

Chamber of Commerce dealing with the economy

■ A panel of local banking, financial experts address current situation in forum, agree there are number of problems to fix.

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Responding to the inquiries of dozens of members, the Delaware County Chamber of Commerce assembled a panel of local banking and financial experts to address the current economic situation this week.

"We're really trying to get ahead of this," said Jeffrey Vermeulen, chamber president. "The market has lost 20 percent of its value in seven days."

The discussion will be part of a continuing series on the economy. Chamber staff e-mailed its 3,000 members with a link to the discussion Friday.

The five-member panel and a moderator discussed what caused the situation and where their institutions are positioned as the downturn occurs.

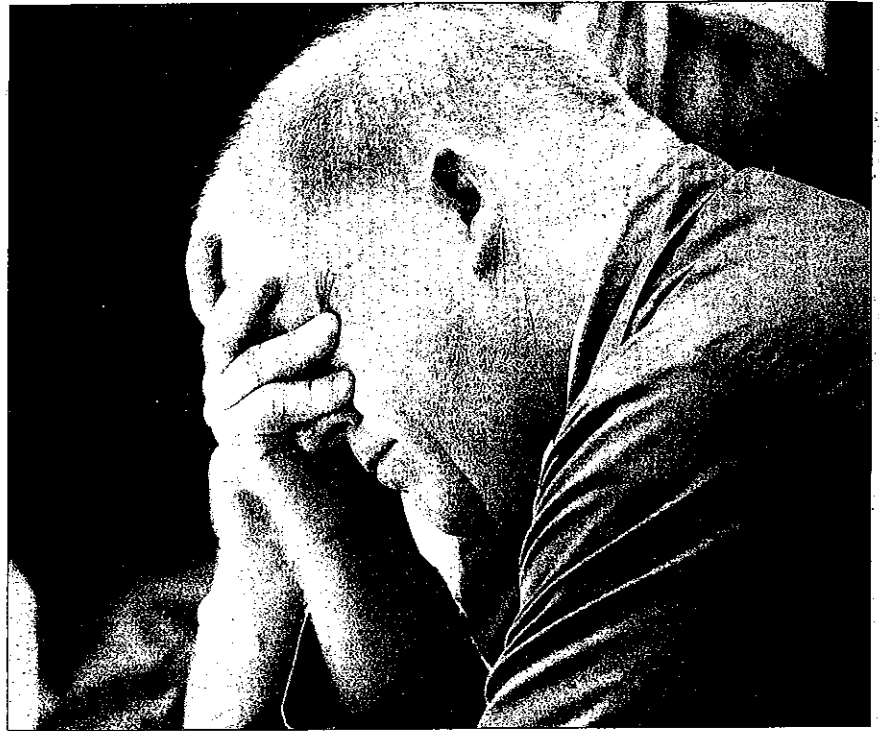
The panelists agreed there were a multitude of factors contributing to the present situation, ranging from well-meaning to greed.

"It started with good intentions by Congress," said Michael Magnavita, chief financial officer of the Franklin Mint Federal Credit Union, adding that an initiative to increase home ownership did just that, but also put people in homes they could not afford.

However, he added, "It was (also) a lack of congressional oversight. There was really no teeth in regulations."

Insatiability also had a part.

"I do think greed had a role in this,"



Associated Press

It's been a tough time on Wall Street as the market lost approximately 20 percent of its value in the past week.

Magnavita said. "There was a lot of money to be made by a lot of different people."

He said various investors bought homes to flip them and make money.

Pamela Cyr, president and CEO of Saint Edmond's Federal Savings Bank, said complicated mortgages, such as interest-only loans and certain adjustable-rate mortgages, became weapons of mass destruction.

Yet, she added that community banks such as her own that approached lending in a conservative manner are being impacted.

"From a small-bank perspective, we are now being punished for what occurred," Cyr said, regarding the limits on lending from larger banking institutions to smaller ones.

She said the regulatory pendulum has begun to swing the opposite way from a lax environment to a more constrictive one. "I'm not sure that is the answer," she said.

Cyr added that her bank is making loans. "I know that we continue to do what we've always been doing," she said.

That sentiment was repeated by Krista Hassell, branch manager of United Savings Bank in Media.

"We never got involved in unsafe lending," she said.

And although lending is impacting across the board, Hassell said community banks are

As far as how the economy will play out nationally, he added, "Time will tell."

The question of the bailout also arose.

Michael Brady of LPL Financial Services said the \$700 billion was a way to get companies to start spending money again.

However, as a small-business owner, he said there are parts of accepting the bailout that are difficult.

"If I make poor decisions for my clients, I'm not going to have the government come and bail me out," he said.

Brady offered the suggestion to have those responsible being held accountable to make their clients whole in a finite amount of time.

"Overall, I felt that they rushed," he said of the government's action. "To the average person, it doesn't mean a whole lot other than your tax dollars now go to bits and pieces of these institutions."

Cyr disagreed, although she said the bailout was tough to swallow.

"I don't want to be bailing out people who make poor decisions," she said, adding that that is an ethical question, not a practical one.

She added, "Without the bailout, we would not be able to fix this credit-crunch issue."

Then, Cyr said, businesses would not be able to get loans or entrepreneurs would not get lending to start businesses.