.)		■
Credit presentation with risk rating and approve/decline recommendation on the loan is produced based on underwriting criteria – loan package is sent back to credit union		■
Loan approval, modification or denial	■	
Package of loan documents produced and sent to credit union		■
Member signs and loan is closed	■	
Ongoing risk monitoring	■	■

Risk Monitoring is a key element of business lending

This is a joint effort between the credit union and CU Business Group



## Our Business Lending Track Record

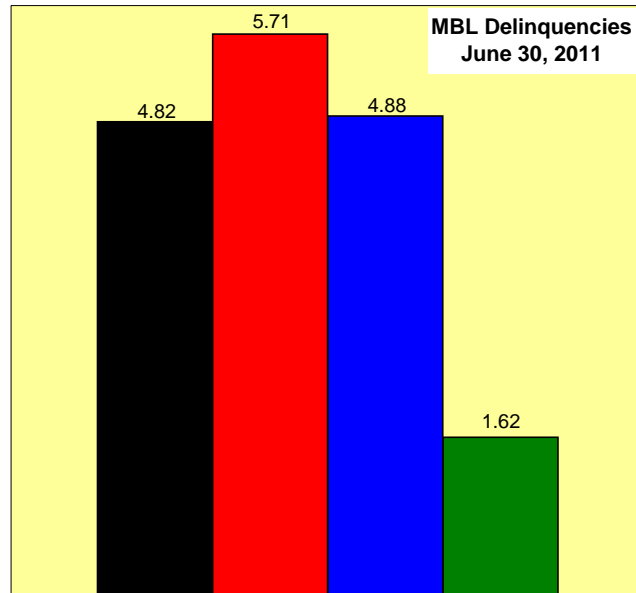
### Business Loan Delinquencies as a Percent of MBL Outstandings

- All Banks
- Banks < \$1B Assets
- All Credit Unions
- CU Business Group

"CUBG credit unions" are those credit unions for which we regularly underwrite (162 credit unions)

Of the CUBG credit unions, 46 have past dues on the books and 116 have zero past dues

\*Delinquencies are defined as 30+ days past due

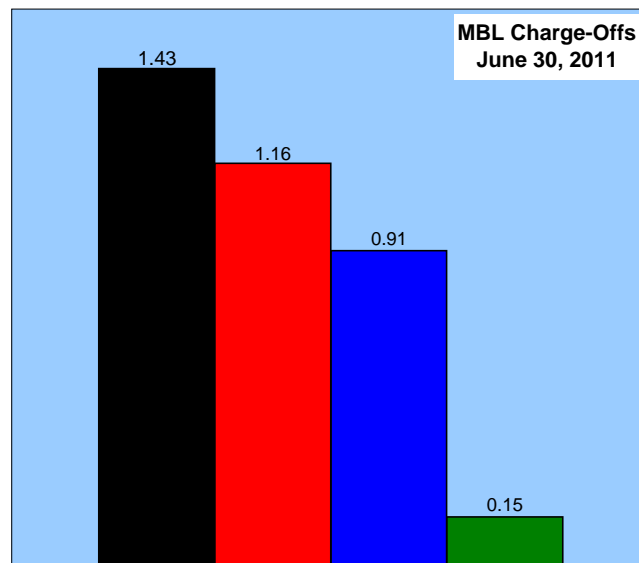


### Business Loan Charge-Offs as a Percent of MBL Outstandings

- All Banks
- Banks < \$1B Assets
- All Credit Unions
- CU Business Group

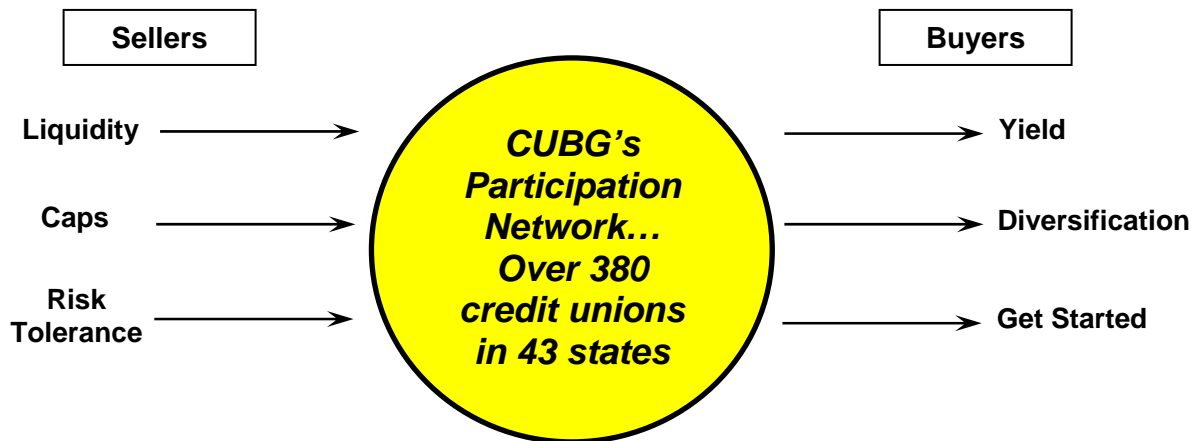
Of the CUBG credit unions, 20 have charge-offs on the books and 142 have zero charge-offs

