



## COMMERCIAL LENDING, A VEHICLE FOR GROWTH

More and more credit unions are entering the Member Business Lending (MBL) space. Commercial lending, particularly small business lending, is certainly a solid vehicle for growth for credit unions, with larger balances and higher margins than many consumer products. By and large credit unions see themselves as partners to the communities they serve. Funding small businesses, which in turn, provide employment to their members fits perfectly in most credit unions' wheel house and is a natural extension of its mission. As more credit unions add MBLs to their lending portfolio, they need to develop an effective strategy and invest in flexible loan servicing platforms to create a successful MBL program.

Many credit unions find that partnering with a Credit Union Service Organization (CUSO) provides the best way to offer business lending services to their members, as well as offers an efficient underwriting back end loan servicing system. Additionally, a CUSO brings knowledge of business lending regulations and experience managing commercial loan participation portfolios.

Midwest Business Solutions is a CUSO that services businesses throughout the upper Midwestern states. MWBS specializes in financing commercial and agricultural firms, which is key to the market they serve. The CUSO leverages CoreSoft lending platform from VSoft Corporation to offers variable, fixed rates, and flexible payments to match the timing of their business member's cash flow.

### **Midwest Business Solutions** *Commercial and Agricultural Lending*

### **Flexibility is the Name of the Game**

In recent years, businesses have moved toward personalized loan solutions rather than the blanket solutions that have been offered in the past. Each business is different, and business owners want loans that are tailored to their specific needs. Small businesses have a wide range of financing needs: Revolving Lines of Credit, Equipment Loans, Business Acquisitions Loans, and Real Estate Loans to name a few.

Phil Love, CEO of MWBS, noted, "I found that many systems, especially those in the credit union field are quite limited. I needed a core that could handle any type of loan." Some financial institutions have complained that there is no one core processing system that can easily handle various loans: mortgage, consumer, business, etc. This requires much additional staff work and multiple computer systems.

## Case in Point

Midwest Business Solutions can attest that seasonality is a problem that many businesses face. Though profits are high during peak months, slow months can slow down or even completely stop the influx of cash flow. A hotel in Pennington County, South Dakota is a perfect example of a business affected by annual seasonality. Serving Mount Rushmore tourists, this hotel is only open to guests six months out of the year; it is completely closed to visitors during the other 6 months. The hotel was in need of a loan, but needed to match payments with their seasonal cash flow.

MWBS was able to use CoreSoft, VSoft Corporation's core banking solution, to create a loan product with payments tailored to the hotel's cash flow. With CoreSoft, financial institutions have direct access to the rules engine giving them complete control over not only the product parameters, such as payment terms and



timing. Institutions can define the rules themselves using a simple graphical user interface, and can "point and click" to set up complex

products without expensive technical assistance from a core vendor. MWBS was able to assess loan risks, set payment parameters, and customize the entire loan to best benefit the hotel without depending on their core provider for programming assistance. MWBS delivered the customized loan which required payments only during the hotel's operating months. This flexibility helped solidify a growing relationship between MWBS and the hotel.

MBL is a complex business strategy. While providing an opportunity for growth in terms of revenue generation, commercial lending requires different interest calculations, payment terms and collateral types than traditional retail client.

A modern, flexible core banking platform makes introducing and maintaining those complex products more manageable.

## About Midwest Business Solutions

Midwest Business Solutions (MWBS) is a Credit Union Service Organization (CUSO) focused on providing underwriting and portfolio management services for commercial and agricultural loans. MWBS manages complex loan participations and also provides back office credit support functions for credit unions over a multi-state region. Visit [www.mwb-s.com](http://www.mwb-s.com) for more information.

## About VSoft Corporation

VSoft Corporation offers platform-based services for the BFSI industry. Our core and payment processing services reduce cost and maximize efficiency while providing seamless, real-time, high-volume and high-performance transactions across multiple channels. The VSoft platform can be delivered in-house, or as an outsourced ASP or SaaS model to best meet the needs of individual financial institutions.

VSoft's services have been trusted by more than 2,600 financial institutions worldwide. For more information call [770-225-7692](tel:770-225-7692) or visit [www.vsoftcorp.com](http://www.vsoftcorp.com).