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ABA Commercial Loan Simulation™

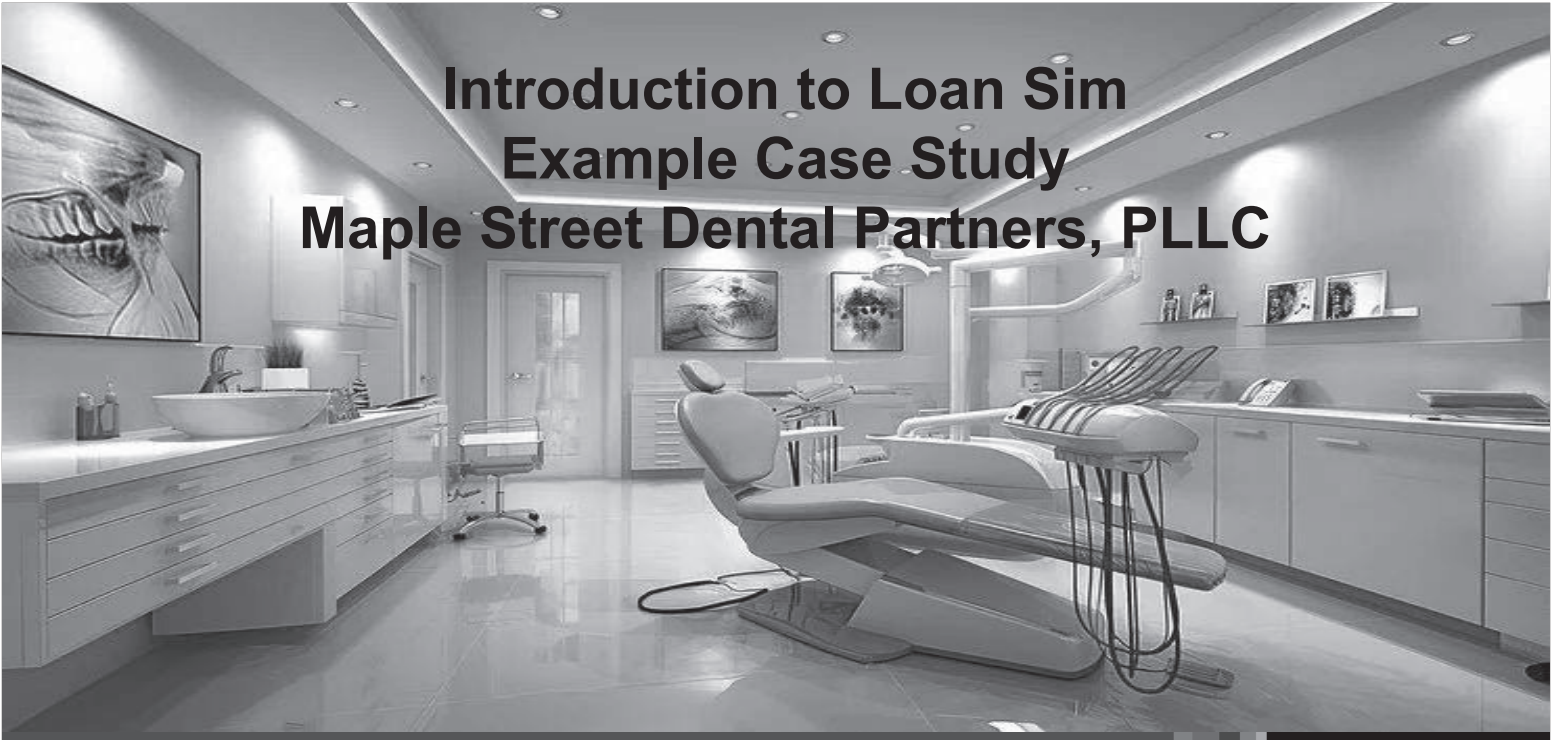
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How do we know what to do?

For all case studies, you will need to make several decisions such as:

- **Character:** Does this borrower/guarantor's reputation for repaying debt suggest acceptable credit history, trustworthiness and reliability?
- **Capital:** Does the request have enough "skin in the game" to demonstrate the borrower's commitment to success?
- **Collateral:** Is there adequate collateral for the request and is the collateral offered suitable to the Bank?
- **Conditions:** What is the purpose of the loan and what macro economic conditions may influence success or failure?
- **Capacity:** Can we demonstrate a credible primary source of repayment for the loan that does not require us to liquidate collateral?
 - Note: Capacity questions will be a primary focus of the loan simulation. Excluding the example case study, this initial reading will not equip you with the knowledge to address this question



Introduction to Loan Sim Example Case Study Maple Street Dental Partners, PLLC

Maple Street Dental Partners, PLLC Background

- Borrower: Maple Street Dental Partners, PLLC (general dentistry practice)
- Location: Maple Grove (suburban market); operating since 2016 with one main office
- Owner/Guarantor: Dr. John Baker, DDS (100% owner; 12 employees)
- Bank relationship: operating accounts + merchant services since 2018
- Deposit relationship: avg. collected operating balances ~\$85k; personal certified deposits at the Bank of \$250k
- Accounting: accrual basis; financials prepared by outside accountant

The Credit Request

- **Request:** \$180,000 cash-secured term note (12-month maturity)
- **Use of proceeds:** \$145k Cone-Beam CT scanner + \$35k minor build-out (2nd hygiene room)
- **Rate Requested:** 8.00% fixed if he can close in 24 hours
- **Term:** 1-year
- **Repayment:** Principal + interest due at maturity (single year-end payment).
- **Primary repayment:** practice cash flow; secondary repayment: liquidation of pledged cash collateral
- **Collateral:**
 - i. 1st priority pledge/assignment of \$250k CD at the Bank (blocked/restricted) owned by Dr. John Baker
 - ii. Additional collateral: 1st position Purchase Money UCC on equipment purchased
- **Guarantee:** Unlimited personal guaranty of Dr. Baker
 - i. Dr. Baker's FICO score is 784; no derogatory credit history reported.

