



NEWS RELEASE **For Immediate Release**

ROBERT L. JOHNSON ANNOUNCES THE AFRICAN AMERICAN MAYORS ASSOCIATION (AAMA) HAS PASSED A UNANIMOUS RESOLUTION ENDORSING A VIABLE LOAN ALTERNATIVE FOR WORKERS IN NEED OF SHORT-TERM CREDIT SOLUTIONS THROUGH THEIR EMPLOYER'S PAYROLL SYSTEM

Johnson commends the AAMA for calling on Congress, financial regulators, and the Obama Administration to allow better priced and structured loan alternatives to thrive in the marketplace and curtail abusive and predatory lending practices aimed at those who can least afford it

BETHESDA, MD//JUNE 17, 2014// The RLJ Companies today announced the African American Mayors Association (AAMA) passed a unanimous resolution during their annual board meeting in Washington, DC, in support of an innovative financial product that provides workers with an open-ended employee line of credit offered directly through the payroll system at no cost to the employer.

With limited credit options available for Americans today, the AAMA endorsed the goal of developing innovative and viable loan alternatives for workers in need of credit solutions, particularly minority and working class Americans.

"I am pleased that the AAMA has passed a resolution that will bring the important issue of finding innovative ways to end the cycle of debt brought on by costly traditional and alternative credit products," said Robert L. Johnson, founder and chairman of The RLJ Companies. "Borrowers, many of whom are minorities, may not have access to mainstream borrowing and are often forced to use costly bank products like overdraft or, even worse, take out abusive payday loans and pay exorbitant fees," he added.

Sacramento Mayor Kevin Johnson, founding president of the AAMA stated, "As Mayors, we focus on many issues that directly affect our communities and the economic and financial health of our residents is critical to keeping our cities competitive and strong. The African American Mayors Association will engage in a national dialogue urging an end to the cycle of debt that disproportionately impacts African Americans, and will call on Congress, financial regulators, and the Administration to find common ground and support new, viable, and low cost alternatives that work to meet the needs of our communities."

The AAMA resolution is attached.

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About The RLJ Companies

The RLJ Companies, founded by Robert L. Johnson, is an innovative business network that provides strategic investments in a diverse portfolio of companies. Within The RLJ Companies portfolio, Johnson owns or holds interests in businesses operating in a publicly traded hotel real estate investment trust; private equity; financial services; asset management; automobile dealerships; sports and entertainment; and video lottery terminal (VLT) gaming. The RLJ Companies is headquartered in Bethesda, MD, with affiliate operations in Charlotte, NC; Little Rock, AR; Los Angeles, CA; San Juan, PR; and Monrovia, Liberia. Prior to founding The RLJ Companies, Johnson was founder and chairman of Black Entertainment Television (BET). For more information visit: www.RLJcompanies.com.

About the African American Mayors Association (AAMA)

The newly launched African American Mayors Association (AAMA) is the only organization exclusively representing African-American mayors in the United States. African American Mayors Association exists to empower local leaders for the benefit of their citizens. The role of the African American Mayors Association includes taking positions on public policies that impact the vitality and sustainability of cities; providing mayors with leadership and management tools; and creating a forum for member mayors to share best practices related to municipal management.

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AFRICAN AMERICAN MAYORS ASSOCIATION (AAMA) CALLS ON CONGRESS, FINANCIAL REGULATORS, AND THE ADMINISTRATION TO SUPPORT AN INNOVATIVE FINANCIAL PRODUCT THAT PROVIDES WORKERS WITH ACCESS TO SHORT-TERM CREDIT SOLUTIONS THROUGH THEIR EMPLOYER'S PAYROLL SYSTEMS

WHEREAS, the African American Mayors Association (AAMA) has endorsed the goal of developing innovative, better-priced and better-structured viable loan alternatives for workers in need of credit solutions, particularly minority and working-class Americans;

WHEREAS, income disparity and short-term loans primarily used by subprime and lower-income Americans continues to grow, the need for new consumer credit options has increased as banks have tightened credit standards, leaving millions of Americans with few options to standard products;

WHEREAS, emergency credit is critical for today's employees because seventy percent of Americans are living paycheck to paycheck with no savings and fifty-four percent of workers' biggest financial worry is not having enough emergency savings for an unexpected expense (PWC Financial Wellness Survey);

WHEREAS, The Federal Deposit Insurance Corporation (FDIC) has recognized employer-based loans as an emerging safe and innovative small-dollar loan business model (*A Template for Success: The FDIC's Small-Dollar Loan Pilot Program, 2010*). The FDIC notes that lenders can use employment information for underwriting and integrate with company payroll systems, allowing providers to offer the loans at a significantly more affordable rate compared with bank overdraft and other short-term loans;

WHEREAS, the *elastic* product is a line of credit made available through employers; the *elastic* product is designed to provide a flexible line of credit and to provide a viable and scalable alternative to traditional forms of credit like bank overdraft fees and other short-term loans;

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WHEREAS, the *elastic* product provides employees a lower cost than alternative bank products; automatic payments *via* payroll; discreet borrowing without requesting a wage advance from the employer; and an exclusive benefit to the employee including tools to increase financial literacy and the opportunity to improve their credit scores by reporting payments to the major credit bureaus;

WHEREAS, the *elastic* product provides employers with a no-cost benefit to offer employees resulting in lower employee stress and higher work productivity; and no repayment risk to the employer;

WHEREAS, access to credit is a financial lifeline for Americans facing economic stress and a concerted effort among consumer groups, regulators, industry, legislators, and the Administration is needed to ensure that these loans meet the highest standards of transparency and responsible lending;

NOW, THEREFORE, BE IT RESOLVED, that the African American Mayors Association (AAMA) supports the *elastic* product and the goal of providing immediate financial relief and literacy to consumers to end the cycle of debt brought on by costly traditional and predatory credit products.

BE IT FURTHER RESOLVED, that the African American Mayors Association (AAMA) is engaging in a national dialogue urging Congress, Financial Regulators, and the Administration to support the *elastic* product offering and allow this innovative, viable, and low cost business solution to thrive in the marketplace to meet the financial needs of consumers on June 14, 2014.

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