

**COMMERCIAL LOAN STRUCTURE SUMMARY**

Loan Type	Purpose	Repayment	Risks
<b>Loans to finance isolated increases in current assets</b>			
Special commitment	Isolated increases in current assets	Short-term, often single payment, based on conversion of current assets	Business operations, credit policies, inventory quality
<b>Lines of credit to finance ongoing needs to support current assets</b>			
Seasonal line of credit	Operating expenses and seasonal increase in current assets	Conversion of current assets, and should be fully repaid shortly after end of season	Sale of inventory, credit, and collection policies
General operating line of credit	Temporary, non-seasonal increases in current assets	Conversion of current assets, evidenced by substantial periodic principal reduction	Sale of inventory, credit, and collection policies
Permanent working capital line of credit	Permanent increases in current assets	Conversion of current assets combined with excess cash flow from completion of multiple operating cycles; conversion to term loan	Sale of inventory, credit and collection policies, cost controls
<b>Loans to finance fixed assets</b>			
Term loan	Purchase or refinance equipment, furniture and fixtures or leasehold improvements	Excess cash flow from completion of multiple operating cycles	Time it takes for complete multiple operating cycles, on-going profitability, and operating cash flow, credit and collection policies, inventory management, and possible specialized nature or limited market for asset or property
Lease financing			
Mortgage loan	Purchase or refinance commercial property	<i>Owner occupied:</i> Excess cash flow from completion of multiple operating cycles <i>Non-owner occupied:</i> Rental income	
Construction loan	Construct or improve commercial property	Conversion to mortgage loan	Control of draws, completion on time, within budget, and consistent with plans and specifications