



**A RESOLUTION PROMOTING THE ENACTMENT OF DEFINITIONS FOR SAFE  
AND AFFORDABLE LENDING PRODUCTS AND SERVICES**

**Committee:** Social and Economic Justice

**Resolution:** SEJ-17-01

1. **WHEREAS**, members of the National Organization of Black Elected Legislative Women
2. (NOBEL Women) have a strong commitment to financial empowerment through
3. improved access to capital, as well as a marketplace that offers safe and affordable
4. lending products and services; and
5. **WHEREAS**, the need for small-dollar, closed end credit exists in every community
- 6.
7. throughout the country; and
8. **WHEREAS**, not all loan types are defined so that consumers know which products are
9. safe, affordable and structured to reduce the likelihood of borrowers falling into a cycle
10. of debt; and
11. **WHEREAS**, responsibly structured credit is essential to support a household's ability to
12. save, build a sound credit history, and facilitate crucial investments that can provide a
13. foundation for other wealth-building activities; and
14. **WHEREAS**, Federal law known as the Dodd-Frank Act (P.L.111-203) nor the Consumer
15. Financial Protection Bureau have adequately defined or differentiated between the
16. numerous small dollar, short-term consumer loans products in the marketplace, thereby
17. creating an environment where consumers have little ability to make informed decisions
18. as to which available products are safer, lower cost or structured in ways that provide
19. more than short-term financial assistance; and

20. **WHEREAS**, States like Missouri, New Mexico, and Illinois have enacted laws that

21. further and distinctly define the key structural qualities of closed end loans that are safe

22. and affordable and establish standards that insure that safe and affordable products and

23. services are offered by lenders;

24. **WHEREAS**, it is the intention of this organization to ensure access to loan products and

25. services that are low cost and promote adequate safeguards to protect the general

26. community from abusive financial services; and

27. **THEREFORE, BE IT RESOLVED**, that the NOBEL Women supports the extension of

28. safe and affordable loan products, often called “traditional installment loans”, that meet

29. the following terms and conditions:

30. (a)The loan serves as an affordable means for borrowers to establish and secure

31. small dollar closed end credit while preventing cycle of debt issues inherent with

32. non-amortizing balloon payment loans.

33. (b) The loan is a small-dollar closed end credit that is “fully amortized,” meaning that the

34. Total of Payments defined under the Federal Truth in Lending Act, is repaid in

35. substantially equal multiple installments at fixed intervals to fulfill the consumer’s

36. obligation.

37. (c)The loan, when used prudently by consumers, helps to establish, re-establish or

38. improve credit scores.

39. (d)The loan is reported to at least one of the three major credit agencies: Equifax,

40. Experian and TransUnion.

41. (e) The loan is "Fully-amortized" meaning the principal, defined as amount financed

42. under the federal Truth in Lending Act and the scheduled interest, defined as finance  
43. charge under the federal Truth in Lending Act, are repaid in substantially equal multiple  
44. installments at fixed intervals to fulfill the consumer's obligation.

45. **BE IT FURTHER RESOLVED**, that in defining a true "traditional installment loan",

46. we believe that a fixed rate, fully-amortized closed-end extension of direct consumer

47. credit that has any of the following characteristics should not be considered to comply

48. with a transaction that would be a true traditional installment loan:

49. (a)The transaction has a repayment term of one hundred eighty- one days or fewer and is

50. secured by the title to the borrower's motor vehicle or auto;

51. (b)The transaction requires that the full amount of the credit extended together with all

52. fees and charges for the credit be repaid in ninety-one days or fewer;

53. (c)The transaction's scheduled repayment plan contains one or more interest-only

54. payments or a payment that is more than ten percent greater than the average of all other

55. scheduled payment amounts;

56. (d)The transaction, at origination, requires the borrower:

57. (i) To agree to a pre-authorized automatic withdrawal in the form of a bank draft, a

58. pre approved automated clearing house or its equivalent;

59. (ii) To agree to an allotment or an agreement to defer presentment of one or more

60. contemporaneously-dated or postdated checks; or

61. (iii) To repay the loan in full at a borrower's next payday or other recurring deposit cycle,

62. where the repayment is connected with a bank account.

63. **BE IT FINALLY RESOLVED**, the NOBEL Women encourages the broader use of

64. consumer loans products that are clearly defined in Federal and State laws, and urge that

65. a copy of this resolution be transmitted to the President of the United States, Vice
66. President of the United States, members of the United States House of Representatives
67. and the United States Senate, other federal and state government officials, and other State
68. legislative colleagues as appropriate.

**Introduced by:** Rep. Laura Hall (AL)