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Pittsfield Cooperative Bank ready to give Berkshires a \$50M boost

A Q&A with CEO J. Jay Anderson about the state of the residential and commercial lending at his community-minded institution



Pittsfield Cooperative Bank President and CEO J. Jay Anderson says his institution has \$50 million to lend. Find out more at pittsfieldcoop.com. Berkshire Eagle File Photo

By Noah Hoffenberg

PITTSFIELD, Mass.

You need a loan, and Pittsfield Cooperative Bank has \$50 million to lend.

Whether you're looking to refinance or buy your first home, or expand, start or solidify your business in the wake of the pandemic, a loan is just a quick conversation and some paperwork away, says bank President and CEO J. Jay Anderson.

Anderson says his local bank is flush with cash, like most financial institutions that are safeguarding stimulus checks and government-funded and pandemic-related loans.

"One of the problems we have right right now is that the industry is flooded with liquidity. We have \$33 million in overnight money, cash that we put in an account with the Federal Reserve Bank of Boston, and it's earning very little interest," says Anderson. "My contention is that a lot of the PPP (Payroll Protection Plan) money has not left the banking system. We need to figure out a way to open it up."

Anderson says this money is better-suited for use right now by people and businesses that need it.

UpCountry recently spoke with Anderson about the state of the lending market, in this first of three sponsored articles that will also look closely at the residential and commercial loan markets as they stand, according to Pittsfield Cooperative Bank.

Q: How are Payroll Protection Program loans handled through Pittsfield Cooperative Bank?

J. JAY ANDERSON: The Small Business Administration oversees the PPP loans. This is bank money that is set aside for those businesses that we give to; it's not the government's money. What the SBA says is,

"We're going to promise that if you do A, B, C, that we will reimburse the bank for that money and forgive the customer of that obligation."

Q: PPP loans aside, you're in need of some other loan applicants, as well?

JA: You got it. We need to make loans. We're sitting on about \$50 million dollars that we'd like to lend in the Berkshires.

Q: Who are some of the ideal recipients?

JA: Anyone that's growing and needs capital. If you're going to grow in business, there's multiple needs. You could be carrying larger amounts of accounts receivable, which creates a financing need. Just because you make a sale that day, doesn't mean you collect the cash that day. The more sales you make, the more cash you have to carry. If you're expanding, looking for equipment or vehicles, there's a variety of different asset classes that banks are good at financing.

Q: What's the range of dollar amounts that you can loan out for an individual or business?

JA: We have a comfort level of about \$5 million for a loan that we would do. It covers about 92 percent of Berkshire businesses.

Q: What's your take on how interest rates look for interested people or businesses?

JA: It's still a really good time to borrow money. People get caught up looking at historical averages, but we are way under typically what they have been. However, they have gone up a little over the last 100 days.

Bank CEO also leads PERC, helping feed the region's economic engine

Since the pandemic began, Pittsfield Cooperative Bank CEO J. Jay Anderson has been helping the community stay afloat during the pandemic via loans, forgivable and otherwise, as well as deferments on other loan products.

Anderson also helps provide direct loans and access to a variety of public loan programs through his additional role as president of the Pittsfield Economic Revitalization Corp., a non-profit agency helping Berkshire County businesses that are unable to obtain conventional financing.

He says, during the pandemic thus far, PERC processed, reviewed and approved 77 applications to "Pittsfield businesses that really needed it. All sorts of different sectors: Dry cleaners were impacted, garbage pickup, hair salons were closed. I think we forget the economic impact, particularly on these small business owners."

Today, PERC has 21 applications in the works for a new round of funding.

"These people really needed the help," says Anderson. "For yourself, for your customers, your community, you're keeping alive entities that are paying federal and state taxes. It's good when we can save these businesses, because we know they'll do good later on."

Residential mortgage rates have gone up; commercial borrowing rates have gone up. I think the stimulus has pushed rates up a little bit. Experts are worried that it could bring on some inflation. The 10-year treasury for example has gone from .90 to 1.7 over the last three months. If you look at it from a percentage basis, it's almost double.

Q: A year since the pandemic broke out, are you seeing a lot of people leaving urban centers, seeking mortgages and moving to the Berkshires?

