



## **Opponent Testimony on House Bill 251 House Civil Justice Committee**

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Receivables Management Association International

Good afternoon Chairman Hambley, Vice Chairman Patton, Ranking Member Brown and members of the House Civil Justice Committee. On behalf of the Receivables Management Association International, I would like to express our position on House Bill 251, legislation that, in its current form, would reduce Ohio's statute of limitations to three years for both written and non-written contracts.

RMAI is the nonprofit trade association that represents more than 550 companies that support the purchase, sale, and collection of performing and nonperforming receivables on the secondary market. RMAI member companies work in a variety of financial services fields, including debt buying companies, collection agencies, law firms, originating creditors, international members, and industry-related product and service providers.

Additionally, my employer, Unifund CCR, LLC, is an active RMAI member located in suburban Cincinnati. Since its founding in 1986, Unifund has been a leader in the acquisition and management of defaulted consumer debt throughout the United States, including Ohio. We employ approximately 100 people, all but a few of whom reside within the Greater Cincinnati area. We are an Ohio business.

House Bill 251 aims to shorten the statute of limitations on written and oral contracts from eight and six years, respectively, to three years for each. We understand that there currently is an amendment proposed that would compromise on a six-year statute of limitations for written contracts and a four-year statute of limitations for oral contracts.

While RMAI and its member are troubled that this legislation proposes shortening the relevant statutes of limitations so soon after the 2012 amendment to the same statutes of limitations, RMAI would support a proposed amendment that includes the following:

- 1) Language explicitly stating that credit card accounts and claims for an account stated fall under the six-year statute of limitations; and
- 2) Clarification that the borrowing statute set forth in Ohio Revised Code 2305.03(B) does not apply to contract actions, whether written or oral.

As I testified in June of this year, the proposed bill creates barriers to credit for consumers and small businesses and will result in fewer voluntary repayment options and more collection litigation for borrowers. With a shorter statute of limitations, creditors will have fewer options to

pursue unpaid accounts, resulting in higher interest rates and stricter lending criteria for many borrowers. Further, a shorter statute of limitations forces creditors into collection litigation sooner rather than giving them time to work with consumers toward an amicable, voluntary solution.

Ohio's borrowing statute was enacted in 2005. It has created an environment in which Ohio litigants illogically must apply the statute of limitations of another state, simply based on the location of the bank that issued the account or to which the payment was to be sent. This can result in a cause of action in which all relevant activity occurred in Ohio – the consumer resides in, opens and uses the credit card in, and makes payment from Ohio – may be subject to the statute of limitations of another state, solely because the issuing bank is headquartered in or maintained a payment address in that state. Ohio law should govern whether a claim is timely when a claim so clearly arises in Ohio. Uncertainty about application of the borrowing statute leads to wasteful, expensive litigation that does not protect consumers. Instead, it generates significant legal fees achieving nothing more than forcing courts to apply the statute of limitations of a state with little or no relationship to an Ohio consumer.

RMAI appreciates the opportunity to appear before you today. We respectfully ask that you and the members of the House Civil Justice Committee oppose HB251 in its current form and adopt the suggestions RMAI has outlined. Thank you for your time and consideration. I would be happy to answer any questions.