

RULES, ELECTIONS, INTERGOVERNMENTAL RELATIONS

RESOLUTION

WHEREAS, any official position of the City of Los Angeles with respect to legislation, rules, regulations or policies proposed to or pending before a local, state or federal governmental body or agency must have first been adopted in the form of a Resolution by the City Council with the concurrence of the Mayor; and

WHEREAS, although California's economy appears to be in recovery, many residents find it difficult to afford day to day living expenses; and

WHEREAS, consumers seeking immediate access to cash can easily fall victim to predatory lenders providing high-cost and/or short-term loans, including payday loans; and

WHEREAS, it has been reported that nearly two million Californians use a payday loan every year, and in 2017, payday loans totaled \$2.9 billion; and

WHEREAS, current California Financing Law (CFL) does not set a maximum interest rate on loans of \$2,500 or more, and AB 539 (Limón – Grayson) would set new interest rate caps on loans from \$2,500 to \$10,000 at an annual simple interest rate of 36 percent plus the Federal Funds rate which will restrict those lenders who are currently selling triple-digit annual percentage rates; and

WHEREAS, the CFL prohibits loans between \$3,000 to \$5,000 from having a term greater than 60 months and 15 days, and AB 539 (Limón – Grayson) would further protect consumers by raising the upper limit of the loan to \$10,000;

WHEREAS, AB 539 (Limón – Grayson) would also prohibit loans from \$2,500 to \$10,000 from having a term less than twelve months and would add a section to the CFL providing that no licensee may impose a prepayment penalty for any loan not secured by real property, including short-term payday loans; and

WHEREAS, AB 539 (Limón – Grayson) will take effective measures to protect consumers from predatory lending practices that are often geared towards families in high-poverty areas;

NOW, THEREFORE, BE IT RESOLVED, with the concurrence of the Mayor, that by the adoption of this Resolution, the City of Los Angeles, hereby includes in its 2019-20 State Legislative Program SUPPORT of AB 539 (Limón – Grayson) which will amend provisions of California Financing Law to restrict the terms by which lenders can offer loan products to consumers.

PRESENTED BY: Paul Krekorian
PAUL KREKORIAN
Councilmember, 2nd District

SECONDED BY: [Signature]
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ORIGINAL

APR 10 2019
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