



## MAKING MAINSTREAM LENDING AVAILABLE AND ACCESSIBLE IN UNDERSERVED COMMUNITIES

**Committee:** Social and Economic Justice

**Resolution:** SEJ-17-04

1. **WHEREAS**, many consumers have occasions when ends don't meet;
2. **WHEREAS**, according to a recently conducted survey from Bankrate.com, just 37% of
3. Americans have enough savings to pay for a \$500 or \$1,000 emergency;
4. **WHEREAS**, according to the Pew Charitable Trust, payday lending usage is 57% higher
5. for renters than for homeowners; 62% higher for those earning less than \$40,000
6. annually; 82% higher for those with some college education or less; 103% higher for
7. those who are separated or divorced; and 105% higher for African-Americans;
8. **WHEREAS**, NOBEL Women has always been committed to financial empowerment
9. through improved access to mainstream credit as well as a marketplace that offers safe
10. and affordable lending products and services; and
11. **WHEREAS**, not all loan types are equally safe and affordable, and the structure of
12. certain loans significantly reduces the chances that a borrower will fall into a cycle of
13. debt; and
14. **WHEREAS**, responsibly structured credit is an essential part of the wealth-building
15. ecosystem that includes improving financial education, building a sound credit history,
16. providing savings and a wise investment tool; and
17. **WHEREAS**, responsibly structured credit is essential to support a household's ability to
18. save, build a sound credit history, and facilitate crucial investments that can provide a

19. foundation for other wealth-building activities; and
20. **WHEREAS**, the key structural qualities of closed end loans that are responsibly
21. structured, safe and affordable, are that lenders make a good faith effort to assess the
22. borrower's ability to repay the loan and that the loan is repayable in substantially equal
23. installments with no balloon payments; and
24. **WHEREAS**, because these services are not readily available in all communities, NOBEL
25. Women encourages both public and private sector entities to work together to make these
26. services both available and accessible; and
27. **WHEREAS**, there are incentives that can be provided to increase the likelihood that
28. these services become available and accessible in every community; and
29. **WHEREAS**, commercial banks have not shown a willingness to make responsibly
30. structured loans to and within underserved and minority communities to any significant
31. extent, despite the passage of the Community Reinvestment Act; and
32. **WHEREAS**, banks have shown an inability to underwrite and make such loans
33. themselves in a way that protects the security of insured depositors; and
34. **WHEREAS**, minorities and poorer communities need access to safe and affordable
35. installment credit, which is reported to the credit bureaus, enabling consumers to
36. establish, reestablish or build their credit; and
37. **WHEREAS**, there being an inverse relationship between cost and rate, lower income
38. Americans need access to loans which are low cost rather than low rate; and
39. **WHEREAS**, financial regulators through Operation Choke Point have further
40. discouraged banks from financing the operations of community lenders who have stepped

41. in to provide responsibly structured low cost loans to lower income Americans; and

42. **WHEREAS**, banks have been misled into thinking that providing much needed services

43. to lower income Americans, regardless of rate or structure, far from being a positive,

44. valuable and highly commendable benefit to society, constitutes a potential for reputation

45. risk; and

46. **WHEREAS**, a central factor in financial inclusion for these communities is financial

47. education that moves consumers along the path from financial anxiety to financial

48. comfort and, ultimately, to financial freedom

49. **THEREFORE, BE IT RESOLVED**, that NOBEL Women supports small-dollar closed

50. end credit that offers access to mainstream financial services and tests consumers' ability

51. to repay the loan, reports payment history to at least one of the three major credit

52. agencies and is repaid in substantially equal multiple installments at fixed intervals to

53. fulfill the consumer's obligation; and

54. **BE IT FURTHER RESOLVED**, that NOBEL Women supports companies that offer

55. opportunities to partner with minority organizations that provide access points into

56. limited capital and minority communities and will make mainstream financial services

57. readily available and accessible in these communities; and

58. **BE IT FURTHER RESOLVED**, that NOBEL Women recommends to the financial

59. regulators of this country and to the Congress of the United States, that banks be allowed

60. and encouraged to earn their CRA credit indirectly by providing loans to eligible third

61. parties, which in turn and at their own risk will make safe and affordable installment

62. loans to lower income Americans in minority communities when ends don't meet, and

63. that such loans be seen both by regulators and by the media as enhancing the reputatio  
64. of both banks and third party lenders; and  
65. **BE IT FINALLY RESOLVED**, that a copy of this resolution be transmitted to the  
66. President of the United States, Vice President of the United States, members of the  
67. United States House of Representatives and the United States Senate, and other federal  
68. and state government officials as appropriate.

**Introduced by:** Rep. Laura Hall