

RESOLUTION NO. 10-2015

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MESQUITE, TEXAS, URGING THE TEXAS LEGISLATURE TO ENACT ADDITIONAL CONSUMER PROTECTION-ORIENTED REGULATION OF CREDIT ACCESS BUSINESSES.

WHEREAS, there is a species of financial institutions known as credit access businesses which engage in abusive and predatory lending practices, and whose borrowers are typically credit challenged and have limited financial skills; and

WHEREAS, credit access businesses are regulated by Chapter 393 of the Texas Finance Code; and

WHEREAS, current state laws do not provide adequate consumer protection, thus allowing certain credit access businesses to prey on the financially unsophisticated; and

WHEREAS, the practices of certain credit access businesses cause members of our community and state to become victims of fees, high interest rates and a never-ending cycle of indebtedness; and

WHEREAS, it has become necessary to enact regulations which will protect borrowers from being trapped in a cycle of short-term, high-interest loans resulting in large debt and huge payments; and

WHEREAS, research findings by such organizations as the Center for Public Policy Priorities, the Corporation for Enterprise Development, the Pew Charitable Trusts and the Center for Responsible Lending have identified concerns with the following areas of the payday lending industry:

- Lack of underwriting for affordability – The payday lending business model depends on borrowers' inability to afford their loan and their subsequent need to borrow multiple times, incurring more fees each time;
- High fees – Payday lenders typically charge the maximum possible rate allowed by law. As a result, the annual percentage rate on payday loans is often 400 percent or higher; and
- Lack of transparency – Texas payday lenders operate as “credit service organizations,” a model that carries few restrictions and is characterized by excessive fees and interest rates, loan flipping, aggressive and deceptive marketing to uninformed consumers without regard to the borrower's ability to repay.

WHEREAS, the Mesquite City Council recently held a series of discussions on the issue of credit access business regulation and those discussions generated supportive commentary from members of the Mesquite community favoring increased regulation of this industry; and

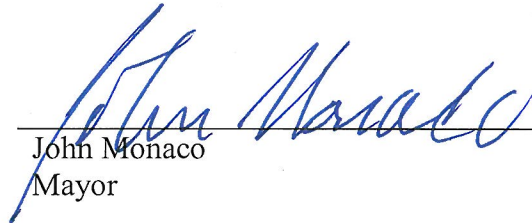
WHEREAS, the Mesquite City Council supports credit access business industry reform and has concluded that the most effective and meaningful regulation would come from the state and federal levels.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MESQUITE, TEXAS:

SECTION 1. That members of the Texas Legislature be encouraged to support bills during the 84th Legislative session which will provide additional consumer protection to the citizens of the State of Texas in the area of consumer borrowing.

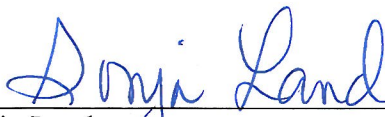
SECTION 2. That legislators should look beyond the pleas from lobbyists for the credit access business industry to the pleas of cash-strapped Texans who are being held hostage financially because of the abusive lending practices of this industry.

DULY RESOLVED by the City Council of the City of Mesquite, Texas, on the 16th day of February, 2015.




John Monaco
Mayor

ATTEST:



Sonja Land
City Secretary

APPROVED:



B. J. Smith
City Attorney