

May 1, 2017

Jonathan Dever
Chairman
Financial Institution, Housing and Urban Development Committee
77 S High Street
13th Floor
Columbus, OH 43215

Dear Chairman Dever:

I wish to present to you reason for my concern with HB67. This bill would limit the financial institution from enforcing the confession of judgement clause within a commercial loan, better known as a cognovit, for any reason other than payment default.

I am a commercial banker who has spent over 25 years in the industry in a variety of different positions that includes, commercial lending, public finance, treasury management and special assets. I started my career as a special asset officer working with financially troubled customers.

Often the commercial lender has spent weeks, months and even years trying to help a financially troubled customer. Banks always find it easier and less expense to work with a loan customer than to seek a judgement and foreclose on the collateral (real or personal property). I learned early, that to seek litigation was the last resort. The majority of default situations are usually worked out.

There are times when legal action is needed and it is not always for payment default. Several issues will cause a lender to seek a judgment. Such issue include:

- “Bad Boy Acts”. These acts include falsification of documents, misrepresentation of facts, lying with the intent to defraud an institution.
- Disposing or transferring significant assets pledge as collateral to avoid making payment to the lender or to induce another institution to grant credit.
- Ceasing of operations.
- Defaults with other creditors.
- Tax liens form the State and Federal agencies.
- Bankruptcy of the borrowing entity or a related party.
- Death of a loan guarantor or borrower.

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- Misrepresentation of who owns or controls a company and who can obligate a debtor.
- Unresponsive borrower or a borrower who will not change behavior that has caused the default.
- Substance abuse or other addition issues.

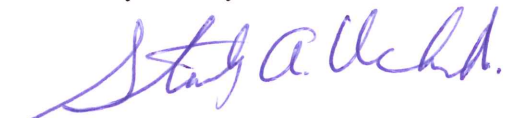
Not allowing a financial institution to quickly respond, can cause a bank to have more loan losses as the collateral deteriorates. The best-intentioned borrower when facing a difficult financial situation will often act in manner and/or will receive advice from a legal professional to protect their business and personal assets. Often with unethical methods. It has been my experience, that very few borrowers stand by their commitments when it becomes clear they will become financial insecure.

The passage of HB67 may lead to unforeseen consequences. One could be lenders not willing to lend to small business since the cost of collection out weight the benefit.

To be sure, the threat of filing of a cognovit judgment is a powerful tool that can have lasting results. Bankers understand this power and act in a responsible manner when forced to use this tool. When a bank resorts to the use of a cognovit judgment, it means that there are more issues than just payment default. Please remember, we as bankers make more money by getting people to pay than filing a judgement.

I would be happy to discuss this matter with you. You can reach me via phone at 614/905-7264 or by email at suchida3810@gmail.com.

Thank you for your kind consideration



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