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# Association formed to encourage lending

Premium content from Memphis Business Journal - by Christopher Sheffield

Date: Friday, June 10, 2011, 5:00am CDT

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A group of a half dozen bankers and finance professionals involved in government guaranteed lending are starting a new association to help encourage banks and other institutions to lend to small businesses.

The Memphis Area SBA Lenders Association, a working title for now, will have its first lenders networking reception June 23 at Owen Brennan's Restaurant.

Organizers expect the event will draw a few dozen people in the banking, finance, legal and lending services fields.

**Marty Ferguson**, a vice president who leads **Magna Bank's** small business lending efforts, has helped coordinate planning efforts that are being orchestrated by bankers at **Triumph Bank**, **Paragon National Bank**, Zions National Bank, Six Bridges Capital Corp. and CIT Small Business Lenders.

"SBA (lending) is one of the few types of lending where banks help each other out," says Ferguson. "It can be complicated if you're just dabbling in it."

Ferguson has worked more than a decade in the small business lending field at GE Capital Small Business Financial Corp., and later in his own shop, Geneva Capital, before going to Magna last year to help Magna ramp up small business lending.

More banks like Magna are beginning to consider small business lending, specifically government guaranteed lending through the Small Business Administration and **U.S. Department of Agriculture**, after years of avoiding the programs largely because of their compliance, underwriting and servicing requirements, Ferguson says.

But a tough economic climate that's all but dried up real estate lending has lots of banks looking for new business in commercial and industrial lending. SBA-backed loans have become very enticing because of that, says **Arne Monson**, president of Memphis-based Holtmeyer & Monson.

The company essentially acts as the in-house SBA lender for about 400 community banks

around the country, including about a half dozen locally, says Monson.

"As banks want to lend to C&I borrowers, what are their options?" Monson says. "SBA programs are an excellent alternative and resource to provide credit to credit-worthy borrowers."

A company such as Holtmeyer & Monson simplifies the process and has helped reduce some of the hesitancy of banks to enter a new lending area, he says.

"We're a resource in the market and they've embraced it," Monson says.

Plus, Monson adds, SBA lending can be lucrative when banks sell their SBA loan guarantee portion on the secondary market through firms like Memphis-based Vining Sparks or the Independent Community Bankers Association's ICBA Securities.

"That generates a lot of non-interest fee income for banks," Monson says.

Just how enticed banks are by the prospect of new loans — or how desperate — was on full display back in March when about 100 bankers from 34 separate institutions turned out for a 7:30 a.m. breakfast co-sponsored by the SBA and Little Rock, Ark.-based Six Bridges.

The next month, 16 of those attendees gathered to talk about an ongoing group and that led to the Memphis Area SBA Lenders Association, Ferguson says.

A key function of the group will be continuing education, Ferguson says, and breaking down misconceptions about SBA lending which have kept the market under-represented among its peers nationally.

"Honestly, I get frustrated when people talk about how it's complicated," he says. "You have to understand how to lend in the SBA program and that's what's been lacking."

Memphis Area SBA Lenders Association What: Lenders Networking Reception When: June 23, 4:30 p.m. Where: Owen Brennan's Restaurant Contact: (901) 259-5622

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