Maple Street Dental Practice - Balance Sheet

Maple Street Dental, PLLC ASSETS	Accrual Method Major CPA, LLC	Accrual Method Major CPA, LLC	Accrual Method Major CPA, LLC
	3 years Ago	2 Years Ago	Last Year
	12 months	12 months	12 months
Balance Sheet	Tax Return	Tax Return	Tax Return
Cash (Bank Funds)	\$155,000	\$170,000	\$190,000
Accounts Receivable	\$115,000	\$191,000	\$218,000
Inventory	\$16,000	\$18,000	\$20,000
Other Current Assets	\$10,000	\$12,000	\$14,000
Total Current Assets	\$296,000	\$391,000	\$442,000
Bldgs and Other Depreciable Assets	\$1,250,000	\$1,350,000	\$1,465,000
Accumulated Depreciation	\$690,000	\$790,000	\$865,000
Net Fixed Assets	\$560,000	\$560,000	\$600,000
Land	\$0	\$0	\$0
Other Assets	\$0	\$0	\$0
Total Assets	\$856,000	\$951,000	\$1,042,000

Maple Street Dental, PLLC LIABILITIES AND OWNERS EQUITY	Accrual Method Major CPA, LLC	Accrual Method Major CPA, LLC	Accrual Method Major CPA, LLC
	3 years Ago	2 Years Ago	Last Year
	12 months	12 months	12 months
Balance Sheet	Tax Return	Tax Return	Tax Return
Current Portion of Long Term Debt	\$13,000	\$9,000	\$10,000
Other Current Liabilities	\$0	\$0	\$0
Total Current Liabilities	\$13,000	\$9,000	\$10,000
Notes Payable / Senior Debt	\$165,000	\$156,000	\$146,000
Total Loan Term Debt	\$165,000	\$156,000	\$146,000
Total Liabilities	\$178,000	\$165,000	\$156,000
Equity: Beginning Balance	\$575,000	\$678,000	\$786,000
(+) Net Income	\$103,000	\$108,000	\$100,000
(+) Member Contributions	\$0	\$0	\$0
(-) Member Draw or Distributions	\$0	\$0	\$0
Total Members' Equity	\$678,000	\$786,000	\$886,000
Total Liabilities + Equity	\$856,000	\$951,000	\$1,042,000
Total Assets - (Total Liabilities + Equity)	\$0	\$0	\$0

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Maple Street Dental Practice – Income Statement

Maple Street Dental	Accrual Method Major CPA, LLC	Accrual Method Major CPA, LLC	Accrual Method Major CPA, LLC
	3 years Ago	2 Years Ago	Last Year
	12 months	12 months	12 months
Income Statement	Tax Return	Tax Return	Tax Return
Net Patient Revenue	\$1,380,000	\$1,520,000	\$1,613,000
Depreciation	\$75,000	\$100,000	\$75,000
S,G,& A Expenses	\$1,171,000	\$1,299,000	\$1,400,000
Total Operating Expenses	\$1,246,000	\$1,399,000	\$1,475,000
Operating Profit	\$134,000	\$121,000	\$138,000
Interest Expense	\$16,000	\$14,000	\$13,000
EBITDA	\$225,000	\$235,000	\$226,000
Net Profit Before Taxes	\$118,000	\$107,000	\$125,000
Taxes Paid	\$15,000	(\$1,000)	\$25,000
Net Income	\$103,000	\$108,000	\$100,000

*Net refund from prior period overpayment

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Dr. John Baker, DDS

Personal Financial Statement (PFS) and Tax Returns

Personal Financial Statement Summary		Tax Return Summary			
Dr. John Baker, DDS		Major CPA, LLC	Major CPA, LLC	Major CPA, LLC	Major CPA, LLC
Personal Tax Return		Personal Tax Return	Personal Tax Return	Personal Tax Return	Personal Tax Return
Personal Financial Statement	Last Year	Income & Expenses	3 years Ago	2 Years Ago	Last Year
Cash / Checking / Savings / Money Market	\$750,000	Yearly Gross Wages / Salaries	\$300,000	\$300,000	\$300,000
Public Company Stocks / Bonds	\$1,450,000	Cash Flow from Real Estate Investments	\$50,000	\$50,000	\$50,000
Other Liquid or Semi-Liquid Assets on Hand	\$0	Total Personal Income	\$350,000	\$350,000	\$350,000
Total Liquid and Semi-Liquid Assets on Hand	\$2,200,000	Expenses			
Closely Held Company	\$1,000,000	Taxes Paid (Optional)	\$111,000	\$111,000	\$111,000
Retirement Accounts	\$2,000,000	Personal [Lifestyle] Expenses (Optional)	\$70,000	\$70,000	\$70,000
Automobiles	\$125,000	Net Personal Income before Debt Service	\$169,000	\$169,000	\$169,000
Value of Personal Residence	\$850,000	Debt Service Payments			
Value of Investment Real Estate	\$1,250,000	Yearly Recurring Debt Payments	\$0	\$0	\$0
Total Assets	\$7,425,000	Total Approximate Yearly Debt Service Payments	\$0	\$0	\$0
Liabilities		Discretionary Cash Flow	\$169,000	\$169,000	\$169,000
Balance of all Credit Cards or LOCs	\$30,000	Personal Debt Service Coverage Ratio	N/A	N/A	N/A
Automobile Loans	\$0	Personal Debt to Income Ratio	N/A	N/A	N/A
Mortgages on Primary Residence	\$0				
Total Liabilities	\$0				
Total Net Worth	\$7,425,000				

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Trophy Properties, LLC

Mr. Adam Highsinger
Mr. Jack Mulloy

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About the Developer

Trophy Properties is a highly regarded, active developer led by three principals with over 100 years of collective experience. Known for delivering projects on time and within budget, the firm has completed over 1.5 million square feet across diverse sectors, including retail, office, and hospitality.

This opportunity was referred by a trusted banking partner of 10 years who has reached their legal lending limit with Trophy. The borrower has a 15-year history with the referring banker, involving \$75MM in total projects and a current \$25MM portfolio, all of which has performed as agreed.

Principals Adam Highsinger and Jack Mulloy will guarantee the loan. They possess \$14.2MM in combined liquidity and \$2.6MM in recurring annual cash flow, proactively offering a \$500,000 joint liquidity covenant for this credit.

About the Development

The proposed site is highly visible from the interstate and located less than 1/8th of a mile from the state university, providing excellent student accessibility. The university currently supports 8,164 students and 438 faculty, maintaining a steady 3% annual growth rate.

Growth is currently capped by space, but a 10-year expansion plan targets a 40% enrollment increase through facility upgrades and new construction. The most significant additions include a new library, computer lab, and campus housing. Notably, a new campus housing project is underway and already 20% pre-registered—a development Kick Start identifies as a primary revenue driver.

In conversations with the borrower, it seems clear that Kick Start's commitment to the market area is being driven by the proximity to the school and the schools expansion efforts.

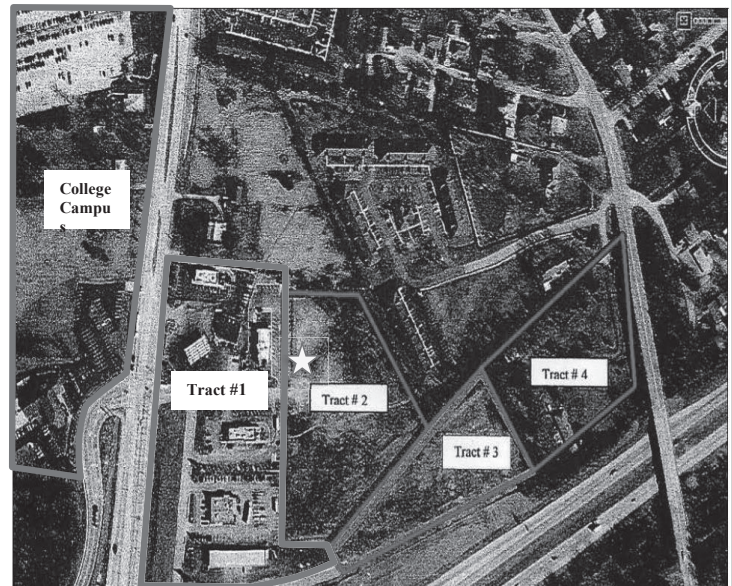
About the Development (cont.)

