

February 24, 2009

S.A.F.E. Act

B. Richard Giordano, President
Your Insurance Agency, Inc
37 William Street
Norwalk, CT 06851
(203) 846-9900

LeBeau

Good Morning Chairmen, Senator ~~XXXX~~, and Representative Berger, members of the Committee. My name is Rick Giordano and I am here to testify as President of a company that is a CT licensed Lender/Broker. I am also someone that provides hard money for credit worthy projects. I am here to speak in support of passing the S.A.F.E. Act that would provide a way for State Charter Banks to have the ability to securitize NEW loans. The S.A.F.E. Act would provide the opportunity for banks to provide NEW loans without being concerned with how it will affect their capital reserves. Our banks can then put their focus back on lending to credit worthy businesses that want to be able to keep providing jobs and take advantage of these market conditions to innovate and grow.

The ability of having liquidity in this present market is critical to the success of many businesses including the financial institutions themselves. In order for banks to lend, they need sufficient capital ratios. Many of our banks are not lending because they are concerned with their own capital preservation. Our banks need the ability to raise capital and the ability to have the liquidity to meet their previous loan commitments such as open lines of credit. Many of our banks are presently more interested in strengthening their balance sheets by reducing their loan commitments, seeking more deposits, or issuing stock than providing loans to credit worthy clients. Our bank's ability to securitize loans has been seriously diminished in this business environment.

I want to amplify what the former speaker Jim Amann said yesterday regarding another bill but also pertains to this bill. He said "Especially in this economy, regardless what side of the aisle you are on, we are not going to be able to tax our way out of this problem, you will not be able to cut your way out of this problem, the only way that we are going to be able to go forward is to create a real true stimulus plan by creating jobs."

Our financial institutions will shortly have to meet the new "Stress Test" to stay in business using a new ratio called T.C.E. (Tangible Common Equity). This will help them meet the test and give the banks the ability to lend.