

-Thank you for the opportunity to testify before your committee today.

My name is Richard A. Puzzitiello, Jr., and I am CEO of a 3rd
generation, family owned, homebuilding company and residential
developer with activities in Northeastern Ohio for over 85 years, and in
Tampa Florida, Orlando Florida and Jacksonville Florida for over 45 yrs

-As you all know, a cognovit note and Guarantee is required to be signed
for most commercial loans in Ohio. The Cognovit law allows provisions
which further allows a bank to file judgments due to defaults by the
borrower and any Guarantor without notice. This can be done for
technical defaults and monetary non-payment defaults. Some examples
of technical defaults would typically include: a banks general opinion
that the real market or the borrower's financial condition have
deteriorated, a drop in appraised value or market value of the collateral
they have loaned on, a failure to meet a projected sales pace and
subsequent loan balance curtailments, change in cash or accounts
receivable balances, failure to provide timely financial statements or

death of a Guarantor, to name a few. A lot of these technical defaults are not under the control of the borrower.

-The lender may in fact not even be an Ohio Bank, Headquartered here and with the cognovit provision in their loan docs ^{AMP} they have the right to seize any assets, especially the ones they feel are readily available.

Banks will take the course of least resistance and levy against Liquid assets such as cash and obtain all monies owned by you the borrower within days of the judgement, even before you know they even obtained YOUR Cognovit CONFESSION of judgement!!!

This.. cash... grab will immediately cause the borrower to become paralyzed. CAN YOU imagine going into work one day only to find out from your controller that all your cash had been GRABBED and is now gone??? Especially when these monies were likely earmarked for Payroll, payroll taxes, the CAT tax, State Income Taxes or Federal Taxes, Health Insurance Premiums, Sub-Contractor or Vendor construction costs and any other business expense. Sadly, it is our employees and their families that will feel the pain first and then the

company ~~as it~~^{to} could be forced close down, lay off its employees and probably file for bankruptcy.

-HB67 will do 2 things, Eliminate enforcement of the cognovit clause for non-monetary events and will allow for a hearing to be held within 30 days of an alleged monetary default occurring.

-There is No Question that a business man like me, would therefore be more eager and prudent to invest our funds and borrow monies in Florida rather than Ohio.....

-----Most medium and small businesses obtain their loans from a bank by finding a "sponsor" or "Guarantor" for their loan. It is important to acknowledge that not only are the Cognovit provisions enforced against the business entities, in most cases, it is "also enforced" against the individuals who have personally guaranteed loans for businesses. Under the current statutes, The cognovit remedy process is also swift and can be taken without notice against the Guarantors assets, especially his liquid assets, and it to can have an impact on his Employees and their Families.

Quick Story -

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If **HP67** is adopted, it will dramatically increase the number of Guarantors that would be available to assist these small to medium businesses across Ohio in obtaining loans. *And it ~~will~~ Expand Commerce in OHIO.*

HB67 goes a long way in putting Ohio a step closer to the majority of the other states in the Union, yet the lenders will still be in a very strong position. The bill limits the cognovit feature to monetary defaults. But if the borrower is not making payments, the bank still has the powerful cognovit tool. It does give the Borrower and Guarantor the ability to ask for a hearing and to prove they have not defaulted in a monetary way.

But if the default is just a technicality, then the bank cannot ~~just~~ file a judgement without notice. This BILL is *A MASSIVE IMPROVEMENT OVER* ~~much more fair than~~ the way ~~is~~ it reads today. This BILL is good for Ohio and good for Ohio's economic development. *& Growth*

-As CEO of my family company, for over 30 years, I have witnessed a few Lenders in Ohio enforce their Cognovit Remedies without attempting reconciliation. This premature action is disastrous and

counterproductive to the foundation of the Ohio Economy of its small business.

Our Industry needs to Borrow money in order to build houses and Develop Land, thus creating thousands of jobs in our local economy.

HB67 partially corrects the disparity which puts Ohio at a disadvantage to the majority of competing states. *And I support this Bill,*

I thank you all very much for your time today and thank you for your consideration in adopting HB67.