

WORKING EFFECTIVELY WITH YOUR BANK

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What Banks Continuing to Struggle With

- Capital requirements
- Regulator criticism of loan portfolio's (especially real estate of all types)
- Reduced earnings
 - Loan losses
 - Write downs – loan balances to appraisals
 - Thinner margins – Frank/Dodd Legislation
 - Lower transaction volumes – less non-interest earnings
- Liquidity



Difficulties in Obtaining Financing

- Single transaction financing (not a customer)
- Outside of the box transactions
- Speculative transactions
- Highly leveraged transactions
- Real estate transactions

What Bankers Are Looking At

- More Comprehensive financial analysis:
 1. Historical
 2. Projected
 3. Global cash flows- All sources of revenues. Details of all expenses and payments
- Updated collateral valuations – by third parties
- On-going financial reporting



What Bankers Are Looking At Continued-

- Larger down payments – more of your cash in the deal
- Higher base interest rates – Prime Rate (a thing of the past)
- Stricter terms:
 1. Shorter repayment period
 2. Principal and interest payments (no interest only periods)
 3. Lower LTV's (not what you paid for it but what it is worth)



What Should You Do To Become A Good Bank Client?

10. Maintain ALL insurance coverage's
9. Pay ALL taxes on time
8. Provide current Personal Tax Returns
7. Provide current detailed Personal Financial Statements
6. Provide current Business Tax Returns

What Should You Do To Become A Good Bank Client?

5. Provide current detailed Business Financial Statements
4. DO NOT overdraw your checking accounts
3. Plan ahead
2. Don't surprise your Banker
1. Maintain open lines of communication



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