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Will San Diego banks lend more to businesses in 2011?

BY TANYA MANNES
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Stephen Friedman, a senior vice president for Regents Bank, discusses strategies for businesses attempting to obtain a bank loan at a seminar Tuesday organized by ACG San Diego.

If business is good and you still can't get a bank loan, the reason may be your sloppy record keeping.

Maybe your company's financial statements don't add up, or it takes weeks for you to submit copies of your tax returns. Perhaps you don't have a professional accountant, so your financial records aren't consistent and the bank can't get a clear picture of your net worth.

All of those scenarios are common problems with loan applications that can result in denials even though the credit market is improving, said **Stephen Friedman**, senior vice president with **Regents Bank** in Carlsbad.

"The more you can tell us up front, the more we can focus on the real issues you're presenting us," Friedman said Tuesday at a lunchtime seminar on obtaining bank credit, attended by around a dozen

business and finance professionals. The event was held in the office of Sheppard Mullin as part of a speaker series organized by the ACG (Association for Corporate Growth) San Diego.

When a loan applicant submits financial documents with totals that don't reconcile, Friedman questions whether the company has a handle on its finances. It's a red flag when key paperwork, such as deposit and loan statements, is missing, he said.

Banks are a heavily regulated business, and bankers need to be able to prove to federal regulators that their loans have been properly vetted, he said.

Friedman, whose bank works primarily with private companies with $3 million to $50 million in sales, said that banks have been cautious about lending because of all the troubled loans, especially those in real estate, but that's changing.

"When I talk to bankers around town, everybody's got growth goals like it's 2006, and I think it's an encouraging thing," he said.

What kind of growth goals? Friedman's analysis suggests that banks in San Diego County have business loan portfolios totaling around $15 billion. That means they would have to issue $2 billion in loans in 2011 - the amount that would amortize this year - just to keep from falling behind, he said. He believes the total is likely to be higher.

Local bankers are looking at the commercial and industrial sector as likely areas of growth, he said.

http://www.signonsandiego.com/news/2011/jan/25/banks-aim-grow-business-lending/