

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2007

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SENATE BILL 623

Short Title: NC Minority Support Center Funds. (Public)

Sponsors: Senator Jones.

Referred to: Appropriations/Base Budget.

March 12, 2007

A BILL TO BE ENTITLED
AN ACT TO APPROPRIATE FUNDS FOR THE NORTH CAROLINA MINORITY
SUPPORT CENTER TO FURTHER A STATEWIDE PROGRAM OF LENDING
FOR HOMEOWNERSHIP AND WEALTH CREATION IN DISADVANTAGED
COMMUNITIES.

Whereas, since 1992, the State has appropriated funds to the North Carolina Minority Support Center, Inc., to provide financial and technical assistance to North Carolina's community development credit unions to build capacity and deliver affordable consumer financial products and services, including mortgage loans, small business loans, low minimum balance savings and checking accounts, low-fee transaction services, consumer credit, Individual Development Accounts, foreclosure prevention, financial education, and credit counseling; and

Whereas, the North Carolina Minority Support Center has successfully used these funds to the benefit of the underserved low-wealth, low-income, and minority consumers served by community development credit unions, most of whom earn between 50% and 80% of the area median income in their region; and

Whereas, the North Carolina Minority Support Center has been certified a Community Development Financial Institution by the United States Department of the Treasury and has been recognized as a national and international model for creating affordable banking opportunities for low-income, low-wealth, and unbanked individuals and families; and

Whereas, in the past 10 years, the North Carolina Minority Support Center has used funds appropriated by the General Assembly to leverage more than \$21,000,000 in private and federal support directly and indirectly for community development credit unions, resulting in expanded fair lending, innovative consumer financial services, foreclosure prevention, and better-educated consumers in underserved communities; and

Whereas, the North Carolina Minority Support Center now provides intensive capital support, capacity grants, training, and technical assistance to three community

1 development credit unions: Generations Community Credit Union, Latino Community
2 Credit Union, and First Legacy Federal Credit Union; and

3 Whereas, these community development credit unions are federally insured
4 and designated by the National Credit Union Administration as Low-Income Credit
5 Unions and as Community Development Financial Institutions by the United States
6 Department of the Treasury; and

7 Whereas, these community development credit unions deliver services
8 through 19 branches to a combined statewide membership of over 78,000 people with
9 high membership concentrations in 39 counties in Eastern North Carolina, the greater
10 Triangle region, the Charlotte-Mecklenburg area, and the Western Piedmont; and

11 Whereas, in the past three years, demand for credit from these community
12 development credit unions has increased 16% annually; and

13 Whereas, these community development credit unions have responded by
14 delivering \$43,000,000 in fair and affordable mortgage financing, more than \$6,000,000
15 to small businesses and sole proprietors, creating or preserving more than 1,200 jobs,
16 and \$61,000,000 in fair and affordable consumer credit to more than 6,568 low-income
17 credit applicants; and they have attracted savings accounts and other deposit resources
18 totaling \$63,000,000; and

19 Whereas, the North Carolina Minority Support Center annually receives
20 numerous requests for new branch locations from citizens in counties with high
21 concentrations of high-interest subprime lenders and fringe financial services, and
22 where low-income low-wealth citizens lack branch or technological access to the
23 affordable products, services, and financial counseling offered by a federally regulated
24 community development credit union; and

25 Whereas, the State values and supports the diverse minority communities
26 served by the North Carolina Minority Support Center and community development
27 credit unions, particularly the communities' significant contributions to the economy as
28 represented by their combined buying power of \$47,000,000,000 and a workforce
29 exceeding 1,000,000; Now, therefore,

30 The General Assembly of North Carolina enacts:

31 **SECTION 1.(a)** There is appropriated from the General Fund to the
32 Department of Commerce the sum of one million dollars (\$1,000,000) for the
33 2007-2008 fiscal year and the sum of one million dollars (\$1,000,000) for the
34 2008-2009 fiscal year in recurring funds to the North Carolina Minority Support Center,
35 Inc., to be used as follows:

- 36 (1) \$600,000 in the 2007-2008 fiscal year and \$600,000 in the 2008-2009
37 fiscal year for program administration and technical assistance to
38 community development credit unions and their communities.
- 39 (2) \$400,000 in the 2007-2008 fiscal year and \$400,000 in the 2008-2009
40 fiscal year for direct grants to Generations Community Credit Union,
41 Latino Community Credit Union, and First Legacy Federal Credit
42 Union to support operations related to service and membership
43 expansion.

1 **SECTION 1.(b)** There is appropriated from the General Fund to the
2 Department of Commerce the sum of five million dollars (\$5,000,000) for the
3 2007-2008 fiscal year and the sum of five million dollars (\$5,000,000) for the
4 2008-2009 fiscal year to be allocated to the North Carolina Minority Support Center,
5 Inc., for the purpose of making direct grants through a request for proposals process in
6 each fiscal year to Generations Community Credit Union, Latino Community Credit
7 Union, and First Legacy Federal Credit Union to increase consumer access to affordable
8 financial services through branch location, expansion, and technological innovation.

9 **SECTION 2.** This act becomes effective July 1, 2007.