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## Participation Network Loan Parameters

The following characteristics must be present to place a conforming loan participation via the CU Business Group Loan Participation Network.

Debt service coverage ratio	1.25 or higher	
Loan to value ratio	75% or less desired, 80% maximum	
Years in business	3 years or more, or related experience	
Amortization	25 years or less desired, 30 years maximum	
Maturity	10 years or less preferred, 15 years maximum	
Rate adjustment	Re-price after 5 years, or less	
Prepayment penalty	None is preferred, will work around	
Loan fee from borrower	Lead typically keeps loan fee	
Participation amount	\$250,000 minimum	
Guarantors	Majority of owners must guaranty	
Geography	Will consider anywhere in the continental U.S.	
Loan types	<u><b>Best</b></u> Mixed use Multi-family Light industrial Defined retail Owner occupied	<u><b>Less Desirable</b></u> Hospitality Restaurants "Big box" Specialized Construction

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## Service Standards

The following service standards must be adhered to by the lead credit union at all times. Refer to Lead Lender Participation Checklist for further details.

<u>Activity</u>	<u>Lead Credit Union to Participants</u>
Payment remittance	Within 10 days of receipt
Investor reporting	Within 10 days of payment
Updated borrower information	Within 10 days of receipt
All borrower correspondence	Within 10 days of receipt or submission
Lead credit union analysis	Within 10 days of completion



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## Information Required from Loan Participation Originators

### 1. The following information is needed for CU Business Group to perform the initial due diligence on the credit union:

- A copy of the credit union's business loan policy
- Resumes demonstrating the experience of the credit union's business lending staff
- Information outlining the credit union's system capabilities, specifically the ability to support participation funds distribution and reporting
- An overview of the credit union's business loan portfolio, including risk ratings of loans and the overall portfolio
- Documentation of the credit union's capabilities in loan servicing, risk monitoring, workouts and collections
- A general outline of pricing and terms that will be offered on participations
- Loan funding expectations, including timing and method of payment

### 2. The following is needed on each loan presented to the CUBG Participation Network:

- A copy of the credit presentation if the loan has been underwritten by the credit union or another party
- A summary of the loan, including information on the business, the owners/guarantors, pricing, terms, and any other material conditions on the loan
- Specifics on the participation being offered, including the rate to the participant, amount, maximum number of participants, loan fee sharing, and any other pertinent information
- The source documents on the loan, including the application, individual financial statements, three years of business and guarantor tax returns and financial statements, appraisal, and any other relevant information from the credit union's loan files
- Timing requirements on the loan closing and participation funding