

## **Member Business Lending and CUSO's**

Credit Unions across the country are looking at ways to enter Member Business Lending. One way that is generating attention is to form a CUSO. A big advantage can be the sharing of costs -- partnering with another credit union can lower many of the costs associated with developing a business lending program. Another advantage is the ability to offer the CUSO's services to other credit unions.

If a CUSO is the direction you want to pursue, it's important to understand that setting up a CUSO to offer MBL's can be quite different from other CUSO's you may have developed. One reason is what we refer to as: the SBA Factor.

Most business services CUSO's are not offering SBA loans. We feel that the SBA should be an integral part of your lending picture. The income advantages and risk benefits are too great to ignore. However, there are a number of issues specific to SBA lending that have to be addressed. First, because CUSO members will be approving, funding and bear the individual responsibility for their loans, the SBA requires each credit union involved to obtain an SBA license. Second, it can be difficult to find lending officers with experience who understand both MBL's and SBA loans.

One of the best ways to tackle these issues is to hire a Lender Service Provider (LSP). An LSP with experience in both creating and marketing a member business/SBA lending program can provide guidance on the issues surrounding the creation of a business services CUSO. A good LSP will also train your employees, help you recruit qualified people, and provide the experience necessary to get a business services program off the ground.

These are just a few of the things to consider. Properly executed, a CUSO can be an excellent way to offer business services to your members as well as other credit unions.