

SOUND FAMILIAR?

When builders request to join the Coalition through the website www.pathtodefault.com , they are asked why they would like to join. The following are actual replies from principals of a few of the more than 110 current builder member companies nationwide:

"The banks are not participating and accepting their part of the problem and could be part of the solution if they would act rationally. They talk about helping the people they work with and seeing beyond the money. Simple isn't true. I have a loan on property that has suffered due the current appraisals. There is enough cash in a "set aside" to carry the property for 3 to 4 years yet they want me to pay off or default. I have never been late. I have always fulfilled obligations. We have borrowed over 8 million and have had credit lines of 3 million and never abused it any time. They came to me!!! Where is the loyalty they promoted when they were courting us?"

"We are a developer and the banks have all started acting in bad faith on extensions, etc. We negotiated an extension with certain milestones being completed and we when lived up to the dates the boards just said the "letters were not good enough" to meet the conditions and then lead to default."

"Builders have a tough time admitting the pain, we are a proud bunch. But it is becoming easier to admit as more come forward. By banding together, we can get the attention we deserve. We also feel there are additional issues that we as builders need to address to preserve our survival. Rapidly expiring approvals, the lack of marketing from our realtors, poor media representation, etc. The system is broken and many issues need attention. Perhaps a discussion of these other issues or a branch off this coalition may be needed. A change is needed to preserve the survival of our species. There is power in the masses."

"Looking for ideas, others who are experiencing the same blackmail tactics these banks are using to put builders out of business, looking for others who may want to join together and try to salvage our industry ... are stronger together than individually."

"I need all the help I can get. I think we are being told to take the blame for what the economy has sunken to in the housing market. We never made any sub prime loans."

"We are not in California but in Virginia and a small volume builder. However, we have are having the same experience with our) bank just on a smaller scale. They cut off our funding just after they verbally promised to back us and renew the loan. Now they want to change the rules and have us put up our personal house in addition to the project property."

"Contrived default by our construction lender, through a ridiculous appraisal"

"XXX has taken a perfectly performing project and turned it into a nightmare of horrors - lies, misstatements, failure to follow thru on commitments, lack of communication, unwillingness to meet and work out solution, etc etc etc etc. The path to default playbook has been used to perfection - we want to fight back."

"Not having the "bad experience" as of yet, but I need to be prepared in case we get there. Lender is working with us to get through a tough project. I have heard enough stories to be concerned that the bank may not be my friend at the end. I would like to hear some of the others stories and learn from their experiences."

"Concern with the Banking Industry and their ability to deal effectively and fairly with borrowers. The inexperience within their ranks dealing with a down market and workout situations evident to say the least."

"This bank withheld documents and convinced my unsophisticated attorney our company was no party in the relationship when their borrower/debtor/buyers defaulted on the Commitment, Construction Loan Agreement and Disbursement Authorization. Then we found out the bank did not verify assets, employment, and income which was substantial fraud. In return, our attorney filed a materialmans lien against our own recorded construction mortgage funds, we were have found not to have breached and their borrowers are in bankruptcy, the property has not reconvened. It is a mess and now we are waiting for the Trustee to foreclose and have the bank claim res judicata, however so can we since they should have brought a claim to have us removed as the construction mortgage beneficiary. They didn't because they were aware of the fraud concerning their loan application and it would let our attorney know our true position in this transaction which was an all-in-one construction to permanent. Secured contracts my ass!"

"To see that regulatory changes are made to allow banks to make good business decisions vice being more focused on "checking the box" to save their jobs."

"I fervently believe that banks and the manner in which they are conducting themselves are most likely contributing to our problems, and it is completely unnecessary in most cases for them to behave in the manner in which they are."

"Banks not being able to fund existing loans and on presale construction. Batting the "small print" in the loans that we took for granted in the past as un concerning."

"I just became aware of your organization and feel the situation needs to be legislated to provide protection against unfair bank practices that affect honest hard working companies."

"XXX cut off our funds, slashed our values with a made to order appraisal from XXX."

