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SBA LENDING MAKES DOLLARS AND SENSE!

J.R. BRUNO & ASSOCIATES SEES GREAT PROFITABILITY FOR CREDIT UNIONS

GLENDORA, CALIF. (AUGUST 2009) – With America’s small business needs front and center, leading SBA and MBL consulting firm J.R. Bruno & Associates is taking a dollar-focused look at the great profitability potential SBA loans offer credit unions.

“Especially in this environment, credit unions need to lend in order to grow. And there isn’t a better time to take advantage of SBA lending,” says company founder and President Joanna Bruno. “The American Investment and Recovery Act of 2009 eliminated fees to lenders and borrowers and raises SBA’s guarantee percentage on 7(a) loans to 90%. So on a typical 7(a) loan of \$100,000, the SBA guarantees \$90,000 with no fee to the borrower or the credit union. The credit union’s capital outlay is \$10,000. Add the sale premium of \$6,300, and income from servicing, interest and packaging – and a credit union’s gross income from this single loan is \$8,800 or an 88% return. *What else in a credit union’s product line gives this kind of return?*”

SBA 7(a) Loan Estimated Income	
Loan Amount	\$100,000
Term	7 years
Rate	Prime + 2.75% (6%)
SBA Guarantee %	90%
SBA Guarantee \$	\$90,00
Lender’s Capital	\$10,000
Sale Premium	107
Premium Income	\$6,300
Servicing @ 1%	\$900
Interest Income	\$600
Packaging Fee	\$1,000
Gross Income	\$8,800
Gross Return	88.0%

Bruno adds that the 90% guarantee and fee waivers on 7(a) loans aren’t permanent and encourages credit unions to enter this profitable market, and those with existing SBA programs to consider expanding them.

Headquartered in Glendora, Calif. with an office in Boston, J.R. Bruno & Associates has served the financial services community since 1995. With more than 150 years of combined commercial lending experience, the JRB Team has assisted dozens of credit unions starting SBA and MBL programs or expanding existing programs. Services include total outsourcing, loan portfolio reviews, staff training, prescreening, loan structuring, underwriting, processing, packaging, documentation, portfolio management, and hands-on day-to-day oversight.

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