The proposed transaction finances the acquisition and development of **Tract 2** (+/- 4.46 acres). The project will be executed in two phases:

- **Phase I:** Construction of a 3,050 SF build-to-suit Kick Start Coffee with a drive-thru. Upon completion (9–12 months), the borrower intends to sell this asset—leveraging Kick Start's investment-grade status and market cap rates of 5.25%–5.75%—to pay down the remaining development debt.
- **Phase II:** Construction of a 16,000 SF multi-tenant retail center. Once complete, Tract 2 will feature the coffee house, the retail center, and two single-tenant outparcels.

Adjacent Parcels:

- **Tract 1:** Fully developed and owned by the sponsors; tenants include national brands like Arby's, McDonald's, and Taco Bell.
- **Tracts 3 & 4:** Currently raw land on the open market; these are third-party owned and excluded from this request.



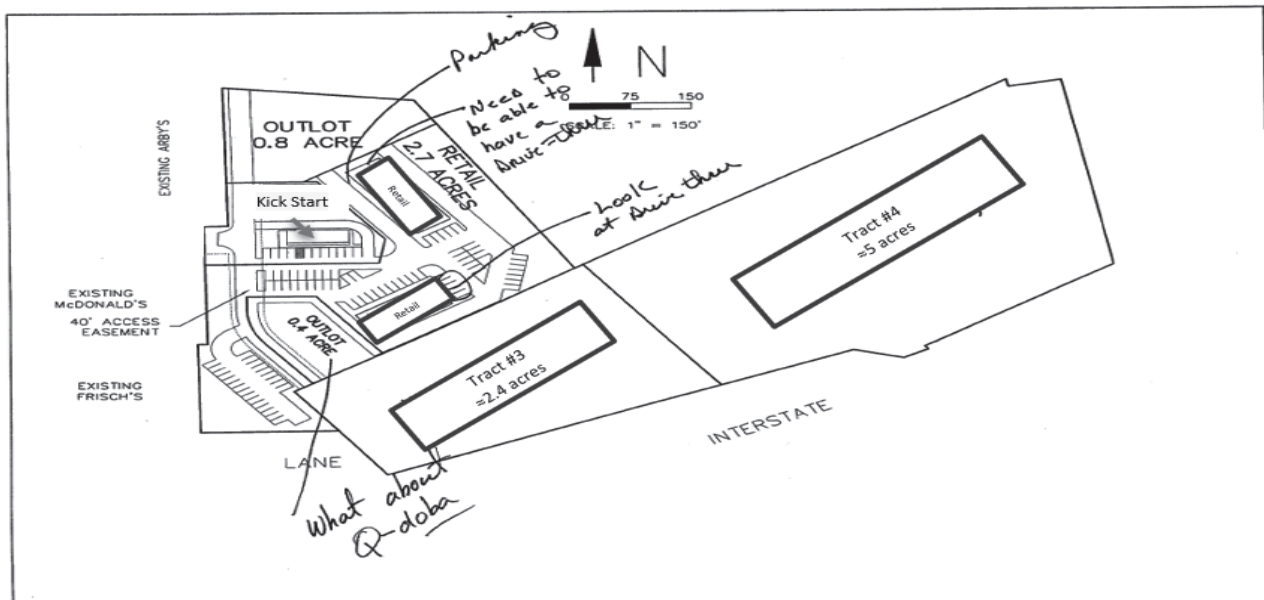
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Developers Initial Tract 2 Development Plan



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About Kick Start Coffee, Inc.



Kick Start Coffee is a premier international powerhouse, reporting \$9.4B in revenue and \$673M in earnings last fiscal year. With a footprint spanning 49 states and 37 countries, the brand operates over 12,400 locations, including significant presence in global airports.

The company is experiencing aggressive, disciplined growth, opening 2,571 stores last year alone—consistently exceeding expansion estimates. In the U.S., store openings have scaled from 380 to 600 annually over the last three years.

Beyond its scale, Kick Start is defined by operational excellence and sustainability. Through its C.A.F.E. Practice and rigorous employee training, the brand maintains high standards for customer experience and ethically sourced products.

Tract#2 Development & Lease Strategy (Months 0-8)

Lease Terms & Security

- **Tenant:** Kick Start has executed a triple-net (NNN) lease at \$44.00/SF, rent commences 90 days after building delivery.
- **Landlord Obligations:** Limited to exterior maintenance (roof/windows); Tenant covers all HVAC, utilities, property taxes, insurance, and management fees.
- **Legal Standing:** Bank counsel confirms the only termination clause is a failure to deliver the building within the required timeline.

Construction & Delivery Timeline

- **Execution Plan:** Following horizontal/subgrade work for the entire tract, resources will pivot exclusively to Kick Start's vertical construction. No loan proceeds for the multi-tenant retail center's vertical construction will be advanced until Kick Start officially accepts their building.
- **Deadline:** Kick Start building delivery is required within 14 months of last week's lease execution.
- **Construction:** 8–10 months (standard) to 13 months (stress-test).
- **Buffer:** Financing within 60 days allows for a 12-month build, ensuring delivery at least 30 days ahead of schedule.

Tract#2 Stabilization and Exit Strategy (Months 9-36)

Leasing & Absorption Strategy

Brokerage: CBRE is actively marketing the shopping center, leveraging their success on the adjacent Tract 1 to set rental rates and pro forma expectations. While not pre-leased, active discussions are progressing with national brands including Panera, Chipotle, Verizon, Dollar Tree, and FedEx/UPS.

Projected Milestones:

- Drive-thru suite: Expected to lease shortly after Kick Start takes possession.
- Pre-leasing: 35% of square footage is projected to be leased prior to shell completion.
- Stabilization: Estimated within 18 months of delivery.

Funding Controls

• Vertical Restriction: Beyond horizontal work, no funds will be advanced for the shopping center or outlots until Kick Start formally accepts their building (estimated months 8–11).

Valuation Summary

The Bank's Appraisal Review Department has approved the following As-Stabilized Value of \$7,500,000. Segment values were determined: Kick Start Location: \$2.5MM + Retail Shopping Center: \$4.4MM + Two Outlots (Land Only): \$600M

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The Credit Request

The borrower has requested:

- **Loan term** of 3 years: 2 years for construction, 1 year for stabilization of the retail shopping center.
- **Repayment:** Interest only during the 3-year period, amortizing thereafter
- The borrower has received full and final approval from all applicable planning and zoning authorities. The project is now "shovel ready" as soon as financing is in place.

