LendingClub Endorses Small Business Truth in Lending bill introduced in US House and Senate

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Bill would bring price transparency to small business lending, building on similar laws passed in California and New York

SAN FRANCISCO, Nov. 18, 2021 /PRNewswire/ -- LendingClub Corporation (NYSE: LC), the parent company of LendingClub Bank, America's leading digital marketplace bank, endorsed a bill introduced today in the United States House and Senate that would extend the transparency standards of the federal Truth in Lending Act to small business financing.

"Small business owners deserve transparent disclosure of the price they would pay for a loan, plain and simple. Chairwoman Velazquez and Senator Menendez have stood up to support small businesses owners and a more transparent, responsible, and potentially innovative small business lending system," said Louis Caditz-Peck, Director of Public Policy at LendingClub.

Since 1967, the Truth in Lending Act has established transparent disclosure of the prices and terms for loans to consumers. But the Truth in Lending Act does not apply to most small business financing, and in recent years less-transparent pricing practices have emerged. Research by LendingClub's partner Accion Opportunity Fund has found small businesses paying APRs as high as 358%, often without those rates being clearly disclosed to the small business borrower. The payments charged to the small businesses in the study were, on average, nearly double what the business could afford to pay.

"We're looking forward to working on this bill with lawmakers on both sides of the aisle to help small businesses recover economically, and to encourage innovation in small business lending. LendingClub has shown that innovation can lower prices, but that only benefits small business customers if they are able to easily compare the prices they are being offered. Truth in Lending standards are not being upheld across the market today, and small businesses are literally paying the price," said Caditz-Peck.

The Small Business Lending Disclosure Act was introduced by Chairwoman Velazquez and Senator Menendez and co-sponsored by House Financial Services Committee Chairwoman Maxine Waters, House Subcommittee on Consumer Protection and Financial Institutions Chairman Ed Perlmutter, Senate Banking, Housing and Urban Affairs Committee Chairman Sherrod Brown, and Senate Small Business and Entrepreneurship Committee Chairman Ben Cardin. In addition, it was supported by the Responsible Business Lending Coalition (RBLC), which LendingClub co-founded in 2015 with nonprofit Community Development Financial Institutions (CDFI), small business advocacy groups, and for-profit fintech partners including Funding Circle, Accion Opportunity Fund, Opportunity Finance Network, Small Business Majority, Community Investment Management and the Aspen Institute.

The Small Business Lending Disclosure Act is based on similar small business financing transparency laws that LendingClub and Responsible Business Lending Coalition partners led to passage with overwhelming, bipartisan support in California in 2018 and New York in 2021. Similar laws have been also introduced for consideration in North Carolina, New Jersey, Maryland, and Connecticut.

LendingClub's small business financing products include SBA loans and other commercial loans, as well as unsecured online loans offered in partnership with Accion Opportunity Fund and Funding Circle. An analysis of LendingClub's small business lending program found five-times the representation of minority-owned businesses, and four-times the representation of women-owned businesses, when compared to conventional bank lending.

About LendingClub
LendingClub Corporation (NYSE: LC) is the parent company of LendingClub Bank, National Association, Member FDIC. LendingClub Bank is the leading digital marketplace bank in the U.S., where members can access a broad range of financial products and services designed to help them pay less when borrowing and earn more when saving. Based on more than 150 billion cells of data and over $68 billion in loans, our AI-driven credit decisioning and machine-learning models are used across the customer lifecycle to expand seamless access to credit for our members, while generating compelling risk-adjusted returns for our loan investors. Since 2007, more than 3.8 million members have joined the Club to help reach their financial goals. For more information about LendingClub, visit https://www.lendingclub.com.

CONTACT:
For Investors: IR@lendingclub.com
Media Contact: Press@lendingclub.com

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