

1 [Supporting California State Assembly Bill No. 539 (Limón) - Fair Access to Credit Act]

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3 **Resolution supporting California State Assembly Bill No. 539, authored by Assembly**
4 **Member Monique Limón and coauthored by Assembly Members Timothy Grayson,**
5 **Cecelia Aguiar-Curry, Ash Kalra, James Ramos, Eloise Gómez Reyes, Mark Stone, and**
6 **State Senators Maria Elena Durazo, Holly Mitchell, and Bob Wieckowski, to cap interest**
7 **rates on consumer loans at 36% per annum plus the Federal Funds Rate for loans with**
8 **a principal amount greater than \$2,500 and lesser than \$10,000.**

9
10 WHEREAS, Long-term financial health of all residents in the City and County of San
11 Francisco, particularly low-income and working families, is important to the overall economic
12 well-being of the region; and

13 WHEREAS, High-cost loan services, which are concentrated in areas with family
14 poverty rates higher than that of the state average, market their products to economically
15 disadvantaged communities and people who may need to resolve short-term financial crises;
16 and

17 WHEREAS, Existing state law provides a 36% interest rate cap on consumer
18 installment loans below \$2,500, but does not cap interest rates on consumer installment loans
19 with principal amounts of \$2,500 or greater; and

20 WHEREAS, The California Supreme Court held in August 2018 that current uncapped
21 interest rates on high-cost loans of \$2,500 or greater are unduly oppressive and
22 unconscionable; and

23 WHEREAS, State-licensed high-cost lenders originated 352,207 loans with annual
24 interest rates above 100% annual percentage rate in 2017, representing \$1.1 billion in
25 principal amount; and

1 WHEREAS, Default rates on high-cost loans exceed 30% statewide and cause harmful
2 consequences to San Francisco families, including damaged credit scores, car
3 repossessions, lawsuits, wage garnishments, and even bankruptcy; and

4 WHEREAS, California State Assembly Bill No. 539 places a 36% interest rate cap, tied
5 to the Federal Funds Rate, for consumer installment loans of \$2,500 to \$10,000; and

6 WHEREAS, California State Assembly Bill No. 539 strikes the right balance between
7 protecting consumers from predatory lending practices and allowing responsible lenders to
8 provide access to credit to consumers with challenged credit scores or no credit score due to
9 lack of previous credit access; now, therefore, be it

10 RESOLVED, That the City and County of San Francisco supports California State
11 Assembly Bill No. 539 and urges the Assembly and Senate to pass the bill; and, be it

12 FURTHER RESOLVED, That the Board of Supervisors hereby directs the Clerk of the
13 Board to send a copy of this Resolution to the California State Assembly and the California
14 State Senate.



City and County of San Francisco

Tails
Resolution

City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

File Number: 190362

Date Passed: April 09, 2019

Resolution supporting California State Assembly Bill No. 539, authored by Assembly Member Monique Limón and coauthored by Assembly Members Timothy Grayson, Cecelia Aguiar-Curry, Ash Kalra, James Ramos, Eloise Gómez Reyes, Mark Stone, and State Senators Maria Elena Durazo, Holly Mitchell, and Bob Wieckowski, to cap interest rates on consumer loans at 36% per annum plus the Federal Funds Rate for loans with a principal amount greater than \$2,500 and lesser than \$10,000.

April 09, 2019 Board of Supervisors - ADOPTED

Ayes: 10 - Brown, Fewer, Haney, Mandelman, Peskin, Ronen, Safai, Stefani, Walton and Yee
Absent: 1 - Mar

File No. 190362

I hereby certify that the foregoing Resolution was ADOPTED on 4/9/2019 by the Board of Supervisors of the City and County of San Francisco.

Handwritten signature of Angela Calvillo

Angela Calvillo
Clerk of the Board

Unsigned

4/19/2019

London N. Breed
Mayor

Date Approved

I hereby certify that the foregoing resolution, not being signed by the Mayor within the time limit as set forth in Section 3.103 of the Charter, or time waived pursuant to Board Rule 2.14.2, became effective without her approval in accordance with the provision of said Section 3.103 of the Charter or Board Rule 2.14.2.

Handwritten signature of Angela Calvillo

Angela Calvillo
Clerk of the Board

4/22/2019

Date