The Bank's Credit Requirements for this type of request are:

Policy Parameter	Preferred	Maximum or Minimum
Loan to Value	75%	80% Maximum
Loan to Cost	75%	85% Maximum
Amortizing DSCR at Stabilization	1.25x	1.15x minimum
Interest Only Period	< 24 months	< 36 months

IMPORTANT NOTE: This request requires a projection rather than relying on historic cash flows due to its construction nature.

CONSTRUCTION BUDGET

	Budget	Equity Required	Loan Funding
I. LOAN COSTS			
Attorney's Fees	40,000	0	40,000
Recording & Documentation Fees	10,000	0	10,000
II. LAND COSTS			
Land (At Cost)	2,450,000	2,200,000	250,000
Closing & Legal	100,000	0	100,000
III. HARD COSTS			
Site Work	300,000	0	300,000
Landscaping	50,000	0	50,000
Utilities	150,000	0	150,000
Building Construction	1,390,000	0	1,390,000
Tenant Improvements	140,000	0	140,000
Contingency	200,000	0	200,000
IV. SOFT COSTS			
Architectural Fees	55,000	0	55,000
Engineering Fees	45,000	0	45,000
Environmental Assessment Fee	2,500	0	2,500
Commissions	135,000	0	135,000
Appraisal	3,500	0	3,500
Builders Risk	3,500	0	3,500
Real Estate Taxes	12,000	0	12,000
Interest Carry	300,000	0	300,000
Borrower Overhead	50,000	0	50,000
Contingency	20,000	0	20,000
Other	43,500	0	43,500
TOTALS	5,500,000	2,200,000	3,300,000
LOAN-TO-COST	60.0%		
EQUITY-TO-COST	40.0%		

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Additional Information

The borrowing entity is a newly formed entity owned by Adam (65%) and Jack (35%).

Questions to Address:

1. Does your group like this development, developer, and plan? If so, continue. If not, move on to the next deal.
2. Does your group believe there is adequate equity into the deal? If so, continue, if not move on to the next deal.

If you feel this deal is worth exploring further:

- You will need to develop a proforma to see if the project will cash flow once completed. Additional information will be provided on campus to equip you with the information needed to complete this step.
- Once you have determined if the 5 C's of credit are satisfactory for this request at your bank, determine if you want to offer terms on this request.
- If you are going to offer, complete a term sheet in CESIM and submit.



OK Corral dba Corner Mart

Corner Mart History

The store and fuel station have been in existence since the late 1980s and has been owned by the same family since that time. It has been remodeled regularly throughout the years, adding the car wash 15 years ago. The most recent remodel and update was completed 3 years ago and the present owner indicates the Car Wash will need an update within 5-years of this acquisition.

The store is subject to a ground lease. To expedite the assumption of the ground lease, the Buyer and Seller have agreed to a stock sale.

The seller reports all C-Store activity on their schedule C and uses "cash based" accounting. Consequently, there are no historic balance sheets for review.

Corner Mart History

- The store and fuel station have been family owned and operating since the late 1980s.
- The store has been remodeled regularly throughout the years with most recent remodel occurring 3 years ago.
- The car wash was added to the location 15 years ago. The present owners have stated the car was will require updating within the first 5 years of ownership.
- The store is subject to a ground lease. To expedite the assumption of the ground lease, the Buyer and Seller have agreed to a stock sale.
- The seller reports all C-Store activity on their schedule C and uses “cash based” accounting. Consequently, there are no historic balance sheets for review.

Ms. Michelle Wayne

Ms. Wayne is a well-verse and experienced C-store manager making her first acquisition as an owner-operator. A high-net-worth individual relocating for this purchase, she plans to move her entire financial relationship to the new lender. Ms. Wayne informed the Bank she inherited her real estate assets and a portion of her liquidity. The passing of her family was her last connection to that part of the country and Ms. Wayne considers this acquisition an ideal opportunity, in part, because it gives her a reason to relocate.

Key operational shifts include:

- Direct Management: She will personally manage the store 5–6 days a week to establish company culture.
- Cost Reductions: She projects a 50% reduction in payroll by eliminating ‘family’ employees and taking a lower salary, supported by her personal liquidity.
- Operational Efficiency: She is already integrated with critical suppliers and will immediately eliminate inflated related-party expenses.

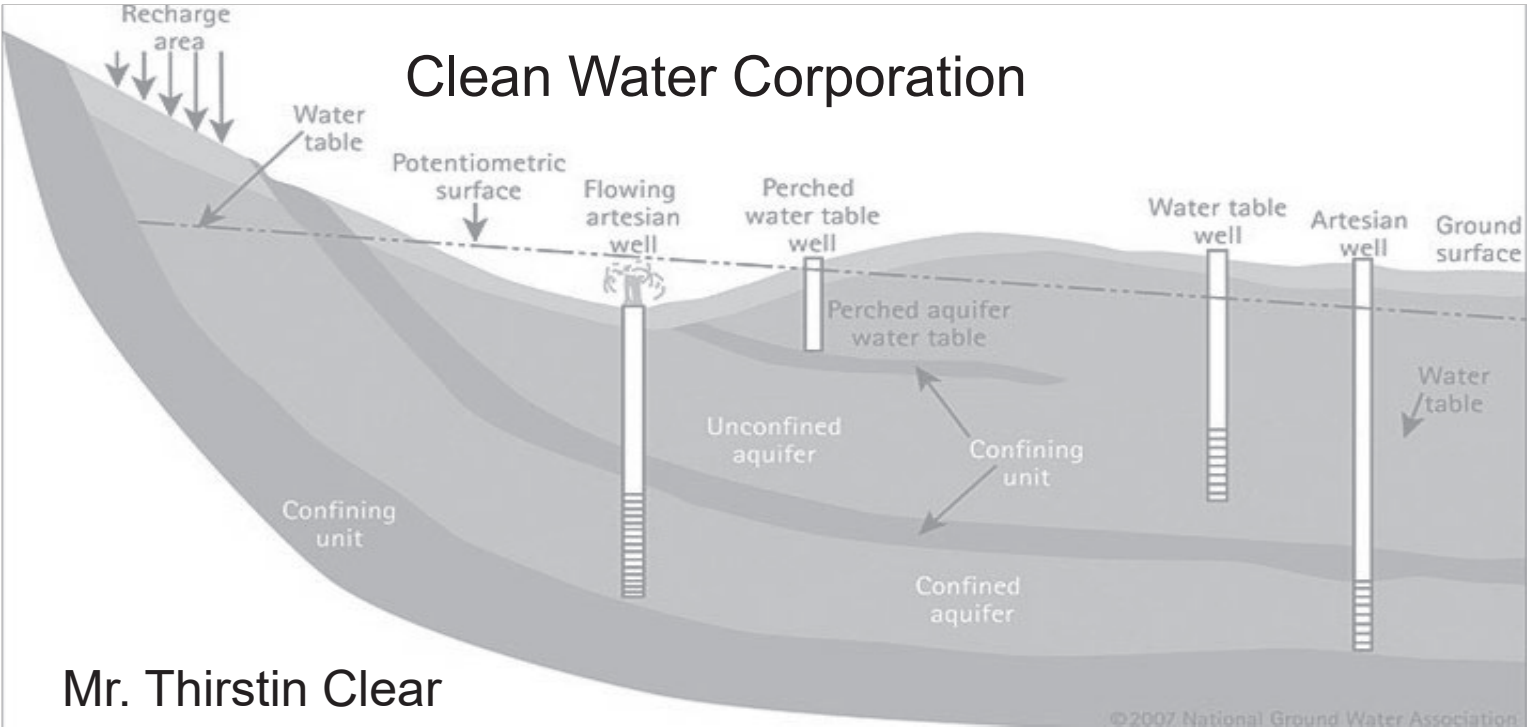
The Credit Request:

