

# 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) “Package Loans for Sale.”*

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 Dashboards (MNMGMT) 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.

Session 0 CU\*BASE GOLD - Potential Loans to be Sold

Potential Loans to be Sold Active Package: \*NONE

**Loan Selection Criteria**

Opened on or before  [MMDDYYYY] Business unit

At least  months until maturity Loan category

At least  % owned by CU Medallion type

Loan-to-value from  % to  %

Interest rate from  % to  %

Credit score (as of loan underwriting) of at least

Loan balance between  and

Create a package in the amount of

Loan size  Big  Small

Include delinquent loans? If yes... less than  months or less than  days

Include only 100% owned by credit union

7 Package(s) exist in the amount of 7,212,291

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Select to include only loans with certain characteristics in your package, such as loans with a certain

## Step 2: Select Your Loans

Session 0 CU\*BASE GOLD - Potential Loans to be Sold

Potential Loans to be Sold Working Active Pkg: \*NONE

Total selected available to sell loans **18,634,452** CU owned **0** 100.00%

Total selected current balance **0** Investor owned **0** 0.00%

of 294 **100.00%**

Account	Name	Maturity Months	Available To Sell	Current Balance	CU Owned Balance	% CU Owned	Rate	Credit Score	LVT / CLTV
-846	DAVID	230	89,991	99,990	99,990	100.00%	8.275		999.99%
-846	WICKIE	230	89,685	99,650	99,650	100.00%	.000		999.99%
-846	DANA	230	89,214	99,127	99,127	100.00%	4.000		999.99%
-705	MICHAEL	116	88,969	98,855	98,855	100.00%	3.500	839	58.15%
-716	FLOYD	129	88,285	98,095	98,095	100.00%	6.000	582	93.51%

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.

Typ	Name	# Pmts Left	Current Balance	CU Own %	Part %	Participation Amount	Available To Sell	Int Rate	Par Rate	Yield %	Sell Mos	Servicing Income
846	JOYCE	216 / 120	96,911	10.00	90	87,219	0	.000		0.000	216	0
716	TIMOTHY	116 / 0 B	97,837	10.00	90	88,053	0	5.000		5.000	216	79,247
716	FLOYD	129 / 0 B	98,095	10.00	90	88,285	0	6.000		6.000	116	51,205

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.

Package name	LOAN #2			Total current bal	394,002
Collateral	515,100	# Collateral items	5	CU owned portion	50,536 12.82%
# Loans	5	Avg LTV %	76.49%	Investor owned	343,466 87.18%
				Available to sell	11,134

	Average	High	Low
Credit score	684	732	641
Balance	78,800	93,361	66,399
Rates	8.755%	9.250%	8.375%
Payment info	645	767	571
Maturity months	35	90	8
Term			

100% CU owned

All averages exclude zero amounts.  
Credit score average excludes scores 900 & above.

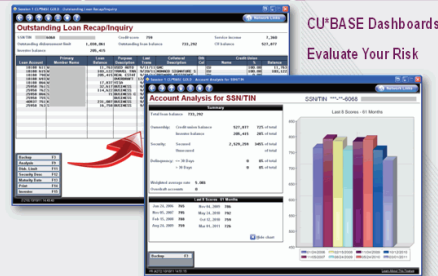
Included are details you can report to your buyer, including credit score and average loan-to-value.



## Other Publications

Check out the “Analyze Outstanding Loans” brochure for more information on CU\*BASE tools to manage your credit union’s concentration risk.

### Managing Your Concentration Risk Analyze Outstanding Loans



#### Outstanding Loan Recap and Dashboard

The Outstanding Loan Recap (Action Code (CL) "All Open Active) Loans For Which This Borrower is Responsible) is your one-stop shop for viewing the lending relationships you have with a member (tracked by SSN), showing your member's loan balances (including related accounts which the member co-owns). It includes contingent liability, credit score, collateral information, service income, and more!

The Outstanding Loan Recap Dashboard (accessed via F9-Analysis) that lets you analyze this member's lending relationship, via six different analyses, providing detailed breakdown of the member's credit scores (with gap/ang), contingent liability details, delinquency information and other information.



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