



**Earn up to 21.5 CPE Credits**

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# *Analyzing Business Loans II*

## *Course Overview*

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**Program Level:** Basic

**Delivery Method:** Group-Live

**Prerequisite:** Basic understanding of business loans and accounting history

**Advanced Preparation:** Review your credit union's business loan policy

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This three day course will offer in-depth training to help credit union business services staff and management understand the critical elements of business lending. After this course you will:

- Have a better understanding of all the details behind business loan analysis and credit memorandums
- Feel more confident when talking to business owners
- Be more effective in screening business loan opportunities
- Understand how to read and interpret business tax returns and financial statements
- Calculate debt service coverage and other key ratios
- Learn about commercial appraisals, and how environmental issues can affect your lien position
- Be able to defend your loan decisions with confidence to examiners
- Make a more significant contribution to the credit union's business services program



Instructors and commercial lending gurus Dan Hutchison and Mike Mucilli

### **2008 Course Dates and Locations**

**October 21-23**                      **Portland, Oregon**  
*(CU Business Group headquarters)*

**Course Fee: \$795 for CUBG Members**  
**\$895 for all others**

*25 person maximum class size*

Cancellations within 30 days of the session will be charged a 15% administrative fee. Cancellations within 7 days of the session will be charged 50% of the normal fee. Educational materials are proprietary and will only be provided to conference attendees.

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## Analyzing Business Loans II

### Recent Course Ratings

**The value of the course to your credit union** **4.7**

**Instructors knowledge of business lending** **4.9**

(Rated on a 1-5 scale, with 5 as the highest possible rating)

"The instructors were superb – they were able to answer every question and were simply 'unstoppable'! I particularly liked the resource binder as the contents and discussions can be easily remembered long after the training session."

**- Linda Gudjonson, TwinStar Credit Union**

"This was a fantastic class! I recommend this as a 'must' for any credit union doing business loans."

**- Deedra Howes, First Technology Credit Union**



"I highly recommend this course to anyone thinking about starting a business loan program."

**- Paul Kirkbride, Unitus Credit Union**

"Great job – well organized and delivered."

**- Darin Walding, Advantis Credit Union**

"This was very beneficial for me as a banker new to credit unions. I liked having two instructors, both with great styles!"

**- D. Hutcherson, Great Northwest Credit Union**

"The course is a very good value for the price. I would definitely recommend it to anyone who is just starting out, or looking into CU Business Group as a partner for business lending."

**- Ron Larin, Yakima Valley Credit Union**

"Dan and Mike did a VERY good job as presenters!"

**- Tim Heiberg, TLC Federal Credit Union**





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## **CURRICULUM – DAY ONE**

### **Regulations – NCUA and State**

Understand the federal and state regulations about business loans. Learn the concentration caps and what your responsibilities are.

### **Forms of Ownership**

Learn the ways different ownership structures can affect your loan, and learn what is required of each.

### **Loan Types & Structures**

Study the matching principal and the different types of loans available to your members. We will discuss mixed-use and rental real estate, permanent working capital, working capital lines and various term loan structures. Construction lending will also be covered.

### **Collateral**

Learn the loan to value regulations and know what is prudent for your credit union. Cross-collateralization & hypothecation will be discussed, as well as marketability and liquidation values. Lending against intangibles, accounts receivable & inventory will also be covered.

### **Financial Statement Analysis**

We will look at the different types of financial statements and also view samples of corporate and partnership tax returns. Business credit reports will be discussed, and the differences between cash flow, net income, and gross income will be analyzed.

### **Debt Service Coverage Ratios**

We will discuss debt service coverage and its components, including add-backs and one-time events. In group exercises, attendees will also go through several examples of calculating debt service coverage ratios.

### **Basic Ratio Analysis**

Some of the simplest ratios can be tell-tale signs of a business's success or demise. We'll discuss leverage, debt, inventory turnover, receivables and payables turnover ratios. During group exercises, attendees will be able to identify the components of these ratios and be able to calculate the ratios on their own.



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## **CURRICULUM – Day Two**

### **Guarantors**

We'll discuss the importance of guarantors, who they are, and how are they associated with the business. We will look at their responsibilities and analyze their financial standing. Your rights in collection will also be discussed.

### **Personal Financial Statements**

We'll take a closer look at the importance of personal financial statements and the different asset classes. Personal credit reports will be analyzed as well. See what your guarantor truly brings to the table in case of default.

### **Know Your Borrower and Their Business**

Attendees will learn what to look for when making a site visit to a prospective borrower's place of business. Learn the important questions to ask and know what to look for. Industry trends and economics on both a national and local level is a topic as well.

### **Management**

Management is a key determining factor of a business' success. Know how to analyze your applicant's abilities, depth, and breadth of experience. We will review succession planning and buy/sell agreements as well as appropriate use of key-person life insurance.

### **Projections**

Know when you need them and what a business plan should contain. Also know where your applicants can get these prepared to your specifications.

### **Risk Ratings**

Find out exactly what risk ratings consist of, what their integral parts are, and why you need them. Learn how often your loans should be risk-rated and know the regulations governing your responsibilities.

### **Interest Rates & Structures**

Attendees will discuss interest rates of both fixed and variable nature. You'll learn when to counter offer, when to offer a hybrid rate product, and how to structure loans to meet both the member's needs and your credit union's desires.

