

LOAN PROPOSAL [*Insert customer name*]

For presentation to Credit Committee

BUSINESS UNIT: _____

[Insert date of loan proposal]

Business Name:	Loan Type: Term/Overdraft /Gty
Borrower's Name:	Loan Amount:
Fees:	Loan Term
New/Renewal (Acct. #):	Pricing: (type of interest-reducing, etc.)
Loan Officer:	Application #:
Industry/Sector:	Account Opened:

Relationship Risk Rating (1-8):

New Rating:

Item	Cashflow/1 st Source Repayment	B/S	Mgt Credit History	Collateral	Industry	Produce F/Ss	Monitoring	Total
Rating								

For investment (term) loans, complete the following table (otherwise DELETE):

Use of Loan Proceeds

Item	Loan Funds	Owner's Funds	Total
1)			
2)			
3)			
Total Project Cost			
Percentage	%	%	100%

- *Briefly explain use of funds and the timing of loan disbursements and owners' contribution.*
- *What is the source of the owners' contribution?*
- *Thoroughly discuss all elements of the project being financed.*

CREDIT HISTORY *(Add as many rows as required to show a complete list of loans accessed). If NONE, delete table and type "NONE"*

Financial Institution	Date Disbursed	Expiry /Review Date of Facility	Interest Rate	Amount of Original Loan	Current Balance	Monthly Payment
TOTALS						

- *Discuss any other credits, past and present, including leases.*
- *Paid off loans/ leases were paid as agreed?*
- *The lending institution should be contacted, and their comments noted here.*
- *If line of credit, indicate expiry date and likelihood of renewal.*
- **PLEASE INDICATE WHAT IS THE SECURITY FOR THESE LOANS.**

Current Account History *(period)*

Account Name	Any unpaid Checks?	Net Debit	Net Credit	Maximum	Minimum	Average

Summary:

Financial Statement Analysis

In '000s of Shs.								
INCOME STATEMENT (DATE)	12/31/03	%	12/31/04	%	06/30/05	%	Projected	%
No. Months	12		12		6		12	
Income	0	#DIV/0!	0	#DIV/0!	0	#DIV/0!	0	#DIV/0!
Less: Direct Expenses	0	#DIV/0!	0	#DIV/0!	0	#DIV/0!	0	#DIV/0!
Gross Profits	0	#DIV/0!	0	#DIV/0!	0	#DIV/0!	0	#DIV/0!
Less: Operating Expenses:								
Salaries	0	#DIV/0!	0	#DIV/0!	0	#DIV/0!	0	#DIV/0!
Rent	0	#DIV/0!	0	#DIV/0!	0	#DIV/0!	0	#DIV/0!
Utilities	0	#DIV/0!	0	#DIV/0!	0	#DIV/0!	0	#DIV/0!
Transport	0	#DIV/0!	0	#DIV/0!	0	#DIV/0!	0	#DIV/0!
Other Operating Expenses	0	#DIV/0!	0	#DIV/0!	0	#DIV/0!	0	#DIV/0!
Depreciation	0	#DIV/0!	0	#DIV/0!	0	#DIV/0!	0	#DIV/0!
Total Operating Expenses	0	#DIV/0!	0	#DIV/0!	0	#DIV/0!	0	#DIV/0!
Operating Profits	0	#DIV/0!	0	#DIV/0!	0	#DIV/0!	0	#DIV/0!
Less: Interest Expense	0	#DIV/0!	0	#DIV/0!	0	#DIV/0!	0	#DIV/0!
Net Profits Before Taxes	0	#DIV/0!	0	#DIV/0!	0	#DIV/0!	0	#DIV/0!
Less: Taxes	0	#DIV/0!	0	#DIV/0!	0	#DIV/0!	0	#DIV/0!
Net Profit After Taxes	0	#DIV/0!	0	#DIV/0!	0	#DIV/0!	0	#DIV/0!
Less: Owners Draw	0	#DIV/0!	0	#DIV/0!	0	#DIV/0!	0	#DIV/0!
Net profit	0	#DIV/0!	0	#DIV/0!	0	#DIV/0!	0	#DIV/0!
Debt Coverage								
Income available to service debt								
Loan Installments								
Debt Service								

Income Statement

- Discuss the trends in the income statement. What is the basis for the projection? WHY have these changes been happening?
- DSCR appears reasonable and sustainable?

