2022 Virtual Commercial Lending School Pre-Work

*You will need to schedule time with your Chief Lending officer and/or Chief Credit Officer to complete this pre-work assignment before the seminar. Please bring your completed pre-work with you on March 9-10, 2022.*

Questions related to topics covered in Module 1:

1. What percent of your bank’s income is from Interest vs. from Non-Interest?
2. What percent of your bank’s assets are outstanding commercial loans?

Questions related to topics covered in Module 2:

1. Under what conditions (if any) would your bank finance a company’s operating losses?
2. What tools/resources does your bank have available to understand the risks in lending to specific industries?

Questions related to topics covered in Module 3:

1. Does your bank assess the quality of a borrowing company’s management team?
2. How does your bank assess the quality of a borrowing company’s management team?

Questions related to topics covered in Module 4:

1. What questions do you ask when you receive a borrower’s financial projections?
2. How does your bank measure a borrower’s ability to cover its debt service? (Key ratios?)

Questions related to topics covered in Module 5:

1. Are your bank’s working capital lines of credit “demand” (non-contractual) or “committed” (contractual)?
2. Do your bank’s term loans typically amortize “mortgage style” (P&I) or “level principal” (P+I)?
3. Does your bank have a tool to determine a desired spread when pricing a commercial loan?

Questions related to topics covered in Module 6:

1. Under what circumstances (if any) would your bank make an under-secured loan? (Not enough collateral to support full loan balance.)
2. What percent of your bank’s commercial loans are personally guaranteed by the owner of the business?
3. For those loans not guaranteed, what were the criteria used to decide not to require a guarantee?

Questions related to topics covered in Module 7:

1. Are there any industries that your bank does not want to lend into?
2. Do commercial loans above a specified dollar amount require committee approval?

Questions related to topics covered in Module 8:1.

1. Who at your bank is responsible for verifying compliance with loan covenants?
2. Is there a line of credit limit above which your bank requires a borrowing base (formula)?

Questions related to topics covered in Module 9:

1. How would you characterize the relationship between Credit and Lending at your bank?
2. What dictates when commercial loans get transferred to your Workout (Problem Assets) group?