### **Loan Fees**

We will discuss points, underwriting costs, closing costs, and loan monitoring fees. Attendees will learn how to negotiate points and buydowns.



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### **CURRICULUM – DAY THREE**

#### **Credit Presentations & the Loan Decision**

Learn the integral parts of a credit presentation and learn what your examiners are looking for in these write-ups. Learn how to put together all the pieces of the loan puzzle, and see why commercial lending is just as much an art as it is a science. Find out what issues can plague your Business Loan Committee, and how the issues of rates, fees, and covenants can be addressed. Sample credit presentations will be reviewed in depth.

#### **Declines**

Learn how to handle loan denials and know your responsibilities in compliance, specifically in Regulation B. See some of the typical decline statistics & reasons, and learn when it is appropriate to make counteroffers.

#### **Appraisals**

Learn the different types of appraisals available. Discuss the different valuation methods available and what the regulations are governing appraisals

#### **Environmental issues**

See why environmental studies are a prudent step in the closing process. Attendees will learn the costs of these studies and when the different types of studies are used.

#### **Closing Documents**

Review a sample set of closing documents and learn the major parts of closing documentation.

#### **Liens**

Learn how liens are perfected on tangible and intangible collateral, and learn how to recover your assets in case of default.

#### **Risk Monitoring**

Learn why risk monitoring is important to your credit union – and learn why the regulations are often misunderstood. See what is involved in prudent monitoring and go through CUBG's Risk Monitoring Checklist to discuss these items.

#### **Regulatory Exams**

Learn what examiners are looking for, and learn how to prepare for an exam of your business loans. The presenters will teach you how to handle interviews with examiners and show you how to defend your loan.



## ***Analyzing Business Loans II***

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### **MEET THE CUBG INSTRUCTORS**

#### **Michael Mucilli, Senior VP/Senior Business Services Officer**

***30 Years Experience***



Michael brings over 30 years of banking, commercial lending and sales experience to CUBG. He has underwritten all types of business loans, including commercial real estate, lines of credit, term loans, letters of credit, and asset-based lines. Michael also has extensive experience with SBA lending, 12 years experience as a branch manager, and served as Director of Consumer and Home Equity Lending. He is a former instructor for the American Institute of Banking and has taught extensively throughout his banking and credit union career. Michael consults with credit unions in the Eastern U.S. on all aspects of business services planning, program development, account pricing, and education.

#### **Dan Hutchison, VP/Senior Business Services Officer**

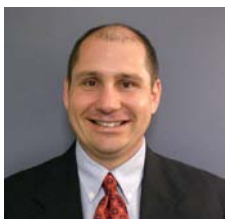
***37 Years Experience***



Dan brings a wealth of experience to CU Business Group. Prior to joining CUBG he spent 1½ years at Redwood Credit Union, a \$1.3 billion institution in Northern California, where he managed the business lending, deposits and sales to Redwood's 100,000+ members. Prior to entering the credit union industry, Dan spent 30+ years at large national banks and smaller community banks. As a senior banking officer, credit administrator, and special assets manager, Dan gained extensive experience in all types of term loans, lines of credit, equipment loans, commercial real estate, letters of credit and SBA loans. Dan has taught a variety of courses in both banks and credit unions and specializes in consulting with credit unions in the Midwest on all aspects of business services.

#### **Mike Smith, Business Services Officer**

***15 Years Experience***



Mike has over 15 years experience in commercial banking, business consulting and education. Most recently he served as a Commercial Loan Officer and Vice President of a Texas based community bank where he was responsible for business development and portfolio management with an emphasis on real estate and healthcare banking. Previously he was Director of an SBA Small Business Development Center in Houston. Mike is currently an adjunct business instructor at Lone Star Community College. Mike has significant experience in all facets of business banking including commercial real estate, agriculture, equipment and SBA lending, credit analysis, loan review and compliance. Mike consults with credit unions in the southern and southwestern regions of the United States on all aspects of business services.



# Analyzing Business Loans II

## Registration Form

Please indicate which session you would like to attend by checking the appropriate box.

October 21-23

CU Business Group

Portland, Oregon

Please complete separate registration forms for each attendee.

### Attendee Information

Name  Mr.  Mrs.  Ms.  Other \_\_\_\_\_

Title (as it should appear on your badge) \_\_\_\_\_

Organization \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Office Phone (\_\_\_\_\_) \_\_\_\_\_ Office Fax (\_\_\_\_\_) \_\_\_\_\_

Cell Phone (\_\_\_\_\_) \_\_\_\_\_ Email \_\_\_\_\_

### Attendee Categories and Fees (Please check the appropriate box. Payment must accompany registration.)

CU Business Group Member credit union fee \$795

All other credit union attendees training fee \$895

### Attendee Payment Information

Credit Card – please choose one  Visa  Mastercard

Check Enclosed

Card Number \_\_\_\_\_ Exp Date \_\_\_\_\_

Security Code (last 3 digits on back of card) \_\_\_\_\_ Billing Zip Code \_\_\_\_\_

Signature \_\_\_\_\_

Total Payment Enclosed / Authorized \$ \_\_\_\_\_

### Cancellations

All cancellations must be made in writing or via email. Cancellations within 30 days of the program will be charged a 15% administrative fee. Cancellations within 7 days of the program will be charged 50% of the normal fee.

E-mail form to: Rochelle Kilbourne at rkilbourne@cubg.org

Fax form to: 503-230-8857

Mail form to: CU Business Group

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