

THEORY & PROCESS OF BASIC LENDING

Dakota School of Lending Principles

Ramkota Hotel & Convention Center
Aberdeen, South Dakota
April 27-30, 2010



The Dakota School of Lending Principles allows loan officer trainees, loan support personnel and personal bankers to learn the theory and process of basic lending and then put this knowledge to work in actual nuts and bolts sessions.



Dakota School of Lending Principles



School Overview

The SDBA/NDBA Dakota School of Lending Principles on April 27-30, 2010, provides basic instruction appropriate for loan officer trainees, loan support personnel and personal bankers. To ensure exposure to bank structure and terminology, it is recommended that applicants have a minimum of six months lending experience or one year of loan department experience. Those not meeting the suggested prerequisites will be contacted to discuss admission qualifications.

What Students Gain

Dakota School of Lending Principles is a learning event with one foot grounded in the classroom and one foot in the bank. This school allows students to learn the theory and process of basic lending and then put this knowledge to work in actual nuts-and-bolts sessions. Students will gain the following:

- Insight into how funds and risk management and profit objectives affect the lending process.
- Increased skill in comprehending and analyzing business and personal financial statements.
- Improved skill ascertaining client needs through the interviewing process.
- Increased knowledge of the steps and analysis process involved in consumer, real estate, small business and agricultural lending.
- The ability to capitalize on selling opportunities.
- An understanding of loan documentation requirements.
- The opportunity to learn from respected, dynamic and experienced faculty members as well as peers.
- The opportunity to expand skills and knowledge beyond the bounds of "on-the-job training."

Lending Process

In the five loan type modules, learn the lending process by studying elements applicable to each loan type: terminology, the application process, interviewing, investigation, credit analysis, loan structure, decision communication and selling. Role-plays, case studies and exercises provide hands-on learning experience in the following areas:

1. Consumer Lending

This module is designed to teach the consumer lending process from start to finish. Learn the types of consumer loans. Identify the sections of an application and learn how to evaluate a consumer request. Understand the four types of collateral: depreciating, fluctuating, stable and appreciating value. Use the five C's of credit in making a lending decision and learn documentation requirements applicable to consumer loans. Learn the do's and don'ts of collections and role-play loan interviews and loan denials.

2. Residential Real Estate Lending

This module focuses on residential real estate lending. Learn the regulatory requirements inherent in residential real estate lending and how to consistently analyze requests. Gain a basic understanding of secondary market requirements and appraisals. Practice skills gained in analyzing a residential real estate case.

3. Analyzing Small Business Loans

Understand income statement and balance sheet composition and how to common size statements. Learn select commercial lending ratios and apply to a commercial loan case. Understand interviewing techniques and learn how to investigate trade references. Also understand lender liability, the causes of problem loans and collections.

4. Loan Documentation

Identify the purposes of loan documentation and how these relate to regulatory requirements. Examine documents commonly used in documenting loans. Gain exposure to the Uniform Commercial Code (UCC), attaching and perfecting a security interest, and differentiating between personal and real property. Learn the steps involved in closing a loan.

5. Agricultural Lending

Understand the major drivers shaping U.S. agriculture. Identify the main classifications of farm size and the borrowing needs of each class. Become familiar with some of the financial statement recommendations of the Farm Financial Standards Council, including the balance sheet and an accrual-adjusted income statement. Gain exposure to identifying the financial strengths and weaknesses of farm customers.

Faculty

Richard E. Beck, Jr., Senior Vice President/Corporate Sales Manager, STAR Financial Bank, Fort Wayne, Ind.

Sessions: *Consumer Lending and Real Estate Lending*



Richard Beck is the senior vice president of corporate service for STAR Financial Bank in Fort Wayne, Ind. Prior to joining STAR Financial Bank, Beck was with National City Bank for 25 years, where he served as manager of private banking. He has served as school director of the Indiana Bankers Association's Consumer Credit School and taught at the ABA's Consumer Credit School. In addition, he is a long-time faculty member for the Kansas/Nebraska Schools of Banking School of Lending Principles. Beck also serves as an adjunct faculty member in the areas of management, human resources and marketing at Concordia University of Wisconsin. He holds a bachelor's degree from Ball State University and a master's of science in management from Indiana Wesleyan University. Beck is the author of the ABA's *Consumer Lending* textbook.

Christopher Lenz, Consultant, Mesner Development Company, Central City, Neb.