\*Charge-off figures are annualized for comparability





## Business Loan Participation Network



### Benefits of the CU Business Group Participation Network

- Easy matching of buyers and sellers
- Liquidity when you need it
- Manage your caps – total MBLs and loans-to-one borrower
- Increase asset yields

### CU Business Group facilitates the entire process

- Due diligence on the participating credit unions
- Underwriting and credit quality
- Standardized processes and documentation
- Pricing the loan and the participation
- Marketing the participation

### Quality control provided by CU Business Group

- Standardized loan documents and participation agreements
- Participation accounting standards
- Investor reporting and funds management
- Participation Network service standards



## Credit Union Webinar Training

CU Business Group offers comprehensive, concise training courses on business services in a convenient and efficient webinar format. The following is the general webinar fee schedule:

CUBG Members	<b>First login free for all 100 level courses, each additional at \$69 per login All 200-300 level courses are \$69 per login</b>
All other Credit Unions	\$99 per login

**Fees:** All fees will be charged at the time of registration. Refunds will not be processed once training materials have been sent out regardless of attendance. Cancellations will be charged a \$15 processing fee when requested before training materials have been sent out (approximately 2 business days preceding the scheduled session).

**Registration:** To sign up for these webinars, please complete the registration form at the end of this document. Registration deadlines are always 2 business days preceding the scheduled session. Please reference CUBG's website at [www.cubg.org](http://www.cubg.org) for the most current course offerings.

### July – December 2011 Schedule At-a-Glance

July	Pacific Time	Course Level	Course Title
Wednesday, July 6	12:00 p.m.	Collections 401	<i>Avoiding Lender Liability in the Collection Process</i>
Thursday, July 14	11:00 a.m.	Business Lending 206	<i>Faith Based Lending</i>
Tuesday, July 19	10:00 a.m.	Introductory	<i>CU Business Group – Bringing Business to You</i> **FREE**
Wednesday, July 27	9:00 a.m.	Introductory	<i>The SBA Lending Opportunity</i> **FREE**
<b>August</b>			
Thursday, August 11	11:00 a.m.	Introductory	<i>The Basics of Buying and Selling Loan Participations</i> **FREE**
Wednesday, August 17	10:00 a.m.	Business Services 101	<i>Effective Interviewing</i>
Friday, August 26	9:00 a.m.	Business Lending 203	<i>Loan Operations, Exam Considerations and Other Must-Know Topics</i>
<b>September</b>			
Thursday, September 8	9:00 a.m.	Business Lending 101	<i>The Loan Application Package</i>
Tuesday, September 13	12:00 p.m.	Business Deposits 201	<i>Managing Deposit Fraud Risk</i>
Wednesday, September 21	10:00 a.m.	Business Lending 202	<i>Commercial Real Estate Appraisals</i>
Thursday, September 29	11:00 a.m.	Business Lending 104	<i>The Basics of Lines of Credit</i>
<b>October</b>			
Tuesday, October 4	10:00 a.m.	Introductory	<i>Enhancing the CUBG Underwriting Process</i> **FREE**
Wednesday, October 12	10:00 a.m.	Introductory	<i>Merchant Services: Introduction and Overview</i> **FREE**
Thursday, October 20	9:00 a.m.	Business Lending 204	<i>Business Loan Participations, Regulations and Requirements</i>
Wednesday, October 26	10:00 a.m.	Business Lending 201	<i>Understanding NCUA MBL Regulations</i>
<b>November</b>			
Thursday, November 3	9:00 a.m.	Introductory	<i>CUBG Products and Services Overview</i> **FREE**
Tuesday, November 8	10:00 a.m.	Business Lending 205	<i>Lines of Credit and Interviewing Your Borrower</i>
Thursday, November 17	11:00 a.m.	Collections 301	<i>Advanced Collections, Foreclosures &amp; Liquidations</i>
Monday, November 21	10:00 a.m.	Business Lending 302	<i>Taking Care of the House...Business Loan Portfolio Management</i>
Tuesday, November 29	11:00 a.m.	Business Lending 102	<i>Closing Loan Documents</i>
<b>December</b>			
Friday, December 2	10:00 a.m.	Collections 201	<i>Basic Collections and Dealing with Problem Loans</i>
Wednesday, December 7	11:00 a.m.	Introductory	<i>CU Business Group's Business Credit Tracker</i> **FREE**
Thursday, December 15	11:00 a.m.	Business Deposits 101	<i>The New Accounts Desk</i>
Tuesday, December 20	11:00 a.m.	Business Lending 301	<i>HOT TOPICS in Environmental Due Diligence</i>



