



Construction Loans Administration and Monitoring September 11, Virtual

TOPICS TO BE COVERED:

- » What is construction risk? How is it different from credit risk?
- » Identifying the degree of risk and appropriate levels of monitoring and controls
- » Types of construction situations: full construction vs. repair/remodel/repurpose
- » Differences between residential and commercial construction loans
- » Issues with construction contracts and budgets
- » Assessing contractor credentials and financial strength, plus format to use
- » Residential
 - Additional due diligence, beyond a conventional mortgage application and underwriting, such as detailed cost estimate (Description of Materials form)
 - How is the construction loan going to end (get repaid)?
- » Commercial
 - The interest reserve, retention/retainage, surety bonds and special issues with owner-occupied loans
- » Seven items that determine how you handle a specific construction loan
 - The degree of overall risk
 - The type of project (full construction vs. repair/remodel/repurpose)
 - The loan approval and any policy waivers or added conditions or contingencies
 - The term sheet (or commitment letter) to the customer
 - Your bank's policies and procedures
 - The construction loan agreement
 - Results of inspections and other events during construction



RICHARD HAMM - PRESIDENT, ADVANTAGE CONSULTING & TRAINING

Richard Hamm has been training bankers for over 30+ years, specializing in all phases of commercial lending and credit, including portfolio & risk management, commercial real estate & appraisals, plus selling & negotiating skills. His training work includes our top industry associations (the ABA & RMA), regional banking schools (Barret School of Banking - Memphis, Graduate School of Banking - Wisconsin, Southwestern Graduate School of Banking - Dallas, & Graduate School of Banking at Colorado), numerous statewide banking & community banking associations, plus individual banks.

ABOUT EVENT:

Construction loans for both residential and commercial real estate (CRE) remain a major part of bank lending. Residential construction continues to grow in most markets, with remodeling outpacing new homes in some markets. Increased costs of materials and labor continue to create budget and cost overrun issues. CRE construction projects continue, but seem to be at a slower growth pace than residential.

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: Real estate lenders, commercial and consumer lenders, credit analysts, mortgage lenders, private bankers, small business lenders, loan review specialists, special asset officers, lending managers, credit officers and support staff involved in the construction, appraisal review and real estate lending process.



KANSAS BANKERS
ASSOCIATION

Commercial and Residential Appraisals: Reviewing and Interpreting September 12, Virtual

TOPICS TO BE COVERED:

- » Why review appraisals? (beyond regulatory requirements)
- » Current guidelines
 - » FIRREA and the five minimum standards
 - » Latest appraisal guidelines (issued in 2010), 2018 FAQs and 2024 revisions to USPAP
 - » Recent updates to minimum dollar requirements and greater screening for USPAP compliance
 - » Why banking guidelines are more focused on commercial real estate (CRE) than residential
- » Issues with residential appraisals
 - » Dominance of market approach and comps, including adjustments and bracketing
 - » Increasing attention to condition of neighborhood and site
 - » Residential-specific regulatory issues, including:
 - Home Valuation Code of Conduct (HVCC)
 - Uniform Mortgage Data Program (UMDP) and the related Uniform Appraisal Dataset (UAD)
 - American National Standards Institute (ANSI) guidelines for determining square footage
 - Example of review form
- » Issues with commercial appraisals
 - » Multiple levels of review to consider (sample checklists included)
 - Administrative/compliance review
 - Technical/Internal Review
 - ✓ Types of appraisals by scope
 - ✓ Types of appraisals by format
 - ✓ Assumptions and limiting conditions
 - ✓ Property identification and ownership interest
 - ✓ Types of real estate and how they affect the appraisal
 - ✓ Third-party or outsourced review and USPAP Standard 3
 - » Approaches to value
 - How the cost approach works
 - Direct capitalization method for the income approach
 - Direct sales comparison and key difference from residential
 - » Outcomes: When to request revisions
- » Appendix (Time Permitting):
 - » Using your analysis to validate existing or older appraisals and documenting your conclusions
 - » Brief overview of guidelines for evaluations when an appraisal is not required



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ABOUT EVENT:

Learn the fundamental principles of the appraisal process, with a focus on reviewing the report for integration into the overall underwriting. The class will also provide an overview of the 2010 Interagency Appraisal and Evaluation Guidelines, the 2018 FAQs on Appraisal Regulations and the Interagency Appraisal and Evaluation Guidelines, with tips for integrating them into your existing policies, plus other practical issues that banks face.

