

Credit Essentials Syllabus



Course Description

Credit Essentials teaches bankers how to confidently discuss credit needs with clients and prospects. Bankers learn how to submit credit packages that contain all the information required to make solid credit decisions, thereby increasing the quality of credit requests.

Target Audience

Credit Essentials is designed for branch staff who work with small businesses, particularly new business bankers and branch managers. It is an introduction to business banking for those who have limited product knowledge.

Course Length

Credit Essentials is a one-day seminar.

Prerequisites

There are no prerequisites for Credit Essentials.

Pre-work

Prework for this course includes a self-study module with an introduction to accounting fundamentals that takes approximately two to three hours.

Learning Objectives

After successfully completing Credit Essentials bankers will have an understanding of the following concepts:

Accounting Fundamentals

- Tax Return Balance Sheet
- Tax Return Income Statement
- Interaction Between the Balance Sheet and Income Statement
- Depreciation and Non-Cash Expenses
- Net Income after Taxes and Depreciation
- Quick Cash Flow Calculation
- Cash and Accrual Basis Tax Returns
- Components of a Tax Return
- Other Financial Statement Formats

The 3 R's of Credit

Request

- Negotiating the Credit Maze
- Fixed Asset Purchases
- Short-Term Working Capital: Timing Gaps
 - Repetitive Needs
 - Seasonal Needs
 - One-Time Needs
- Short-Term Working Capital: Cash Traps
 - Receivable Cash Traps
 - Inventory Cash Traps
- Short-Term Working Capital: Growth Saps
- Long-Term Working Capital
- Identify the Credit Solution



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Learning Objectives Continued

Repayment

- Cash Available to Service Debt
- Debt Coverage Ratio
- Current Ratio
- Debt-to-Worth Ratio

Recourse

- Secondary Repayment Sources
- Loan-to-Value Ratio
- Recourse Provided by a Guarantor's Assets
- Explain the Personal Guarantee Requirement

Presenting the 3 R's

- Loan Interviewing Essentials
- Maintain Positive Working Relationships with Credit Underwriters and Loan Center Personnel

Legal Organizations

- Key Considerations and the 3 R's Liability of Owners (Recourse)

- Tax Treatment (Repayment)
- Number of Owners (Recourse)
- Management Structure (Request)



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