- Ownership & Location: 100% owned by Michelle Wayne, OK Corral is a newly formed entity acquiring a high-traffic, urban C-store via bank referral.
- Asset Acquisition: Purchase includes vertical improvements, leaseholds (store, pumps, car wash), and business assets on a ground lease; site visit confirms good condition (car wash is dated but functional).
- SBA Eligibility: Request qualifies for a 75% SBA guarantee, requiring Wayne’s full personal guaranty and a pledge on her primary residence if its equity exceeds \$25k.
- Loan Terms: SBA requires full amortization over 10 years (max) with a minimum 1.15x debt service coverage (DSC) based on recent or projected performance.

Your analyst has prepackaged the following sources and uses table for the proposed transaction:

Source	Amt	% of Total	Use	Amt	% of Total
SBA Note / Loan	\$ 2,000,000	84.5%	Purchase Improvements	\$ 2,000,000	84.5%
Cash Injection	\$ 367,504	15.5%	Purchase Inventory	\$ 200,000	8.4%
			Working capital	\$ 75,000	3.2%
			SBA Guaranty Fee	\$ 63,504	2.7%
			Business, RE Appraisals	\$ 6,500	0.3%
			Packaging Fees	\$ 2,500	0.1%
			Closing Cost Allowance	\$ 20,000	0.8%
Total Sources			Total Uses		
\$ 2,367,504			\$ 2,367,504		

Clean Water Corporation



Mr. Thirstin Clear

Clean Water – Scenario – Decision #1

Ownership & Experience: Clean Water Corporation (CWC) is a C-Corp wholly owned by Thirstin Clear, an owner-operator with 30+ years of industry experience. His deep institutional knowledge, reducing operational risk and enhancing lender confidence.

Specialization: CWC drills water wells (150–500 ft), wholesaling or leasing supply to municipalities. CWC’s ability to drill deeper than 300 feet (where most competitors fail) creates a specialized market position, allowing for premium pricing and higher margins.

Recurring Revenue: Leasing wells and wholesaling water supply to municipalities provides a stable, predictable cash flow profile compared to one-off construction projects.

Growth Strategy: Recent expansion is driven by both organic growth and the strategic acquisition of smaller or aging competitors.

High Barriers to Entry: The capital-intensive nature of the business and the 24-month technical training curve protect the company’s market share from new, low-cost entrants.

Proven Scalability: The successful integration of organic growth and strategic acquisitions suggests a strong balance sheet capable of supporting both debt service and ongoing capital expenditures.

The Credit Request:

- Mr. Clear has requested an increase to his revolving line of credit, taking it from \$3.5MM to \$5MM.
- Mr. Clear has indicated that the growth in his business is absorbing most of his free cash and the line proceeds are crucial for growth. He anticipates Gross Sales and AR increases of at least 15% and 25% respectively.
- The analyst has noted the line balance has not rested to zero for the last 24 months. In fact, the line of credit has had a low balance of \$500,000.
- Mr. Clear has indicated he will provide his personal guaranty so long as the line sizing meets his needs.



ZBP, LLC

Mr. Zach Castille
Mr. Brian Fernandez
Mr. Paul Nix
Round 1

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Sponsor Information:

The Partnership Team

- Zach Castille (Lead / Operations): A local real estate investor since 1994. He will lead the project's day-to-day operations, contributing his value through "sweat equity" and property management expertise.
- Paul Nix (Strategy / Asset Management): Manager of Prime Companies, LLC. He specializes in multi-family investments near major highways and has extensive experience navigating rent control regulations.
- Brian Fernandez (Capital / Analytics): A software engineer and experienced investor. He provides financial backing and high-level data analytics, recently leading a \$10 million international investment.

Summary: This team combines local operational experience (Castille) with sector-specific management (Nix) and sophisticated financial backing (Fernandez).

Detail/Location

Property Overview

Acquisition: Nix et. al. are purchasing a 12-unit, 4-story walk-up for \$1.8MM. The building has 10,000SF atop a 3,312SF land parcel.

Location: Built in 1925 in a prime Main St. business district; highly desirable due to highway proximity and walkability to retail.

Site Visit Observations

Condition: Well-maintained with no deferred maintenance observed.

Basement/Utilities: Features gas-fired boilers and meters. All were functional, though city inspection decals appear outdated.

Amenities: Includes a first-floor laundry room (4 washers/4 dryers) generating \$3,000 annually.

Parking: No on-site parking; street parking only.

Regulatory & Occupancy Status

Rent Control: 9 units are currently rent-controlled (limited to annual CPI increases).

Upside Potential: Units become "decontrolled" once vacant.

Vacancies: There are currently 3 vacant units (all decontrolled). The borrower expects to lease these at market rates—above current averages—before the loan closes.



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The Credit Request:

Borrower: ZBP, LLC (Single Asset Entity)

Ownership: Brian Fernandez (45%), Zack Castille (45%), Paul Nix (10%)

Loan Request

Amount: \$1.35MM (75% of \$1.8MM purchase price).

Terms: 5-year term; 1 year Interest-Only followed by 30-year amortization.

Recourse: Non-recourse requested, citing \$75MM aggregate net worth and \$18MM liquidity. The group may consider pro-rata guarantees for favorable pricing.

Credit Policy Alignment

Vacancy: Policy requires using the greater of market (8.25% per Cushman Wakefield) or Bank floor (6.0%).

Amortization: 30-year request requires an exception (Policy standard is 25 years).

DSCR: Minimum 1.20x required; exceptions down to 1.15x considered if offset by strong borrower relationships including deposits.

Sourcing:

The group was referred to the Bank by a well-known broker in the market.

