

COMMERCIAL LENDING DECISION TREE

STAGES AND STEPS

STAGE ONE: *Preliminary Opportunity Assessment*

Initial Meetings with Business Owners/Managers or Development of Targeted Bank Call List

Preliminary Screen for Business and Portfolio Fit

Preliminary Screen for Business Financial and Nonfinancial Qualifications

STAGE TWO: *Credit Proposal Development and Approval*

Develop Credit Proposal Structure; Assign a Risk Rating to the Transaction and/or Borrower

Bank Approves, Modifies or Denies Credit Proposal

STAGE THREE: *Presentation of Loan Proposal*

Customer Accepts, Declines or Seeks Modified Credit Proposal

STAGE FOUR: *Loan Documentation and Closing*

Loan Agreement is Structured Based Upon Agreed Terms and Conditions; Loan is Closed

STAGE FIVE: *Loan Monitoring*

Monitor Loan Performance and Credit Risk Rating

STAGE SIX: *Problem Loan Assessment and Action Steps*

Take Appropriate Problem Loan Actions if Business Does Not Perform as Planned

BUSINESS AND COMMERCIAL LENDING CURRICULUM

Level 1 – Understanding Business Borrowers

Level 2 – Analyzing Business Financial Statements and Tax Returns

Level 3 – Analyzing Personal Financial Statements and Tax Returns

Level 4 – Qualitative Analysis and Determining a Credit Risk Rating

Level 5 – Loan Structuring, Documentation, Pricing and Problem Loans

Negotiating and cross-selling of other bank products and services should occur throughout the credit decision process.