

February 11, 2021

HB 1366

House Transportation Committee

Chairman Ruby and members of the House Transportation Committee,

My name is Vance Reinbold and I am the President/CEO of Capital Credit Union in Bismarck. I am opposed to HB 1366.

HB 1366 is not a good bill for the credit union or the lender. Current statute already provides that the repairman with a lien may bring an action or proceeding to foreclose on the lien after providing notice to existing recordholder of a mortgage. These protections are not present in the bill, possibly allowing for a lienholder to purchase the collateral for him/herself.

As a lender, we have a process that we follow. We first try and work with our member before we repossess. In the event we do, we have a consistent process of using a broker to sell and ensure consistency. We ensure there are no self-dealings and the transaction is arms-length. We believe that allowing a repairman lien process that entails only "notice" to the existing lien holder, is not in the best interests of the property owner or the existing lien holder. This would entice fraud and also harm the consumer and the existing lien holder.

Finally, expanding "reasonable charges" to now include storage fees and transportation costs will increase the cost of credit to our members. Allowing storage and transportation costs to the lien amount, will require the credit union to invest in additional oversight and costs. Adding warranty requirements on all collateral will increase borrowing costs and will price out lower income borrowers.

Thank you for the opportunity to testify today.