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### January – June 2012 Schedule At-a-Glance

January	Pacific Time	Course Level	Course Title
Wednesday, January 4	11:00 a.m.	Collections 401	<i>Avoiding Lender Liability in the Collection Process</i>
Thursday, January 12	11:00 a.m.	Business Lending 206	<i>Faith Based Lending</i>
Tuesday, January 17	10:00 a.m.	Introductory	<i>CU Business Group – Bringing Business to You</i> **FREE**
Wednesday, January 25	9:00 a.m.	Introductory	<i>The SBA Lending Opportunity</i> **FREE**
<b>February</b>			
Thursday, February 2	11:00 a.m.	Introductory	<i>The Basics of Buying and Selling Loan Participations</i> **FREE**
Wednesday, February 8	10:00 a.m.	Business Services 101	<i>Effective Interviewing</i>
Friday, February 17	9:00 a.m.	Business Lending 203	<i>Loan Operations, Exam Considerations and Other Must-Know Topics</i>
<b>March</b>			
Thursday, March 1	9:00 a.m.	Business Lending 101	<i>The Loan Application Package</i>
Tuesday, March 6	11:00 a.m.	Business Deposits 201	<i>Managing Deposit Fraud Risk</i>
Wednesday, March 14	10:00 a.m.	Business Lending 202	<i>Commercial Real Estate Appraisals</i>
Thursday, March 22	11:00 a.m.	Business Lending 104	<i>The Basics of Lines of Credit</i>
<b>April</b>			
Tuesday, April 3	10:00 a.m.	Introductory	<i>Enhancing the CUBG Underwriting Process</i> **FREE**
Wednesday, April 11	10:00 a.m.	Introductory	<i>Merchant Services: Introduction and Overview</i> **FREE**
Thursday, April 19	9:00 a.m.	Business Lending 204	<i>Business Loan Participations, Regulations and Requirements</i>
Wednesday, April 25	10:00 a.m.	Business Lending 201	<i>Understanding NCUA MBL Regulations</i>
<b>May</b>			
Thursday, May 3	9:00 a.m.	Introductory	<i>CUBG Products and Services Overview</i> **FREE**
Tuesday, May 8	10:00 a.m.	Business Lending 205	<i>Lines of Credit and Interviewing Your Borrower</i>
Thursday, May 17	11:00 a.m.	Collections 301	<i>Advanced Collections, Foreclosures &amp; Liquidations</i>
Monday, May 21	10:00 a.m.	Business Lending 302	<i>Taking Care of the House...Business Loan Portfolio Management</i>
Tuesday, May 29	11:00 a.m.	Business Lending 102	<i>Closing Loan Documents</i>
<b>June</b>			
Tuesday, June 5	10:00 a.m.	Collections 201	<i>Basic Collections and Dealing with Problem Loans</i>
Wednesday, June 13	11:00 a.m.	Introductory	<i>CU Business Group's Business Credit Tracker</i> **FREE**
Thursday, June 19	11:00 a.m.	Business Deposits 101	<i>The New Accounts Desk</i>
Tuesday, June 28	11:00 a.m.	Business Lending 301	<i>HOT TOPICS in Environmental Due Diligence</i>



## 2011 - 2012 Education Calendar

Date	Course	Host/Location
December 6 - 8	Analyzing Business Loans	SMW FCU Lino Lakes, MN
January 24 - 25	Analyzing Business Loans (2-Day)	Orange County's CU Santa Ana, CA
January 26	The Nuts 'n Bolts of Cash Flow Analysis	Orange County's CU Santa Ana, CA

**Analyzing Business Loans:** This in-depth business lending course covers the full spectrum of business loans, including reading and interpreting tax returns, debt service coverage, appraisals, and examiner hot buttons. The course is presented in an efficient but in-depth three day format.

**The Nuts 'n Bolts of Cash Flow Analysis:** This five-hour course will help you learn to effectively assess a business's need for financing and determine whether sufficient cash flow exists to repay a proposed debt in an efficient five-hour format.

### Pricing

### CUBG Members

### All Other Credit Unions

Analyzing Business Loans	\$695	\$795
Analyzing Business Loans (2-Day)	\$595	\$695
The Nuts 'n Bolts of Cash Flow Analysis	\$149	\$199