



Dow Chemical  
Employees' Credit Union



Testimony Before House Judiciary Committee

Senate Bill 269

Sponsor: Senator Tonya Schuitmaker

Good morning and thank you for the opportunity to speak with you today. My name is Ken Roznowski and I am the Vice President of Lending with Dow Chemical Employees' Credit Union. We are a \$1.4 billion state chartered credit union, located in Midland.

In our capacity of granting loans to meet member needs, we at times need to utilize the legal system to collect defaulted loans. Additionally, the legal system is often needed to collect on overdrawn deposit accounts. Given our current economic situation we, like many financial institutions, have experienced an increase in collection activity.

Over the last two years, my credit union has utilized the small claims process to collect almost \$73,000. During the same period we have spent approximately \$14,000 in legal fees in an effort to collect \$245,000 in outstanding debt for amounts owed over \$3,000 but under \$10,000. On at least three occasions we have elected to utilize the small claims process up to the \$3,000 limit and waive the additional amount owed due to projected legal fees. These collection cases rarely involve disputed facts or questions of law. As a not-for-profit financial cooperative, our mission of promoting thrift and providing access to affordable credit are directly and adversely impacted by these legal fees and losses.

We have found the small claims process to be extremely efficient and less intimidating for our members. Recently we took a member, who had defaulted on a loan and stopped communicating with us, to small claims court. While the magistrate granted a judgment in our favor, he encouraged the member to talk with us about resolving the matter as opposed to

avoiding us. Our credit union employee was able to gain an understanding of the member's situation and negotiate a mutually acceptable repayment arrangement.

While I encourage you to consider increasing the small claims threshold to \$10,000, I can support the Senate Judiciary Committee's amended threshold of \$8,000. By increasing the cap, many more people and businesses could benefit from the efficiency and cost effectiveness of the small claims process.

Thank you for your time and consideration.