



Proponent Testimony: Sub. House Bill 38
House Financial Institutions Committee
Jim Tebbutt
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Chairman Jordan, Vice Chair Hillyer and Ranking Member Crossman, my name is Jim Tebbutt and I am Corporate Counsel at KEMBA Financial Credit Union. Thank you for allowing me to provide testimony in support of Sub. House Bill 38. We support this legislation as it would provide much needed clarity to Ohio's Uniform Commercial Code by repealing O.R.C. 1349.72, requiring a written notice be sent to a borrower before a "collection attempt" is made on a loan secured by a residential piece of property.

For background, KEMBA Financial Credit Union was founded in 1933 as the credit union for the employees of the Kroger Company, and our name is an acronym for the "Kroger Employee Mutual Benefits Association." Today we continue to serve Kroger associates, but also employees of 175 additional companies. Our current membership exceeds 100,000 individuals and our field membership eligibility has expanded to anyone who lives, works, worships or attends school in Franklin, Delaware, Madison, Logan, Fairfield, Licking and Union Counties.

We provide our members with a robust offering of products and services so they can make their dreams a reality; whether that be purchasing a new home, planning for retirement or sending their kids to college. With every new product offering comes enhanced regulatory due diligence. In order to maintain compliance, ensure membership transparency, and protect consumers, we have increased our compliance staff over the last few years.

Unfortunately, most Ohio credit unions do not have the scale to keep up with the ever-growing list of federal and state regulations. The average credit union in Ohio employs 30 employees, which means the individual responsible for compliance is also likely in charge of human resources, member service, and contract negotiation. As such, they are often the target of litigation threats, as unscrupulous actors try take advantage of ambiguous law.

To help provide piece of mind to all lenders, particularly smaller, community based financial institutions, I encourage you to repeal O.R.C. section 1349.72. As mentioned in earlier testimony, Regulation X of the Real Estate Settlement Procedures Act (RESPA) already requires a mortgage servicer to send a letter to a debtor within 45 days of delinquency and loss mitigation options must be included. Additionally, if a consumer feels they are not receiving adequate notice or communication from their lender, they are able to file complaints with both the Consumer Financial Protection Bureau and the Ohio Attorney General's Office, who have investigative authority.

Speaking for KEMBA Financial, we proactively work with our members on flexible payment options, especially in financial hardship. Our ability to timely and clearly communicate with a member is now hindered due to the prescriptive nature of Ohio law. I can anecdotally share numerous complaints from members who are not used to receiving a detailed and legal letter from their credit union, especially on multiple occasions.

In summary, I support for Sub. House Bill 38 as it will provide needed clarity to Ohio law while still maintaining strong consumer protection requirements. I appreciate the opportunity to address the committee and am happy to address any questions you may have.