



# Press Release

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## **CREDIT ACCESS BUSINESS ORDINANCE TAKES EFFECT MAY 18**

(KILLEEN, TEXAS): Killeen City Council adopted an ordinance February 9 that will change the way credit access lenders do business. The ordinance, which goes into effect May 18, is intended to reduce abusive and predatory lending practices.

Credit access businesses, better known as payday and car title lenders, will now be required to register with the City. The City has contacted these businesses directly notifying them that they must register prior to May 18. Approved businesses will have to conspicuously display their certificate of registration, prominently post a sign regarding the Military Lending Act and abide by new lending provisions.

Customers of credit access businesses should look for signage before utilizing these services.

The new ordinance imposes limits on how much cash may be loaned. A payday advance may not be made for an amount more than 20 percent of the borrower's gross monthly income. A title loan may not exceed the lesser of three percent of the borrower's gross annual income or 70 percent of the retail value of the vehicle. The lender will use a paycheck or other documentation to determine income.

When the terms of a credit extension provide for repayment in installments, there may be no more than four installments, and the loan may not be refinanced or renewed. When the terms of credit extension provide for repayment in a single lump sum, repayment may not be refinanced or renewed more than three times. The lender is also required to use at least 25 percent of the proceeds from each installment, refinancing or renewal toward the principal loan amount.

The ordinance takes effect May 18, and customers utilizing these businesses should expect all of these practices to be in place. If a consumer experiences a Killeen credit access business not following these requirements, a complaint should be filed with Killeen Police Department.

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