

Hometown Express

A Quarterly Publication of Community Bank of Pickens County



John Trammell, President/CEO
Community Bank of Pickens County

*"... we forgot who
really fuels the
economy in our local
communities..."*

**Community
Bank** of Pickens
County

"We can make a difference"

Signs of the Times

One thing I learned a long time ago, "stuff" really does tend to flow downhill! With everything that's going on in the credit markets, we all just wait every day for something else to "flow down" from Washington that is part of the great takeover of public and private companies. I want to talk with you about this process as it relates to the banking industry.

Pardon me for reminding everyone that this financial crisis began with the "melt-down" on Wall Street. Institutions were doing things that have now been exposed as very unsound. A great portion of our economy was based on fueling these practices. A prime example was home construction that supplied the houses for mortgage brokers who were qualifying any and everyone for a long-term mortgage. When it came to a halt, many folks were stuck with product that couldn't be moved. The rest is history.

Many of these companies rushed to be granted a bank charter so they could qualify for government funds under the TARP program. I've commented on these programs in past articles, but the point here is many weren't banks until they saw the need for a charter to qualify for the "bail out." While arguably we needed to not let some of these large corporations fail, we forgot who really fuels the economy in our local communities. Most community banks have been left to take care of themselves. The only thing community banks were given was tighter regulation, more credit restrictions, and soon to be imposed, deposit restrictions. Most smaller banks have been required to increase their loan loss provisions by doubling or tripling these normal reserves. The provision dollars come, in most cases, directly from the bank's capital reserves. Of course, this sets everything in motion to bring on other regulatory restrictions until eventually control is taken and the bank has some formal agreement dictated by their regulatory agency. I'll come back to this later.

In thinking this process through, remember these facts:

- Banks are insured by the FDIC (deposits are guaranteed up to the maximum under the law).
- Banks fund the FDIC insurance through assessments. No taxpayer money!
- Banks fund by size and by their FDIC rating. The worse the rating, the more the assessment. This year everyone got a "special assessment" charged to them that had to be paid out of earnings during the first half of the year.
- The FDIC determines the bank rating, thus the assessment.
- To replenish the fund, banks who are downgraded pay more to build back the fund.

Maybe you get the picture on how this works!

There have been some banks who have done some things that were very risky during the "good times", and many deserved to be treated harshly. Most community banks met the demands of their community, producing jobs, helping new businesses get started, helping existing businesses expand and offering good deposit products and service to their customers. Most reflected their community. They don't pay out multi-million dollar bonuses nor fly around in corporate jets! But, as always, it appears that we're going to attempt to "fix" the industry on the back of the "little man." Has anyone heard any of our elected officials in Atlanta or Washington comment on how they can help "Main Street?"

Back to those formal agreements—Have you noticed that no one drives out to 515 and parks to watch smooth-flowing traffic pass by? They will surely slow down to gawk at an accident!

As the economy has slowed, it has had an impact on practically every bank in practi-

Continued on page 2...



Signs of the Times...

Continued from page 1

cally every part of the country. Georgia has been hit hard because it has been one of the states with dramatic growth over the last several years. Banks who didn't participate in the dramatic growth were criticized for not keeping up with their "peers." Now, that word is never brought up with the regulatory agencies!

Most banks who were growing and making money have taken a hit. Many have been forced to accept "formal agreements" with the regulators. These agreements can take several forms, depending upon the degree of action requested, but none are pleasant! These type agreements have historically been as rare as hen's teeth. Now, they are the norm instead of the exception. They can vary from resolutions to memorandums to cease and desist orders. The media jumps on these situations and preys on their knowledge that people like to stop and see the accident. People who are uninformed or only listen to the "talking heads" or "consumer advocates" on T.V., worry about their bank. In the "old" days, these agreements, as I've noted, were rare and only handed out in a few instances. Today, they're given out like candy at Christmas!

Don't get me wrong, these agreements are serious and they are certainly taken in that respect. In most cases they are formal acknowledgements that the bank is to agree to a series of actions designed to help correct particular problems that the bank is dealing with. Generally, these agreements address specifics to the particular institution and the bank agrees to comply with the corrective actions. (There's very little choice in the matter!)

