

- 2) **Rent Now, Pay Later.** The cost of living in California has increased at a steady rate while unemployment and wages have not kept pace. In light of the widening affordability gap, some financial technology companies have developed financial products to “rent now, pay later” and meet consumers’ need to stretch income until the next paycheck. Under such a loan, a service provider pays a landlord the full amount of rent at the beginning of the month, while the renter makes a first partial payment towards the rent along with a service fee. The renter makes a second payment to the service provider on the 15th day of the month along with the remaining service fee. In addition to the direct costs of the service, a service provider may charge a credit card processing fee, passthrough fee, or late fee, among others. This bill requires a rent loan to meet certain conditions, such as prohibiting certain fees, and requires a servicer to provide certain disclosures to a consumer.
- 3) **Support and Opposition.** This bill is supported by community groups and the Consumer Attorneys of California, which argues, “California must end these predatory practices that exacerbate the housing affordability crisis for working families and stop hurting low-income renters in the state.”

Recent amendments to this bill adopted by the Assembly Banking and Finance Committee inserted the current provisions of this bill regulating a rent loan and struck out the prior provisions that outright prohibited a finance lender licensee from making a rent loan. Registered opposition to this bill, generally rental housing and financial services providers, reflects arguments related to the prior version of the bill, and it is unclear whether such opposition remains.

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