



Agenda Report

TO: CITY COUNCIL
Attn: Legislative Committee
FROM: Acting City Manager
SUBJECT: SUPPORT OF ASSEMBLY BILL 2428: FINANCE LENDERS

DATE: June 22, 1998

RECOMMENDATION

It is recommended that the City Council adopt the attached resolution and authorize the Mayor to send a letter to the appropriate officials *supporting* Assembly Bill 2428: Finance Lenders.

BACKGROUND

Existing law, known as the California Finance Lenders law, provides for the licensure of persons who make consumer loans and commercial loans, and governs the terms and conditions of those loans. Existing law exempts certain loans and certain persons from those provisions as well. Assembly bill 2428, introduced by Assembly Member Knox on February 20, 1998, would continue the current exemption from the California Finance Lenders Law's provision, any public corporation or public entity other than the state or any agency of those entities when making any loan that is funded from public money. Assembly bill 2428 is set to be heard in the Senate Finance, Investment and International Trade Committee on June 24, 1998.

FISCAL IMPACT

By supporting this legislation, the City of Pasadena will be able to preserve its current exemption status under the California Finance Lenders Law, saving the city at least \$850 to \$1,000 in one-time licensing costs and \$500 in yearly renewal costs for assessment fees and surety bond expenses. In addition, by supporting this bill, the Department of Corporations can continue to keep its focus on processing affordable housing and economic development loans to local entities funded by federal and state grants. The passage of this bill prevents any unnecessary level of bureaucracy in the Department of Corporations or threat to the disruption and/or slowing down of the local government economic development loan program.

Respectfully submitted,

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for
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