



Proponent Testimony: Sub. House Bill 38
House Financial Institutions Committee
Cory Fleming
Director, Legislative and Political Affairs, Ohio Credit Union League

Chairman Jordan, Vice Chair Hillyer and Ranking Member Crossman, my name is Cory Fleming and I am the Director of Legislative and Political Affairs at the Ohio Credit Union League, the state trade association representing the interests of Ohio's 261 federally and state-chartered credit unions. Thank you for allowing me to provide testimony in support of Sub. House Bill 38.

The League is a proponent of Sub- House Bill 38 due to the recent inclusion of two amendments to Ohio's Uniform Commercial Code, which regulates the sale of personal property and other commercial transactions:

- Repeal of O.R.C. 1349.72, which requires a written notice be sent to a debtor before a collection attempt is made on a loan secured by a residential piece of property.
- Repeal of O.R.C. 1349.16, which requires the opening date of a checking account to be printed on the checks tied to the account.

As member-owned, financial cooperatives, credit unions actively educate their members about the importance of building credit and avoiding fees associated with delinquent accounts. Clear and consistent member communication is challenged by the passage of O.R.C. 1349.72 for several reasons:

- The term "collects" or "attempts to collect" is not clearly defined in statute. Therefore, interpreted broadly, a notice must be sent before and after every communication with the borrower, frustrating both parties. A more detailed analysis into this issues from the Legislative Service Commission is included with my testimony.
- Loan servicing and debt collection practices heavily regulated by the federal government, and the disparity between state and federal law has led to confusion in the market. For instance, the Real-Estate Settlement Procedures Act (RESPA) states a "servicer shall provide to a delinquent borrower a written notice no later than the 45th day of the borrower's delinquency and again no later than 45 days after each payment due date so long as the borrower remains delinquent.
- The specificity of the content included in the notice letter removes the personalization of member communication, hindering the relationship between debtor and creditor. Also included with my testimony is a "before and after" letter shared by Superior Credit Union that illustrates the difference in tone and language.

For these reasons, a full repeal of O.R.C. 1349.72 is warranted; however, we remain open to discussions to provide further guidance and clarity to the statute.

Regarding the repeal of O.R.C. 1349.16, a credit union raised awareness of the statute after a state examination. There is no civil penalty under current law for failure to comply and it appears to be an antiquated requirement.



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On behalf of the Ohio Credit Union League, we thank you for your consideration of this legislation. Jim Tebbutt, General Counsel of KEMBA Financial Credit Union, will also provide testimony on the impact this bill has on credit union operations.

I am happy to address any questions the committee may have. Thank you.