"While we have not yet had our loan called, we have been subject to annual appraisals at a cost of \$26K (for a \$1.8MM loan) plus 1% fees every year and are worried that this trend will worsen leading to calls for additional capital and/or collateral. We are making all of our interest

payments and are otherwise in full compliance with the terms of our note. (although the current appraisal means that we are upside down with respect to the amount of the note.) Original appraisal done in 2004 was \$3.4MM, current appraisal after reduction for carrying costs is \$1.6MM."

"Scared to death of either XXX or XXX companies coming after personal guarantees."

"Our company is a residential condo developer with projects in California, Arizona and Texas. Our first project in XXX is 2-3 months from completion and funded by XXX. XXX, as well as our other participating lenders, are not stepping up to the plate to work with us as we attempt to complete and work through the pay down."

"We are a small to medium size builder in XXX and in the middle of the work-out process. We are communicating with our banks daily and have a tremendous amount of stories to tell about the way our banks have handled us. I would love to share information and seek advice on how to handle our current negotiations."

"XXX is making our firms life hell with unfair business practices and a lack of dialog. They are committed to foreclosing on a performing loan."

"Currently my bank has delayed funding for over 3 months of a project despite 40% equity and strong appraisals. Multiple assurances by them in writing are now being met with silence. I assumed on good faith to work with them which in turn led me to not seek alternatives. Now the stalling is threatening the viability of the project and its funding."

"I've almost lost it all and when the market returns, I'll have given the banks all my cash and will have no way to start over. I've been a builder for almost thirty years and thought that I had seen it all. This one came on quick, lasted longer and has been extended in our area because of the foreclosures and lack of confidence. There was no excess inventory in our area but the media created a disaster. I thought that I would have a nice business to sell or pass on to my children. Someone stole the American dream and I feel it was the banks and the politicians. Like Mark Twain once said "a banker is the first to lend you an umbrella while the sun is shining and wants it back at the first sign of rain". "

"The banking regulations need to be changed immediately or all the small to medium size builders will be gone. If banks are allowed 2 years without the 20% mandatory write down the value of their assets will increase and will be able to work out of their problem loans in an orderly fashion. By the way, this will also allow some banks to remain in business. We need a clearing house to tell us the actions taken by banks and what effective measures have being taken to fight the foreclosures."

"Our bank pulled all construction financing and used over 2 million to service there account to keep it on the books as a good loan. In the mean time, we have a half completed project we could not sell or rent. The bank is now coming after us on our personal guarantees."

"We are a local builder in XXX, Florida. I have had a relationship with XXX for many years. The project loans all have personal guarantees. We have held on in a severely depressed market for a long time. However, as our financial condition continues to deteriorate, XXX has rejected all of our efforts and proposals that would mitigate the Bank's and our losses and thereby assist with our guarantee."

"I am a local home builder (34 years) and for the last two years I have been totally up front with my banks. We have projects that are good projects and the banks have chosen to cut our funding leaving us with no place to turn. Now, like every other builder we are faced with losing every thing we have worked for. We need help and we need it now. Seems if everyone else other than builders are getting bailed out. Why not us?"

"I think the banks stacked the decks against the builders in an act of predatory lending. Now these "guarantees" which meant nothing to them when we signed the loan docs because they relied on an appraisal (note: loan docs that were given to us at the last minute barely in time to close the deal in most cases and have us waive every affirmative defense possible) are being used to put responsible long time business owners and their employees out on the street, literally homeless with no work after they have successfully run companies for 30 years, makes no sense to me."

"The mess here in Illinois is no different than CA. XXX has literally ruined my business, which I spent 20 years building, in less than 6 months. Worse yet, there are few reputable law firms that seem willing to take them on. Once the first default hits, it opened the door for the bank to default perfectly good and performing projects. Their repeated attempt to cross-collateralize unrelated ventures is unconscionable. Worse yet, I never agreed to a deal with XXX. They recently bought out one of the most creative middle market lenders in Chicago (XXX) and have treated my 16 year relationship with complete disregard."

"Our builders owe us money and we've completed work, but the banks have stopped funding. We are unable to get paid. Because we are a small business without huge capital this is affecting us."

"It is my belief that bank practices are the main cause for the current crisis, i.e. from setting developers up for failure to making loans difficult or non-existent for good borrowers."