INTRODUCTION TO COMMERCIAL LENDING  
BKG 2150

Class Hours: 2.0  
Credit Hours: 2.0

Laboratory Hours: 0.0  
Date Revised: Spring 00

Catalog Course Description:

An overview of the commercial lending function. Topics include the commercial loan customer, types of commercial loans, the loan decision process, cost analysis, control and profitability, and the regulatory and legal environments.

Entry Level Standards:

None

Prerequisites:

None

Textbook(s) and Other Reference Materials Basic to the Course:


I. Week/Unit/Topic Basis:

<table>
<thead>
<tr>
<th>Week</th>
<th>Topic</th>
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<tbody>
<tr>
<td>1</td>
<td>Registration/Introduction/Chapter 1 - The Loan Officer and the Commercial Lending Environment</td>
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<tr>
<td>2</td>
<td>The Commercial Lending Business</td>
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<tr>
<td>3</td>
<td>Loan Interviewing and Credit Investigation</td>
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<td>4</td>
<td>Introduction to Financial Analysis</td>
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<td>5</td>
<td>Basic Financial Analysis</td>
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<tr>
<td>6</td>
<td>Review for comprehensive Mid Term Examination</td>
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<tr>
<td>7</td>
<td>Comprehensive Mid Term Examination</td>
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<tr>
<td>8</td>
<td>Loan Structuring</td>
</tr>
<tr>
<td>9</td>
<td>Loan Negotiation and Selling a Total Banking Relationship</td>
</tr>
<tr>
<td>10</td>
<td>Project - Class will be divided into groups to review and present a commercial loan request before a mock loan committee</td>
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II. Course Objectives*:

A. Become familiar with skills necessary for a loan officer in a commercial lending environment. I, II

B. Develop understanding of the fundamentals of the commercial lending industry. I, II, III

C. Develop ability to understand various principal documents used in commercial lending. I, II, III

*Roman numerals after course objectives reference goals of the Business and Community Services department.

III. Instructional Processes*:

Students will:

1. Use critical thinking skills to interpret and evaluate the financial statements of existing companies and make informed judgements about these statements to facilitate in decision making and problem solving strategies. Problem Solving and Decision Making Outcome, Numerical Literacy Outcome, Information Literacy Outcome, Active Learning Strategies

2. Discuss the impact of social, political, economic, and environmental issues on the financial statements of selected companies. Communication Outcome, Problem Solving and Decision Making Outcome, Cultural Diversity and Social Adaptation Outcome, Numerical Literacy Outcome, Information Literacy Outcome, Active Learning Strategies, Transitional Strategy

3. Use electronic mail to correspond with the instructor and other students enrolled in the course. Communication Outcome, Technological Literacy Outcome

*Strategies and outcomes listed after instructional processes reference Pellissippi State’s goals for strengthening general education knowledge and skills, connecting coursework to experiences beyond the classroom, and encouraging students to take active and responsible roles in the educational process.

IV. Expectations for Student Performance*:

Upon successful completion of this course, the student should be able to:

1. List and define the technical and personal skills a commercial loan officer should bring to his or her job. A

2. Discuss the underlying competitive, economic, and regulatory forces that shape the environment in which commercial loans are made. B
3. Appreciate the distinctions among both business types and legal structures, and understand how this affects commercial lending. B, C

4. Describe how to conduct a loan interview and credit investigation so that useful information pertinent to the loan request is obtained. A, B

5. Comprehend the information contained in an income statement, balance sheet, and other financial records, and develop the ability to analyze and interpret the information to draw conclusions about a loan applicant's credit worthiness. C

6. Determine how to structure and price a commercial loan so as to satisfy a client's lending needs and the bank's loan profitability and support requirements. B

7. Discuss the fundamentals of good loan negotiation to arrive at a credit arrangement that is to the mutual satisfaction of both the borrower and the bank. A, B

8. Realize the importance of proper loan documentation, and develop an understanding of the principal documents that are necessary to provide evidence of the authority to borrow, indebtedness, the loan terms and conditions, and collateral. C

9. Recognize the warning signs of problem loans and develop an approach for resolving a problem loan and minimizing the bank's losses. C

10. Comprehend the tasks involved in maintaining the quality of a bank's commercial loan portfolio. C

11. Discuss the role and responsibilities of a loan officer as a salesperson for the bank's nonloan products and services. A

*Letters after performance expectations reference the course objectives listed above.

V. Evaluation:

A. Testing Procedures:
   
   Pop Quizzes 20%
   Midterm 30%
   Final 40%

B. Laboratory Expectations:

   N/A

C. Field Work:

   N/A

D. Other Evaluation Methods:

   Attendance 10%

E. Grading Scale:

   90 - 100 A
   80 - 89  B
   70 - 79  C
   60 - 69  D
Below 60 F

VI. Policies:

Attendance Policy:

Pellissippi State Technical Community College expects students to attend all scheduled instructional activities. As a minimum, students in all courses must be present for at least 75 percent of their scheduled class and laboratory meetings in order to receive credit for the course.