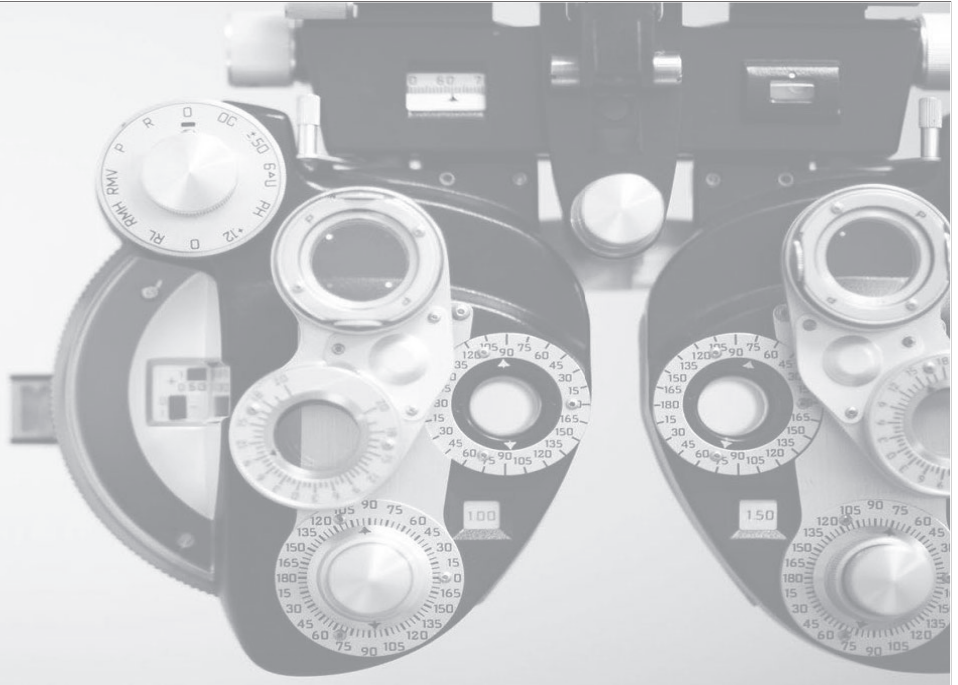
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Vision Services Dr. Blue



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About Vision Services

Background & Transition

Acquisition: After a four-year mentorship, Dr. Blue executed a full buyout of Dr. Red's established 15-year optometry practice.

Entity Formation: The practice was reorganized under a new legal entity, Vision Services, maintaining the original location and branding to ensure 100% patient retention during the transition.

Operating Strategy

Service Mix: Exclusively high-margin surgical procedures (LASIK, cataract removal, corrective surgery).

Market Positioning: Intentionally avoids the commoditized retail segment (frames/contacts) to bypass price compression and focus on specialized medical care. When asked about retail services, Dr. Blue responded, "That work is boring. I need something more exciting than that."

Financial Performance & Scalability

Revenue: Consistently generates \$20MM+ annually.

Profitability: Maintains strong net income margins after all physician compensation.

Management Structure: The organizational chart includes an Office Manager and full time CFO (CPA).

Growth Driver: This professionalized back-office allows Dr. Blue to focus on active doctor recruitment and surgical volume rather than day-to-day administration.

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Banking Relationship & Credit Profile

Current Relationship Dynamics

Dissatisfaction: Dr. Blue feels "taken for granted" by the incumbent institution, citing poor responsiveness and a lack of industry-specific expertise from their representative.

Renewal Urgency: A key Line of Credit (LOC) matures in two weeks. The incumbent bank failed to provide guidance after three weeks of unreturned calls, creating significant operational uncertainty.

Competitive Landscape: Referred by his CFO, Dr. Blue is actively soliciting proposals from multiple lenders to replace the existing relationship.

Line of Credit (LOC) Performance

Utilization: The line is managed appropriately, showing healthy "cleanup" periods (resting at zero) balanced by periods of full utilization.

Purpose of Funds: Drawings primarily support working capital for growth initiatives, specifically the high startup costs associated with onboarding new surgeons.

Credit Quality: No reported delinquencies; credit usage aligns strictly with business expansion and revenue-generating activities.

The Credit Request

New Credit Request

Facility: \$1.25MM Revolving Line of Credit (LOC).

Purpose: Working capital and growth support (representing a \$500M upsizing from the current \$750M line).

Collateral: First-priority lien on Accounts Receivable and a blanket lien on all business assets.

Existing Liabilities

Real Estate Debt: A building acquisition loan remains with the incumbent bank.

Terms: Sub-3.75% interest rate with a 5% prepayment penalty.


Strategy: Due to the favorable rate and high exit cost, the borrower will not refinance this term debt at this time, with a planned payoff in 2–3 years.

Depository Relationship (Liquidity)

Commercial: Average operating balances exceed \$2.0MM.

Personal: Additional liquidity of \$1.0MM held in personal accounts.

Opportunity: Full treasury management transition is expected as part of the new lending relationship.



P&S Adventures, LLC

Ms. Ivana Pass and Mr. Jamie Stout

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P&S Adventures, LLC

Opportunity Overview

Transaction: Acquisition of a retail shopping center via binding purchase agreement.

Sponsorship: Two real estate investors; referred by a key CPA relationship.

Strategy: Value-add or hold for 4–7 years with a planned opportunistic exit.

Property & Location

Site: Cinder block construction; 40-year remaining useful life.

Location: High-traffic metropolitan artery (>35k VPD) adjoining a Kroger.

Strategic Advantage: Benefits from a Reciprocal Easement Agreement (REA) where Kroger maintains the entire parking lot, reducing Sponsor OpEx.

Market Analysis Anchor Stability (Kroger)

Occupancy: Submarket vacancy ranges from 3%–9%; grocery-anchored retail outperforms at 3.25% vacancy.

Valuation: Rents are at market rates; appraisal supports the purchase price.

Anchor Commitment: Kroger recently invested ~\$2.5M in a 10k SF expansion, fuel stations, and pharmacy drive-thru.

Anchor Flight Risk: Mitigated by Kroger's fee-simple ownership of their parcel and recent capital infusion.

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Sponsor Profiles: P&S Adventures, LLC

Ivana Pass (33% Member)

Experience: 15 years in real estate (primarily 1–4 family residential).

Financials: Retired with stable recurring income from consulting and Social Security.

Jamie Stout (66% Member)

Experience: Veteran "serial entrepreneur" and franchise owner; first-time RE investor.

Financials: High net worth and substantial liquidity ("war chest").

