

For Immediate Release

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‘Potentially Disastrous’ Bill Defeated in California

State Assembly Rejects Plan to Ban Repossessions for Two Years

Arlington, Texas (June 19, 2020) – The California Assembly voted down a bill that would have had a huge negative impact on the state’s auto finance industry.

AB 2501 – the COVID-19 Homeowner, Tenant and Consumer Relief Law of 2020 – was defeated by a 28-25 vote on June 15, and Thursday, the Assembly adjourned its session without taking up a motion to reconsider the measure.

The bill, sponsored by Assembly Banking and Finance Committee chairwoman Monique Limón, would have prohibited creditors from repossessing vehicles until Jan. 1, 2023, and required them to provide loan forbearance for up to nine months for customers unable to make payments.

The Independent Automobile Dealers Association of California worked with the National Independent Automobile Dealers Association to oppose AB 2501, noting its passage would drastically reduce the ability of independent dealers and auto finance companies to extend credit to consumers – especially credit-challenged individuals.

“We couldn’t be happier with the actions of the Assembly,” IADAC executive director Larry Laskowski said. *“There really was no upside to the bill. The economic impact would have been enormous.”*

“Thanks to the action of IADAC and NIADA and other groups, members of the Assembly were able to make the right choice and defeat this potentially disastrous bill.”

In a letter to Limón and members of the Assembly, NIADA pointed out auto lenders assume significant risk in extending credit, which is minimized only by their ability to repossess the collateral in the event of a default. Without that ability they would be far less likely to provide credit – and those most likely to be harmed by that would be the most vulnerable and financially disadvantaged consumers.

“This was a very important victory for the auto industry and consumers in California,” NIADA CEO Steve Jordan said. *“The efforts of IADAC and its members, working in conjunction with NIADA, have provided another illustration of what independent dealers can do when we make our voice heard.”*

About NIADA

The National Independent Automobile Dealers Association (NIADA) is among the nation’s largest trade associations, representing the used motor vehicle industry comprised of more than 38,000 licensed used car dealers. Since 1946, NIADA has represented the voice and interests of used car dealers at the federal level in Washington D.C. Coupled with its state association network across the country, NIADA’s grass-roots framework provides a dual layer of advocacy unmatched in the used motor vehicle industry.

For more than 70 years, NIADA has engineered programs and leveraged technology to fulfill its mission to advance, educate and promote the independent used car dealer. NIADA members subscribe to a strict Code of Ethics of duty, honor and integrity, and believe in the advancement of small business in support of the free-market system. More information about NIADA programs and educational opportunities is available at www.niada.com and www.niada.tv.