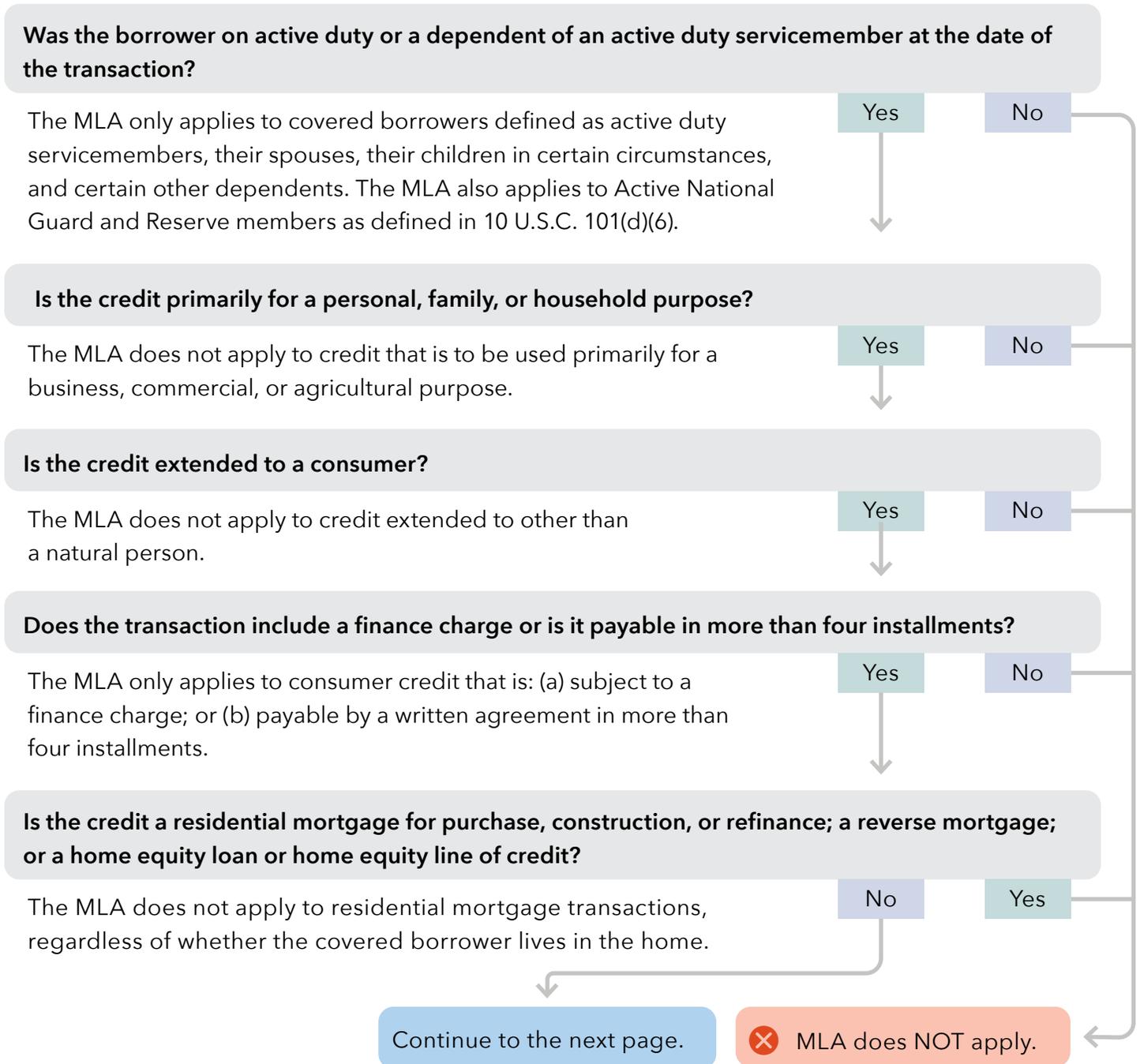


Military Lending Act – Applicability flow chart

The Military Lending Act (MLA) protects active duty members of the military, their spouses, and their dependents (covered borrowers) from certain lending practices. These practices could pose risks for servicemembers and their families, and could pose a threat to military readiness and affect servicemember retention. The MLA contains limitations on and requirements for certain types of consumer credit extended to covered borrowers.

This flow chart is intended for practitioners to assist covered borrowers in understanding what types of consumer credit may or may not be covered by the MLA.



Military Lending Act – Applicability flow chart (continued)

Is the credit expressly intended to finance the purchase of a motor vehicle and the loan is secured by that vehicle?

The MLA does not apply to credit transactions expressly intended to finance the purchase of a motor vehicle when the credit is secured by the motor vehicle being purchased.

No

Yes

Is the credit expressly intended to finance the purchase of personal property and the loan is secured by that property?

The MLA does not apply to credit transactions expressly intended to finance the purchase of personal property when the credit is secured by the property being purchased.

No

Yes

✗ MLA does NOT apply.

Was the transaction dated or the account opened after October 3, 2016 or, for credit card accounts, after October 3, 2017?

For products except credit cards, compliance with DoD's July 2015 rule began on October 3, 2016. Credit card account compliance began on October 3, 2017. The prior rule applies to accounts and transactions dated from October 1, 2007 to October 3, 2016.

Yes

No

✓ The loan may be subject to the MLA's protections, limitations and disclosure requirements as described on the next page.

? The 2015 MLA regulation does not apply, but the prior rule may apply. Contact the CFPB Office of Servicemember Affairs at military@cfpb.gov with questions or concerns.

Military Lending Act – Checklist for violations

This checklist accounts for many of the MLA's requirements, although there are others not noted here.

Is the APR above 36%?

If the APR is above 36%, then the MLA's Military Annual Percentage Rate (MAPR) may also exceed 36% since it includes additional costs not necessarily included in the APR calculation. The MAPR includes costs such as:

- Finance charges or other charges; or
- Credit insurance premiums; or
- Add-on credit-related products sold in connection with the credit; or
- Fees like application fees, participation fees, or fees for debt cancellation contracts, with some exceptions.

Is there a pre-payment penalty?

A creditor can't prohibit prepayment or charge a penalty for paying the loan back early – in part or in full.

Is there a forced arbitration clause?

A creditor can't require mandatory arbitration or a waiver of rights under State or Federal laws, including the Servicemembers Civil Relief Act (SCRA).

Is there a mandatory allotment?

A creditor can't require a military allotment in order to get the loan.

Submit a complaint

If you are having an issue with a consumer financial product or service, you can submit a complaint to the Consumer Financial Protection Bureau. We'll work to get you a response from the company. Here are some ways you can submit a complaint.

 **Online**
consumerfinance.gov/complaint

 **By phone (180+ languages)**
M-F, 8 a.m. - 8 p.m. ET
(855) 411-CFPB (2372)
(855) 729-CFPB (2372) TTY/TDD

 **By mail**
Consumer Financial Protection Bureau
P.O. Box 2900
Clinton, IA 52733-2900