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# Bankers, fuel oil dealers discuss strategies for heating loans

By [Louis Porter](#) Vermont Press Bureau

MONTPELIER – Representatives of 16 of the 21 banks in the state met this week to talk about how to respond to requests for loans from homeowners and dealers in the face of skyrocketing fuel oil costs.

"The money has got to come from somewhere. Whether it is grants or loans it has got to come from somewhere," said Christopher D'Elia, president of the Vermont Bankers Association. "These are our customers, both the homeowners and fuel dealers. These are our communities."

Vermonters will likely pay much more this year to heat their homes. And money problems also face fuel oil dealers, with the amount tied up between when dealers buy their fuel oil and when they collect money from their customers being much larger than in past years.

About 30 people involved in banking met Wednesday at the Capitol Plaza Hotel to begin figuring out how their institutions will respond to the fuel oil situation, D'Elia said.

At the same time the banks will have to keep evaluating loan requests under essentially the same standards they do now, D'Elia said.

"We have seen what has happened in other states" when mortgage companies have reduced the criteria by which they review loans, he said. "It is going to be challenging."

Now banks are primarily answering requests from homeowners who want to borrow money against their houses, for instance, for heating efficiency measures like installing insulation. Several banks in the state have begun new programs, or expanded existing ones, to help with that effort.

But come cold weather, some residents will be asking for loans or credit to buy

fuel, D'Elia said. That will be a more difficult situation for bankers because buying fuel does not increase the value of houses or provide a tangible asset against which to borrow.

And if current prices are a long-term trend and not a temporary problem, what will happen next year and the year after if people take on additional debt to buy fuel this winter, D'Elia worried.

Vermont, like the rest of the northern states – especially those in the Northeast where heating oil is a prevalent fuel – are waiting to see how much money the federal government will provide in the Low Income Heating Assistance Program or LIHEAP.

The U.S. Senate is expected to vote soon – perhaps today – on a bill that would add \$2.5 billion to the program, roughly doubling the amount of money from last year's version.

The bill, sponsored by Sen. Bernie Sanders, I-Vt., has 46 co-sponsors and will require 60 votes to succeed.

Even if the LIHEAP money is increased, there is still the question of how to help those earning just a little bit too much to qualify for the program, as well as the fuel dealers, D'Elia said.

There are reasons to be hopeful, said Matt Cota of the Vermont Fuel Dealers Association. For one thing, prices of heating oil have gone down recently.

"We are seeing prices decline. We can't yet pop the champagne corks and say the bubble has burst, but we are keeping it cold," Cota said.

For another, more fuel dealers now qualify for Small Business Administration loans under new rule changes. Previously only those with gross receipts of \$11.5 million a year or less qualified, which would be fewer dealers than before, given the price of fuel, Cota said.

"Most companies out there simply would not qualify," he said.

But new changes to the rules limit those loans to dealers with 50 or fewer employees – about half the dealers in Vermont – Cota said.

Among options the banks might consider is setting up a grant program by pooling money, D'Elia said. Or, if there is state money to help with the problem, those funds could be used to buy down interest rates so that homeowners can use low-interest loans to pay for fuel, he added.

Next week the Legislature's Joint Fiscal Committee will meet for a second time to hash out possible solutions to the problem. In addition, the Emergency Board – made up of the governor and heads of the legislative money committees — will also meet next week and likely talk about how to address heating needs, as well as other fiscal issues.

"I am optimistic," Cota said. "Thank goodness it is happening now and not in January. We have six months to plan ahead and we are doing it."

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