

COURSE NUMBER: FIN 472W.01

COURSE TITLE: Commercial Bank Lending

INSTRUCTOR: Dr. Joe James, Chair, Department of General Business and Finance

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OFFICE HOURS: Monday through Thursday 9:30 am to 11:00 a.m.
Other times by appointment.

REQUIRED TEXT: *Commercial Lending, 5th Ed* George E. Ruth

SUPPLEMENTAL TEXTS: *As specified*

DESCRIPTION OF COURSE: A study of theoretical issues and various applications relevant to the commercial lending activities of a bank using finance principles. Readings and case studies are utilized to provide a contemporary perspective. Cases will be used to amplify text materials.

OBJECTIVES: Students will be able to:

1. Apply theories and principles related to the lending function.
2. Spread financial statements in a lending environment.
3. Apply ratio analysis theory in a lending situation.
4. Make a well-supported approve or reject decision on a loan application.

PREREQUISITES: Junior Standing.

CLASS MEETINGS: Classroom SHB 106 on Tuesday and Thursday, 8:00 a.m. to 9:20 a.m. with the first class meeting on Thursday, January 17, 2008, and the final exam on Thursday, May 15, 2008, at 8:00 A.M. * Subject to University calendar.

TEACHING METHOD: The teaching methods utilized will be lecture, class discussion, problem analysis, case study, class research and presentations. To introduce an element of practicality into the learning experience, the class will be divided into groups for cases, research papers, and presentations. Students will be allowed to select topics, subject to approval of the professor. A written paper and an oral presentation will be required of each student in the group.

COURSE EVALUATION PROCESS: There will be two unit examinations and a final examination. In addition there will be outside assignments, a research paper to turn-in and an oral presentation to be made on the research paper. Grade weighting will be as follows:

Examination #1	10%
Examination #2	10%
Precision Case	20%
Lewis Case	20%
Other Case Grades (Prepare & Present)	10%
Research paper/oral presentation	20%
Final Examination	10%

Course grades are determined by applying the following scale to a student's weighted average:

90 and above	A
80 to 89	B
70 to 79	C
60 to 69	D
Below 60	F

MISSED EXAM/LATE ASSIGNMENTS: No makeup exam will be given. If an exam is missed, a grade of zero (0) will be assigned for the exam. Each student will be allowed to drop the lowest exam grade and the weight of that exam will be added to the weight of the final exam. If more than one exam is missed, a score of zero (0) will be retained for those missed exams.

Assignments must be turned in by the beginning of class on the date due. No late assignments will be accepted for credit.

STUDENT ABSENCES ON RELIGIOUS HOLY DAYS POLICY

Section 51.911(b) of the Texas Education Code requires that an institution of higher education excuse a student from attending classes or other required activities, including examinations, for the observance of a religious holy day, including travel for that purpose. A student whose absence is excused under this subsection may not be penalized for that absence and shall be allowed to take an examination or complete an assignment from which the student is excused within a reasonable time after the absence.

University policy 861001 provides the procedures to be followed by the student and instructor. A student desiring to absent himself/herself from a scheduled class in order to observe (a) religious holy day(s) shall present to each instructor involved a written statement concerning the religious

holy day(s). This request must be made in the first fifteen days of the semester or the first seven days of a summer session in which the absence(s) will occur. The instructor will complete a form notifying the student of a reasonable timeframe in which the missed assignments and/or examinations are to be completed.

ATTENDANCE: Class attendance will be checked for each scheduled class. Perfect attendance will earn 3 bonus points added to the grade computation described above. **Two class periods (each class is considered 1 and ½ hours) can be missed without penalty, except examination days and presentation days. For each hour missed from the fourth through the seventh, 1 point will be subtracted from the final grade for each hour missed. Absences totaling eight hours or more will result in a grade of F for the course. Each late arrival or early departure will be treated like one half class (¾ hour) missed and will be included in determining total number of hours absent.**

HANDICAPPED STUDENT POLICY: SHSU adheres to all applicable federal, state, and local laws, regulations, and guidelines with respect to providing reasonable accommodations for students with disabilities. If you have a disability that may affect adversely your work in this class, then I encourage you to register with the SHSU Counseling Center and to talk with me about how I can best help you. All disclosures of disabilities will be kept strictly confidential. NOTE: no accommodation can be made until you register with the Counseling Center.

