

XtraCash, LLC, applauds the National Credit Union Administration (NCUA) for recognizing the need to serve members' small loans needs. This letter underscores the reason why the CUSO, XtraCash, LLC, was formed. XtraCash's mission is to make a difference in the industry by providing a risk-free, affordable alternative to payday lenders, and to make a difference for the members by providing a lower cost alternative and a pathway to financial stability.

Nationally, there is huge demand from consumers for small dollar, short-term loans. Over 19 million US households use payday loans with a loan volume of over \$42 billion dollars annually.

Credit unions should indeed step to the plate and offer small dollar loans to their members. At 18% APR, the interest earned on a \$100 loan computes to roughly \$0.69 for a standard 14-day loan term. While credit unions should make it as affordable as possible, they should do so without having other members absorb the cost. At 18% APR, it is certain that other members subsidize the remainder of the costs to process and service these loans.

Payday lending APRs are much higher than standard loan rates. These are short-term, high-risk, high-loss loans. XtraCash fully discloses fees as a dollar amount and as an annual percentage rate on its Web site, as well in all loan documents, so members are fully aware of the costs of the loans and are not misled.

While the APR on XtraCash loans is admittedly higher than 18%, the APR is lower than storefront payday loan locations. The fees charged are also lower than other member alternatives – overdraft protection fees, NSF fees, late payment charges, etc.

Our credit union partners have found great value by using a collaborative, payday lending CUSO. XtraCash has not only saved members and credit unions over \$1,000,000 monetarily, but has also assisted with member financial literacy. More than 800 hours of online financial education has been completed by members who use XtraCash. Through this education and counseling, we are striving to move the member away from short-term loans and turn them toward more mainstream, lower cost products and services.

XtraCash is a proud member of the Community Financial Services Association of America (CFSA). CFSA is the only national organization dedicated solely to promoting responsible regulation of the payday loan industry and consumer protections through CFSA Best Practices. CFSA is committed to working with policymakers, consumer advocates, and CFSA member companies to ensure that payday lending is a safe and viable credit option for consumers.

In fact, several NCUA suggestions mirror those of CFSA Best Practices, which XtraCash already follows. Some of these include:

- Clear and full disclosure of cost both as a dollar amount and as an APR
- No false, misleading, or deceptive advertising
- Encourage consumer responsibility
- Limit the number of roll-overs allowed
- Right to rescind at no cost
- Repayment over a longer time period - Extended payment plans provided to consumers

XtraCash commends NCUA for these recommendations and stands ready to work with them and the credit union industry to create a better, affordable option for consumers.