



PROFIT RESOURCES  
INCORPORATED

## Lending Practices – Prepare for Recession

- ✓ Require Lenders to visit ALL their customers regularly at their place of business
- ✓ Lenders should NOT be doing inspections on construction loans (STOP)
- ✓ Avoid “Dead Man Walking Loans” – Get cash while it is still there
- ✓ Monitor lines of credit trends (LOC and HELOC utilizations)
- ✓ Utilize PAYNET, RMA, to monitor business delinquencies and industry issues
- ✓ Be well-prepared for examiners – develop good relationship
- ✓ Come to grips with non-performing loans BEFORE regulators do

## Lending Practices – Prepare for Recession

- ✓ Reduce loan production pressure: focus on relationship/portfolio management
- ✓ Review lender's portfolio quarterly: focus on risk ratings
- ✓ Conduct quarterly review of top 20 borrowers for each lender
- ✓ Measure – Report – Reduce Exceptions (critical & technical)
- ✓ Utilize audit/credit/loan operations to examine covenant compliance
- ✓ Align lender incentive plans with strategic and behavioral intent
- ✓ If you have to work too hard to make loan; or pricing too sweet – Don't make it
- ✓ Conduct “post-mortems” on failed credits: what lessons learned