



## Syllabus

### Bank Lending (FIN-4329-001 CRN:17286)

Semester: Fall 2024

Section: 001

**Class Days & Times: Monday and Wednesday – 10:30 AM- 11:50 AM**  
**Classroom: College of Business Admin - 331**

**Meeting Dates:** - 08/26/2024 – 12/05/2024

**No Class -** a) **Labor Day:** September 2nd.

**Classes End-** 12/05/2024

#### **Instructor**

**Dr. Prithu Vatsa**

e-mail: [pvatsa@utep.edu](mailto:pvatsa@utep.edu)

Phone: (915)-747-8636

#### **Regular Office Hours**

Monday - Wed 12:00 – 1:00 pm \*

\* You may also contact me via email outside of scheduled office hours to schedule additional in-person office hours; I will try to meet in person at a mutually agreed time and venue.

**Office Building:** Business Administration Building

**Room:** 219

#### **Text**

Risk Management Association (RMA) Credit Essentials Certificate (CEC) course materials. Chapters, case studies, worksheets, and other relevant material will be uploaded by the instructor to Blackboard.

Although lecture slides will cover the material required for this course, I have also annotated the class schedule with relevant book chapters/sections. I may assign exercises from the book as homework and self-reviews; refer to the course schedule for more details.

## Learning Objectives

This course will follow the **Risk Management Association (RMA) Credit Essentials Certificate (CEC)** course materials, with the semester end goal of obtaining the Credit Essentials Certificate. Topics covered include loan structuring, analyzing business tax returns, global cash flow, detecting problem loans, and more. Students will have the opportunity to earn the RMA Credit Essentials Certification in this course. This certificate is awarded to students who pass the Credit Essential Course exam. Students can prove their commercial credit risk knowledge and skills by passing this exam. Earning this type of financial risk management certificate differentiates them from other job candidates seeking banking employment. Please refer to the detailed learning outcomes chapter-wise for more information.

**University Learning Outcomes:** Teamwork Skills, Critical Thinking Skills, Communication Skills

### Chapters and Learning Outcomes:

<p><b>Chapter 1. Getting to Know the Customer</b></p>	<ul style="list-style-type: none"> <li>• Identify the process to analyze qualitative and quantitative factors in evaluating a loan request.</li> <li>• Identify customer needs through the application of a relationship-building approach.</li> <li>• Analyze the competitive forces in a customer’s industry using the Porter Model.</li> <li>• Describe an industry’s sensitivity to macroeconomic factors.</li> <li>• Identify customer needs using industry characteristics.</li> <li>• Explain how a company’s product life cycle stage affects its business, financial characteristics, and financing needs.</li> <li>• Describe a customer’s susceptibility to seasonal and industry-specific risks.</li> </ul>
<p><b>Chapter 2. Understanding the Numbers – Analyzing Financial Statements</b></p>	<ul style="list-style-type: none"> <li>• Determine the source and sustainability of revenues.</li> <li>• Analyze the income statement in the context of a company’s strategy.</li> <li>• Analyze the sufficiency of assets to implement a company’s strategy.</li> <li>• Evaluate the liquidity and leverage of a company’s financial structure using financial ratios.</li> <li>• Determine the appropriate levels of debt and equity in a company’s capital structure.</li> </ul>

