

**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 Jeff Betsill**

Chairman Kucinich, Congressman Westmoreland, thank you for allowing me to share my experiences with you today. I would also like to thank the committee for taking the initiative to delve further into the problems that have plagued our industry for the past three years. I have spent many hours throughout the past three years speaking with a couple of my industry associates, Bob Cumming and Nick Patterson from California. They requested me to thank the Congressman Westmoreland on their behalf.

My name is Jeff Betsill, and I have been in the residential construction industry for thirty five years. My father, Alex, was a carpenter and I grew up working alongside him, learning the trade from a very early age. From my father, I learned the value of hard work and commitment to any task undertaken. I learned to always include quality and do the right thing even if it costs you monetarily. My love for taking a vacant lot and coordinating materials and labor to produce a great home has always driven me to stay in homebuilding.

I would appreciate you granting me a moment to focus on the word “home”. A home, at the most heartfelt definition, is a place where American’s raise families, share joys and share hurt. As a young builder, I would converse with home buyers that the purchase of a home was the best investment they would likely ever make. Owning a home is a start to sharing in each other’s lives. Of course, at the time, I believed the value of a home would always either maintain or increase in value. In the thirty two years preceding the experience we are all now a part of, I had never seen the value of a home decrease. I obviously did not understand the factors controlling my world.

So, where are we now? I sit before you today to discuss my experience throughout the downturn with a particular construction lender for my business. Unfortunately, and I hate to admit this, but early in my years of owning my own company, I was not nearly as schooled in lending practices as I am today. I always believed that working hard, while considering the quality of the home and experience I was producing, would pay beneficial net results for all individuals involved. I would be misleading this Committee if I led it to believe I was an individual that completely understood what lenders (both construction and home loan) could and could not do.

My hopes are that, by sharing my experience with a particular lender to my organization and the effect their actions had not only on my own company, but the general population. The particular situation I am referring to began in a subdivision of close proximity to where we sit today. This subdivision was named as one of the top thirty best selling subdivisions in the Metro Atlanta Market. We began construction using funds lent from this lender in late 2004. Three builders made the builder group in this subdivision, and each builder, I would say, averaged approximately twenty-five homes per year through late 2007. The margins we were able to get in this location were strong and we were building primarily on a pre-sale basis. It was truly our greatest source of income.

In mid 2008, we had requests in for a couple of speculative loans and a couple of pre-sale construction loans with this lender. To approve the loan requests, the lender asked for routine information (financials, plans, budgets, etc.). In the prior years, approval was pretty much a guarantee in less than two to three weeks, especially at this subdivision. Well, approximately three weeks went by and we followed up for an update as to the loan requests. They requested additional, less typical, information. We provided the requested information and another month or so went by without approval. We then received a phone call from a loan officer we had known for many years, working for the bank. In the conversation with

him, he advised my company that our company's loan portfolio was moved to the special assets division. Of course, I was completely shocked given the rate of sales and margins being achieved and questioned as to why. The loan officer went on to state that the bank was looking at ALL collateral in place prior to the beginning of the downturn as a "toxic asset". Of course, this was the reason behind the loan portfolio being moved to the special assets division of the bank. With the move of the loan portfolio to special assets, we were told that nothing would change, just additional scrutiny for each request.

Additional scrutiny occurred of course, and we provided information on top of information. A few more weeks went by and we then were requested, by the lender, to travel to a location approximately an hour and a half from our office for a meeting. At that meeting, the banks loan officers advised me they were proceeding with foreclosure on all lots we had with them. They did the same with the other builder remaining in the subdivision. At the time, we were current and making interest payments. It was approximately six months from the initial loan request to when the meeting occurred. During the foreclosure process, we had continued interest in building pre-sale homes and practically begged the lender to allow us a workout strategy, even given them an option for our company working through all lots in eighteen months. Many additional options were provided to the lender in an effort to avoid foreclosure, at one point we received a response that the lender was not considering any further options and they were proceeding to final foreclosure.

Of course, the impact on my company as the result of such a decision has been close to impossible to overcome. The subdivision was our income producer during a difficult time. The actions by the lender stigmatized my company and myself as a result of the foreclosure proceedings and have made it nearly impossible to obtain financing on any scale for my company to continue operations. I have tried to work through my lot inventory with my additional lenders in a build out program, and have been fairly unsuccessful in that regard.

With the decision of the lender to foreclose, we lost the two contracts to build pre-sale homes at the subdivision. We were also forced, as a result of the loss of income, to lay off many employees.

We have witnessed similar situations occur time after time involving many builders in our area, and have heard stories nationwide which contain similar components to ours. These lenders have taken away all opportunities for producing income from thousands of builders and in turn, loaded the home market with thousands upon thousands of bank owned homes. The banks then unload the homes at significantly depressed prices, driving down existing home values further.

In closing, I would like to thank the Committee for allowing me the opportunity to share my experience today. I have done so in hopes that the citizens of this great nation can gain an understanding that they are not alone in their frustrations with banks and lenders. My personal opinion is that fourteen years of hard work and dedication were erased by a few inconceivable decisions of one lender. I am sure millions of Americans feel the same way.