



OFFICE OF THE GOVERNOR

SEP 30 2018

To the Members of the California State Assembly:

I am reluctantly signing Assembly Bill 237 because the alternative is worse. This bill increases the maximum dollar amount of loans permissible under California's Pilot Program for Increased Access to Responsible Small Dollar Loans from \$2,500 to \$7,500.

This program was created to encourage lenders to provide affordable small dollar loans to consumers. These lenders are allowed to use unlicensed third parties, known as "finders," to offer loans to borrowers, prepare loan documents, disburse loans and engage in related activities.

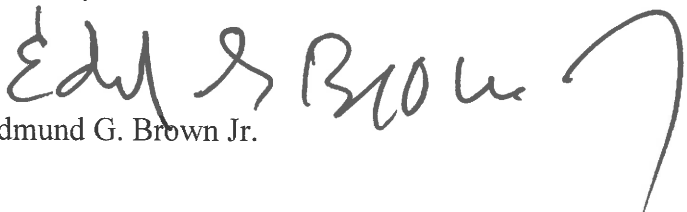
While I am signing this bill, I remain concerned that increasing the cap on these loans without stricter regulatory oversight may create unintended consequences. I call on the Department of Business Oversight to increase their vigilance and more carefully oversee both lenders and finders to ensure their actions comply with existing law.

The annual interest rate permitted by this pilot program—together with the fees—can exceed 50%. While this is unacceptable, loans provided outside of this program carry even more exorbitant interest rates.

From the time of Moses, usury has been condemned. Loans that exploit low income borrowers are especially abhorrent. The Legislature should heed the words of Exodus 22:25, where it is written:

*"If thou lend money to any of my people that is poor by thee, thou shalt not be to him as an usurer, neither shalt thou lay upon him usury."*

Sincerely,

  
Edmund G. Brown Jr.

PS: And now onto the Promised Land—Colusa County!