NEED ASSISTANCE WITH WRITING SKILLS? The Sam Houston Writing Center provides one-on-one help with your writing assignments. The Center is open from 8 a.m. to 7 p.m. Monday through Thursday, 8 a.m. to 3 p.m. Friday, and 2-7 p.m. on Sunday. It is not necessary to schedule an appointment; however, you may call 936-294-3680, twenty-four hours in advance to schedule one.

TENTATIVE SCHEDULE: Set out below is a tentative schedule that is subject to change:

<u>DATES</u>	<u>SUBJECT</u>
Jan. 17	Course Introduction.
Jan. 22	<i>The Business Lending Environment.</i>
Jan. 24	Complete <i>The Business Lending Environment</i> and <i>The Banking Business</i>
Jan. 29	Complete <i>The Banking Business</i> and <i>The Commercial Client.</i>
Jan. 31	Turn in Topics, Complete <i>The Commercial Client.</i>
Feb. 5	<i>Loan Interviewing/Credit Investigation</i> Team 1 Case
Feb. 7	Complete <i>Loan Interviewing/Credit Investigation</i> Team 2 Case
Feb. 12	<i>Introduction to Financial Statements</i> Team 3 Case
Feb. 14	Complete <i>Introduction to Financial Statements.</i>
Feb. 19	<i>Income Statement Analysis &</i> Team 4 Case
Feb. 21	Exam #1 (Chapters 1-6, cases, lecture, & exercises).
Feb. 26	<i>Balance Sheet Analysis/Personal Financial Statements.</i> Turn in Precision Case
Feb. 28	Complete <i>Balance Sheet Analysis/Personal Financial Statements & Team 5 Case</i>
Mar. 4	Precision Case Presentation. Guest Banker(s).
Mar. 6	<i>Ratios & Cash Flow Analysis</i>
Mar. 10-14	Spring Break
Mar. 18	Complete <i>Ratios & Cash Flow Analysis</i> and Team 6 Case
Mar. 20	Group I Written Reports Due & <i>Loan Structure and Support</i> & Team 7 Case
Mar. 25	Group I Oral Presentations
Mar. 27	Group I Oral Presentations
Apr. 1	Group II Written Reports Due Complete <i>Loan Structure and Support</i>
Apr. 3	Group II Oral Presentations
Apr. 8	Group II Oral Presentations
Apr. 10	<i>Loan Negotiations and Selling</i>
Apr. 15	Complete <i>Loan Negotiations and Selling</i> & Team 8 Case
Apr. 17	<i>Loan Documentation and Closing</i> & Team 9 Case
Apr. 22	Complete <i>Loan Documentation and Closing</i> & Team 10 Case.
Apr. 24	<i>Problem Loans.</i> Turn in Lewis Case
Apr. 29	Special Topics
May 1	Exam #2 (Chapters 7-10, cases, lecture, & exercises)
May 6	Lewis Case. (Guest Bankers to be announced.)
May 8	Special Topics /Final Exam Preparation
May 15	8:00 A. M. COMPREHENSIVE FINAL EXAMINATION—All Previous Materials

Case Presentation Instructions
FIN 472W01
January 2007

The class will be divided into teams to prepare and present cases to the class. The purpose of these team sessions is to develop a team solution approach similar to what would be encountered in the actual workplace. Grading for each of the cases will be based upon the following:

Analysis of the problem	1/3 rd
Answers to the case questions	1/3 rd
Oral presentation	1/3 rd

The due date for your cases is shown on the syllabus and must be turned-in on that date or a grade of “0” will be assigned for the case. **All group members should be able to present the case in the unfortunate event that one presenter does not make it to class. Failure to turn-in and present the case will result in a grade of “0” for all team members.**

