



# Consumer Lending School

May 9-12, 2022, 9 a.m. – 4 p.m.

\$995 first registrant/\$895 second registrant from same bank

Indiana Wesleyan University

1500 Alliant Avenue, Louisville

Proper analysis of consumer loan requests is more important today than any time in the history of banking because of the past economic environment worldwide which has left many consumers in a weaker financial condition than in the past. For this reason and the need for banks to continue growing the consumer loan portfolio safely, it is important for bankers to adjust their lending practices to ensure the next consumer applicant is not becoming overextended and unable to meet their obligations.

This program introduces the consumer lending process from the initial application to closing and documentation. It will follow the “TION” Method of Consumer Lending including the following topics:

- Regulation
- Solicitation (Business Development)
- Application
- Investigation
- Evaluation
- Decision
- Documentation
- Administration

These steps will explore methodologies to thoroughly accomplish successful consumer underwriting and will utilize lectures and case studies to reinforce the concepts presented.

After completing day one the participants will have a better understanding of underwriting consumer loans from the application to the closing and will be able to place this knowledge into practice immediately upon return to their respective banks. Specifically, the participant will be able to:

- Understand individual strengths and weaknesses during the business development process plus proven tips to enhance success on the sales call.
- Analyze Loan Applications and Personal Financial Statements
- Ask relevant questions during the interview process
- Investigate the validity of the information on the application and credit report
- Evaluate the consumer utilizing proven credit principles and proper debt to income calculations
- Review the decision-making process utilizing an effective consumer loan policy

- Recognize the important Regulations covering consumer lending
- Analyze the tax returns to determine true Cash Flow

***The order of sessions below is subject to change.***

## **DAY 1**

### **SESSION 1: INTRODUCTION, CONSUMER LENDING ENVIRONMENT, CONSUMER LENDING REGULATIONS & THE CONSUMER CREDIT POLICY**

- Regulation B (Equal Credit Opportunity Act)
- Required Disclosure Documents Under TILA-RESPA Integrated Disclosure Rule
- Regulation X (RESPA)
- Regulation Z (Truth-In-Lending Act)
- Understanding the Contents of the Consumer Lending Policy
  - Purpose of the Consumer Loan Policy
  - Identifying Desirable and Undesirable Types of Consumer Loans
  - How to Underwrite Consumer Loans

### **SESSION 2: THE APPLICATION PROCESS**

- Purpose of the Consumer Loan Application
- Best Practices During the Application Phase
- Analyzing the Application for Consistency
- Effective Questions During the Loan Interview
- Regulatory Requirements Governing the Application Process

**CASE STUDY:** Review of Loan Applications to Detect Inconsistencies, Errors and Common Flaws

**CASE STUDY:** Review Loan Officers' Consumer Credit Memoranda to Detect Common Flaws and Identifiable Misapplication of Judgment

## **DAY 2**

### **SESSION 3: CREDIT INVESTIGATION, EVALUATION AND DECISION-MAKING PROCESS**

- Understanding Credit Reports and Other Credit History Information

**CASE STUDY:** How to Read a Credit Report

- Understanding the Credit Score and How It Should Be Used in Making Credit Decisions
- Verification of Employment, Income, Assets and Liabilities
- Review the Six “C’s” of Credit
- Analyzing Personal Financial Statements
- Calculating the Debt to Income Ratios

- Evaluating Non-Financial Factors that may Impact the Consumer
- Underwriting Unsecured & Secured Loans
  - Characteristics of an Unsecured Loan: Things to Look for Before an Unsecured Loan is Approved
  - How to Structure Unsecured Consumer Loans

**CASE STUDY:** Calculating the Consumer's Adjusted Net Worth (Scrutinizing the Personal Financial Statement)

### DAY 3

#### **SESSION 4: CREDIT INVESTIGATION, EVALUATION AND DECISION-MAKING PROCESS (CONTINUED) (ANALYZING THE SELF-EMPLOYED BORROWER)**

- Understanding How Self-Employed Borrowers are Different from Salaried Borrowers
- How to Transpose Income into Cash Flow Income by Making Required Adjustments to Income

**CASE STUDY:** Analyzing the Self-Employed Borrower to Determine True Cash Flow

### DAY 4

#### **SESSION 5: UNDERWRITING THE SMALL BUSINESS BORROWER**

- Determining the Creditworthiness of Small Businesses Often Owned by the Consumer Borrower
  - Character Analysis
  - Credit and Ratio Analysis
  - Basic Cash Flow Analysis