<p><b>Chapter 3. Understanding the Numbers: Analyzing Historical Cash Flow</b></p>	<p>Identify borrowing causes and repayment sources using a cash flow statement. • Determine the sustainability and predictability of cash flow to implement a company’s strategy. • Contrast the UCA measure of Net Cash after Operations from traditional cash flow and EBITDA. • List the benefits and limitations of the UCA and indirect cash flow statements. • Calculate the cash impact of changes in a company’s fundamentals and swing factors. • Assess management decision-making related to swing factors under their control. • Assess appropriateness of financing sources used to meet borrowing needs identified in the cash flow statement.</p>
<p><b>Chapter 3A. Understanding the Numbers: Analyzing Cash Flow Projections</b></p>	<p>Describe the purpose of preparing financial projections. • Identify the logic necessary to develop assumptions used to project cash flow. • List the steps followed to build a manual projection. • Calculate projected financial statements and cash flow capacity using defensible assumptions. • Calculate the cash effect of changes in a company’s fundamentals and swing factors using the “What if” method. • Identify the role of sensitivity analysis in evaluating projections. • Assess the results of a projection using key cash flow drivers.</p>
<p><b>Chapter 4. Applying Non-Financial and Financial Analysis Skills</b></p>	<p>Evaluate a company’s present and anticipated competitive position and business environment. • Analyze historical and forecasted financial statements to determine current and long-term viability of a company • Analyze key cash flow drivers of a company • Integrate the analytical conclusions of financial analysis, management assessment, and business environment issues into a loan recommendation.</p>
<p><b>Chapter 5. Loan Structuring</b></p>	<p>• Identify the keys to commercial loan structuring. • Identify the major loan types and the key structuring elements of each. • Recognize the basic characteristics and features that make each loan type unique. • Identify the information and credit tools used to determine the appropriate loan structure. • Describe the importance of capital structure. • Identify</p>

	<p>sources of capital available to meet a customer's borrowing needs. • Explain the purpose, objectives, and categories of loan covenants. • Identify common loan covenants for each major loan type. • Identify common collateral types. • Identify factors that influence collateral eligibility and advance rates. • Measure permanent working capital. • Assess how to finance permanent vs. seasonal borrowing needs properly.</p>
<b>Chapter 6. Personal Credit Bureau Scores and Third-Party Support</b>	<p>Describe the role of guarantees and other third-party support. • Identify the link between personal credit sources and commercial lending decisions. • List the three major credit reporting agencies. • Describe the components and weighting of a personal credit score. • Interpret the strength of a personal credit score.</p>
<b>Chapter 6A. The Loan Request Packet</b>	<p>Identify the elements and importance of an effective commercial loan presentation packet. • Describe the basic role of a loan committee</p>
<b>Chapter 7. Analyzing Business Tax Returns</b>	<p>Describe variations in corporate taxation and key business tax considerations. • List the various entity types and the related tax implications of each. • Identify items that impact the cash flow of a borrowing entity using tax return schedules. • Calculate the cash flow of a business entity.</p>
<b>Chapter 8. Analyzing Personal Financial Statements and Tax Returns</b>	<p>Identify common assets and liabilities in a personal financial statement. • Convert stated net worth to adjusted net worth. • Identify items that have cash implications using the schedules included in a personal tax return. • Calculate personal debt service coverage ratio and/or debt-to-income ratio.</p>
<b>Chapter 8A. Global Cash Flow</b>	<p>Identify issues and risks in lending to small and/or closely held businesses. • Describe tools used to manage issues and risks in lending to small and/or closely held businesses. • Define global cash flow. • Identify situations where global cash flow analysis is appropriate. • Identify the sources of information needed to compile a global cash flow. • Distinguish between cash and non-cash income and expenses. • Identify whether cash inflows and outflows are recurring or non-recurring. •</p>

	Identify common pitfalls to avoid double-counting cash inflows or outflows. • Analyze a completed global cash flow scenario
<b>Chapter 9. Detecting Problem Loans</b>	Define a problem loan. • Distinguish between coincident and lagging warning signs of problem loans. • Identify financial and non-financial causes of a problem loan. • Describe the five stages of problem loan resolution. • Identify common problem loan monitoring tools. • List the key steps to be completed once a problem loan is identified. • Describe the benefits and limitations of processes for analyzing and working with problem loans. • Identify common problem-loan monitoring tools and explain how each tool helps the bank identify and manage developing loan problems. • Identify and describe the benefits and limitations of best practice processes for analyzing and working with identified problem loans. • Describe the four viable problem-loan options: outplacement, liquidation, bankruptcy, and workout.

