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**Credit Unions Are Still Peddling High Cost Payday Loans**  
*National Credit Union Administration Considers Rule Changes*

(WASHINGTON, DC) At least 25 credit unions across the nation are still involved in payday lending, including 14 federal credit unions that are profiting from loans at annual rates ranging from 146% to 876%, flouting the credit unions' 18% legal interest rate cap, the National Consumer Law Center (NCLC) reported today in comments filed with the National Credit Union Administration (NCUA) regarding proposed rule changes (see [http://www.nclc.org/images/pdf/high\\_cost\\_small\\_loans/payday\\_loans/comments-ncua-sept2011.pdf](http://www.nclc.org/images/pdf/high_cost_small_loans/payday_loans/comments-ncua-sept2011.pdf)). NCLC's comments include a chart of credit unions in 13 states involved with payday lending: Alabama, California, Florida, Hawaii, Michigan, Minnesota, Missouri, New Mexico, Oregon, South Dakota, Utah, Washington, and Wisconsin.

Most of the credit union loans are offered through credit union service organizations (CUSOs), which pay a finder's fee to the credit union. But some credit unions are offering payday loans directly, including Kinecta Federal Credit Union in California and Tri Rivers Federal Credit Union in Alabama. NCUA is proposing to examine CUSOs more closely to ensure that their activities do not pose risks to credit unions.

"We applaud the National Credit Union Administration for proposing to take a close look at credit union service organizations involved in reckless practices, like payday lending," said Lauren Saunders, managing attorney at the National Consumer Law Center. "Credit unions have been at the forefront of developing affordable small loans for their members, but a few rogue credit unions and credit union service organizations continue to tarnish the reputation of the entire industry by offering triple-digit short-term loans that create a debt trap."

Today, fewer than half of the 58 credit unions that were described in NCLC's 2010 report *Stopping the Payday Loan Trap: Alternatives that Work, Ones that Don't*, are still doing so. The report included dozens of payday alternatives, good and bad. NCLC's extensive body of work around payday lending, including the comments to NCUA (see Policy Analysis) and *Stopping the Payday Loan Trap* report can be found on its website at <http://www.nclc.org/issues/payday-loans.html>.

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National Consumer Law Center<sup>®</sup> (NCLC<sup>®</sup>) is a non-profit organization specializing in consumer issues on behalf of low-income and other vulnerable people. Since 1969, NCLC has worked with legal services and nonprofit organizations as well as government and private attorneys across the United States, to create sound public policy for low-income and elderly individuals on consumer issues.