



Chair William C. Smith
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Miller Senate Office Building
Annapolis, Maryland 21401

SB156 - Civil Actions - Specialties - Statute of Limitations
Testimony on Behalf of MD|DC Credit Union Association
Position: Oppose

Chair Smith, Vice-Chair Waldstreicher, and Members of the Committee:

The MD|DC Credit Union Association, on behalf of the 70+ Credit Unions and their 2.2 million members that we represent in the State of Maryland, appreciates the opportunity to testify on this legislation. Credit Unions are member-owned, not-for-profit financial cooperatives whose mission is to educate and help members achieve financial well-being. **We respectfully oppose this bill.**

Our opposition to this bill stems solely from the legal principle of finality. When a credit union, or a third-party collector used by a credit union, enforces a judgment or takes action on a promissory note, we need to know that we can move on in a timely manner after resolution. Judge Booth, who sits on the Maryland Court of Appeals, in her opinion in *Cain v. Midland funding* (the holding of which this bill is directed to abrogate), provided a clear and detailed explanation of the principle of finality concerning this very statute. This holding and the underlying principles should be protected.

There is a difference in the statute of limitations for a judgment creditor enforcing a judgment against the debtor (12 years) and the ability of a judgment debtor to assert a claim against a judgment creditor for a matter arising out of the entry of a judgment (3 years). The argument is that this is unfair; however, the history and rationale behind this difference in limitation periods paints a different picture.

As the court found in *Cain v. Midland funding*:

"The language in the original specialties statute clearly contemplated a 12-year statute of limitations for actions on a judgment brought *against* a judgment debtor. There is nothing in the prior version of the statute that could be construed to establish a 12-year statute of limitations for a judgment debtor to assert a claim against a judgment creditor for a matter arising out of the entry of a judgment."¹

¹ *Cain v. Midland Funding, LLC*, 256 A.3d 765, 788 (Md. 2021)



Continuing, the court explains that the differentiation in the statute of limitations length was not an oversight by the legislature; this is settled law, affirmed by the Supreme Court.

"Our interpretation of the plain language of CJ § 5-102(a)(3) —as establishing a 12-year statute of limitations only to *enforce* a judgment and not establishing the same period to *challenge* a judgment—is consistent with principles of finality expressed by the Supreme Court and by this Court for over a century."²

The rationale is simple. The 12-year statute of limitations period for enforcement is meant to protect consumers.

"The competing construction—that the General Assembly would establish a longer limitations period only to *enforce* a judgment—is consistent with the general purpose of collection laws, which enable judgments to be paid over a longer time period thereby ensuring that payment is not unduly burdensome to a judgment debtor."³

The 3-year statute of limitation to challenge a judgment provides creditors a standard and reasonable timeline to move on after resolution. This, as referenced above, is the well-settled principle of finality.

"[i]t is most desirable of course that there should be an end to litigation, and a judgment is presumed to be a settlement of all matters in dispute in that particular case; and once entered, parties are no longer under the necessity of preserving the evidences upon which their claims rested."⁴

Thank you for your consideration. We appreciate the ability to voice our concerns and look forward to a continued partnership. Please do not hesitate to contact me at 443-325-0774 or jbratsakis@mddccua.org, should you have any questions.

Sincerely,

A handwritten signature in blue ink, appearing to read "John Bratsakis", with a stylized flourish at the end.

John Bratsakis
President/CEO
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² *Cain v. Midland Funding, LLC*, 256 A.3d 765, 788-89 (Md. 2021)

³ *Cain v. Midland Funding, LLC*, 256 A.3d 765, 789-90 (Md. 2021)

⁴ *Id.* (citing *Abell v. Simon*, 49 Md. 318, 324 (1878))