

Business Lending Growth in 2013

The fight to increase the current 12.25 percent member business lending cap has been a long and arduous one.

Meanwhile, in the thick of it all, credit unions continued to grow their business loan programs in 2012 and the industry is expected to follow suit in 2013.

According to Callahan and Associates, 65.3 percent of credit unions with more than \$50 million in assets offered MBLs, as of April 2012. The amount of outstanding MBLs was \$33.8 million with an average balance of \$200,814.

While a \$1.8 billion (4.4 percent) gain in MBLs also contributed to improving loan portfolio growth, this source of growth and net interest margin is losing steam as many credit unions approach their MBL caps.

In 2012, credit unions started competing with a number of new players on the business lending front including Amazon and Costco. Industry experts don't expect this trend to let up in 2013, particularly among firms that are offering more micro loans, a niche product seen at many credit unions.

Given the ongoing push to grow loans, 2013 is expected to be another year for the industry to increase collaboration, tap into undiscovered small business sectors and round out their programs to include offerings such as remote deposit capture and mobile banking.

Cash mobs, which grew in popularity this year to help support local small businesses, caught on big with credit unions and CUSOs. With many of them either hosting or participating in the effort, the linkage could help get the word out more in the community that credit unions are an alternative to banks when it comes to small business capital needs.

Source: Credit Union Times, "Lobbyists Say TAG Bill Not a Legislative Defeat for CUs", dated 11/27/2012

Change to SOP 50 10 5(E)

SBA has announced a change to the SOP 50 10 5(E) to permit certain lenders in the Small Loan Advantage (SLA) program to use an alternative Authorization. This alternative Authorization may be used by Preferred Lender Program (PLP) lenders using their PLP authority to secure SBA-guaranteed SLA loans. Modeled after the SBA Express Authorization, the alternative SLA Authorization is now a stand-alone authorization and not a component of the current 7(a) Wizard and Boilerplate. The new SLA Authorization is SBA's way of continuing to streamline processes, and is intended to drive increased loan activity within the SLA process resulting in increased low dollar loans and loans to underserved markets.

Effective January 2, 2013, SOP 50 10 5(E), Subpart B, Chapter 5 is revised to allow PLP lenders the option of using the new SLA Authorization or the existing National 7(a) Authorization Boilerplate and Wizard.

Source: SBA Information Notice, control number 5000-1260, dated 12/21/2012

MBL Welcomes New Staff

MBL is pleased to announce the addition of two new staff members. Both have excellent experience in the industry and will help us provide excellent service to all of the credit unions that we serve.

Gordon Dames, a long-time credit union executive and former NCUA examiner, brings a wealth of credit union knowledge and relationships to MBL as the Director of Business Development. With Gordon's help, we anticipate substantial growth in loan volume and the number of new credit unions joining the CUSO during the coming year.

Augusta Hawkins recently joined MBL as a Portfolio Administration Specialist. She comes to MBL from commercial banking, where she developed her expertise in SBA loan servicing and documentation.

The MBL Mission:

"To aid, counsel, and assist our participating credit unions and the member businesses they serve"

Monthly Training Seminar

This month's seminar will feature **Preventing and Clearing Exceptions**. The seminar is part of MBL's free monthly seminar series and is open to all credit union business lending staff.

Preventing and Clearing Exceptions

Wednesday, January 23, 2013

2:00 – 3:00 p.m. (MDT)

Session number: 806 180 570

Session password: January2013

A link to the training will be provided in a separate email.

SBA Increases Size Standards

The SBA has published in the *Federal Register* two final rules revising size definitions for small businesses in the Information & Administrative and Support, Waste Management & Remediation Services industry categories and proposed for comment another rule affecting the Mining, Quarrying, and Oil and Gas Extraction category.

SBA increased the revenue-based size standards for 15 industries and retained the current revenue-based size standards for five industries in the North American Industry Classification System (NAICS) Sector 51: Information. SBA will review the employee-based size standards within this sector at a later date. Up to 500 additional firms will become eligible for SBA's loan and federal procurement programs as a result of these revisions.

SBA also increased the revenue-based size standards for 37 industries and retained revenue-based size standards for seven industries in the NAICS Sector 56: Administrative and Support, Waste Management and Remediation Services. SBA will review the employees-based size standards within this sector at a later date. Up to 2,700 additional firms will become eligible for SBA's loan and federal procurement programs because of these revisions.

SBA also proposed increasing three revenue-based size standards and retaining one current revenue-based size standard in NAICS Sector 21: Mining, Quarrying, and Oil and Gas Extraction. SBA evaluated four industries in this sector to determine whether their size standards should be revised or retained. SBA will review the employee-based size standards within this sector at a later date. Up to 475 more firms in this sector would become eligible for SBA's loan and federal procurement programs under the proposed revenue-based size standards, if adopted.

Increase to size standards will enable some growing small businesses in these sectors to retain their small business status. It will give federal agencies a larger pool of small businesses to choose from for small business procurement opportunities and will help eligible small businesses benefit from SBA's loan programs.

Under the Small Business Jobs Act of 2010, SBA will continue its comprehensive review of all size standards for the next several years.

Source: SBA Release Number 12-53, dated 12/10/2012

2013 MBL Holiday Closures

January 21, 2013
Martin Luther King, Jr. Day

February 18, 2013
Presidents Day

May 27, 2013
Memorial Day

July 4, 2013
Independence Day

September 2, 2013
Labor Day

October 14, 2013
Columbus Day

November 28, 2013
Thanksgiving Day

December 25, 2013
Christmas Day

SBA BASE RATES JANUARY 2013

WSJ Prime	3.25%*
1-Month LIBOR Base Rate	3.21%*
SBA Fixed Base Rate	4.59%*
SBA Peg Rate	2.25%**

*Effective for the first business day of January 2013

**Effective for the period between January 1, 2013 to March 31, 2013

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