#### **SESSION 6: CONSUMER LOAN DOCUMENTATION**

- Documenting Actions During and After the Consumer Loan Decision Has Been Made
- Review Loan Documents to:
  - Identify the Borrower
  - Identify, Value and Protect the Collateral
  - Evidence the Debt
  - Attach the Collateral
  - Perfect the Collateral

**CASE STUDY:** Closing and Documenting a Consumer Loan to Protect the Bank's Security Interest

#### **SESSION 7: LENDING TO THE SPECIAL CONSUMER**

- Unsecured Consumer Lending
- Lending to Consumers and Small Business on Limited Financial Information
- Lending to High Net Worth Individuals

### **KEY BENEFITS FROM ATTENDING**

- Enhanced Understanding of the Consumer Borrower
- Established and Proven Consumer Lending Process to Achieve Consistency in Consumer Lending
- Understand the Importance of the Consumer Lending Policy and How It Provides Guidance for the Consumer Lender
- Develop Loan Interviewing Techniques to Determine Creditworthiness
- Know How to Verify Income, Assets and Liabilities
- Understand the Decision-Making Process Utilizing the Judgmental and Credit Scoring System
- Understand the Unique Traits of the Self-Employed Borrower
- Know How to Underwrite Unsecured Consumer Loans to Reduce Risk
- Early Recognition of the Un-Creditworthy Consumer Borrower and a Potential Problem Consumer Loan

### **Speaker**

**Jeffery Johnson** started his career with SunTrust Bank in Atlanta as a Management Trainee and progressed to Vice President and Senior Lender for SouthTrust Bank (a large Southeastern Regional Bank) and Senior Vice President and Commercial Banking Division Manager for Citizens Trust Bank of Atlanta (Community Bank).

Most of his career has been spent in Credit Administration, Lending (Commercial, Consumer and Real Estate), Business Development, Loan Review, Management and Training & Development. He has managed loan portfolios representing a cross section of loan types including: Large Corporate, High Net Worth Individuals, Middle Market Companies, Small Businesses, Real Estate and Non-Profit Organizations and managed several loan officers with portfolio management responsibilities.

Mr. Johnson is now a training professional in the banking industry by leading various seminars covering important topics relating to issues in banking. He teaches actively for fifteen state banking associations in the United States, Risk Management Association (RMA) and individual banks nationwide. He co-authored a training course entitled "Lending to Service and Other Professional Organizations" for RMA in 2001.

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## Cancellation Policy

Cancellations received more than 30 days prior to the event will receive a full refund. Cancellations received between 29 days and 10 days prior to the event will be charged a \$50 processing fee. There will be no refund for cancellations received less than 10 days prior to the event. Substitutions are always welcome and encouraged. All cancellations and substitutions must be submitted in written format prior to the event.

## Questions

Please contact Paula Cross at [pcross@kybanks.com](mailto:pcross@kybanks.com) or (502) 736-1276. For a complete listing of KBA programs, or to register online, please visit [www.kybanks.com](http://www.kybanks.com). Dress is business casual. Check in for the school begins after 8:30 a.m. A light breakfast will be available.

## Upcoming Programs

**General Banking School**  
June 2022

**Commercial Lending School**  
September 2022

**Foundations of Banking School**  
December 2022

Be sure to visit our website [www.kybanks.com](http://www.kybanks.com) for the most up-to-date information on all of our program scheduling.



## Registration Form

### Consumer Lending School

May 9-12, 2022, Louisville

**\$995 per person** (\$895 second person from same bank) (PDF)

Please copy this form for additional registrations.

REGISTRANT _____	TITLE _____
BANK _____	
MAILING ADDRESS _____	
CITY STATE ZIP _____	
PHONE _____	FAX _____
EMAIL (REQUIRED FOR REMINDER) _____	
SPECIAL ASSISTANCE / DIETARY NEEDS _____	
_____	
_____	
_____	
<b>Please send registration to: Kentucky Bankers Association</b> 600 West Main Street, Suite 400, Louisville, KY 40202 Phone (502) 582-2453 Scan and email registrations to <a href="mailto:kbaeducationalliance@kybanks.com">kbaeducationalliance@kybanks.com</a>	
<b>Method of Payment</b>	
<input type="checkbox"/> Send invoice	
<input type="checkbox"/> My check for \$_____ is enclosed.	
<input type="checkbox"/> Please charge my credit card \$_____ as noted below.	
<input type="checkbox"/> Visa <input type="checkbox"/> MasterCard	
<input type="checkbox"/> Discover <input type="checkbox"/> AmEx	
CARD NUMBER _____	
EXPIRATION DATE _____	
CARDHOLDER NAME _____	
CARDHOLDER'S SIGNATURE _____	
SEC CODE NUMBER (3 DIGITS ON BACK OF CARD) _____	