

## Oconee County Economy Links 2011

### Top Ten Banks in United States in Danger of Failure as of February 14, 2011

#### ***The Investor Advocate***

##### The Top Ten Banks in Danger of Failure as of February 14, 2011 are:

1. **Chestatee State Bank, Dawsonville, GA -- Failed 12/17/10**
2. **Montgomery Bank & Trust, Ailey, GA**
3. **Enterprise Banking Company, McDonough, GA -- Failed 1/24/11**
4. **First Sound Bank, Seattle, WA**
5. **North Georgia Bank, Watkinsville, GA -- Failed 2/7/11**
6. **Habersham Bank, Clarkesville, GA -- Failed 2/18/11**
7. **Georgia Heritage Bank, Dallas, GA**
8. **American Trust Bank, Roswell, GA -- Failed 2/7/11**
9. **Oglethorpe Bank, Brunswick, GA -- Failed 1/17/11**
10. **The First State Bank, Stockbridge, GA**

#### **2- 4 -11 North GA Bank (Oconee County) Closed by FDIC Today**

<http://www.avoc.info/info/article.php?article=4149>

North GA Bank will become part of BankSouth based in Greene County. Depositors will be protected but not necessarily the stockholders.....

#### **2-16-09 Banks struggling – Local Banks on list of GA challenged banks**

<http://www.avoc.info/info/article.php?article=3987>

As a semi-retired stockholder, I hope both locally owned banks make it. I think they can. **The fast profits of the last few years are over.** However, the equity reserves are sound and in time, I believe, they will survive this downturn. We just won't get dividends for a while and our net-worth balance sheets will show a diminished bottom line reflecting reduced value in the stock.

#### **9-28-09 Fed & State Regulators take enforcement action with local Oconee County Banks**

<http://www.avoc.info/info/article.php?article=4036>

It seems the housing bubble and crash has significantly impacted two of our locally owned Oconee County Banks. Federal and State Regulatory agencies have imposed 'Cease and Desist' orders on the Oconee State Bank and North Georgia Bank.

There have been media reports in the Athens Banner-Herald, Atlanta Journal-Constitution and the Atlanta Business Chronicle. Oconee State Bank advised its stockholders of its order by a Letter to the Stockholders dated September 17, 2009.

The enforcement action for both banks can be viewed online. It is a very serious matter. Local stockholders will not be receiving dividends in the near future and may have little value in their stock holdings.

The Cease and Desist orders are available online and published reports can be found at the following links:

1. **[North Georgia Bank Enforcement Order: July 14, 2009](http://www.federalreserve.gov/newsevents/press/enforcement/enf20090720a1.pdf)**

<http://www.federalreserve.gov/newsevents/press/enforcement/enf20090720a1.pdf>

2. **[Oconee State Bank -FDIC Enforcement Order August 18, 2009](http://www.fdic.gov/bank/individual/enforcement/2009-08-09.pdf)**

<http://www.fdic.gov/bank/individual/enforcement/2009-08-09.pdf>

3. **[Bank Star Ratings for Oconee Area Institutions 8-29-09.pdf x](http://avoc.info/files/Bank%20Star%20Ratings%20for%20Oconee%20Area%20Institutions%208-29-09.pdf)**

<http://avoc.info/files/Bank%20Star%20Ratings%20for%20Oconee%20Area%20Institutions%208-29-09.pdf>

#### **9-23-10 Bank Closings coming closer to home – Peoples Bank was Institution for 84 Years**

<http://www.avoc.info/info/article.php?article=4121>

People's Bank was big in Winder and Barrow County. When I started my law practice 40 years ago, many clients came from the Dark Corner and Bogart area of Oconee County. Many paid with checks on the People's Bank. It has been prominent in area financial circles for a long time.

Oconee State Bank's second Quarter report to the Securities and Exchange Commission dated August 16, 2010, was not as good as the first quarter report. It showed losses. See Excerpts below. **Some observers feel that banks felt some boost with the homeowner tax credit but that stimulus has ended. Housing values and sales are down. Foreclosures are up.** Some have described earlier increases as being like "a dead cat bounce".....

