

**U.S. House Committee on Oversight and Government Reform  
Domestic Policy Subcommittee**

**“Examining the Continuing Crisis in Residential Foreclosures and the Emerging  
Commercial Real Estate Crisis: Perspectives from Atlanta.”  
November 2, 2009**

**Statement of V. Michael Rossetti**

Chairman Kucinich, Congressman Westmoreland and Members of the Committee, I sincerely appreciate the honor and the opportunity to testify before you on this very critical and tenuous subject. It is my opinion that the relationship between banks and small business must be healthy for our country to begin to emerge from this economic hole we are in.

My name is V. Michael Rossetti and I have been involved in the building business in some form or fashion since I was 12 years old. My father was a builder and it was he that gave me the insight and the training in this business. I am the president of Ravin Homes, Inc. and have been since it's inception in 1982. There are 12 direct employees and hundreds of subcontractors that derive some or all of their livelihood from my company. In my 27 years of business I can proudly say that I have never missed a payroll.

As I am sure you are aware, the building business is very capital intensive and banks play a pivotal role in a builder's production capabilities. Even the most well heeled builders need to get temporary loans or construction loans to supplement their cash flow until the home is purchased. In the past, lenders of all sizes would loan money to my company to assist with my production. Through the years I have enjoyed a great relationship with virtually all of my lenders both large and small. They had included Bank of America, Regions Bank and Wachovia on the large bank end of the spectrum as

well as The Bank of Georgia, The Bank of North Georgia and Southern Community Bank on the small bank side. Up until this downturn, it was relatively easy to do business with all of them if your credit was satisfactory. Sadly, this is not the case now.

In general, the small banks (those with less than \$1 billion of assets) in my area have issues with capitol requirements that regulators have declared are inadequate. Due to this they are unable to lend money to me for construction. I have two pre-sold homes in a Fayetteville subdivision under construction that no one could or would lend me the money to construct. I have been to no less than eight banks in my quest. Virtually all of the small banks wanted to do the loans however due to regulatory risks they couldn't.

I must say that my relationship with small banks is very positive concerning the existing loans that I have on their books. They are very cooperative with revising loan repayments to fit the current economic environment. Their attitude is that if there is any chance of their customer surviving this downturn it is worthwhile to help him. Their attitude is closer to that of a partner rather than an adversary. This is not so with the big banks.

Of the three largest banks I referenced, Wachovia is by far the best to deal with. My relationship is with a lender that I have known for 15+ years. He respects my judgment and I his. On the other side of the spectrum, Regions Bank and Bank of America have been extremely difficult to deal with. Their attitude has been when loans are due they want to be paid off or they threaten to proceed with a collection action. Bank of America has threatened to sweep proceeds of my sales closings to satisfy payments over and above a predetermined payoff, even though the loan is performing. If they pursue this action it will put me out of business. In this case (as with most large

banks) I am dealing with someone I have never met, working out of Tennessee who knows nothing of my past relationship with Bank of America or my reputation in the industry.

This demonstrates an attitude that is all too prevalent in the large bank environment. It seems that the TARP money that they received has been used to shore up their capital position and made it easier for them to foreclose and liquidate their "troubled loans" rather than working with the borrower.

Again, I would like to thank you for your time today and I look forward to answering any questions you may have.