

# CREDIT ANALYST DEVELOPMENT PROGRAM



## DETAILS

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Class Dates:  
April 7 & 8  
May 14 & 15  
June 4 & 5

All class times are  
9:00 a.m to 4:00 p.m

Wasatch Retreat Center  
75 South 200 East  
Salt Lake City

## A SIX-COURSE PROGRAM CREATING A SOLID FOUNDATION FOR CREDIT ANALYST

The Credit Analyst Development Program (CADP) is designed to help credit analysts, consumer and mortgage lenders, personal bankers, business development officers, loan documentation specialists, and retail branch managers develop the basic analytical and specialized skills needed to effectively support the commercial or business lending functions in the bank.

This comprehensive program will include sessions on the role of credit analyst; a refresher on basic accounting; review of personal and business tax returns; basic financial analysis tools, specific types of lending activity and loan structures; and documentation and compliance requirements.



## PROGRAM CURRICULUM

### The Role of a Credit Analyst Within the Bank

**April 7, 2020**

*Presented by Jeffery Johnson, President, Bankers Insight Group*

This first session of the Credit Analyst Development Program will provide a clear understanding of the role of a credit analyst and why it is a vital part of the credit underwriting process. One habit of a successful bank is the ability to identify, measure and manage risk in the lending process. The credit analyst has a paramount role in the credit decision process. By attending this training session, you will develop an understanding of the following areas of banking:

#### Session Highlights

- The role of commercial lending in the banking industry
- Characteristics of a successful credit analyst
- Skills required to be successful including: what information is required to match the loan request; best practices in spreading financial statements; knowing the right questions to ask
- How to communicate analytical results to more senior lenders
- Products and services offered by banks, including depository and lending services
- Review of the regulatory agencies and banking regulations that affect commercial lending

### Accounting Basics/Refresher

**April 8, 2020**

*Presented by Jeffery Johnson, President, Bankers Insight Group*

This session will provide participants with a refresher on the basics of accounting. It will demonstrate the ten step accounting cycle leading up to the creation of the income statement, statement of owner's equity, balance sheet, and statement of cash flows and how these financial statements are connected to one another. Numerous hands-on examples will be included to reinforce the accounting concepts.

#### Session Highlights:

- The four major financial statements: income statement, statement of owner's equity, balance sheet, and statement of cash flows
- Rules of debits and credits

- Accrual versus cash-basis accounting
- Adjusting entries
- Accounting for inventory and receivables
- Long-term liabilities and depreciation
- Analysis of notes to the financial statements
- Types of financial statements and the CPA option

### Employing Basic Financial Analysis Tools

**May 14, 2020**

*Presented by John Barrickman, President, New Horizons Financial Group*

Financial statements are the basis for financial analysis, valuable as a loan monitoring tool used to broaden and deepen the borrower relationship. This session will demonstrate the development and use of comparative and common-size analysis, ratio analysis and cash flow analysis. To make these tools more efficient and enhance the value to the lender the session will introduce "30 Second" analysis and a Loan Screening Worksheet.

Participants will learn how to use the analytical tools to underwrite new relationships, monitor existing relationships, identify business development opportunities and add value to the borrower relationship.

#### Session Highlights

- Demonstrate comparative and common-size analysis including "30 Second" analysis
- Using business financial statements, demonstrate the calculation and interpretation of six classes of ratios commonly used in commercial loan financial analysis
- Introduce a loan screening worksheet built around the 5Cs of Credit which utilizes three key ratios
- Demonstrate how ratios can be used to determine when it is appropriate to term out a line of credit
- Demonstrate how ratios included in covenants in a loan agreement effectively limit:
  - The borrower's ability to grow
  - The total amount of debt and the amount of short term debt the borrower can have
  - The amount the owner can take in salary and distributions
- Review the concept of sustainable growth
- Demonstrate how to use business financial statements to identify opportunities to broaden and deepen the customer relationship
- Demonstrate how to use business financial statements to assess risk factors in a lending opportunity
- Apply the concepts in three case studies

# PROGRAM CURRICULUM

## Basic Personal & Business Tax Return Analysis

May 15, 2020

Presented by John Barrickman, President, New Horizons Financial Group

This session will provide participants with a better understanding of the often complex and confusing topic of taxes. The first part of the seminar will concentrate on personal tax return analysis, while the second will focus on the analysis of various business tax returns.