#### **6-1-09 Oconee Economic Recovery will come eventually but boom bubble is over for sometime**

<http://www.avoc.info/info/article.php?article=4012&ENGINEsessID=e56899004348cef77221f1339cd23d3a>

.....Seasoned and reasoned voices are now saying there will not be a quick housing recovery. The Norton Agency of Gainesville, Georgia, in its Intelligence Issue 243 in April 2009, stated:

*".....Normal..... for several quarters Norton Native Intelligence has been predicting a "new normal" for North Georgia. **The peak years of 2005, 2006 and 2007 may not be repeated for some time. We will move into a new normal. For Real Estate, more like 2002.... for economic growth more like 2005.....and for population growth more like 1998/1999. We need to remember this is a cycle, just a cycle, that will pass....."***

#### **10-6-09 Oconee County's Days of Reckoning – Economy & Economic Development**

<http://www.avoc.info/info/article.php?article=4037>

..... Our local banks are struggling with **problems of lending on inflated real estate prices**. Our county's landscape has **more "PVC Farms" than active farms**..... We are still having too many EXECUTIVE SESSIONS. We are still having too many decisions being made out of the public eye. That trend needs badly to be reversed.

#### **8-31-09 Oconee County Today – Schools, Banks, Economy, Revenue, Population projections**

<http://www.avoc.info/info/article.php?article=4029>

.....Our long term future is very promising, in my opinion. However, economic issues have severely impacted the building industry, banks, utility revenue, debt service and operating revenue. **Our banks are hurting more than the general public realizes**. SEE Bankrate.com info below.....

**Too often in the last 15 or more years, our schools have been used as a sales tool by realtors and developers.** .....

#### **1-10-05 Oconee County Land Prices and Speculation May Be Bubble**

<http://www.avoc.info/info/article.php?article=2162&ENGINEsessID=478b0a8cbb9ecbdb6c6a717c8421f80a>

.....For some of us of "senior status", spiraling prices for land and housing has caused some head scratching. **Will it last? Is it a long-term thing?** There are many opinions out there. One can also look to life's experiences and historic trends.

Some of us remember previous booms and busts- 1974 (President Ford's Tax Credits Helped kick-start the industry), the late 70's, mid-eighties etc. In my first two decades of law practice, I did a lot of legal work for developers and builders. In 1974, I remember several builders "went under". We helped some of them liquidate. Later slow downs caught up with some more builders who have been long gone.

#### **9-2-05 Is There a Housing Bubble in Oconee County, Georgia & the United States?**

<http://www.avoc.info/info/article.php?article=3051&ENGINEsessID=b8f45d943a1b16772245534247e46b5f>

For the last several years, I have observed "row houses", on small lots, along GA 316 in Gwinnett and Barrow Counties. Oconee did not have much of that until sewer service and MPDs came to the county. Now they are springing up in many places, some rural "boondocks" in my lifetime.

#### **4-20-06 Pop Goes the Housing Bubble - Some say**

<http://www.avoc.info/info/article.php?article=3457&ENGINEsessID=b8f45d943a1b16772245534247e46b5f>

"Bubbles burst, they really do," said Joel Naroff of Naroff Economic Advisers. "The Federal Reserve has to be concerned that just may happen, which could make them more cautious going forward."

Over a 35 year career of practicing law and being involved in 1,000s of real estate transactions, **I have seen several down cycles in the housing market. From each downturn, I remember some builders (developers) (who had been "boring with a big auger", as a friend said), just disappeared from the landscape.**

We have been on a pretty long run for about 14 years. Metro-Atlanta flight is feeding the NEGA housing market and growth. However, interest rates, supply and demand and other factors can cause a hic-cup or outright recession in the market.

Some have predicted it for sometime now- just as some did about the stock market and the technology listings in the late nineties. Some win and some lose.

**A fire can only burn bright for so long! We will see over time who survives the next natural downturn.**

### **5-7-07 Oconee's Master Planned Developments have mixed history and success**

<http://www.avoc.info/info/article.php?article=3738&ENGINEsessID=94cf3a21a8659da19f2f3325dba1945b>

Could it be that good schools and a good county reputation were **not enough incentives to lure folks to scattered sites in rural areas of Oconee County?** Many have sidewalks that are limited to the developments. There are no services or shopping facilities in walking distance or even for a short drive.

The **Oconee BOC drastically changed Oconee Sewer and residential policies** in the first Melvin Davis Term at a retreat (9-12-02) and called meeting on Friday afternoon before the Georgia-Florida Game. The public only became aware of this substantial change in County Policy over the next couple of years with the proliferation of small lot subdivisions all over the upper half of Oconee County.

The **policy has led to exhaustion of the County's Sewer Capacity in late 2004.** Developers were allowed to "purchase sewer capacity" and run force mains from scattered points in the county.

### **7-28-06 "Orkin" tract (Oconee & Clarke Counties) needs "grooming" for future prospects**

<http://www.avoc.info/info/article.php?article=3588&ENGINEsessID=2d2bb45a0dd94a2458a26267e429fb05>

The recent courting and rejection of the Orkin Tract is not a new thing. This exercise has been repeated several times in the last 15 years or so. I was personally involved in at least three "high tech" large prospects looking at the Orkin site, the largest being the Mercedes deal in 1992.