**Course Materials:**

1. Blackboard: The course webpage via Blackboard will be the primary mechanism for communicating course-related information and submissions.
2. Ensure your Blackboard settings are set to receive emails when announcements are made. You are responsible for ensuring you receive notifications when they are made. Multiple announcements will be made via Blackboard. Please log on to Blackboard daily to stay updated with all the course announcements.
3. Calculator: Any simple calculator will suffice. No need for a financial calculator.
4. Please take notes as you feel most comfortable, either using a traditional pen and paper approach/ or a tablet for every class.

This is an **in-person** class involving **in-person** quizzes and exams. You are strictly prohibited from sharing any potential recording of any portion of the class with any other person or entity not officially registered in the course. A similar strict prohibition applies to posting class-related screenshots, photographs, or recordings on any social media platform, in any other medium, or on the internet. All lecture notes and slides shared with you are the property of UTEP.

**E-Mail Policy of the Finance Department**

The finance department's policy is that all e-mails sent to professors or teaching assistants be professional and formatted. A formal greeting and salutation are required. Proper grammar, spelling, and format are required. You must clearly state the problem or question that will be

addressed. You must identify the class, section, time, and location where the class meets. We reserve the right not to reply to any e-mail that does not meet these requirements and is not of a professional nature.

## Grading

The grading will be on homework assignments, two in-class midterm exams, two business research workshops, class attendance and participation, and a final CEC certificate exam. The specific grading percentages for the course are:

<b>Midterm-1</b>	<b>20%</b>
<b>Midterm-2</b>	<b>20%</b>
<b>Homework</b>	<b>15%</b>
<b>RMA Credit Essential Certificate Exam</b>	<b>30%</b>
<b>Attendance/Participation</b>	<b>15%</b>
<b>Total</b>	<b>100%</b>

The RMA team will assist in creating logins for the students to take the final CEC exam.

The weighted average score will determine the letter grade you will receive in this course. The following grade rubric will be used to award the final letter grades.

## Grade Scale

A	B	C	D	F
90-100	80-89.99	70-79.99	60-69.99	0-59

## Final Grade Review and Student Complaint Procedures

Follow the student complaint procedures at this [link](#) for final grade review and other academic/non-academic complaints.

## Exams

The exams will be based on the conceptual and technical material discussed in the classroom, homework assignments, assigned readings, and any other materials, tutorials, techniques, or concepts discussed in class posted on Blackboard. **All exams will be closed book and closed notes.**

The date for the midterm exam is:

**Midterm exam (Exam 1): 10/2/2024 During Class Hours – In person**

**Midterm exam (Exam 2): 11/11/2024 During Class Hours – In person**

The Midterm-1 exam will be cumulative up to the course content covered till 10/2/2024.

The Midterm-2 exam will cover the content covered after Midterm-1 and before Midterm-2.

### **RMA Credit Essential Certificate Exam – 12/13/2024 – 10 AM to 12:45 PM**

**The RMA Credit Essentials Certificate Exam will cumulatively cover chapters 1 through 9. The students will have a maximum of two attempts to pass this exam only if they do not pass in the first attempt. The passing score is 80%. If the student clears on the first attempt, the system will not allow to retake the exam.**

The exams must be taken when scheduled, as there will be no make-up exams. To miss an exam and continue in the class, you must contact the instructor in writing at least three days *before* the beginning time of the exam and receive written approval from the instructor, typically via email. I will only approve in extraordinary and extenuating circumstances based on my professional judgment and may require you to furnish the necessary documentation.

### **Classroom Decorum**

I expect every student to be always courteous and respectful to every other student and the instructor, both in and out of the classroom. Any activity or behavior that, in my professional judgment, is rude, disruptive to the class, or interferes with the learning process will not be allowed. It is crucial to note that this policy is not intended to discourage appropriate classroom discussion or civil disagreement between students or between students and the instructor; instead, it is designed to ensure that such interactions are respectful.

### **Homework Assignments**

In addition to in-class exercises, expect to do a significant amount of homework (HW), which should be treated as necessary practice for the mid-term and final exams. Three to five (3-5) homework assignments will be posted. Please note that understanding and completing homework problems is critical to doing well in the exams, so all are encouraged to attempt all the homework in good faith. Plan to start and complete the homework ahead of time. All are strongly encouraged not to wait until the very end.

