

Resolution 06-301

MAKING CREDIT PRODUCTS AND FINANCIAL SERVICES AVAILABLE TO UNBANKED AND UNDERBANKED AFRICAN-AMERICAN AND FINANCIALLY UNDERSERVED CONSUMERS

WHEREAS, there is a substantial population in the United States that does not have access to traditional sources of consumer credit, financial services, or bank checking accounts;

WHEREAS, the majority of financial institutions rely on the scoring system of the Fair Isaac Corporation (FICO score) to determine the creditworthiness of consumers;

WHEREAS, the FDIC considers consumers with FICO scores of 660 and below to be “sub-prime” credit consumers;

WHEREAS, there are an estimated 80 million people in the United States with FICO scores of 660 and below;

WHEREAS, there are an estimated 54 million people in the United States that have no credit score or a “thin” credit file;

WHEREAS, individuals that do not have or maintain traditional bank accounts are “unbanked”;

WHEREAS, individuals that have impaired credit or “thin” credit files are financially “underbanked”;

WHEREAS, this “unbanked” or “underbanked” group is denied credit and financial products that are generally available to others in the United States;

WHEREAS, over 51% of African Americans makeup the unbanked and underbanked population;

WHEREAS, federally regulated banks are limited in the amount of risk that can be undertaken in servicing consumers with FICO scores below 600;

WHEREAS, NBCSL understands and recognizes that consumers with low FICO scores represent a higher cost to service due to the associated risk;

WHEREAS, a key objective of The National Black Caucus of State Legislators (NBCSL) is to assist African-Americans and underserved financial consumers with obtaining equal access to consumer credit and financial opportunities;

WHEREAS, it is the purpose of this Resolution to recognize and support the efforts of Financial Services Companies and their associated bank partners to make mainstream credit products and financial services available to African-American and underserved financial consumers on terms that are fair and equitable; and



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WHEREAS, all consumers deserve the right to know the terms, conditions and costs of obtaining credit through full, accurate and understandable disclosure;

THEREFORE BE IT RESOLVED BY THE NATIONAL BLACK CAUCUS OF STATE LEGISLATORS EXECUTIVE BOARD ASSEMBLED IN NASHVILLE, TENNESSEE, ON THIS 16TH DAY OF AUGUST 2006 that NBCSL hereby recognize, support and promote that legislation be enacted to provide mainstream banking services and credit products to allow a “second chance” to build or rebuild credit;

BE IT FURTHER RESOVLED that NBCSL does hereby recognize, support and promote working with all applicable State and Federal agencies, policymakers and legislative caucuses to create regulations and legislation to promote a stable regulatory environment for Financial Services Companies and their banking partners to service the underserved financial consumer and end the current environment of inequitably providing financial services to underserved financial consumers;

BE IT FURTHER RESOVLED that NBCSL does hereby recognize, support and promote Financial Services Companies which provide financial services and credit products to African-American consumers and financially underserved communities on terms that fairly account for the credit risk undertaken by such companies;

BE IT FURTHER RESOVLED that NBCSL does hereby recognize, support and promote Financial Services Companies that partner with federal and state chartered banks to promote and enhance the availability and accessibility of mainstream financial products and services to the financially underserved and in their communities;

BE IT FURTHER RESOVLED that NBCSL does hereby recognize, support and promote Financial Services Companies that provide consumer education to the unbanked and underbanked consumer to educate them of the various options for consumer credit and financial services that are available;

BE IT FURTHER RESOVLED that NBCSL does hereby recognize, support and promote Financial Services Companies that develop relationships with National Credit Bureaus to accept all credit payment history equitably;

BE IT FURTHER RESOVLED that NBCSL does hereby recognize, support and promote Financial Services Companies that provide a credit delivery platform that individually risk-base prices consumers and incorporates guaranteed graduation to better credit terms and lower prices for underserved consumers who demonstrate creditworthiness;

BE IT FURTHER RESOVLED that NBCSL does hereby recognize, support and promote Financial Services Companies that provide mainstream banking services for the unbanked consumer while providing services options to meet their individual financial needs;

BE IT FURTHER RESOVLED that NBCSL does hereby recognize, support and promote Financial Services Companies that provide full, accurate and understandable disclosure of agreement terms, conditions and the cost of obtaining credit;

BE IT FURTHER RESOVLED that NBCSL does hereby recognize, support and promote a competitive regulatory framework for Financial Services Companies to provide mainstream

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banking services and credit products to the unbanked and underbanked that will result in new product innovation, enhanced delivery mechanisms, lower prices and better terms which will bridge financially underserved consumers and underprovided communities to financial empowerment;

BE IT FURTHER RESOVLED that NBCSL does hereby recognize, support and promote the need for a stable regulatory environment through the development of state legislation that will foster a competitive environment for Financial Services Companies and their bank partners;

BE IT FURTHER RESOVLED that NBCSL does hereby recognize, support and promote the need for a national regulatory framework that will allow Financial Services Companies and their bank partners to provide mainstream financial services and credit products to the unbanked and underbanked consumer;

BE IT FURTHER RESOVLED that NBCSL will recognize, support and promote the efforts of Financial Services Companies and their bank partners that join in partnership with NBCSL to educate NBCSL members as to the availability and accessibility of financial services and credit products for the unbanked and underbanked consumer and;

BE IT FURTHER RESOLVED that NBCSL will recognize, support, promote the efforts of Financial Service Companies and their bank partners that incorporate and implement the objectives detailed in this resolution to equitably provide mainstream financial services and credit products to the financially underserved consumer while providing a vehicle to bridge the gap of the financial empowerment divide.

Sponsor(s): Representative Lois DeBerry (TN), Senator Tracy Steele (AR)

Co-Sponsors: Senator Diana Bajoie (LA), Representative Sharon Beasley Teague (GA), Representative Mary H. Coleman (MS), Representative William Crawford (IN), Representative Beverly Earle (NC), Representative Virgil Fludd (GA), Senator Peter Groff (CO), Representative John Hines (MS), Representative Gilda Cobb Hunter (SC), Representative Ed Jennings (FL), Representative Earl Jones (NC), Representative Howard Mosby (GA), Representative Earlene Parmon (NC), Representative Johnny Shaw (TN), Senator Ada L. Smith (NY), Representative Fred Strahorn (OH), Representative Michael Vaughn (MD), Representative Stan Watson (GA)

Committee of Jurisdiction: Executive Committee

Certified by President: Representative Mary H. Coleman (MS), President

Certification Date is: August 16, 2006

Ratified in Executive Session: August 16, 2006

Ratification is certified by: Representative Mary H. Coleman (MS), President