

The Capital

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Group asks bank to cut lending near bay

President says proposal would hurt business

By KATIE ARCIERI, Staff Writer

Members of a south county activist group pressed a local bank last night to restrict lending money for projects in undeveloped land near the Chesapeake Bay, saying the move would enhance its image as an environmentally friendly company.

At the annual meeting of Severn Bancorp Inc., parent company of Severn Savings Bank, members of the South Arundel Citizens for Responsible Development presented two resolutions that they said will preserve the bay's critical area, the designated area within 1,000 feet of the shoreline.

Don Avery, president of SACReD, presented the first resolution to roughly 200 shareholders, saying the bank must stop extending loans for residential and commercial development projects in the bay's critical area land.

The second resolution, he said, states that the bank must review its financial support for developments in the critical area, and "extricate" itself from any such loan arrangements within the next year.

Severn Savings Bank has made an effort to protect the bay with a "green roof" at its new Westgate Circle headquarters and by donating between \$5 and \$10 to the Chesapeake Bay Foundation when customers open one of four different checking accounts.

Alan Hyatt, president of Severn Bancorp, said he was willing to discuss the group's resolutions, but couldn't imagine voting in favor of them because they're too broadly written.

He said the proposals would cut deeply into the bank's lending opportunities, particularly for waterfront homes. He also said they would include renovation property within the city of Annapolis.

But Mr. Hyatt said he wants to continue a dialogue with SACReD in the hopes that both parties can find some "middle ground."

"It's a legitimate group that has an agenda that is responsible," he said. "We would like to

hear their point of view and hope they will listen to us."

One of the reasons SACReD chose the bank was because it learned that Severn provided a loan for Elks Landing, a 31-home project in Deale. Its developer began grading without a permit.

Mr. Hyatt said he doesn't condone such an action, but said the bank can't "control a borrower."

Mike Shay, vice president of the group, said the bay's critical area is the "best of the best and the last of the last," adding that Severn must take a leadership role in preserving that land.

"We really need to make history here as a bank," he said.

Last night's presentation was part of SACReD's "first shareholder advocacy campaign" to save the bay's most sensitive areas. The group bought 100 shares in the bank early this year for the sole purpose of presenting its resolutions at the annual shareholders meeting. SACReD, however, missed the deadline for the resolutions, so they couldn't be voted on. Severn Savings invited the group to speak at the meeting anyway.

SACReD was the primary group that led a grass-roots effort against a planned Safeway in Deale and was a key player in stopping development on the 477-acre parcel that became Franklin Point Park. It also sends disadvantaged children to outdoor camps.

Overall, Mr. Avery said he was pleased with the meeting and hopes to meet with Mr. Hyatt by next month to discuss the issues.

"We really want this to get out there," he said.

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