

When Evaluating Risk: Look Beyond the Borrower

So you've got a business lending prospect with solid financials and no problems with collateral. A slam-dunk? Maybe. Given what's still going on with the economy, it's a good idea to take things further, to look beyond the borrower and evaluate the total picture.

Lend local

They say "All politics are local." When it comes to SBA and business lending, "All loans are local." Our best advice: Lend local!

Over the years we've had clients who considered lending to businesses in adjacent states or across the country. These deals can sound great at the outset, but consider the long-term. When you sell the loans, do you really want to allocate resources to service loans thousands of miles away? It's best to stay in your own backyard.

Look at the local picture

As a local SBA and business lender, you're in the best position to ensure that the business and the community are a good fit. You should consider:

- the industry
- the location
- the local economy

These factors work together. Let's take the restaurant industry. Restaurants in general are considered a volatile risk. Yet the right restaurant in the right place could be a good risk. On the flip side, the best high-end restaurant in town won't succeed if the neighborhood prefers family style. As another example, prospective borrowers with solid financials often are interested in franchises. These borrowers should be looking at national brands with high levels of recognition - and fitting their business to the neighborhood.

At J.R. Bruno & Associates, we've assisted hundreds of lenders across the country in evaluating risk. Because we've dealt with a wide range of circumstances, we're in a great position to home in on your organization's situation - and save you time and money! Call us at 626.688.2125 or visit www.jrbrunoassoc.com.

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