

July 10, 2018

National Credit Union Administration
Gerald Poliquin, Secretary of the Board
1775 Duke Street
Alexandria, VA 22314-3428

RE: Comments on Proposed Rulemaking - PALs II

Dear Mr. Gerald Poliquin,

Introductory paragraph:

I am writing on behalf of [Pearl Hawaii FCU], which serves [the Community of the Island of Oahu]. We have [289,685] members and [\$380,829,688] in assets. [Pearl Hawaii FCU appreciates the opportunity to provide comments to the National Credit Union Administration (NCUA) on its proposed rule for Payday Alternative Loans (PALs).

Letter Body:

Do you agree with the Board's proposal to maintain the current PALs rule unchanged, as PALs I, and create a separate more flexible rule for PALs II? Why or why not?

The Board should adopt PALs II rule and eliminate PALs I rule. It doesn't make sense to have two rules to cover the same type of loans. Each credit union can set policies on these types of loans consistent with their risk appetite and needs of their members.

Or, should PALs I be amended with some or all of the features of PALs II even though this would eliminate FCU's safe harbor from the Bureau's Payday Loan Rule? Why or why not?

If the modifications to PAL I rules would eliminate the current "Safe Harbor Protections" just adopt PALs II rule in its entirety.

Should the Board allow FCUs to make more than one kind of PALs loan at a time to a borrower (i.e., one PALs I loan and one PALs II loan at the same time)? Why or why not?

Credit Unions should only have one type of PALs Program

Should the Board prohibit FCUs from charging overdraft fees for PALs loan payments drawn against a member's account? Why or why not?

No. Members who overdraft their share draft accounts should be held to the same standards as members with other type of loans. If we do not charge an overdraft fee, how are we modifying the members behavior to get them out of the Payday Lending merry-go-round? If a member with a Payday loan at another Financial institution uses our overdraft protection program to make a payment we will still charge him/her the normal fee.

Do you agree with eliminating the minimum length of membership requirement for PALs II loans? Why or why not?

Yes. Each credit union should be allowed to set its own loan policies based on its risk appetite and membership strategies. Credit unions should not be over regulated by "big brother".

Do you agree with eliminating the restriction on the number of loans provided to a borrower within a certain timeframe for PALs II loans? Why or why not?

Yes. Each credit union should be allowed to set its own loan policies based on its risk appetite and membership strategies. Credit unions should not be over regulated.

Do you agree with increasing the maximum loan amount for PALs II loans from \$1,000 to \$2,000 and eliminating the minimum loan amount? Why or why not?

Yes. Each credit union should be allowed to set its own loan policies based on its risk appetite and membership strategies. Credit unions should not be over regulated.

Due to the proposed increased permissible loan amount, do you agree with increasing the maximum loan term from six months to 12 months? Why or why not?

Yes. Each credit union should be allowed to set its own loan policies based on its risk appetite and membership strategies. Credit unions should not be over regulated.

What other amendments should the NCUA consider for PALs II loans?

Allow credit unions to obtain collateral (i.e. car) for a lower rate and an open-end option.

Should the Board propose a third alternative PALs rule? Why or why not?

The Board should allow PALs loans as a type of loan product and allow credit unions to determine its own policies based on its risk appetite and membership strategies.

What features or limits should a PALs III loan include? Please consider, application fees, permissible interest rates, loan maturities, closed-end versus open-end, etc.

Allow credit unions to obtain collateral (i.e. car) for a lower rate and an open-end option. Credit unions should not be restricted on application fees or permissible interest rates,

Should the Board set in PALs III a limit on the aggregate dollar amount of loans made separate from that permitted for other PALs loans? Why or why not?

All PALs loans should be combined under one limit. By its very nature these loans are higher risk because they are normally made to sub-prime borrowers.

Based on potential loan features, should the Board require FCUs to conduct an ability to repay determination for PALs III loans? Why or why not?

If credit unions begin conducting the ability to repay for PALs loans, how are these types of loans different from regular loans? Perhaps the Board should allow credit unions to exceed the 18% CAP on loan interest rates for sub-prime borrowers.

Summary of your position:

[We need to be able to help our members free themselves from Payday lenders.]

Closing paragraph:

Thank you for the opportunity to comment on this Proposed Rule and for considering our views on NCUA's PALs program.

Sincerely,

Gordon Sam
Board Chairperson
Pearl Harbor FCU

cc: CCUL