

CONSIDERING MBL AND SBA LENDING? NOW'S THE TIME TO PLAN - AND GET IN THE GAME!

It's that time of year. Strategic Planning Sessions for many credit unions. If your credit union isn't heavily into planning your corporate objectives and strategic goals for next year and beyond, you will be soon. Among the key topics: evaluating the products and services you plan to introduce or expand.

If you're considering SBA and Member Business Lending, now's the time to get out of "considering" and into budgeting and planning. Over the past couple of years, I've pointed out the advantages of adding MBL and SBA lending to your product line. I've also underscored the window of opportunity for credit unions because banks just weren't lending to small businesses in a roller-coaster economy.

Well, that window is beginning to close. Bankers' small business lending is on the uptick. According to the most recent [Biz2Credit Small Business Lending Index](#), banks large and small are lending at much higher rates than a year ago. Notably, loan approvals at small banks climbed to 49.8% in June 2013 from 49.5% in May - and from 47.5% in June 2012. All this while approvals at credit unions continue to decline. Year over year, credit union lending was down almost 20% between June 2012 and June 2013.

As more institutions step up their business lending, gaining market share will be increasingly difficult. I can only encourage you to take advantage of the benefits now, before the window closes more - and other institutions run away with the business. And if you're just getting off the ground, the SBA 7(a) program is a great place to start. A few of the advantages:

- program with clear guidelines and written procedures
- risk mitigation because loans are guaranteed up to 85% by the U.S. government;
- increased capacity because only the non-guaranteed portion counts against the 12.25% member business lending cap;
- income generation from secondary market sales and servicing fees;

You have an opportunity to fill an important niche: lending to small businesses needing funds in this still-fluctuating economy. And in the process you'll grow your revenue, your membership and your credit union.

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