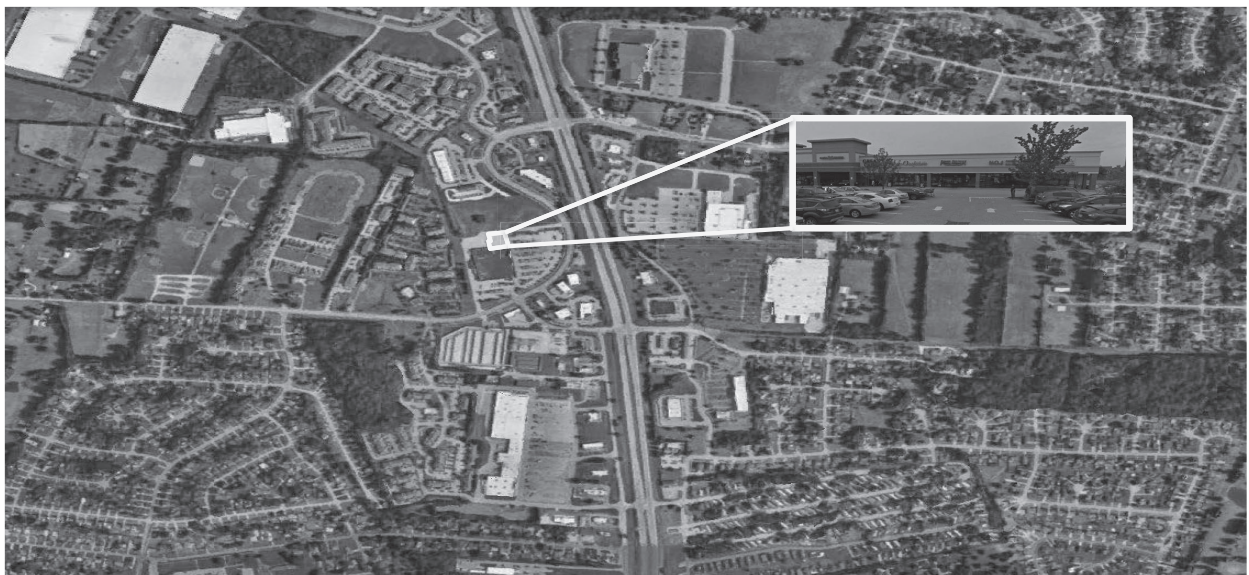
Management Style: Strategic oversight; prefers "managing the management" over daily operations.

Management Strategy

Operations: Professional third-party management firm to be engaged post-acquisition.

Repayment Support: Both members have stable, ongoing outside income to support the project lifecycle.

P&S Adventures, LLC



The Shopping Center



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The Subject Collateral



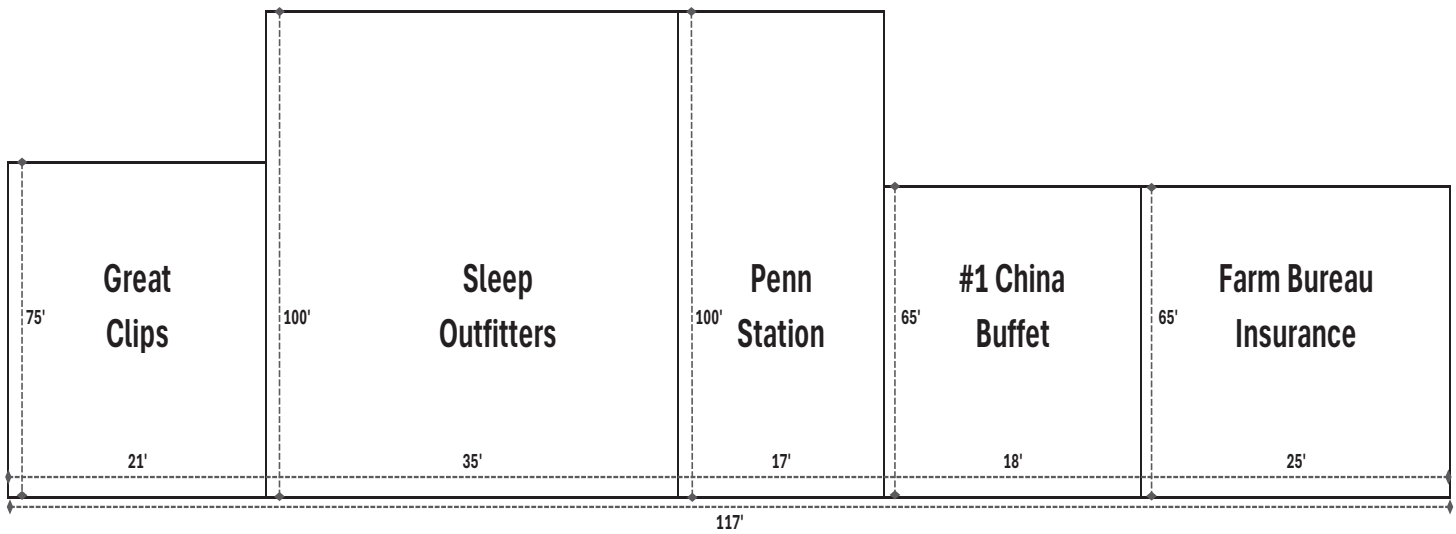
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Approximate Suite Dimensions



Floor plan not drawn to scale, for illustration purposes only.

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The Credit Request

Borrowing Entity: P&S Adventures, LLC, a to-be-formed single asset entity.

Purchase Price: \$1,250,000

LTV: Asking for maximum loan dollars to achieve non-recourse. The members are prepared to inject up to 35% of the purchase price to achieve that end.

Amortization: Requesting 30 years

Interest Rate: Requesting 6.25%

The Banks Credit Policy Requirements include:

Policy	Preferred	Maximum or Minimum
Loan to Value	< 80% LTV	85% LTV Max
Loan to Cost	< 80% LTV	85% LTV Max
Amortizing DSCR	1.25x	1.20x
Non-Recourse	Full Joint & Several	Will consider based on leverage.
Amortization	20 years	25 years max

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ABC Construction Mr. John Smith

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ABC Construction Corp.

Business Profile

Establishment: Founded 9 years ago; specialized in façade, roofing, and scaffolding.

Track Record: Organic growth driven by a reputable client base of engineering firms and property managers.

Competitive Edge: Offers extended warranties, a unique market advantage that secures high-level contracts.

Market Expansion & Regulatory Drivers

New Revenue Stream: Leveraged a 3-year-old city ordinance requiring mandatory 5-year parking garage inspections and compliance repairs (90-day window).

Strategic Pivot: Successfully launched a Parking Garage Repair division two years ago to capture government-mandated demand.

Management & Ownership

Principal: John Smith, President (20+ years of industry experience).

Background: Computer Engineering degree; former City Site Safety Manager with deep expertise in project management and city safety regulations.

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The Credit Request

Relationship Status

Motivation: Seeking a new primary banking partner after outgrowing incumbent lender's credit capacity.

Current Debt: Existing \$750k Working Capital Line of Credit (LOC).

Future Needs: Potential \$500k equipment loan anticipated in 2–3 years.