**IMPORTANT: Ample time will be provided to solve homework problems, and group work is allowed. Therefore, the HW deadlines will be strictly enforced.**

### **Office Hours**

Office hours clarify specific items related to class lectures, discuss past homework problems or exams, or other course-related issues. Using office hours as make-up classes is strictly forbidden. The regular office hours are listed at the beginning of this syllabus and end on the last day of class. However, from time to time, I may add “special” office hours as needed, based on my professional judgment. I will notify you if I need to change or cancel a specific office hour. A student may

occasionally request to see me on Zoom outside of regular or special office hours. In such cases, I will attempt to accommodate the student's request at a mutually agreeable day/time on a best-effort basis.

**There will be no office hours on the day of a midterm or final exam.**

### **Calculators, Computers, Cellphones, and Other Electronic Devices**

A simple calculator will suffice for this course.

Notwithstanding the usefulness of any calculating tool to speed up many calculations, be aware that it is no substitute for understanding how to solve a problem. Indeed, many financial problems cannot be solved, with or without a calculator/excel spreadsheet, if you do not truly understand the economic concepts underlying those problems.

**Ensure your cell phone and all other electronic communication devices are always silenced or turned off during class. Cell phones must be turned off, not just silenced, during exams, and cell phones are not allowed during the lectures. Please keep them in your bags.**

**Additionally, students are bound by the following policies during class: no telephone calls, text messages, e-mails, or web surfing for non-class-related reasons.**

### **ACCOMMODATIONS POLICY**

The University is committed to providing reasonable accommodations and auxiliary services to students, staff, faculty, job applicants, applicants for admissions, and other beneficiaries of University programs, services and activities with documented disabilities in order to provide them with equal opportunities to participate in programs, services, and activities in compliance with sections 503 and 504 of the Rehabilitation Act of 1973, as amended, and the Americans with Disabilities Act (ADA) of 1990 and the Americans with Disabilities Act Amendments Act 3 (ADAAA) of 2008. Reasonable accommodations will be made unless it is determined that doing so would cause undue hardship on the University. Students requesting an accommodation based on a disability must register with the UTEP Center for Accommodations and Support Services (CASS). Contact the Center for Accommodations and Support Services at 915-747-5148, email them at [cass@utep.edu](mailto:cass@utep.edu), or apply for accommodations online via the CASS portal.

### **Policies, Rules, and Regulations**

I may post announcements on Blackboard containing specific policies, rules, and regulations throughout the course. Those policies, rules, and regulations are integral to this syllabus. For example, I may post an announcement with the rules that apply when there is more demand than supply of my time during office hours, e.g., just before midterm exams.



## **Academic Integrity**

The University of Texas at El Paso prides itself on its standards of academic excellence. In all matters of intellectual pursuit, UTEP faculty and students must strive to achieve excellence based on the quality of work produced by the individual. In the classroom and all other academic activities, students are expected to uphold the highest standards of academic integrity. Any form of scholastic dishonesty is an affront to the pursuit of knowledge and jeopardizes the quality of the degree awarded to all graduates of UTEP. It is imperative, therefore, that the members of this academic community understand the regulations pertaining to academic integrity and that all faculty members insist on adherence to these standards.

Any student who commits an act of scholastic dishonesty is subject to discipline. Scholastic dishonesty includes but is not limited to, cheating, plagiarism, collusion, the submission for credit of any work or materials that are attributable in whole or in part to another person, taking an examination for another person, any act designed to give an unfair advantage to a student or the attempt to commit such acts. Proven violations of the detailed regulations, as printed in the Handbook of Operating Procedures (HOP), and available in the Office of the Dean of Students and the homepage of The Dean of Students (DOS) at [www.utep.edu](http://www.utep.edu), may result in sanctions ranging from disciplinary probation to a failing grade on the work in question, to a failing grade in the course, to suspension or dismissal, among others.

