

Proponent Testimony: Sub. House Bill 38
Senate Insurance and Financial Institutions Committee
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Chairman Hackett, Vice Chair Hottinger and Ranking Member Craig, 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 collective interests of Ohio's 251 credit unions. Thank you for the opportunity to support Substitute House Bill 38.

Ohio credit unions remain focused on serving the unique needs of all people, families, businesses, and communities during a challenging economy. As Ohioans face financial difficulties due to the pandemic, credit unions remain open and available to meet 3.1 million members where they are. The Ohio General Assembly can help credit unions continue providing personalized, individual service by supporting modifications to existing law that hamper their ability to assist struggling borrowers.

Substitute House Bill 38 includes two important modifications to Ohio's Uniform Commercial Code that would alleviate borrower angst and provide regulatory relief by:

- Providing clarity on written notices sent to a debtor before a collection attempt is made on a loan secured by a residential piece of property.
- Repealing an antiquated requirement that a checking account's open date be printed on corresponding checks.

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 currently challenged by ORC 1349.72 for several reasons:

- The term "collects" or "attempts to collect" is not clearly defined in statute, and when interpreted broadly, indicates a notice must be sent before and after every communication with a delinquent borrower. A more detailed analysis from the Legislative Service Commission is included for your review.
- 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.
- The specificity of the content included in the notice letter removes the former personalization of delinquent member communications, hindering the relationship between debtor and creditor. To further illustrate the difference, sample letters from Superior Credit Union are also included for your review.

We support compromise language in Sub. House Bill 38, which would:

- Require a notice be sent to the debtor 30 days prior to a foreclosure action filing.
- Revise the type of debt that triggers the notice requirement to include a debt secured by a mortgage, that is not in the first mortgage position, and must either be accelerated or in default under the promissory note.
- Permits the notice to be included with any other communication with the debtor.



On behalf of the Ohio Credit Union League, thank you for your consideration of this legislation. I am happy to address any questions the committee may have.