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Betsy Butler

April 19, 2017

The Honorable Matt Dababneh  
Chair, Assembly Banking and Finance Committee  
State Capitol, Room 6031  
Sacramento, CA 94249

Re: Support AB 1109 (Kalra) – Safe Consumer Lending Act

Dear Assemblymember Dababneh:

On behalf of the California Women's Law Center (CWLC), we write in support of Assembly Bill 1109 (Kalra) which provides important regulatory protections against predatory lending practices.

Many families across California are living paycheck to paycheck. Lenders are preying on these families by trapping them in high-interest loans that frequently result in financial ruin. These families face damaged credit, vehicle repossession, lawsuits, wage garnishment, and even bankruptcy as a consequence of highly unscrupulous lenders, who often deliberately target vulnerable minority and low-income communities.

In California, there currently is no limit on the APR (annual percentage rate) that lenders can charge on high-dollar loans (\$2,500-\$10,000). In 2015, 54% of these loans had an APR of 100% or higher. The National Consumer Law Center reported these loans have a default rate of 20–40%. Predatory lenders are exploiting Californians' dire financial circumstances while recouping the loan, profiting off exorbitant interest rates, and writing off any unpaid principal.

Further, the Trump Administration is threatening to roll back important federal consumer protection regulations related to payday and car-title lending. Inaction at the federal level means that California's families will depend even more on the state legislature to curb predatory payday lending and abusive high-cost installment loans.

AB 1109 will cap APRs at 24% for all consumer loans of \$2,500 to \$10,000. Putting a limit on APRs will level the playing field for lenders that are providing access to safe and affordable loans, and protect Californians from predatory lending practices.

CWLC's mission is to advance the potential of women and girls through transformative litigation, policy advocacy, and education. CWLC recognizes the importance of financial autonomy and stability for all families. For these reasons, the California Women's Law Center supports AB 1109.

Sincerely,

Betsy Butler  
Executive Director

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