JA: On the residential side, we are clearly seeing an increase of folks coming out of the city, particularly in South County, and purchasing some pretty expansive real estate in our community. Sitting on a couple regional boards, I also know that's happened in Maine, north of Boston, New Hampshire, Vermont. All of New England has directly benefited from that, and I'm not sure we're going to see that slow down. I think what's different about 2021 versus 2001, is that the technology has advanced to a point where people can truly work in the Berkshires, and maybe go into the city once a week. I think that is going to be a trend. Folks

“I think we’re doing a good job of understanding the customer, the problems they have and then their ability to get out of their problem. I think that’s what separates a community bank from a large regional bank.”

— J. Jay Anderson, *President and CEO,*
Pittsfield Cooperative Bank

are starting to figure out the quality of life that we are lucky enough to have.

On the commercial side, folks I’ve talked to have been really busy, once they got through the downturn last March, particularly in areas of home improvement. I think car sales have been good. Business in general, from June 2020 to today, has been really strong. I really like what I see, especially a lot of young people with some fantastic ideas, who are really smart and who want to live here.

Q: How’s the volume of residential lending compared to years prior?

JA: 2020 was the most mortgages we’ve done in the history of the bank. It wouldn’t surprise me if the other institutions were saying the same thing. Between people coming into the area, and people refinancing because rates were so low, it’s just exploded. We’re seeing the effects of that in Pittsfield, Dalton, Lanesborough. We’re seeing houses going on the market and selling quickly over the asking price,

in amounts we’ve never seen before. Knock on wood, I hope it continues. But I think it bodes very well from a bank standpoint, a tax standpoint and overall in the community.

Q: And you can serve all of Berkshire County? What about neighboring counties in nearby states?

JA: We’ve gotten to help customers in northwestern Connecticut and the border communities in New York. We’re not bound by our charter to just stay in Berkshire County. We go wherever people need us.

Q: On the commercial side, was your clientele hit hard by the pandemic, or have they seemed to be weathering the storm?

JA: We’ve seen some difficult times for some of our commercial customers. Anyone associated with the hospitality industry, restaurants, bars, entertainment, the cultural venues, they rely on being open in the season. We’ve certainly

seen them all impacted.

We made the very early decision to help our customers, because this is something that nobody ever expected. We put a very large portion of our commercial and residential loan portfolio on deferments very early on. As you can guess, it’s painful to us because we don’t get the interest. But at that point in time, it really didn’t matter. We were in good enough financial shape to be able to weather the storm on our side, and we needed to share that with the customer base. We offered them principal and interest deferrals for 90 days. We did it again at the outset of this year. Our customer base has been extremely grateful, understanding what we did.

Q: For those customers who are having trouble with those allowances or deferment, would you say that the bank is still working with them to keep them solvent?

JA: Absolutely. We are going through our overdue loan accounts one by one to make sure we understand the circumstances of each particular case by case. I’m sure there are going to be some casualties along the way, but I think we’re doing a

good job of understanding the customer, the problems they have and then their ability to get out of their problem. I think that’s what separates a community bank from a large regional bank.

Q: On that note, what do you see as your role in the community?

JA: All the local bank presidents, we work together on certain things, we’ve collaborated to make a greater impact in the community, so I know they feel the same way I do. We always said, “This is the way we behave and the way we act.” Our foreclosures on residential homes are drastically lower than other organizations, particularly the bigger, larger institutions. Our business delinquencies, repossessions are extremely lower. We know that. The pandemic was an opportunity for us to really show it. Fortunately for us, to be led by a board of directors that has the same vision, this was our time to show what we can do, and begin to show the difference we are from other institutions. I’m very proud of how the staff executed the way they did during a pandemic, and we were still able to do what’s most important, which is take care of our customers. I think that is our duty. •

Pittsfield Cooperative Bank locations

Pittsfield

70 South St.
413-447-7304

110 Dalton Ave.
413-395-9626

Dalton

431 Main St.
413-684-1551

Great Barrington

325 Main St.
413-528-2840

Hinsdale — ATM

16 Maple St.
413-447-7304

Find out more at
pittsfieldcoop.com

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