Risk Management Association

Advance Your World.

Detecting Problem Loans

March 18, 2023 | Seattle, WA

Hosted by RMA and its Puget Sound Chapter

Course Overview

Detecting Problem Loans is designed for loan officers and other credit professionals who need to understand the keys to minimize problem loans and to dealing with them once they surface. The course is appropriate for junior to mid-level commercial lenders, credit review and credit policy offers, and junior workout officers. The focus is on what the mid-level loan officer needs to know to prevent problem loans and minimize losses. The course sharpens participants' ability to recognize potential problem loans early and to analyze credit and operational risks and to and work with problem credits. Participants are expected to have a thorough knowledge of financial accounting, traditional financial statement analysis, and cash flow analysis.

Duration

7.5 Hours

Level

Intermediate

Delivery

Instructor-Led

Topic

Problem Loans

Audience

Credit Administration/ Department, Loan Review/ Administration, Portfolio Management Officer, Relationship Manager/Lender, Underwriter/Analyst

Modules

- Module 1: Recognizing Problem Loans
- Module 2: Processes to Work with Problem Loans
- Module 3: Ten-Step Process for Analyzing Problem Loans
- Module 4: Review the Options
- Case Study: Acme Paint Company
- Case Study: Smith Flooring, Inc.

Objectives

Upon completion of this course, learners will be able to:

- Recognize the causes of business failure and loan losses.
- Accurately distinguish between coincident and lagging warning signs of problem loans.
- Identify both financial symptoms and operational and management causes of a company's problem loan, given information about the company's management, operations, external influences, and historical financial statements.
- Identify common problem-loan monitoring tools and explain how each tool helps the bank identify and manage developing loan problems.
- List and accurately describe the stages of problem-loan resolution.
- Identify and describe benefits and limitations of best-practice processes for analyzing and working with identified problem loans. • Describe the differences, benefits, and limitations to the bank of the four problem-loan options: outplacement, liquidation, bankruptcy, and workout, including identifying related lender-liability issues and best practices for communicating the selected problem-loan option to the borrower.

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QUESTIONS?
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