



# Administering Construction Loans



October 10, 2018  
Springfield, IL

# Introduction

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Construction loans for both residential and commercial real estate (CRE) remain a major part of commercial-bank lending. Residential construction continues to expand slowly, with remodeling outpacing new homes in some markets. CRE construction projects have seen strong growth in most areas. This program provides an overview of the many issues involved in both residential and commercial construction, as well as key differences between them. The focus is on the issues behind the various procedures in construction.

Many community banks attempt to utilize versions of their residential formats and policies to administer commercial construction loans; however, this generally does not adequately control risk in commercial situations due to several important differences between residential and commercial projects.

## Who Should Attend?

Commercial lenders, credit analysts and support staff that deal directly with commercial construction loans; consumer lenders, mortgage bankers, private bankers and support staff involved in residential construction lending; small business lenders, loan review specialists, special assets officers, lending managers and credit officers indirectly involved in the construction lending process can all benefit from this training.

This one-day seminar provides 6 hours of credit toward the prestigious Certified Community Lender designation

# About the Presenter

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## What Others Have Said:

*"Richard was very interactive with his audience. Very personable and engaging."*

Gina Persiani,  
AVP Consumer Lending  
Town Center Bank, Frankfort

*"I really enjoyed the content and the speaker. He had great past-experience stories."*

Jaden Widdersheim, Loan Officer  
Shelby County State Bank,  
Shelbyville

*"Richard was excellent. Not only did he identify potential issues, but he also discussed possible solutions."*

Ian Vanderford, Credit Analyst  
First National Bank in Staunton

**Richard Hamm** has been training bankers for 26 years, designing and delivering courses specializing in commercial lending and credit, including portfolio and risk management, commercial real estate (CRE) and appraisals, plus selling and negotiating skills, and director training. His clients include national associations such as The Risk Management Association (RMA); regional banking schools such as the Barret School of Banking – Memphis, the Graduate School of Banking – Wisconsin, the Southwestern Graduate School of Banking – Dallas, the Graduate School of Banking at Colorado, and the Western States School of Banking; statebanking and community banking associations in a dozen states; and individual banks.

He is based in Huntsville, AL, and has owned/operated Advantage Consulting & Training for 12 years, after a 22-year banking career including senior positions in lending and credit, plus president of a community bank through formation, then acquisition of an existing bank. He has BS and MBA degrees from the University of Alabama, Tuscaloosa.

# Key Topics

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- What is construction risk?
- Types of construction situations: Full construction vs. repair/remodel
- Differences between residential and commercial construction loans
- Issues with construction contracts and budgets
- Residential
  - Additional due diligence, beyond a conventional mortgage application and underwriting, such as a detailed cost estimate (Description of Materials form)
  - Contractor credentials and financial strength
  - How is the construction loan going to end (get repaid)?
- Commercial
  - The interest reserve – a common provision, but not always automatic
  - Five items that determine how you handle a specific loan
    - The type of project (full construction vs. repair/remodel)
    - The loan approval and related conditions or contingencies
    - The commitment letter written to the customer
    - Your bank's policies and procedures
    - The construction-loan agreement
- Common documentation, including surveys and title insurance, plus surety bonds in commercial situations
- Common funding controls, including inspections, lien waivers and funds disbursement methods
- Dealing with cost overruns, delays and budget changes
- Completion of the project and (if applicable in commercial situations) release of the retainage, plus project stabilization
- Special issues with owner-occupied loans



# Registration Fees

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Fees include hand-out materials, refreshment breaks, and lunch. An income-tax deduction may be allowed for educational expenses undertaken to maintain or improve professional skills.

## Cancellation Policy

Registrants cancelling two days prior to each seminar receive 100% refund; one day prior, 50%; the day of the seminar, no refund. **All cancellations must be made in writing prior to the seminar day. Invoices and training materials will be sent to all “no shows.”**

### **CBAI MEMBER**

One person.....	\$265
Two or more from same banking institution .....	\$245 each

### **\*\*PROSPECTIVE-MEMBER**

One person.....	\$465
Two or more from same banking institution .....	\$445 each

*CDD members receive a 10% discount.*

*\*\*Only financial institutions/firms eligible for CBAI membership.*

# Registration Form

## ADMINISTERING CONSTRUCTION LOANS

October 10, 2018

### Please Print

Name of Bank \_\_\_\_\_

Address \_\_\_\_\_

City, State, Zip \_\_\_\_\_

Tel. No. \_\_\_\_\_

Name/Title \_\_\_\_\_

E-Mail \_\_\_\_\_  
(E-mail address required for registration).

Name/Title \_\_\_\_\_

E-Mail \_\_\_\_\_  
(E-mail address required for registration).

\_\_\_\_ I have special needs, please contact me before the seminar.

### Please select your payment method.

\_\_\_\_ Check Enclosed                      \_\_\_\_ Check in Mail

\_\_\_\_ Pay at Door                              \_\_\_\_ Credit Card\*

*\*If you are paying by credit card, please fill out the following information.  
(Visa & MasterCard accepted).*

Name as It Reads on Card \_\_\_\_\_

Company Name on Card \_\_\_\_\_

Billing Address of Card \_\_\_\_\_

Card Number \_\_\_\_\_ Exp. Date \_\_\_\_\_

Three-Digit Security Code \_\_\_\_\_



Click it in:  
[www.cbai.com](http://www.cbai.com)



Mail it in:  
CBAI Education Department  
901 Community Drive  
Springfield, IL 62703-5184



Fax it in:  
(217) 585-8738



Call it in:  
(800) 736-2224 (Illinois only)  
(217) 529-2265

## Date and Location

**October 10, 2018**

SHAZAM Education Center  
CBAI Headquarters  
901 Community Drive  
Springfield, IL 62703  
217/529-2265

## Agenda

Registration begins at 8:30 a.m. The seminar runs from 9 a.m. to approximately 4 p.m. Continental breakfast and lunch provided.

## Continuing Education

CBAI is a registered Public Accounting Continuing Professional Education (CPE) provider of the Illinois Department of Financial and Professional Regulation.

## For More Information

Tracy McQuinn, Senior Vice President  
Valerie Johnston, Vice President  
Melinda McClelland, Vice President  
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Terry Griffin,  
Vice President Chicago Area

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