Sessions: *Loan Documentation and Analyzing Small Business Loans*



Chris Lenz is a banking consultant with Mesner Development Company in Central City, Neb. He was with Cornerstone Bank from 1994 to 2005, where his responsibilities included lending in all areas, operations management, loan and deposit projections, employee reviews, marketing, public relations, new and existing customer call program, and community involvement. Prior to joining Cornerstone, Lenz was with First State Bank in Fremont, Neb., for three years where he served as a consumer loan officer. Lenz has been active in the banking community, serving as a member and past chairman of the Kansas/Nebraska Schools of Banking Lending Advisory Committee. He is a 2002 graduate of the Nebraska Bankers Association Leadership Program and served on the Selection Committee for the class of 2006. Lenz is also a faculty member for the Kansas/Nebraska Schools of Banking School of Lending Principles. He graduated from Purdue University with a bachelor of arts degree in psychology.

Tim Ohlde, President, The Elk State Bank, Clyde, Kan.

Sessions: *Agricultural Lending*

Tim Ohlde is president of The Elk State Bank of Clyde, Kan. 2010 will mark Ohlde's 26th year in banking. During



his career, he has also held the positions of farm management specialist, assistant vice president and vice president. He was the 2005-2006 chairman of the ABA's Agriculture and Rural Bankers Committee. Ohlde is also a member of the Executive Committee of the Farm Financial Standards Council. In addition, he is a past chair of the Kansas/Nebraska Schools of Banking Lending Advisory Committee, and he is the school director for the Kansas/Nebraska Schools of Banking Agricultural Lending School, assistant lead faculty member for the Advanced Agricultural Lending School and faculty member for the School of Lending Principles. Ohlde has directed the development and marketing of an agriculture financial analysis software program to be used by banks with their farm customers. The software program is designed using the Farm Financial Standards Council recommendations.

Admission Information

The school has a limited enrollment of 60 people per day. Bankers can attend the entire four-day school or select individual days as follows:

- **Entire Four-Day School**
\$695 member/\$995 non-member
- **Consumer Lending Module**
\$255 member/\$395 non-member
- **Residential Real Estate Lending Module**
\$255 member/\$395 non-member
- **Analyzing Small Business Loans Module**
\$255 member/\$395 non-member
- **Loan Documentation Module**
\$55 member/\$85 non-member
- **Agricultural Lending Module**
\$255 member/\$395 non-member

Banks may also purchase one registration for the entire school and send a different employee each day. Please copy this form if registering more than one employee. **The early bird registration deadline is April 5, 2010.** Add \$50 for applications received after April 5.

School Location/Hotel Information

Room reservations can be made by calling:

Ramkota Hotel & Convention Center

1400 8th Avenue, NW
Aberdeen, SD 57401
Phone: (605) 229-4040

Room rates are \$84.99 per night, plus tax. Request a room out of the special "South Dakota Bankers Association" block of rooms to qualify for the reduced school rate. The block will be released on March 26, 2010.

School Schedule

Dakota School of Lending Principles

Ramkota Hotel & Convention Center ■ Aberdeen, South Dakota ■ April 27-30, 2010

TUESDAY April 27, 2010	WEDNESDAY April 28, 2010	THURSDAY April 29, 2010	FRIDAY April 30, 2010
7:30 - 8:00 a.m. Registration & Continental Breakfast	7:45 - 8:00 a.m. Registration & Continental Breakfast	7:45 - 8:00 a.m. Registration & Continental Breakfast	7:45 - 8:00 a.m. Registration & Continental Breakfast
8:00 - 10:00 a.m. Consumer Lending	8:00 - 10:00 a.m. Consumer Lending <i>(continued)</i>	8:00 - 10:00 a.m. Analyzing Small Business Loans	8:00 - 10:00 a.m. Agricultural Lending
10:00 - 10:15 a.m. Break	10:00 - 10:15 a.m. Break	10:00 - 10:15 a.m. Break	10:00 - 10:15 a.m. Break
10:15 a.m. to 12:15 p.m. Consumer Lending <i>(continued)</i>	10:15 a.m. to 12:15 p.m. Residential Real Estate Lending	10:15 a.m. to 12:15 p.m. Analyzing Small Business Loans <i>(continued)</i>	10:15 a.m. to 12:15 p.m. Agricultural Lending <i>(continued)</i>
12:15 - 1:00 p.m. Lunch	12:15 - 1:00 p.m. Lunch	12:15 - 1:00 p.m. Lunch	12:15 - 1:00 p.m. Lunch
1:00 - 3:00 p.m. Consumer Lending <i>(continued)</i>	1:00 - 3:00 p.m. Residential Real Estate Lending <i>(continued)</i>	1:00 - 3:00 p.m. Analyzing Small Business Loans <i>(continued)</i>	1:00 - 3:30 p.m. Agricultural Lending <i>(continued)</i>
3:00 - 3:15 p.m. Break	3:00 - 3:15 p.m. Break	3:00 - 3:15 p.m. Break	3:30 p.m. Adjournment
3:15 - 5:00 p.m. Consumer Lending <i>(continued)</i>	3:15 - 5:00 p.m. Residential Real Estate Lending <i>(continued)</i>	3:15 - 5:00 p.m. Loan Documentation	
5:00 - 6:00 p.m. Reception			