WHO SHOULD ATTEND: Real estate lenders, commercial and consumer lenders, credit analysts, mortgage lenders, private bankers, small business lenders, loan review specialists, special asset officers, lending managers, credit officers and support staff involved in the construction, appraisal review and real estate lending process.

EDUCATION & CONFERENCES
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CONSTRUCTION LOANS ADMINISTRATION AND MONITORING
SEPTEMBER 11, VIRTUAL
COMMERCIAL AND RESIDENTIAL APPRAISALS: REVIEWING AND INTERPRETING
SEPTEMBER 12, VIRTUAL



Program Agenda

Session Begins - 9:00 a.m.
 Lunch - 12:00 p.m. - 1:00 p.m.
 Program Continues - 1:00 p.m.
 Adjourns - 4:00 p.m.

CONSTRUCTION LOAN ADMINISTRATION & MONITORING

ASSET SIZE	LIVE	ONDEMAND
\$25 mil & under	___ \$350	___ \$400
\$26 mil - \$100 mil	___ \$450	___ \$500
\$101 mil - \$250 mil	___ \$550	___ \$600
\$251 mil - \$400 mil	___ \$750	___ \$800
\$401 mil - \$750 mil	___ \$950	___ \$1,000
\$751 mil - \$1 bil	___ \$1,250	___ \$1,300
Over \$1 billion	___ \$1,550	___ \$1,600
Assoc. Members	___ \$950	___ \$1,000
Non-members	___ \$3,100	___ \$3,200

COMMERCIAL & RESIDENTIAL APPRAISALS

LIVE	ONDEMAND
___ \$350	___ \$400
___ \$450	___ \$500
___ \$550	___ \$600
___ \$750	___ \$800
___ \$950	___ \$1,000
___ \$1,250	___ \$1,300
___ \$1,550	___ \$1,600
___ \$950	___ \$1,000
___ \$3,100	___ \$3,200

BOTH (TWO DAYS)

ASSET SIZE	LIVE	ONDEMAND
\$25 mil & under	___ \$550	___ \$600
\$26 mil - \$100 mil	___ \$650	___ \$700
\$101 mil - \$250 mil	___ \$750	___ \$800
\$251 mil - \$400 mil	___ \$950	___ \$1,000
\$401 mil - \$750 mil	___ \$1,150	___ \$1,200
\$751 mil - \$1 bil	___ \$1,350	___ \$1,400
Over \$1 billion	___ \$1,650	___ \$1,700
Assoc. Members	___ \$1,150	___ \$1,200
Non-members	___ \$3,300	___ \$3,400

We understand circumstances arise requiring cancellation. Cancel up to five business days before the program and your registration will be refunded. There is no limit to the number of employees that can attend the virtual session from your institution. If you have more than one attending, please email Alana Seelbach at aseelbach@ksbankers.com. A 30-day replay will be available for "live" registration option participants.

Name: _____

Bank Location: _____ E-mail: _____

Name: _____

Bank Location: _____ E-mail: _____

Bank: _____

Total Enclosed: \$ _____ Total Attending: _____

Address: _____

City: _____ State: _____ Zip: _____

Three ways to register:

1. Complete and mail registration form with payment.
2. Fax registration form, followed by mailing of payment. Please use this form as your invoice.
3. Register Online using a credit card at www.ksbankers.com