



What Banks Are Looking for from Business Borrowers During and Post COVID-19

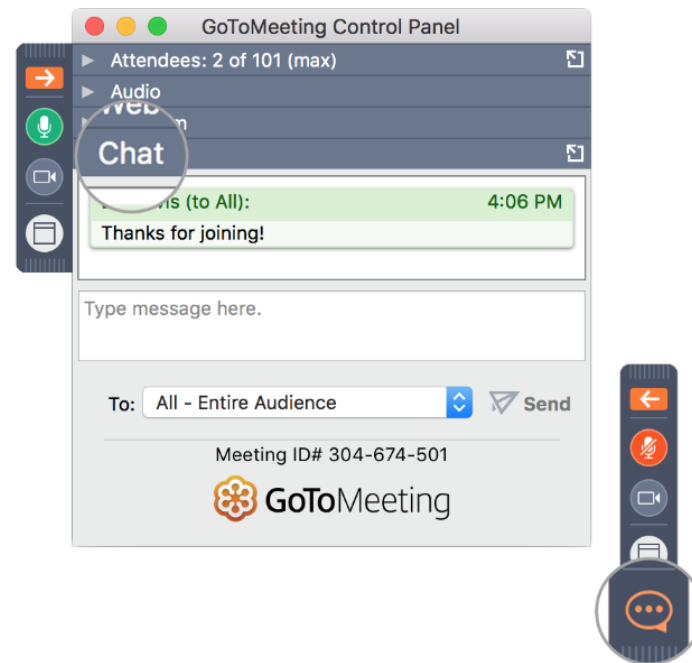
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Webinar Instructions

+Please submit questions through the Chat Box in the webinar control panel



Welcome & Introductions



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Topic Overview

What Banks Want & Regulators Drive In Normal Times

+5Cs

● Credit ● Character ● Capacity ● Collateral ● Condition & Capital

+Trend

+Cash Flow Coverage comfort

+Liquidity

+Sensible Leverage

+Two ways out of debt

+Early communication



What Banks Want During Crazy Times

- + Hearing Yesterday from you with a plan
- + Worst case projections with believable assumptions that drive sustainable revenue level
- + How you will survive and pay them back
- + Your personal financial statement and willingness to guarantee even if you don't now
- + Cash you can inject
- + Where your receivables and payable are
- + No new credit requests or extension of terms from them.
- + Another Lender to take them out
- + You not wasting their time



Reality

- + You may be a troubled loan and the kiss of death to them
- + They may foreclose without a feeling that you will proactively give them a better alternative
- + Their worst case for you is worse than yours
- + Some borrowers will leave something out or mislead banks
- + They are under enormous pressure from their boss, Credit Administration and regulators



What Should You Do Now?

Call your banker and set a meeting with them; tell them you want to update them on your financial situation given COVID-19

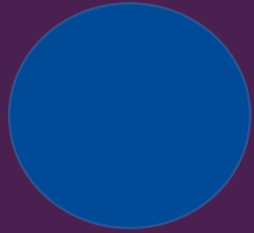
Put a package together

What Should It Include?

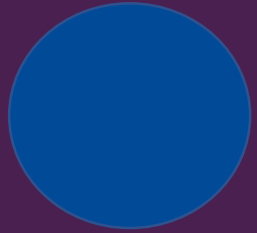
- + Most recent year end financial(s)
- + Most current interims
- + Current aging's for accounts receivable and accounts payable
- + Worst case month to month cash flow and projected financial statements for the remainder of 2020 and for full year 2021 and 2022
- + Valuation lists on fixed assets and inventory
- + Current personal financial statements on key owners
- + Outlook for your industry your plan for repaying your debts and surviving, or not surviving but how you will pay them back anyway
- + Bios on key people
- + A term sheet of requested terms and conditions.



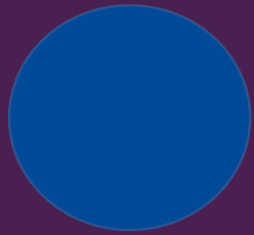
Bring your Key people (all owners, controller/ bookkeeper/CFO)



Ask your banker to include other key officers involved in loan decision making



Review your package with them (bring copies for all participants)



Understand key timing and next steps for credit approval/
renewal on your request and what else they require of you.

Summary

Questions?

Please submit questions in chat box

Thank You
for your time!



MCM COVID-19 Resource Center

www.mcmcpa.com/covid-19