## Michigan Manufacturers, The Bank of Holland teaming to help businesses find credit

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## THE BANK OF holland

MICHIGAN - In an effort to help break loose credit for Michigan manufacturers, the Michigan Manufacturers Association and The Bank of Holland are teaming to educate manufacturers, and potentially the community banking community, about the opportunities with the U.S. Small Business Administration and USDA loan programs targeting small and mid-sized businesses. Whether a result of a battered balance sheet that bears the scars of the economy of the last two years or banks' reticence to taking on risk as a result of capital requirements, manufacturers are still finding access to capital a difficult prospect more than a year into the recovery.

"I don't think it is any secret that since the beginning of 2009, the capital market has tightened considerably. The companies that survived have cleaned up their balance sheets, and they're starting to grow," said Chuck Hadden, president and CEO of MMA. "Not all banks are equal in this. Some have bigger requirements due to being bailed out. Local banks seem to have a better ability to help manufacturers. Many are hamstrung by their capital requirements, but there are ways around that, and many manufacturers don't know to ask, or what programs to ask about."

The MMA and The Bank of Holland are teaming for a seminar on USDA and SBA loans and the role community banks can play in helping manufacturers gain access to credit on April 26 at the MMA Headquarters, 620 South Capitol Ave., Lansing.

The Bank of Holland and its holding company, Lake Michigan Financial Corp., has pursued SBA and USDA loans as a means of growing its ability to do larger loans and stretch its capital in the commercial loan space.

"One of the limitations a community bank runs into is its size. One of the opportunities is that USDA and SBA programs allow us to work with clients in situations where that clients' needs are too big for a community bank to handle alone. The government guarantees some portion of that credit, and it allows us to fill much more of a bigger role with manufacturers," said Garth Deur, president and CEO of The Bank of Holland. "If you look at what is going on in Michigan today, we have had a number of financial institutions for a number of reasons say that they want to reduce their exposure in Michigan. We don't have that option. If we're here and Michigan is our future, let's look at what Michigan is: Michigan is a manufacturing powerhouse. We can talk about diversifying the economy, about pursuing other industries, but if we're not a major manufacturing economy, we have failed in this state. We are going to be in this business."

Deur said that misconceptions about federally backed

loan programs persist - that the programs are difficult to navigate, that they need a clean balance sheet. The seminar is an effort to help dispel those myths while hopefully spurring community banks to develop a deeper understanding of the programs and how they can work for manufacturers.

"The process has been streamlined from people's recollection from 10 or 20 years ago. It's not simple, but businesses need to understand the importance of having a bank that has an expert that understands how the programs work, so that they don't waste time going down many blind alleys," Deur told *MiBiz*. "As I look at the credit capacity taken out of the state of Michigan, we are not big enough to fill that capacity. If all the community banks understand all the tools that are at their disposal, we can do a much better job with these programs. We cannot have a healthy economy in Michigan if there is not credit available to Michigan manufacturers."

Part of the fault, he said, lies with banks themselves. Lake Michigan Financial Corp. brought on staff with expertise in the programs to grow its capacity to handle SBA and USDA loans. In 2010, The Bank of Holland closed \$25 million in USDA loans and another \$45 million in SBA-backed loans.

"Many community banks minor in it rather than major in it, and then perpetuate the myths you were trying to dispel," Deur said. "It is a challenge for the community banks to have an expert on these programs. You really need to have someone dedicated to understanding the programs. We've proven that you can be a small bank and play big in this space. If we can do it - you can do it. You have to commit to it."

## **Unlocking Capital in a Tight Credit Market**

**When**: Tuesday, April 26, 2011 10:00 a.m. to noon

**Where**: MMA Headquarters 620 South Capitol Ave., Lansing

**Who**: John Paul, president and CEO, The Bank of Northern Michigan Garth Deur, president and CEO, The Bank of Holland

Brad Dyksterhouse, senior vice president, Lake Michigan Financial Corp.