These provisions usually state that the bank understands that they need to do certain things or they need to cease and desist from certain actions in the future. The terms of these agreements are monitored periodically by the regulators to make sure the banks are complying. Most banks comply and eventually are removed from the restrictions. Even under the tightest restrictions, most banks can still carry on normal business in a safe and sound manner. They are still FDIC insured and no one has ever lost their deposits that were properly insured!

In conclusion, I hope I've cleared up some questions you might have had about bank ratings. The only ones that really matter to banks are the ones given to them by their regulatory agencies. These website rating systems may have some merit, but mean nothing to the industry. I apologize for regressing and reminding you where the problems originated from, but it's too important to forget. I'll also remind you that in Pickens County we've had local community banks who have been a big part of our community by helping many realize their dreams, donating to and supporting all the many good causes in the county, and have worked with many customers through the good times and bad. Don't get down on community banks. It's my opinion it will be the community banks that will help bring us back from the brink and provide the support needed to fuel a more positive future for our community. ●●●

John

The Convenience of Online Banking

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Our friendly, helpful staff will work with you to get all of these services set up on your account and even show you how to use them. Stop by today and let us show you how we can make a difference! ●●●



**Mark Your Calendars.
You Won't Want to
Miss the Fun!**

Travelers Club Meetings for 2009 & 2010 Held at the Pickens County Chamber of Commerce from 6 to 8 pm

- October 19, 2009
- November 16, 2009
- December 21, 2009
- January 25, 2010
- February 22, 2010
- March 22, 2010
- April 19, 2010
- May 17, 2010
- June 21, 2010
- July 19, 2010
- August 16, 2010
- September 13, 2010
- October 18, 2010
- November 15, 2010
- December 20, 2010

Team Member Spotlight on Matthew Dunn



Matthew Dunn
Assistant Vice President/
Loan Officer


The spotlight is on Matthew Dunn. Matthew was born and raised in Pickens County. He graduated from Pickens High School with a full scholarship for Baseball to attend University of Virginia for two years and then received a full scholarship for Baseball from University of Georgia for the next two years. He was a four year starter and helped lead them to the Baseball College World Series in 2006 held in Omaha, Nebraska. He graduated in December of 2006 with a BA in Consumer Economics.

Matthew joined the Community Bank of Pickens County team in January of 2007 in the Lending department and was promoted in August of 2008 to Assistant Vice President/Loan Officer. When asked why he chose CBOPC he stated, "Because of the strong leadership and the greatest co-workers anybody could ask for. Since I've lived in Pickens County my entire life, I've always wanted to represent a strong local business and so far I am accomplishing my goal."


In his free time, Matthew enjoys spending time with his beautiful girlfriend, Samantha Pinson, and both their families & friends, playing golf, cards, & basketball, going to Church at First Baptist, speculating on real estate, and volunteering with local organizations such as Habitat for Humanity, ACES, & Lions Club (which he just recently joined). Matthew recently bought his first house, becoming his full-time hobby as of late. He is also the Head Assistant Coach for the PHS Baseball team. ●●●

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www.TalkingRockRealty.com

In each issue of our newsletter we would like to share family recipes that have been around for many years and make family gatherings special.

Whitney's Grape Salad

This is a favorite recipe from Whitney Johnson, a member of the Teller team at the Cove Road location. This is a sure-fire crowd pleaser. Whenever we bring potluck, this is the dish that disappears first!

- 4 lbs. seedless grapes (green or red work equally well)
- 8 oz. sour cream
- 8 oz. cream cheese (room temperature)
- ½ cup sugar
- 1 tsp. vanilla
- 1 cup brown sugar
- 1 cup crushed pecans

Mix all ingredients and chill.

This quantity makes enough for 12-14 servings. Whitney will make up a batch and then bring it for lunch all week. It keeps wonderfully and the flavor just keeps on getting better. Enjoy! ●●●

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Note: If you have a favorite family recipe you would like to share, drop it off at the bank or email it to susan.wright@cbopc.com and you may see it published here.

The secret of success in life is for a person to be ready for their opportunity when it comes.

– Earl of Beaconsfield



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On the Inside...

- **Signs of the Times**
- **Team Member Spotlight on Matthew Dunn**
- **Revel in the Convenience of Online Banking!**