Cash Flow (Primary Source of Repayment)

Use DSCR from Cash Flow Projection for loans above XXX, Otherwise use DSCR from above.

	Last 12 Months	Year 1 (or term)	Year 2	Year 3
Debt Service Coverage				

Assumptions:

- Explain all important assumptions contained in the cash flow projections (increase in cash sales, changes in gross profit %, etc.)
- Attach the cash flow if applicable

- Give a brief introduction of the customer, what type of business he/she does & length in business.
- Discuss the business's foundation and evolution.
- Mention any other businesses related through company or owners' shareholdings.
- Give a thorough description of the company's current activities and products
- Discuss market positioning, competitive advantages, current operating strategies and plans for future development.
- Briefly discuss the relevant employment and education history of the company's owners/managers.
- How are these managers qualified to undertake and manage the project being financed?

References

Company/Contact	Relationship	Term of Relationship	Date Contacted	Comment
1.				
2.				
3.				

Suppliers

Supplier	Products	Relationship since	Current payable	Days owed	Payment terms

- List all suppliers that account for 25% or more of current raw material or stock costs.
- If purchases are concentrated with only a few major suppliers, are there alternative suppliers?
- Are the suppliers satisfied with their relationship with the company? How do you know?

Customers

Customer	Products	Relationship since	Current receivable	Days owed	Payment terms

- List all customers that account for 25% or more of total sales. Also list any new major customers which are expected.
- If sales are concentrated with only a few major clients, this situation should be discussed.
- How is the debtors collection history? Do these clients respect the payment terms? Are there any payment or other disputes with clients?

Site Visit

Date of visit	
Person Met With?	
Description of the premises (size, condition)	
Level of activity / utilisation of equipment	
Current stock levels (quantity and value); storage conditions	
Space owned or rented? Term of contract?	
Amount of cash on hand? Verified?	
Did employees attend to their work / customers in a professional manner?	
Customers present? Were they buying?	
Where is the closest competition?	
What was your general impression?	

Household Circumstances (special attention to small)

- What is the civil status of the borrower? How many children does he/she have? How many of the children are at school?

- *Does the household generate any other income? What are the household expenses, including rent/mortgage, cost of living, school fees, transport, and any other expenses? Calculate net household income/expenses.*

Risk Assessment

Key Risks

- 1.
- 2.
- 3.

Mitigating Factors

- 1.
- 2.
- 3.

- *What is the risk arising from the account? Risk of unauthorized/ need for excesses, etc?*
- *Here you should demonstrate your understanding of the key weaknesses of the borrower and risks of the transaction. Be honest; every transaction should have at least one key risk*

Legal and Environmental Risks:

- *Indicate any on-going litigation involving the client*
- *Does the client require any environmental permits?*
- *Does the borrower operate in an environmentally sensitive industry?*

Loan Officer's Comments

I do hereby and formally recommend approval of this loan SUBJECT TO the following conditions:

(Here the loan officer is to pick from the list of standard conditions used by ORGANIZATION. Only the conditions applicable to the loan will be indicated here) Examples:

1. Receipt of first security interest on commercial property located at: ADDRESS, prior to first disbursement.
2. Receipt of first security interest on residential property located at: ADDRESS, prior to first disbursement.
3. Receipt of first security interest on machinery and equipment to be purchased with loan proceeds, prior to or concurrent with loan disbursement.
4. Receipt of evidence of borrower's injection in an amount not less than: AMOUNT prior to loan disbursement.
5. Receipt of insurance on all collateralized assets in an amount not less than the loan amount, prior to disbursement.
6. Receipt of evidence, satisfactory to ORGANIZATION that borrower has all necessary licenses and permits to operate, prior to disbursement.
7. Receipt of borrower's agreement to limit dividends/owners draws to an amount no greater than: AMOUNT, prior to disbursement.
8. Receipt of evidence, satisfactory to ORGANIZATION that borrower is in full compliance with all environmental regulations, prior to first disbursement.

EXCEPTIONS: *Please note all exceptions to the standard Loan Policy.*

Loan Officers signature: _____