I was in meetings with area leaders, the Governor and the prospects. I was present when the incentives package was offered to Daimler by Governor Zell Miller. Much effort went into the Mercedes deal- over a

There were other occasions when state officials came with prospects to the site. One time, I was asked to ride in the Governor's helicopter and point out area features (i.e. Sanford Stadium) as we flew over Athens to the site.

**After that exercise, I proposed to Athens-Clarke and the owners of the Orkin property that we work on a "plan" for a joint venture—the owners provide the land and the two counties do the engineering and some infrastructure. ALAS, it was not to be... Doc Eldridge and I tried to work out an agreement during my last months in Office but the Athens-Clarke Commission did not want to proceed.**

The Orkin Tract **reminds me of the 1960s and 1970s with the Watkinsville Industrial Park on GA 15.** Several prospects were shown the site but did not show interest. At Development Authority meetings, we discussed the fact that we were basically showing a "cow pasture" and "what we could do".

### **6-17-04 Oconee Wastewater System Master Study –Cost of \$ 126 Million**

<http://www.avoc.info/info/article.php?article=1324>

#### **Oconee Master Sewer Plan Is Aggressive and Expensive**

Providing sewer service to residences is a Big Deal! After deciding to allow such service, the Commissioners have commissioned a Master Wastewater Plan Study. The Plan Draft (March 2004) is revealing the reality of costs, permitting and construction time for major utilities. **There is no immediate huge increase in sewer capacity on the horizon for Oconee County.**

One can gain some sobering information from reading the March 2004 Draft Copy of the JJ & G Master Plan Report to the Oconee County Board of Commissioners. Citizens are urged to get a copy and read it. Sewer service is very expensive. The permitting process is very involved and time consuming.

It is a comprehensive Master Wastewater Plan report. Not all elements will need to be completed at one time. However, **much of it is absolutely necessary** if Oconee continues to provide sewer service to new residential development. Some of it needs to begin right away. Calls Creek is approaching maximum capacity of 1 MGD. ....

## **LAND & TAX Values**

### **12-19-09 Oconee Land values are down- Tax evaluations and Digest should follow in 2010**

<http://www.avoc.info/info/article.php?article=4055>

**Land value decline** in Oconee County is now a matter of record! (413.44 acres sold for \$ 1.6 Million or an average of \$ 3,869.96 per acre).

On December 11, 2009, DUN-LA-HUR DEVELOPMENT, INC sold to APALACHEE RIVER PROPERTIES, LLC, 413.44 acres on the Apalachee River and U S 441 for \$ 1.6 Million or an average of

\$ 3,869.96 per acre (Deed Book 1043, Pages 235-236). The same land was purchased by the seller on January 6, 2005, for a total price of \$ 2,480,700.00 (Deed Book 782, Pages 510 -511).

**1-11-09 Oconee Delinquent Tax Info - Oconee Revenue decreases.....**

<http://www.avoc.info/info/article.php?article=3978&ENGINEsessID=e56899004348cef77221f1339cd23d3a>

Oconee County has many delinquent tax accounts with Developers and some Builders. The Tax Commissioner is advertising many over the next two months. The total owing is significant for County & School Budgets.

**Oconee.Delinquent.Taxes.List.1.8.09.pdf x**

<http://avoc.info/files/Oconee.Delinquent.Taxes.List.1.8.09.pdf>

**11-12-08 Oconee needs to rein in spending – revenue is declining Part 1**

<http://www.avoc.info/info/article.php?article=3965&ENGINEsessID=e56899004348cef77221f1339cd23d3a>

**11-12-08 Oconee needs to rein in spending – revenue is declining - Part 2**

<http://www.avoc.info/info/article.php?article=3964&ENGINEsessID=e56899004348cef77221f1339cd23d3a>

**OCONEE SALES TAX RECEIPTS ARE DOWN OVER 15 MONTHS**

Oconee has published figures at the end of FY 07-08 that may show increasing values and taxes. However, this could be some wishful thinking when one looks at the reality of the housing market and declining retail sales. Common sense tells us that homebuilding supply sales are way down. That will continue to impact sales tax receipts.

At the same time, we have **commissioners talking about a \$ 40 Million SPLOST** project that is being planned before the new board takes office in 2009. They still **believe their own projections that revenue will keep perpetually going up**. Unfortunately, if they are wrong, their mistakes will cost all of us and will be around when they are all gone.

Citizens need to be alert to the SPLOST plans and have some real input! **We cannot afford more of the “big spending” and annual tax increases we have had in recent years.....**