

September 15, 2005- Sanchez Hosts Banking and Finance Summit at CHCI Conference

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at the 2005 CHCI Public Policy Conference

WASHINGTON, D.C. — In conjunction with the Fiestas Patrias events celebrated across the United States during Hispanic Heritage Month, Congresswoman Loretta Sanchez helped kick off the Congressional Hispanic Caucus Institute's 2005 Public Policy Conference this week in the nation's capital. This year, the conference attracted thousands from across the nation who addressed and offered solutions to the complex problems affecting Latino communities.

Sanchez hosted more than 50 attendees at her Banking and Finance Summit where financial experts explored the complexities of Hispanics and Credit, specifically credit scores and access to credit.

"Credit scoring and access to credit are two very important issues that affect many Americans, but it's something of particular interest to immigrant and ethnic communities," said Sanchez, who serves as chair of the Banking and Finance Committee for the Congressional Hispanic Caucus (CHC). "Understanding FICO credit scores and different loan types is critical. These scores can determine whether one is able to buy a home, pay a mortgage or maintain a household budget. Often times, we accept certain loans because we don't understand the different programs available. Financial literacy should be a top priority for our community."

A lack of credit history often makes it difficult to determine credit scores. More than 50 million Americans have no credit history and 8.4 million Hispanics are without bank accounts. In addition, the lack of consumer data and low credit scoring often predicates the type of loans offered to minority communities. A 2004 Greenlining Institute study in California found that African Americans, Native Americans, Latinos and Pacific Islanders are three times more likely to receive sub-prime loans compared with non-minority and Asian-American borrowers.

"The Hispanic community needs to understand the risk of these zero-down, interest-only loans," said Sanchez. She referenced the Mortgage Bankers Association numbers that show that 2.4% of prime loans were past due in mid-2004, compared with 10.04% of sub-prime loans. In mid-2004, 4.61% of sub-prime loans were in foreclosure, above the 0.49% prime figure. Currently, non-minority (whites) receive 11.1% rate on sub-prime loans, while Hispanics receive 17.3%.

This year's panel offered proposals to offer extensive credit education programs, work with financial institutions to restructure Latino financial services, and offer alternative ways to show credit history, including utility and remittance payments. This year's Banking and Finance panelists included: Dr. Michael Turner, Information Policy Institute; Gary Acosta, Aviara Reinvestment Group, LLC, Prado Mortgage and Emerging Market Technology Applications (EMTA); Leonardo Simpser, Hispanic National Mortgage Association; Monica Gonzales, National Community Reinvestment Coalition; Lionel Savage, First American Corporation; Lisa Nelson, Fair Isaac Credit Services; Terry Theologides, New Century Financial Corporation; and Brad Kelso, LandSafe Credit.