Target Credit Terms

Line of Credit: Requested increase to \$1.5MM minimum.

Collateral: General business assets; open to additional requirements to secure the higher limit.

Advance Rate: Expects 85% on Accounts Receivable (AR), consistent with existing terms.

Pricing: Accustomed to WSJ Prime-based variable rates; open to alternative structures if competitive.

We Build It



Mr. Mike Ale

Project Overview: Residential Infill Development

Sponsor: Mike Ale

Track Record: Experienced single-family developer returning to the market after a 2-year health hiatus.

Bank Exposure: New-to-bank (zero existing loan exposure).

Transaction Details

Acquisition: Vacant two-family foreclosure under contract for \$287k.

Exit Strategy: Construct and sell a side-by-side duplex for \$550k per unit (\$1.1M total).

Entitlements: Design fits site footprint; appropriate zoning is already in place.

Market & Location

Site: Suburban infill 40 miles from the Sponsor's primary base; close to transit, schools, and employment hubs.

Demand Drivers: Strong marketability with limited inventory; nearby comps sold rapidly due to local stock being aged/outdated.

Risk Note: First project on this specific street and the Sponsor's first build in this neighboring municipality.

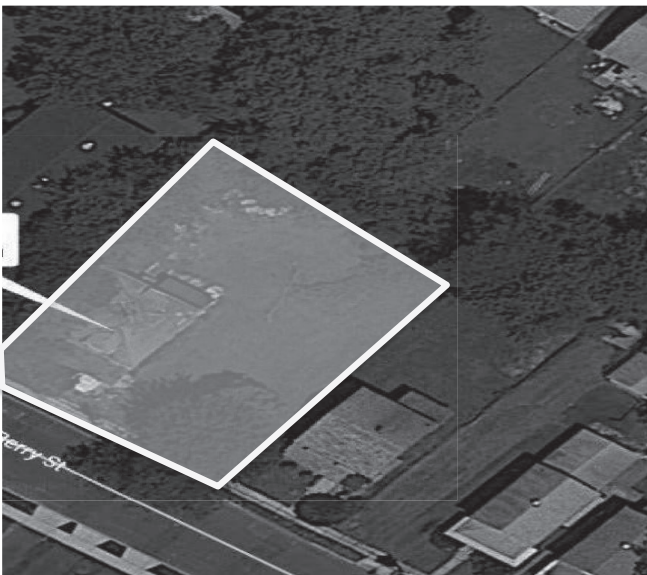
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Site Pictures



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Sponsor Deep Dive: Mike Ale & We Build It, Inc.

Experience & Relationship

Expertise: Licensed contractor with 20+ years of experience; sole owner of We Build It, Inc. (single-member LLC).

Bank History: Previously completed 4 projects with the bank; all paid as agreed and finished within budget.

Current Liquidity: Maintains \$200k in total deposits across personal (\$150k) and business (\$50k) accounts.

Operations & Structure

Management Style: "Hands-on" operator who personally oversees construction and performs foundation/footer work to ensure quality and minimize callbacks.

Reporting: LLC is tax-disregarded; all business financials are consolidated into personal tax returns.

Risk Factors

Health History: Prior credit files note a multi-year work stoppage due to health issues; however, current status and future impact remain unclear.

Capacity: Direct participation in manual labor limits annual volume/scalability.

The Credit Request:

Financing Request

Loan Amount: \$597,600

Leverage: (80% LTC / 60% LTV on Sponsor's \$1.1M valuation; 75% LTV based on Bank's \$990k appraisal).

Structure: Interest-only for the life of the loan; requesting maximum available term.

Pricing & Fees: Sponsor requests "best rate" and \$0 origination fees citing historical relationship.

Repayment & Release Provisions

Mandatory Stipulation: Sponsor requires a 50% net proceeds paydown upon the first unit sale (non-negotiable for deal moving forward). This is due to structure precedent set by prior loan officer at the Bank.

Exit: Construction completion targeted within 12 months, followed by a marketing/sell-out period.

Collateral & Guarantees

Security: First deed of trust on subject property; Sponsor is open to personal guarantee options.

Valuation Gap: Discrepancy between Sponsor's \$1.1M projected sell-out and Bank's \$990k appraisal.



JW Holdings Mr. Johnny Walker

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Sponsor Overview: Johnny Walker

Background & Experience

Business Profile: 20-year veteran of the clothing industry; diversified into real estate 10 years ago for passive income.

Real Estate Track Record: Completed 3 ground-up multifamily projects (35–50 units) over the last 6 years.

Execution: All projects managed by Ascend Construction; delivered on time and within budget.

Banking Relationship

History: Long-term client; previously held multiple business lines and term loans.

Credit Performance: All loans paid, but the clothing business was briefly on the Bank Watch List during/post-COVID.

Re-engagement: First credit request in 4 years following a period where the borrower moved his needs to a competitor.

Financial Strength

Net Worth: \$13.0MM ; Liquidity: \$2.7MM;

Income: Significant Adjusted Gross Income (AGI) and strong debt-service capacity.

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Project Overview: Mixed-Use Infill Development

Site & Acquisition

Transaction: \$1.1MM purchase of a vacant 11,500 SF lot in a high-density university submarket.

Location Strategy: Proximate to two major universities, highways, transit, and city amenities (zoo, parks, retail).

Market Dynamics

Proven Demand: Stabilized market with strong multifamily absorption; recent local projects exceeded occupancy and rent projections and absorption pacing was faster than sponsor or appraiser estimates.

Limited Competition: No approved multifamily projects within a 2-mile radius; significant barriers to entry.

Revitalization: Driven by regional university growth; retail component targets student-centric tenancy.

Feasibility & Incentives

Feasibility study: Anticipated 12–18 month lease-up for retail spaces which are expected to attract tenant's catering to college students.

Tax Abatements: Eligible for city income and property tax abatements via the "Local Labor" program.

Appraisal Note: Success is primarily dependent on the continued supply-demand imbalance for new residential units.

The Credit Request

Project Scope

Asset: To be built 39-unit multifamily/retail mixed-use building (35,000 SF).

Strategy: First mixed-use project for Sponsor; plan is to stabilize and hold, with flexibility for an opportunistic sale.

Structure: Proposed as a construction-only facility with a seamless conversion to permanent debt if held.

Financing Terms Requested

Loan Amount: Lesser of \$5.0MM or 75% LTC.

Term: 3 years (Interest Only) to cover construction through stabilization.

Pricing: WSJ Prime - 0.75%; no prepayment penalties (unless waived upon sale).

Structure: Waiver of Interest Reserve requested due to strong personal cash flow.

Recourse: Sponsor seeking alternatives to full personal recourse.

Valuation & Underwriting

Appraisal: \$8.0MM "As-Stabilized" value (Direct Capitalization method).

Metrics: ~\$62.5% LTV; appraisal confirms credit team's rent and vacancy assumptions.