



For Immediate Release
May 26, 2017

Assemblymember Ash Kalra Responds to Failure of Bill Restricting Predatory Lending

SACRAMENTO – Assemblymember (D-San Jose) Ash Kalra expressed his disappointment that AB 784, authored by Assemblymember Matt Dababneh (D-Encino), did not pass out of the Assembly Appropriations Committee today.

Assemblymember Kalra’s involvement in AB 784 was integral to the bill’s passage out of the Assembly Banking and Finance Committee on a vote of 7-3. Assemblymember Kalra was to formally become a joint author of the bill had it continued to move through the Legislature.

“I am disappointed that this bill did not pass. AB 784 was a much-needed and positive step towards implementing sound and reasonable financial consumer protections,” said Kalra. “When a person needs a loan of this nature, more often than not it is because they are in financial despair and need immediate financial assistance—often in response to the potential loss of his or her home or a vehicle, or because of a medical emergency. AB 784 would have helped to provide strong and necessary protections for those who are in need of such financial assistance.”

AB 784 would have made incremental changes to the currently unregulated market of predatory lending by expanding the Pilot Program for Increased Access to Responsible Small Dollar Loans. Under current law, annual percentage rates (APR) for consumer loans between \$300 and \$2,500 are capped at 24 percent. For lenders wishing to charge a higher APR in this loan range, they can opt-into the pilot, which permits APRs as high as 36 percent.

However, loans over \$2,500 have no cap, allowing lenders to charge exorbitant rates. In fact, according to the California [Department of Business Oversight](#), 54 percent of all loans between \$2,500 and \$5,000 have an APR of 100 percent or more.

AB 784 had significant support by economic justice and consumer and civil rights groups, including the California Reinvestment Coalition, the Coalition for Humane Immigrant Rights (CHIRLA), the Asian Law Alliance, Mexican American Opportunity Foundation (MAOF), Public Counsel, and the Western Center on Law and Poverty.

The bill also garnered substantial opposition from the predatory lending industry, which spent significant amounts of money in opposition to the bill, using radio and online advertising, establishing multiple websites to mislead the public about the bill, and requesting unsuspecting

consumers seeking payday loans to submit letters to members of the Legislature in support of payday lending—many with no mention or reference to AB 784.

Contact:

Roseryn Bhudsabourg, Director of Communications

Office of Assembly Member Ash Kalra

(916) 319-2027

roseryn.bhudsabourg@asm.ca.gov

###