



National Credit Union Administration
Office of General Counsel

BOARD ACTION MEMORANDUM

TO: NCUA Board
DATE: August 30, 2019
FROM: Office of General Counsel
SUBJ: Part 701 Payday
Office of Consumer Financial Protection Alternative Loans II

ACTION REQUESTED: Board approval to issue the attached final rule to amend part 701 to provide federal credit unions (FCUs) with an additional option to offer payday alternative loans (PALs).

DATE ACTION REQUESTED: September 19, 2019.

OTHER OFFICES CONSULTED: None

BUDGET IMPACT, IF ANY: None.

SUBMITTED TO INSPECTOR GENERAL FOR REVIEW: Yes.

RESPONSIBLE STAFF MEMBER: Marvin Shaw, Staff Attorney and Matthew Biliouris, Director, Office of Consumer Finance Protection.

SUMMARY: The rule (referred to as the PALs II rule) amends the NCUA's general lending rule to allow federal credit unions (FCUs) to offer additional kinds of payday alternative loans (PALs) to their members. The final rule does not replace the NCUA's current PALs rule (referred to as the PALs I rule). Rather, the PALs II rule grants FCUs additional flexibility to offer their members meaningful alternatives to traditional payday loans while maintaining many of the key structural safeguards of the PALs I rule.

RECOMMENDED ACTION: Recommend the Board issue the rule.

ATTACHMENT: Final rule.