

## ANNUAL LOAN REVIEWS: TOO HOT TO PUT ON THE BACK BURNER

It's that time of year: About now your bank should be setting aside time for your scheduled internal annual reviews. Your board of directors and executive management team need to know the quality of the bank's loan portfolio in preparation for yearend reporting.

To recap: All SBA loans and commercial term loans secured by real estate require an annual review to make sure all necessary information is obtained and reviewed to provide timely identification of problem assets and to establish adequate Allowance for Loan and Lease Losses. Required information includes updated financials, personal and business tax returns, rents rolls, collateral evaluations, insurance and site visits. *Big job!*

Yet chances are your bank's assigned loan reviewers are busy handling other priorities including new loan proposals. You may not have enough cooks in the kitchen, and existing loans are going on the back burner. It's funny how time flies and those reviews pile up. You could find yourself at yearend with little time left to meet your yearend goals and complete your reviews. Now is the time to begin reviewing those loans. The last thing you want is to have examiners come in and find a concern that should have been addressed during your annual loan review.

We can take a huge load off your mind - and your resources. As a certified Loan Service Provider, our J. R. Bruno & Associates team of former bank executives and SBA experts has assisted hundreds of institutions. We'll conduct a thorough loan portfolio review, check your tickler reports to ensure accuracy, and in some cases perform site visits.

Our loan review services include:

- Identifying loan problems\*
- Identifying any organizational weaknesses
- Testing the accuracy of the current risk rating
- Assuring the collateral position has been perfected and collateral value is still sufficient
- Assuring proper financial information has been obtained and an adequate analysis performed
- Identifying weak underwriting practices
- Assuring that the loan purpose and sources of repayment are well defined and meet policy guideline

So don't let those loans sit on the back burner until they boil over. You're welcome to call me directly at 626.688.2125 to discuss your institution's needs. To check out our full range of services, go to [www.jrbrunoassoc.com](http://www.jrbrunoassoc.com).

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