



**QUEEN OF PEACE ARLINGTON
FEDERAL CREDIT UNION**

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Date: June 23, 2010

To: Mary Rupp, Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, Virginia 22314-3428

From: Daniel Morrisey, Treasurer/CEO, Queen of Peace Arlington Federal Credit Union

VIA FAX: (703) 518-6319

Following this page, I am sending a copy of the email I sent on March 21, 2010 commenting on the proposed regulation on Short Term Small Dollar Loans (STS).

I notice that my comments have not been posted on the NCUA web site.

Please add my comments on the proposed regulation for the consideration of NCUA in its consideration of the proposed rule.

Thank you.

Sincerely,

Daniel G Morrisey, Treasurer/CEO
Queen of Peace Arlington Federal Credit Union

From: Queen of Peace Arlington FCU <qpafcu@qpafcu.com>
To: <regcomments@ncua.gov>
Subject: Comments on Proposed Regulation

Sent: Fri 05/21/10 6:20 PM
Priority: Normal

To: Mary Rupp, Secretary of the Board of NCUA

I support the Proposed Rule allowing federal charters more flexibility in offering short term, small amount loans. We currently offer such a program, which has been successful, but the proposed rule would allow us to consider an expanded program.

I believe it is important that any changed or added rule should not interfere with any program allowable under the existing rules.

I support the lifting of the interest rate ceiling in the proposal, as well as the \$20 cap on an application fee. There are significant costs in processing such small dollar, higher risk loans and allowing a \$20 application fee can make offering such loans more cost-effective. I do not believe that there should be any cap on a rate or APR that takes an application fee into consideration. The application fee should be related to the cost of processing an application from a member for this type of loan.

Since these loans are (or may be) higher risk, and may take the credit union some time to gain experience and expertise in offering such loans, I support having an overall cap on such loans.

I believe that the minimum repayment period should be at least two months (instead of the proposed one month) because too short repayment periods are not helpful to members in breaking a cycle of debt. Our current program has a three month repayment period.

I believe that a credit union should be allowed to set a minimum period of membership to be eligible for such a loan, but no period of membership should be mandated by the rule. Each credit union should develop programs that meet the needs of its membership, taking safety and soundness into consideration.

I believe that allowing a credit union to mandate a direct deposit, payroll deduction or automatic transfer for payments should be explicitly allowed by the proposal. Such a requirement can help such programs be successful, as well as reduce the risk of such a program.

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