## **Courses Add/Drop Policy**

Please refer to the following [link](#) in the student academic catalog for details of the course add-and-drop policy.

## **Course Resources: Where you can go for assistance**

UTEP provides a variety of student services and support:

### Technology Resources

- [Help Desk](#): Students experiencing technological challenges (email, Blackboard, software, etc.) can submit a ticket to the UTEP Helpdesk for assistance. Contact the Helpdesk via phone, email, chat, website, or in person if on campus.

### Academic Resources

- [UTEP Library](#): Access a wide range of resources including online, full-text access to thousands of journals and eBooks plus reference service and librarian assistance for enrolled students.
- [University Writing Center \(UWC\)](#): Submit papers here for assistance with writing style and formatting, ask a tutor for help and explore other writing resources.
- [Math Tutoring Center \(MaRCS\)](#): Ask a tutor for help and explore other available math resources.
- [History Tutoring Center \(HTC\)](#): Receive assistance with writing history papers, get help from a tutor and explore other history resources.

- [RefWorks](#): A bibliographic citation tool; check out the RefWorks tutorial and Fact Sheet and Quick-Start Guide.

#### Individual Resources

- [Military Student Success Center](#): Assists personnel in any branch of service to reach their educational goals.
- [Center for Accommodations and Support Services](#): Assists students with ADA-related accommodations for coursework, housing, and internships.
- [Counseling and Psychological Services](#): Provides a variety of counseling services including individual, couples, and group sessions as well as career and disability assessments.

## Tentative Class Schedule\*

Finally, based on my professional judgment, I reserve the right to correct any clerical mistakes, clarify, change dates, and make other changes to this syllabus. If necessary, I will update it on the course website.

\*Schedule may be subject to minor changes

Class #	Week	Date	Day	Topic
1		26-Aug	Mon	<b>Syllabus</b>
2	1	28-Aug	Wed	Chapter 1. Getting to Know the Customer
3		2-Sep	Mon	<b>NO-CLASS LABOR DAY</b>
4	2	4-Sep	Wed	Chapter 1. Getting to Know the Customer
5		9-Sep	Mon	Chapter 2. Understanding the Numbers – Analyzing Financial Statements
6	3	11-Sep	Wed	
7		16-Sep	Mon	
8	4	18-Sep	Wed	Chapter 3. Understanding the Numbers: Analyzing Historical Cash Flow
9		23-Sep	Mon	
10	5	25-Sep	Wed	Chapter 3A. Understanding the Numbers: Analyzing Cash Flow Projections
11		30-Sep	Mon	
12	6	2-Oct	Wed	<b>MIDTERM - 1</b>
13		7-Oct	Mon	Chapter 4. Applying Non-Financial and Financial Analysis Skills
14	7	9-Oct	Wed	
15		14-Oct	Mon	Chapter 5. Loan Structuring
16	8	16-Oct	Wed	
17		21-Oct	Mon	Chapter 6. Personal Credit Bureau Scores and Third-Party Support
18	9	23-Oct	Wed	<b>TBD - Guest Speaker</b>
19		28-Oct	Mon	Chapter 6. Personal Credit Bureau Scores and Third-Party Support
20	10	30-Oct	Wed	Chapter 6A. The Loan Request Packet
21		4-Nov	Mon	Chapter 7. Analyzing Business Tax Returns
22	11	6-Nov	Wed	
23		11-Nov	Mon	<b>MIDTERM - 2</b>
24	12	13-Nov	Wed	Chapter 8. Analyzing Personal Financial Statements and Tax Returns
25		18-Nov	Mon	
26	13	20-Nov	Wed	Chapter 8A. Global Cash Flow
27		25-Nov	Mon	
28	14	27-Nov	Wed	Chapter 9. Detecting Problem Loans
29		2-Dec	Mon	
30	15	4-Dec	Wed	RMA Credit Essential Certificate Exam – Overview
		13-Dec	Fri	<b>RMA Credit Essential Certificate Exam – In-Person Exam</b>