

**Before the
HOUSE FINANCIAL INSTITUTIONS COMMITTEE**

**Proponent Testimony
House Bill 133**

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Chairman Jordan, Vice Chair Ferguson, Ranking Member Crossman, and members of the House Financial Institutions Committee, thank you for the opportunity to support House Bill 133. If enacted, this legislation would further empower credit unions to best meet unique member needs through flexible service for borrowers challenged by the current economy, member business loan pricing parity through linked-deposit programs, and the elimination of antiquated paper check printing requirements.

The Ohio Credit Union League is the state trade association representing the collective interests of Ohio's 247 federal and state-chartered credit unions and their more than three million members. With the "people helping people" philosophy at the heart of member-owned financial cooperatives, ensuring people, families, businesses, and communities have access to safe and affordable financial services remains a priority for credit unions.

House Bill 133 is a reintroduction of House Bill 38 from the 133rd General Assembly, in which it received a 91-1 House vote and 30-1 Senate vote before both chambers adjourned sine die. While the legislation includes many positive business-related initiatives, the Ohio Credit Union League is specifically supportive of the provisions pertaining directly to credit unions and other financial institutions that accomplish the following:

- Modifies ORC 135.77, empowering the State Treasurer to offer flexible Business Linked Deposit loan pricing for credit unions in line with current bank loan pricing within the Grow Now linked deposit program.
- Repeals ORC 1349.16, which requires the opening date of a checking account to be printed on the checks corresponding to the account.
- Repeals ORC 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 property.

While the two House Bill 133 provisions that would enable credit unions to offer more beneficial member business loans and modernized financial products are important to flexible member service during a challenging time, the provision pertaining to debt collection practices is of utmost importance to fortifying the credit union service model and meeting members' needs.

Clear and consistent member communication is currently challenged by ORC 1349.72 as the references "collects" or "attempts to collect" are not clearly defined in statute. A Legislative Services Committee analysis indicating the lack of clarity is included for your review. The ambiguity and currently broad interpretation, and the resulting practice elicited by this section, yield that a lender shall provide such a notice before and after every communication with a delinquent borrower. This is unnecessary and is alarming, frustrating, and ineffective for both parties. Additionally, the specificity of the content included in the notice letter removes the former personalization and sensitivity of delinquent member communications common to member-focused credit unions, hindering the relationship between debtor (credit union) and creditor (member). To further illustrate this crucial distinction, sample letters from Superior Credit Union are included for your consideration.

We would like to thank Representative Brett Hillyer for his leadership in reenergizing efforts to enact these provisions to further empower financial cooperatives to better serve more than three million members.

Thank you for the opportunity to speak to House Bill 133, I am happy to provide additional information or field questions in support of the Committee's work.