

From: [Stanley Hirtle](#)
To: [Regulatory Comments](#)
Subject: Comments on Notice of Proposed Rulemaking Payday Alternative Loans, Proposed Rule, 12 CFR Part 701, RIN 3133-AE84
Date: Saturday, July 21, 2018 11:40:18 PM

Dear National Credit Union Administration:

I have been a legal services attorney for the low income for many years, and have seen many of my low income clients trapped in unmanageable debt by high cost short term "payday loans." Credit Unions should be an alternative to the predations of payday lenders. Instead, NCUA has proposed a rule to have credit unions behave like payday lenders as they prey on their own members.

In an era of low wages, job insecurity and an unraveling safety net, people on the low end of income scale are extremely vulnerable to sudden expenses. However a loan that can not repaid and ends up in a cycle of repeat borrowing and repeat lender fees does no good. NCUA is proposing exactly this by

1. Permitting an unlimited number of application fees on "payday alternative loans" of up to \$20 per loan.
2. Raising the rate cap from 18% to 28% on larger loans up to \$2,000. Instead the terms should be lengthened to make the loan manageable.
3. Raising fees or rates in the PAL III program beyond those provided in the best state laws on short term loans. This will undermine the attempts to control abusive lending.
4. Underwriting should be based on ability to pay, considering both income and expenses—and especially for higher cost products targeted at financially distressed consumers struggling to make ends meet. No good comes from making unaffordable loans.
5. Allowing excessive overdraft fees, by which payday loans are often justified. Lenders should not use overdraft fees as a profit source, as this inevitably leads to abusive lending practices. Lenders should profit based on the rates of interest. Overdraft fees should only cover the cost to the credit union of overdrafts.

Credit Unions should be part of the solution and not part of the problem. Thank you for your attention.

Stanley Hirtle
1230 Amherst Pl.
Dayton OH 45406
937-278-2483