

# Managing Your Concentration Risk Packaging Loans For Sale



## RISK MANAGEMENT IN FOUR EASY STEPS

- 1** **Filter your loans by several selectors,** including credit score and business unit.
- 2** **Select from the resulting loans** to create your package grouping.
- 3** **Select the part of the loans to participate.** View calculations of your income from these loans.
- 4** **Create the package and review the “Loan Package Summary”** to view an overview of the package including average credit score.

## More Than Just a Selling Tool

*“Packaging Loans for Sale” is accessed via the Management Dashboards menu (MNMGMT) menu.*

Packaging Loans for Sale is more than just a feature credit unions can use when considering if they would like to participate or sell a portion of their loan portfolio; this feature also allows management to segment a portion of their loan portfolio for concentration risk analysis, including viewing servicing income and yield analysis.

The Package Loans for Sale feature is a free brokerage tool. Use it to bundle and sell loans at your credit union. Maybe your goal to have a certain percentage of loans in your portfolio from outside sources. Now you can make money without the need of a middle man.

**Packaging Loans for Sale** is accessed from the Management Analysis Dashboards (MNMGMMD) menu. Use the filters on the entry screen, such as loan-to-value, loan balance, or credit score range to narrow your results. You can even select “small” loan size so your smaller loans are presented at the top of the resulting listing, allowing you to spread out your risk.

## Step 1: Select Your Filters

Packaging Loans for Sale can also be used as a Risk Management tool. The built in evaluation tools allow you to measure your loan portfolio for risk and yield analysis. No need to run complex queries to evaluate your loan portfolio.

Select to include only loans with certain characteristics in your package, such as loans with a certain loan-to-value ratio.

## Step 2: Select Your Loans

Account	Name	Maturity Months	Available To Sell	Current Balance	CU Owned Balance	% CU Owned	Rate	Credit Score	LVT / CLVT
-788	TESTV		96,192	106,880	106,880	100.00%	5.000		71.25%
-781	CHERYL L	39	67,500	75,000	75,000	100.00%	4.875		50.00%
-771	BREANNA L	74	58,500	65,000	65,000	100.00%	3.000		999.99%
-790	VALERIE W	36	40,835	45,373	45,373	100.00%	2.990	809	12.69%
-775	ELAINE Z	28	40,500	45,000	45,000	100.00%	12.000		999.99%

Use “Select” below the listing to add a loan to the package.

From the loan selection screen view details of the loans, such as credit score of the member, current balance, amount available to sell, and month until maturity.

## Step 3: Elect Which Part of the Loan to Participate and View Service Income

View details about your servicing income, based on the amount of the loan to participate and the associated interest rate.

Session 0 CU\*BASE GOLD Edition - ABC TESTING CREDIT UNION

File Edit Tools Help

### Input Package Details

Apply participation % to all loans     Apply yield % to all loans     Max participation % 090

Toggle    Toggle

Typ	Name	# Pmts Left	Current Balance	CU %	Part %	Participation Amount	Available to Sell	Int Rate	Part Rate	Yield %	Sell Mos	Yield
<input type="checkbox"/>	690	19 / 144	648,480	10	90	583,632	64,848	8.000	0.000	8.000	19	73,926
<input type="checkbox"/>	691	74 / 120	507,071	10	90	456,363	50,707	8.000	0.000	8.000	74	225,139
<input type="checkbox"/>	690	62 / 66	319,525	10	90	287,572	31,952	6.000	0.000	6.000	62	89,147

Play around with the participation amount and try “what if” scenarios with the package.

## Step 4: Review the Package Loan Summary

Use the Loan Package Summary to communicate details to a prospective buyer or to analyze the loans contained in the package. You can always return to the previous screens to make adjustments to the package.

Once a loan is included in a package, it cannot be added to another. Have a goal of selling a certain number of loans? Include the selected loans in a package. Then return and refresh the package to keep track of the number of loans left for sale.

Session 0 CU\*BASE GOLD Edition - Loan Package Summary

Package name	A RE PACKAGE	# Loans	17	Current balance	16,025,462
Collateral	37,213,820	# Collateral items	20	CU owned portion	2,070,884    12.92 %
Avg LTV %	43.06    (Pledged Value)	Investor owned	13,954,578    87.08 %	Available to sell	2,070,884

	Avg/Day	High	Low
Credit score	671	822	547
Balance	942,674	2,018,799	421,454
Rates	5.176 %	7.750 %	4.000 %
Payment info	6,666	16,809	2,387
Maturity months	38	96	1
Term			

All averages exclude zero amounts.

Credit score average excludes scores 900 & above.

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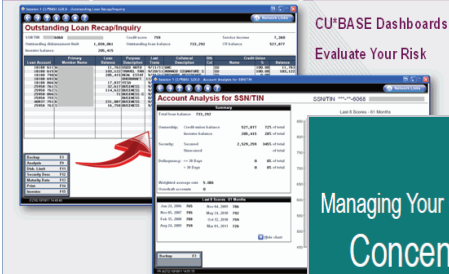
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Included are details you can report to your buyer, including credit score and average loan-to-value.

# Other Publications

Check out the other brochures in the “Managing Your Concentration Risk” series, found under “C” and “O” on the CU\*BASE Reference page.

## Managing Your Concentration Risk Analyze Outstanding Loans



CU\*BASE Dashboards  
Evaluate Your Risk

### Outstanding Loan Recap and Dashboard

The Outstanding Loan Recap (Action Code (CL) "All Open Active) Loans is Responsible) is your one-stop shop for viewing the lending relationships (tracked by SSN), showing your member's loan balances (including active, member co-sign), it includes contingent liability, credit score, collateral income, and more!

The Outstanding Loan Recap Dashboard (accessed via F9-Analysis) that let member's lending relationship, via six different analyses, providing detailed member's credit scores (with gap/flag), contingent liability details, delinquency other information.

## Managing Your Concentration Risk Concentration Risk Analysis



Segment Your Loan Portfolio to  
Analyze Your Risk Now and Over Time

Use the tool to break your loan portfolio to view at a glance your credit union's risk in the following areas:

- C, D and E paper credit reports
- Number of loans delinquent over 60 days
- Balance of delinquent loans
- Delinquent balance as a percentage of total portfolio value

The Loan Concentration Risk Analysis is accessed via the Management Dashboards menu (MANNGMT) "Lo Portfolio Concentration Risk."

The Concentration Risk Analysis is a powerful tool that will assist you in defending and managing your lending practices, as well as staying informed about the concentration risk associated with different segments at your credit union.



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