



National Credit Union Administration

BOARD ACTION MEMORANDUM

TO: NCUA Board

DATE: May 11, 2018

FROM: Office of General Counsel

SUBJ: Notice of Proposed Rulemaking –
Part 701 - Payday Alternative Loans II

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

DATE ACTION REQUESTED: May 24, 2018.

OTHER OFFICES CONSULTED: None.

VIEWS OF OTHER OFFICES CONSULTED: N/A.

BUDGET IMPACT, IF ANY: None.

SUBMITTED TO INSPECTOR GENERAL FOR REVIEW: Yes.

RESPONSIBLE STAFF MEMBER: Justin M. Anderson, Senior Staff Attorney and Martha Ninichuk, Director, CURE

SUMMARY: The proposed rule would amend the NCUA's general lending rule to provide FCUs with an additional option to offer payday alternative loans PALs. This proposal would not replace the current PALs rule (PALs I). Rather, it would be an alternative option, with different terms and conditions, for FCUs to offer PALs to their members. Specifically, this proposal (PALs II) would differ from PALs I by modifying the minimum and maximum amount of the loans, modifying the number of loans a member can receive in a rolling six-month period, eliminating the minimum membership requirement, and increasing the maximum maturity for these loans. The Board is proposing to incorporate all other requirements of PALs I into PALs II. The proposal also includes a request for comments from interested stakeholders on the possibility of creating a third PALs loan program (PALs III), which could include different fee structures, loan features, maturities, and loan amounts.

RECOMMENDED ACTION: Recommend the Board issue the proposed rule for a 60 day comment period.

ATTACHMENT: Proposed rule.