In preparing your cases for the class, they should be typed, double-spaced. They should state or analyze the problem presented, give a brief summary of the case and facts, and answer the questions presented with the case. Normally 15 minutes will be allowed for the oral presentation of each case. **The presentation should be in Power Point format. All Power Point presentations must be e-mailed in time to arrive in my office by noon of the class day prior to your scheduled presentation.**

Term Paper Instructions
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January 2007

As set out in your class schedules, each student will make a written and an oral presentation. The subjects for all topics must be turned-in by January 25, 2007. The turn-in date for the written research paper is March 8 for Group 1 and March 27 for Group 2. Oral presentations will be made as indicated on the syllabus. Any paper turned-in late will receive a grade of F. Following-up on the oral instructions given you in class, this set of instructions will give you firm, written directions concerning the written and oral assignments.

1. The term papers should be written in good manuscript form, utilizing proper grammar, spelling and punctuation. The topics are to be pre-approved by the instructor.
2. Your paper should be double-spaced with a normal margin and be a minimum of **eight** typewritten pages and a maximum of **twelve** typewritten pages.
3. There must be a minimum of three research references. The FIN 472 text may not be used, and only two may be from the Internet.
4. On the date your research paper is due, you will turn-in your research paper, and you will be prepared to deliver your oral presentation of the term paper to the class the following class day. The oral presentation will be no less than four minutes nor more than five minutes. This presentation should clearly and concisely present the concepts advanced in your written presentation.
5. As you know, the combination of the term paper and the oral presentation will count 20% of your total final grade.
6. The following topics will be utilized unless approved in advance by the professor:
 1. Loan Interviewing and Credit Investigation. Rachel Houle
 2. Dealing with Problem Loans. Sanfora Barefield
 3. Risk Management in The Lending Environment. Brandi Bolton
 4. The Role of Consumer Lending In Banking. Cierra Wright
 5. The Role of Commercial Lending In Banking. Jose Jimenez
 6. The Role of Mortgage Lending In Banking. Evan Darr
 7. Credit Analysis and Its Role In The Commercial Loan Approval Process. Siomara Avelar
 8. Has Credit Quality Diminished In Bank Lending? Danielle Rupp
 9. How Important Is Service Quality in the Lending Function? Jolynn King
 10. Structuring the Commercial Loan. Michael Stephens
 11. The Importance of Ratios and Cash Flow Analysis. Wesley Prince

12. Loan Pricing. Stephen Koch
13. The Role of the Commercial Loan Officer in Selling Bank Products. Marie Kitkoski
14. A Day in the Life of a Commercial Lending Officer. Philip Leonardos
15. Loan Documentation and the Loan Operations Function. Noman Rizvi
16. The Community Reinvestment Act Impact on the Lending Function. Whitney Campbell
17. International Lending Implications. John Lunde
18. Operational Importance of the Loan Committee. Jonathan Amato
19. Advantages and Disadvantages of Ratio Analysis in Loan Decisions. James Buccieri
20. Using the Loan Policy to Ensure Credit Quality. Erin Williams
21. Corporate Governance's Impact on Loan Decisions. Ashley Brown
22. The Regulator's Role in the Lending Function. Brenda Guevara
23. Using the Loan Function to Generate Bank Business. Roy Chapman
24. How Does Sarbane-Oxley Impact the Lending Function? John Hurley
25. Ethics and the Lending Function. Andrew Jordan
26. The Sub-prime Crisis. David Elmore
27. Perfecting the Security Interest. Maria Acevedo
28. The Lending Function as it Relates to Financial Intermediation. Amber Witzkoski
29. The Importance of the Loan Review Function. Sandra Anderson
30. The Operating Cycle in Lending. Adam Reiling
31. The Sub-prime Crisis. Eric Bowers
32. Importance of Mortgage Market in Commercial Lending. Joshua Plocheck
33. Current Lending Regulation. Jake Sowders