

**CITY OF SAN ANTONIO  
OFFICE OF THE CITY COUNCIL  
COUNCIL CONSIDERATION REQUEST**

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2012 JUN 12 AM 11:10

TO: Mayor & City Council

FROM: Councilman Diego Bernal, District 1

COPIES TO: Sheryl Sculley, City Manager; Leticia Vacek, City Clerk; Edward Benavides, Chief of Staff; Chris Callanen, Assistant to the City Council; Michael Bernard, City Attorney; John Peterek, Management Services Administrator

SUBJECT: Payday and Title Loan Ordinance

DATE: June 12, 2012

Issue Proposed for Consideration

I ask for your support to include the following item on the next available agenda of the Governance Committee:

I respectfully request that the Office of the City Attorney take the appropriate steps in bringing forward an ordinance regulating payday and vehicle title loans.

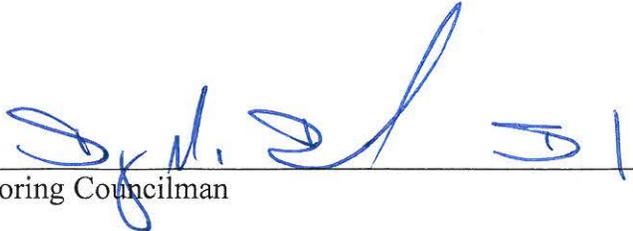
Brief Background

In San Antonio, Texas, there are at least 210 credit access businesses registered with the Texas Office of Consumer Credit Commissioner. These entities charge annual percentage rates of up to and over 500%. As noted in the pamphlet, "The Case for Payday and Auto Title Loan Reform": "Payday and auto title borrowers frequently pay high fees month after month without paying off their loans. The average Texan pays \$840 for a \$300 payday loan and \$1,604 for a \$700 auto title loan. When auto title borrowers cannot sustain paying these fees, they can lose their vehicles" and therefore their means of transportation for work and other essential household functions.

The purpose of the proposed ordinance is to protect members of our community from becoming trapped in a cycle of debt by:

- Limiting payday loans to 20% of the borrower's gross monthly income.
- Limiting auto title loans to the lesser of 3% of the borrower's gross annual income or 70% of the vehicle value.
- Limiting loans to no more than four installments or three rollovers or renewals (a rollover or renewal is defined as an extension of consumer credit made within seven days of the previous extension of credit).
- Requiring the proceeds from each installment or renewal to reduce the loan principal by 25%.

Submitted for Council consideration  
by:

  
\_\_\_\_\_  
Sponsoring Councilman

Supporting Councilmembers' Signatures (4 only)

District No.

- 1.
- 2.
- 3.
- 4.

*[Handwritten signatures in blue ink]*

*7*  
*4*  
*10*  
*3*

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