

HOUSE JOINT RESOLUTION 645

By Shaw

A RESOLUTION relative to short-term loans to vulnerable populations.

WHEREAS, Tennessee has been historically focused on ensuring the safe and adequate protection of vulnerable populations; and

WHEREAS, those communities that require increased levels of protection should include the elderly, veterans, active military personnel, and those who lack adequate understanding about financial products and services, particularly regarding short-term loans; and

WHEREAS, the elderly have experienced, and continue to experience, abuse from many sectors of the U.S. economy, but one of the most egregious is financial exploitation; and

WHEREAS, the U.S. Department of Justice (DOJ) reported that “Financial exploitation of elders is complex and, in some instances, accompanied by other forms of elder mistreatment”; and

WHEREAS, the DOJ sought to evaluate the “Incidence of Financial Exploitation” and “Characteristics of Financial Exploitation”; and

WHEREAS, the DOJ study found that there was no adequate reporting mechanism in the U.S., but a 1998 study by the National Center on Elder Abuse reported that financial abuse accounted for about 12 percent of all elder abuse reported nationally in 1993 and 1994, and 30 percent of substantiated elder abuse reported to Adult Protective Services in 1996, after excluding reports of self-neglect; and

WHEREAS, a 2000 survey of the National Association of Adult Protective Services Administrators conducted for the National Center on Elder Abuse found that financial exploitation comprised 13 percent of the mistreatment allegations investigated; and

WHEREAS, financial exploitation combined with neglect or abuse is referred to as hybrid financial exploitation; and

WHEREAS, the DOJ found that the characteristics and dynamics of the two types of cases (pure financial exploitation and hybrid financial exploitation) vary depending on the type of exploitation involved; and

WHEREAS, Tennessee supports appropriate laws and statutes to protect the elderly from incidences of abuse within families, and among those entrusted with the care of the elderly, veterans, active duty military, and those with limited financial understanding; and

WHEREAS, in addition to protecting the elderly, veterans, active duty military, and those with limited financial understanding from abuse in the home, appropriate safeguards should be established to protect these groups from predatory lending practices; and

WHEREAS, this General Assembly maintains that responsibly structured credit is an essential part of the wealth-building ecosystem, that includes building a sound credit history, as well as saving and wise investment; and

WHEREAS, the key structural qualities of loans that are safe and affordable are that the lender makes a good faith effort to assess the borrower's ability to repay the loan, and that the loan is repayable in substantially equal installments of principal and interest, with no balloon payments; and

WHEREAS, this General Assembly's intention is to ensure access to loans that are low cost rather than low rate; now, therefore,

BE IT RESOLVED BY THE HOUSE OF REPRESENTATIVES OF THE ONE HUNDRED EIGHTH GENERAL ASSEMBLY OF THE STATE OF TENNESSEE, THE SENATE CONCURRING, that we urge the United States Congress to support efforts by the U.S. Department of Veterans Affairs to bring low-cost loans to military service members, and we further urge Congress to take the actions necessary to ensure the continuance and the expansion of such programs.

BE IT FURTHER RESOLVED, that the Tennessee General Assembly supports working with organizations focused on protecting the elderly, veterans, active duty military, and those with limited financial understanding to ensure that adequate safeguards and protections are put in place.

BE IT FURTHER RESOLVED, that we support lending that protects consumers by encouraging responsible underwriting and assessing a borrower's ability and willingness to repay the loan at a reasonable rate.

BE IT FURTHER RESOLVED, that we support efforts to protect the elderly, veterans, active duty military, and consumers with limited financial understanding who may need short-term loans.

BE IT FURTHER RESOLVED, that lenders should examine factors like a borrower's credit bureau reports, the availability of monthly income for debt service, and the amount of the borrower's debt compared to assets and income as conditions for making a loan.

BE IT FURTHER RESOLVED, that lenders should adhere to all applicable state laws regarding collection practices, and that lenders should make good faith attempts with borrowers to remedy a delinquent account and refer consumers to financial counseling, if needed.

BE IT FURTHER RESOLVED, that any loan should be structured in such a way as to minimize the danger that a borrower might fall into the cycle of debt.

BE IT FURTHER RESOLVED, that lenders should take care to explain to borrowers the terms of a possible loan transaction in as clear and transparent a manner as possible.

BE IT FURTHER RESOLVED, that lenders should be a vital part of the communities in which they operate and actively participate in community activities and charitable endeavors.

BE IT FURTHER RESOLVED, that lenders should support and participate in financial education programs by contributing financially to organizations that offer these services to borrowers.

BE IT FURTHER RESOLVED, that lenders, non-profit organizations, and government entities should work together to improve financial education.

BE IT FURTHER RESOLVED, that a certified copy of this resolution be transmitted to the President of the United States Senate, the Speaker of the United States House of Representatives, and to each member of Tennessee's Congressional delegation.