

## Payday Alternative Loan Changes Forthcoming: Hood

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The NCUA still will issue a final rule making changes to its Payday Alternative Loan model, agency board Chairman Rodney Hood said Wednesday.

However, speaking at a Cato Institute forum, Hood said he could not offer a timeframe for the rule.

“It’s on my agenda,” he said at the forum sponsored by the libertarian think tank.

The NCUA last year sought comment on a new option under the PAL program since few credit unions have said they can afford to offer loans under the current PAL program.

The proposal would have increased the maximum loan amount to \$2,000, increased the maximum loan term to 12 months, required no minimum length of membership to obtain loans and eliminated the provision that allows a federal credit union to make only three loans to a member in a six-month period.

However, some credit union officials said they still would not offer short-term loans and some consumer advocates said the loan terms will still too onerous.

In his presentation, Hood also called on Congress to increase the business lending ceiling imposed on credit unions, but he rejected the notion that credit unions should be subject to the Community Reinvestment Act.

He said the CRA was a punitive measure against banks that were engaged in activities such as redlining.

“I do not believe that credit unions need punitive measures,” he said.

Asked if he would be willing to give up the credit union tax exemption in exchange for more freedom for credit unions, Hood said that is a decision for Congress to make.