From:	Robert Schroeder
To:	_Regulatory Comments
Subject:	Comments on Notice of Proposed Rulemaking (PALs II)
Date:	Friday, August 03, 2018 11:14:35 AM

Dear Mr. Poliquin,
I am submitting this email to provide feedback on the Administration's Notice of Proposed Rulemaking related to the NCUA PAL program located in 12 CFR part 701.21 (c).

I would like to offer my comments regarding the four features outlined in PALsII.

- **Loan Amount** – although we do not plan to exceed the $1,000 limit outlined in PALs I, I am in full agreement that the loan amount limit is increased to $2,000 to improve the flexibility of the program. Each credit union understands its membership and knows how best to serve its SEG, community, etc. I believe that raising the limit will help credit unions better compete with Pay Day lenders and provide a better alternative for the consumer.
- **Loan Term** - I believe this needs to be extended to address the increase in the loan amount. We currently use a 6 month term outlined in the PAL I but I would love to have the ability to extend to 1 year if we decide to increase the loan amount.
- **Membership requirement** – I have no opinion on this. I feel that eliminating the minimum length of membership requirement is an underwriting decision. I would never remove our current minimum length of membership requirement addressed in our PAL program but feel it may be appropriate for other credit unions who know their market and wish to have more autonomy.
- **Number of Loans** – I am in full agreement regarding this feature. I feel that it is difficult for us to limit members to making only 3 loans in a rolling six months and agree with PALs II to remove this requirement. One, it is hard for staff to monitor the number of PALs done in a time period and our current system can not ease the process. It is a processing nightmare and I fear that mistakes can happen. Two, I believe members should have the ability to apply for more loans if the need is there. If you restrict the member, they will only go back to the original Pay Day lender and pay their exorbitant rates. 28% beats 3,000% any day of the week. Three, the member wins even if they make a PAL every month. Credit unions will always be a better alternative for these members. It has been our intent and I am sure others to move these members from the PAL product to signature loans as the member's payment history improves. I can't make this statement for Pay Day Lenders.

In conclusion, I support PALsII completely. Although I may not incorporate every feature described above, I would like to have the freedom to better design our PAL program and I believe other credit unions would agree with me.

Sincerely,
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