Tax Disclaimer

The cost for meals and breaks at the school is \$38 per day or \$152 for the entire four days. The cost for the reception on Tuesday evening is \$35. This information is provided for your tax records, in keeping with the IRA 50 percent deductible provision under Section 274(n) of the Internal Revenue Code.

Refund Policy

Refund of registration fees will be issued according to the following policy: 100 percent for cancellations received

one week or more before the school; 75 percent for cancellations received three to six days before the school; no refund for cancellations received within two days of the school. If you are unable to attend, substitution by another bank employee is encouraged.

More Information

For more information on the Dakota School of Lending Principles, contact Deb Gates, SDBA, at (800) 726-7322 or deb gates@sdba.com. Or visit www.sdba.com and click on *Calendar of Events*.

Dakota School of Lending Principles

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Full Name: _____

Badge Name: _____

Bank Name: _____

Bank Address: _____

City/State/Zip: _____

Phone Number : _____ Fax Number: _____

Email Address: _____

Registration Fees:

- | | |
|---|--|
| <input type="checkbox"/> Entire School: \$695 member/\$995 non-member | <input type="checkbox"/> Loan Documentation Module: \$55 member/\$85 non-member |
| <input type="checkbox"/> Consumer Lending Module: \$255 member/\$395 non-member | <input type="checkbox"/> Ag Lending Module: \$255 member/\$395 non-member |
| <input type="checkbox"/> Residential Real Estate Lending Module: \$255 member/
\$395 non-member | <input type="checkbox"/> Add late fee of \$50 after April 5, 2010 |
| <input type="checkbox"/> Analyzing Small Business Loans Module: \$255 member/
\$395 non-member | Total Due: <input type="text"/> |

Banks may also purchase one registration for the entire school and send a different employee each day. Please copy this form if registering more than one employee. **The early bird registration deadline is April 5, 2010.**

- PLEASE COMPLETE ALL SECTIONS OF THIS FORM -

Total Assets of Bank

(check only one)

- \$20 mm and under
- \$21-50 mm
- \$51-100 mm
- \$101-250 mm
- \$251-500 mm
- 501-750 mm
- More than \$750 mm
- Bank Holding Co.

Education

- High School
- Some College
- Associate's Degree
- Bachelor's Degree
- Major: _____
- Master's Degree
- Major: _____
- Ph.D.
- Law Degree

Total Banking Experience

(check only one)

- Less Than 1 Year
- 1-2 Years
- 3-5 Years
- 6-8 Years
- 9-11 Years
- 12-16 Years
- More Than 16 Years

Total Bank Loan Portfolio

(check only one)

- \$10 mm and Under
- \$11-20 mm
- \$21-50 mm
- \$51-100 mm
- \$101-250 mm
- \$251-500 mm
- More Than \$500 mm

Rank Order of Your Major Areas of Bank Experience:

(1 indicates most years of experience, 2, 3, etc.)

- | | |
|--------------------------|-------------------------|
| ___ Consumer Lending | ___ Loan Administration |
| ___ Real Estate Lending | ___ Administration |
| ___ PR/Marketing | ___ Operations |
| ___ Commercial Lending | ___ Bank Investments |
| ___ Agricultural Lending | ___ Other |

Primary Job Responsibilities *(list):*

This school will be limited to 60 students per day.

Send your registration form and payment to:

South Dakota Bankers Association
PO Box 1081, Pierre, SD 57501
Phone: (800) 726-7322 or Fax: (605) 224-7835