

A New Business Model: Full Community Loan Coverage

With advances in marketplace lending technology, community banks can now meet 100% of the borrowing needs of their community with attractive profitability.

The New Model: The bank serves as advisor, lender and loan broker for all consumers and small businesses in the community. If a customer needs a loan that the bank does not provide, the bank brokers the loan to another lender for a commission. The bank always retains the primary customer relationship. The model leverages the bank's core competitive advantage: local, in-person customer relationships.

How it Works:

- The bank partners with lenders that complement the bank's loan capabilities. BlackLine helps the bank select and manage these partners. BlackLine's affiliated law firm, Frost Brown Todd, can provide compliance services, including those related to third-party risk or we can coordinate with the bank's counsel of choice.
- The bank puts in place technology to collect and manage customer data in a manner that facilitates third-party underwriting and pre-approved offers. BlackLine can help the bank assess what technology it needs and select cost-efficient providers.
- The bank trains its staff to offer comprehensive credit advisory services. BlackLine helps design a program tailored to the bank's platform and current staff capabilities.

Customer Relationships: The bank takes on the role of trusted advisor, centralized information repository and relationship lender. BlackLine helps construct legal agreements with partner lenders that protect the bank as the primary relationship.

Profitability: This new model can increase profitability through:

- Increased customers and deposits as a result of a differentiated product offering
- Increased non-interest income from commissions on loan brokerage
- Increased lending from deeper relationships and increased customers
- Improved customer retention due to broader advisory role
- Improved underwriting with technology that offers greater data visibility

CRA and Fair Lending: The focus of the Full Community Loan Coverage model is on meeting the funding needs of everyone in the community with responsible, high quality loan products. BlackLine and Frost Brown Todd can help the bank communicate the CRA and Fair Lending benefits of this new model to regulators.

Examples: Larger banks, including Fifth Third and Regions, have partnered with non-bank lenders to grow their coverage of community borrowing needs.

Candidate Banks: Community banks with underutilized branches, a small customer base relative to their geographic footprint, and an interest in growth.

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