



Legislation Text

File #: 18-229, **Version:** 1

Resolution in support of Assembly Bill 2500, the Safe Consumer Lending Act (Kalra), and authorizing the Mayor to sign a letter in support of Assembly Bill 2500.

WHEREAS, currently there is no limit on annual percentage rates (APRs) for loans ranging from \$2,500 to \$10,000, which gives lenders the opportunity to lure borrowers into this unregulated loan range and charge higher-cost loans; and

WHEREAS, the Trump Administration is rolling back important federal consumer protection regulations, including halting the Consumer Financial Protection Bureau's (CFPB) final rule on payday and car-title lending; and

WHEREAS, according to a 2016 annual report by the California Department of Business Oversight (DBO), 58 percent of installment loans of \$2,500 to \$5,000 had 100 percent annual percentage rates (APRs) or higher; and

WHEREAS, high-cost loans with exorbitant interest rates can lead to damaged credit, repossession of cars, closure of bank accounts, law suits, wage garnishment, and even bankruptcy.

WHEREAS, AB 2500 would close a gap in California's Consumer Finance Lender Law (CFLL) that is being exploited by predatory lenders, by extending the state's interest rate cap for loans up to \$10,000; and

WHEREAS, putting a limit on APRs would level the playing field for lenders that are providing access to safe and affordable loans.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of South San Francisco hereby supports Assembly Bill (AB) 2500, The Safe Consumer Lending Act (Kalra).

BE IT FURTHER RESOLVED that the City Council authorizes the Mayor to sign a letter in support of AB 2500 on behalf of the City Council.

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