**Section 190.610 Issuance of Payday Loans by Credit Unions**

a) A credit union making a payday loan shall satisfactorily address all safety and soundness considerations identified by the Division in its examination and supervision of the credit union. Safety and soundness considerations include, without limitation:

1) Risk-management practices for payday loan activities, particularly with regard to concentrations of payday loans;

2) Capital adequacy, depending on the level and volatility of risk;

3) Allowance for loan losses to ensure the allowance is adequate to absorb estimated credit losses within the payday loan portfolio;

4) Classification of payday loans, given the unsecured nature of the credit and weakness of repayment capacity inherent in payday loans; and

5) The establishment and maintenance of extension, deferral, renewal and rewrite standards consistent with the PLRA.

b) In the event the Division determines the credit union's management of safety and soundness risks relating to its payday loan portfolio is deficient, the Division may initiate informal or formal corrective enforcement action, pursuant to the applicable administrative enforcement provisions set forth in the Illinois Credit Union Act and this Part.

(Source: Added at 30 Ill. Reg. 18919, effective December 4, 2006)