

Georgia Banks are Lending Every Day

By Joe Brannen, president and CEO, Georgia Bankers Association

Despite the undisputed effects of a crushing recession, many Georgia banks big and small are making loans and helping customers every day. Businesses and families are being funded, jobs are being created and mortgages are being modified.

Those statements are counter to popular sentiment; but it is a story that, in fairness, needs to be told.

Before everyone writes off banking as the great Scrooge, I thought I'd share some examples to the contrary collected from Georgia banks big and small this week.

Two banks in east Georgia are partnering to finance a \$4-million bond for a facility to handle payroll and financial functions for the University of Georgia. The center will create 50 permanent jobs.

One north Georgia bank recently made a loan to a small business that refurbishes small airplane seating. The loan will allow the business to expand and hire two more people. Another north Georgia bank provided a small business loan to a new recreation company that will create five jobs.

A small Atlanta-area bank has modified mortgages for more than half of the borrowers in a first-time homebuyer program it initiated eight years ago. Many of these loans went to blue-collar workers who had distressed job situations and were facing possible foreclosure. Several banks shared similar stories about helping clients stave off foreclosure.

An employee at a northeast Georgia bank noticed a customer was bouncing a large number of checks. The banker researched the account, identified possible ways the bank could help, contacted the customer, arranged for credit counseling and modified the customer's mortgage, reducing the monthly payment by more than half. The customer hasn't bounced a single check since.

One central Georgia bank was negotiating with a borrower who was going to buy a bank-owned home. The borrower decided the house wasn't the right fit, so the bank introduced the borrower to a builder client who also had homes for sale. The bank pre-approved a mortgage for the homebuyer, the borrower and the builder worked out a deal, and the builder got to pay back its loan to the bank on the home.

We heard from one large bank that approved or closed \$50 million in loans to mid-sized Georgia businesses during October and November. Businesses represented were restaurants, technology companies, environmental services, construction and a children's charity, to name a few.

A coalition of Savannah-area banks joined forces with the mayor to set up a special account designed to attract the area's "unbanked." The free checking account included guidance and assistance if the applicant had previous trouble with bank accounts (except fraud), and access to free financial education. More than 1,000 accounts have been opened.

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These are a few of the many examples we got from our bankers of the credit and financial assistance available to Georgians every day. If any of these examples sound like something that fit you or your business, talk to a banker. You might just have more offers than you'd suspect.

It's true that in many cases, loans that might have been funded when the economy was stronger may not find funding today.

That's frustrating for everyone, including bankers, because lending is what banks do.

Unfortunately, the effects of a deep recession are not going to disappear overnight. Previous recessions have shown that it typically takes 13 months after the recession for business confidence to return and credit to return to pre-recession levels.

Today, unemployment remains high, businesses are cautious to take on more debt and the effects of a host of new government actions continue to cause uncertainty. As the National Federation of Independent Business reports, 95 percent of its members cite issues such as lack of sales and high taxes rather than access to capital and credit as the top challenges to their business.

Those conditions combine to dampen loan demand and dictate reasonable care and caution by banks when deciding whether to make a loan, something many of the same critics calling for more lending say was lacking in recent years. And, regulatory oversight is restricting the ability of some banks to make new loans or renew loans to even the best customers.

Those are the hurdles bankers are working hard with borrowers, regulators and policymakers to clear. And, we want to assure the people of Georgia that regardless of the real challenges our economy faces, progress is being made every day.

About the Georgia Bankers Association: *Founded in 1892, the Georgia Bankers Association promotes the general welfare and usefulness of banking and the preservation of a sound banking system.*