



Building Success. Together.

ABA Commercial Loan Simulation

Case Study Conclusions and Recap of Learning Objectives

ABA Commercial Loan Simulation™

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Maple Street Dental Practice

1. Does this deal “cash flow” as proposed?
2. Why would a Dentist use cash as collateral?
3. What other opportunities might exist for this borrowing relationship based on the financial information provided?
4. Are there any potential sales limitations based on how this bank opted to spread?
5. Would we make this loan again? Why or why not?

Trophy Properties

1. Does this deal “cash flow” as proposed?
2. What happened that caused this loan to default?
3. What potential solutions could have been implemented and when?
4. If a loan with similar starting facts were requested tomorrow, would we make this loan again? Why or why not?

Corner Mart

1. Does this deal “cash flow” as proposed? If not, what assumptions had to be made for the deal to work?
2. What additional considerations are made when reviewing a C-Store with Fuel stations?
3. What is considered an appropriate “Add-Back” to cash flow?
4. Would we make this loan again? Why or why not?

Clean Water Corp

1. Does this deal cash flow when using EBITDA?
 - a. Does EBITDA alone provide a fair assessment for this borrower? Why or why not?
2. What revenue opportunities exist in this borrowing relationship?
3. What structural elements could be used to improve the credit risk profile on the LOC?
 - a. Could any portion of growth be funded internally? If so, how?
4. Are there any other risks we have not yet addressed?
5. Would we make this loan again? Why or why not?

ZBP, LLC

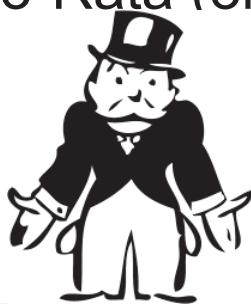
1. Does this deal cash flow? If not, why not?
2. Does the loan underwriting provide adequate room to achieve projected rental rates and NOI?
3. What happens to the pool of buyers for properties with artificially controlled rents? What does this mean for our alternative source(s) of repayment?
4. How would a “pro-rata” vs. Joint and Several guarantees impact this request?
5. Would we make this loan again? Why or why not?

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Joint & Several vs. Pro-Rata (or limited) Guarantees



Feature	Joint & Several	Pro-Rata (Limited)
Max Liability per person	100%	% Share only, once paid that guarantor is done.
Lender Strategy	Sue the “deepest pocket” first	Must sue (and win) all to get 100%
Impact of financially lesser guarantors	No impact on lender recovery	<ul style="list-style-type: none">• Direct Loss to the lender for any guarantors unable to honor their share.• Increased costs to lender to pursue legal actions against each guarantor

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Vision Services, LLC

1. Does this deal cash flow? If not, why not?
2. What kind of structure could improve the Bank's risk profile for this request?
3. Could this borrower self-fund some of their short-term working capital needs?
4. How do you handle an increase request for a borrower whose rationale is purely ego, emotion, or based on non-financial metrics (e.g., CEO/CFO Peer groups, Dr's conference, etc.)?
5. Would we make this loan again? Why or why not?

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P&S Adventures, LLC

1. Does this deal cash flow? If not, why not?
2. What were the primary risks for this request?
3. If the borrower was open minded, what changes might you propose that may meet the bank's and borrower's preferences?
4. If the Sleep Outfitters vacancy continues, what options are available to the bank to avoid a classified asset?
5. Would we make this loan again? Why or why not?

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ABC Construction

1. Does this deal cash flow? If not, why not?
2. What risks were observed in the AR?
3. If a borrowing base were used, what items might we exclude?
4. Were there any single points of failure for this company? If so, can anything be done to mitigate them?
5. Would we make this loan again? Why or why not?

We Build It

1. Does this deal cash flow? If not, why not?
2. What are the risks observed in making this loan as requested?
3. If you were to write the “Strengths and Weaknesses” section of an approval, what would you cite and why?
4. Would we make this loan again? Why or why not?

JW Holdings

1. Does this deal cash flow? If not, why not?
2. What are the 'non-financial' risks in this request?
3. Why would the first year or two of the loan report losses on the income statement?
4. Would we make this loan again? Why or why not?