



CITY OF POMONA COUNCIL REPORT

June 3, 2019

To: Honorable Mayor and Members of the City Council

From: Linda Lowry, City Manager

Submitted By: Mark J. Gluba, Deputy City Manager

**SUBJECT: LEGISLATIVE ADVOCACY – SUPPORT OF ASSEMBLY BILL 539
FAIR ACCESS TO CREDIT ACT (LIMÓN)**

RECOMMENDATION:

It is recommended that the City Council take the following actions:

- 1) Approve staff's recommendation to support Assembly Bill 539 Fair Access to Credit Act (Limón); and,
- 2) Authorize staff to draft and disseminate letters in support of this proposed legislation.

EXECUTIVE SUMMARY:

Assembly Bill 539 (Attachment 1), known as the Fair Access to Credit Act, would make several substantial changes regarding requiring licensure of personal lending companies meeting certain criteria and in limiting allowable fees and interest rates associated with certain consumer credit loans.

FISCAL IMPACT – None

DISCUSSION

California Financing Law (CFL) provides for the licensure and regulation of finance lenders and brokers by the Commissioner of Business Oversight. The CFL prohibits anyone from engaging in the business of a finance lender or broker without obtaining a license. This provision, however, does not apply to certain loans with a specified principal amount.

This bill, entitled the Fair Access to Credit Act, would authorize a licensee, with respect to a loan of a bona fide principal amount of \$2,500 or more but less than \$10,000, to contract for or receive charges at a rate not exceeding an annual simple interest rate of 36% plus the Federal Funds Rate. The bill would also specify that a licensee may contract for, and receive, an administrative fee, subject to limitations outlined in the bill, in addition to these charges.

Should the City Council approve the recommendation above, staff will draft letters articulating the City's position for the Mayor's signature and expedite transmission to the appropriate legislators, the League of California Cities and the City's pro-bono legislative advocate in Sacramento.

Legislative Advocacy – Support of AB 539

June 3, 2019

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Prepared by:

Mark J. Gluba

Deputy City Manager

ATTACHMENT: No. 1 – AB 539 Legislative Text

Submitted to City Council: _____

Approved: _____

Continued to: _____

Denied: _____

Agenda Item # _____

Resolution No(s): _____

Ordinance No. _____