

Building your Business Loan Portfolio

Business owners have many options to obtain financing for their business needs. However, they often don't have the time and expertise to make the best choice for their business. This can lead to hasty decisions based on direct mail or other advertisement, often green-lighting the first person that offers them a solution.

To be successful, owners need to focus on their business and rely on their lender to provide them the GPS to get business financing accomplished.

As a lender, you need to position yourself to be there when your business owner member has a need. How do you do that?

Make a follow up call

Every six months, make a follow up call to check in and find out what the business is doing. It's usually every six months that something comes up like expansion, inventory purchases, remodeling, line of credit to meet timing crunches, new supplier with unfavorable terms, etc. In the end, it's all about building relationships with that business owner member. Your goal here is to establish a long-lasting relationship with the business owner as well as a captive audience for the financial products and services you provide. Help ensure that your business members take advantage of all the different products and services offered by your credit union.



Engage with members

This is particularly important when it comes to business lending services. It is also important that your staff evolves from order-takers to active member engagement professionals. Rather than simply taking in and handing out cash, employees must actively engage with members, asking probing and leading questions in order to ascertain what is going on in a member's business life and how the credit union might be able to help when it comes to member business lending. Credit unions can also identify business customers by looking at deposits to member accounts. Typically, a member that is depositing more than five checks per transaction is operating some type of business. These are great leads for business lending prospects.

These are just a few ideas to help you build your business loan portfolio. By working hard now to establish relationships with your business lending members, you stand a better chance of earning and keeping that crucial long-term relationship.



Appraisal Reviews

In an age of heightening and tightening regulation, regulators (like the NCUA) are focusing more and more on looking at credit union portfolios to see if they are properly reviewing appraisals. The regulators expect that the credit unions are performing due diligence when obtaining appraisal reports and basing their credit decisions on accurate values. Many lenders come to MBL asking for help with this process and are delighted to learn that MBL does, in fact, assist in appraisal reviews. For many lenders, they may not have a qualified staff member with the expertise and experience required to handle appraisal reviews. Or maybe they simply don't have time to do it themselves. MBL has a dedicated team of appraisal review experts to review appraisal reports and provide an expedited review to meet the credit union's request. MBL offers a very detailed review of appraisal reports and may even find errors that will require re-work (but that can also save headaches with regulators). For more information on MBL appraisal reviews, please contact underwriting@mbllc.com.