### Session Highlights

- Review the basic structure of the personal tax return Form 1040 and supporting schedules including Schedule K-1
- Prepare a personal cash flow from information obtained from Form 1040 and supporting schedules
- Demonstrate how to identify a potentially fraudulent tax return
- Review the structure of C Corporation (Form 1120), S Corporation (Form 1120S), and Partnership including LLCs (Form 1065) tax returns and Schedule K-1
- Discuss the interpretation of Schedules M-1 and M-2 of corporate tax returns
- Utilize the business tax return to construct a "30 Second" analysis and complete a loan screening worksheet
- Integrate business and personal cash flow into global cash flow
- Apply the concepts in three case studies

## Loan Structure, Documentation & Compliance

June 4, 2020

Presented by David Osburn, Osburn and Associates

This session will cover the interrelated disciplines of structuring, documenting and loan compliance requirements. Concepts will be reinforced through a comprehensive case study.

### Session Highlights

- Review basic business structures from C corporations to LLC's
- Explore the six elements of loan structure: loan purpose, sources of repayment, adequate amount, appropriate term, adequate support, framework for monitoring
- Summarize the four elements of loan support: collateral, guarantees, loan agreements, subordination agreements
- Highlight commercial loan documentation issues including promissory notes security agreements and guarantees
- Discuss loan pricing and monitoring issues
- Review current compliance issues: Equal Credit Opportunity Act (Reg. B); Truth in Lending Act (Reg. Z); Bank Secrecy Act (BSA); Fair Credit Reporting Act (FCRA); Fair Debt Collection Practices Act (FDCPA); and UCC Article 9
- Analyze comprehensive loan structure/documentation/compliance case study

## Basics of Commercial & Industrial Lending & Commercial Real Estate Lending

June 5, 2020

Presented by David Osburn, Osburn and Associates

### C&I Lending

We will begin with a brief overview of C&I loan products including working capital lines of credit, asset-based lending (ABL) facilities, and equipment financial (loans/leases). It will include the structure and basic underwriting for these credit instruments, pricing, documentation requirements and other challenges in managing the C&I loan portfolio.

### Session Highlights

- Explore underwriting C&I loans including accounts receivable, inventory, and equipment financing
- Review documentation, collateral, pricing, and managing of C&I loans

### CRE Lending

We will review the underwriting of a CRE loan, including assessing the borrower, exploring loan structure, determining loan support, and calculating the cash flow of the property. Documentation, closing, and monitoring of CRE loans and related environmental issues will then be explored. This will be followed by a review of problem CRE loans and related collateral issues.

### Session Highlights

- Analyze the underwriting of a CRE loan including assessing the borrower, exploring loan structure and support, and determining cash flow
- Address various loan documentation, closing, and monitoring issues as well as environmental concerns





## Who Should Attend?

The CADP is designed for Credit Analysts, Credit Officers, Credit Administrators, Consumer and Mortgage Lenders, Loan Review Officers, Branch Managers and Management Trainees. In order to obtain the greatest benefit from this course, participants should have a general understanding of accounting and have a basic understanding of financial statements and credit analysis.

## Homework

Participants are required to complete 6-8 hours of homework prior to each class. This prepares them to best understand the topics, challenges them to be proactive in their learning, and to seek out the advice of key individuals within their own institutions when needed. After completing their individual assignments, the participants then confer with a diversified study group (bankers with differing skill sets) within their class to compare notes and learn how their peers approached the questions.

## Cost of Program

UBA Members: \$1,950 before March 16 \$2,050 thereafter  
Non-Members: \$2,850 before March 16, \$2,950 thereafter

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**In this world  
nothing can be  
certain, except  
death and  
taxes**

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To register please visit the events page at [www.uba.org](http://www.uba.org)  
For more information:  
Call us at (801) 364-4303  
Email: [Lindsay@uba.org](mailto:Lindsay@uba.org)