

## CITY COUNCIL MEMORANDUM

### AGENDA ITEM

**Registration requirements and credit extension guidelines for credit access businesses.**

### ORIGINATING DEPARTMENT

**City Attorney**

### BACKGROUND INFORMATION

Some credit access businesses engage in abusive and predatory lending practices, offering easy money with onerous terms and fees to members of our community who are struggling financially. These practices cause members of our community to become trapped in a cycle of short term, high interest loans resulting in large debt and huge payments.

### DISCUSSION/CONCLUSION

The proposed ordinance, which is based upon the Texas Municipal League's model policy, establishes a registration program, imposes restrictions on extensions of consumer credit and imposes recordkeeping requirements on credit access businesses. The proposed ordinance also requires that a credit access business post a written notice of the Military Lending Act where it is visible to potential creditors. Staff believes the ordinance will help to protect the citizens of Killeen from excessive fees and interest rates for these short term loans.

### RECOMMENDATION

City staff recommends that the City Council approve the attached ordinance, which would become effective 90 days after passage.