

Keeping It Legal

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On Good (Credit) Terms

Federal Law Meant to Protect Military Borrowers

If you've ever tried to borrow money, you understand that credit comes at a cost — lenders typically charge borrowers interest, and in many cases various other fees. However, did you know that there are limits to the costs that lenders are allowed to charge military members and their dependents, as well as limits on the other terms of their loans?

The Military Lending Act (MLA), found at 10 U.S.C. § 987, provides protection to “covered borrowers” for “consumer credit” transactions.

First, a covered borrower is anyone who becomes obligated on an account or consumer credit transaction while serving on active military duty (including reservists on active orders), or the dependent of a covered member.

“Consumer credit” means any credit offered or extended to a covered borrower primarily for personal, family, or household purposes, and that is subject to a finance charge, or payable by written agreement in more than four installments.

The MLA excludes residential mortgages, as well as car loans and personal property



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purchase loans secured by liens on the property purchased.

Lenders may not charge a Military Annual Percentage Rate (MAPR) greater than 36 percent, after factoring in mandatory fees such as credit insurance premiums, finance charges, application fees, etc.

Lenders are also prohibited from requiring certain terms as part of their loan agreements. Some of the prohibited terms are mandatory rights waivers (including waivers of Servicemembers Civil Relief Act rights), mandatory arbitration, mandatory allotments, prepayment penalties, and requiring access to a military member's bank account as part of the transaction.

Military members may also take advantage of state laws that provide greater protection than the MLA.

If a lender commits a knowing violation of the MLA, it's a misdemeanor. The lender also will be subject to civil penalties, including a fine of not less than \$500 per violation, punitive damages, equitable or declaratory relief and other relief provided by law, plus court costs and attorney fees.

If you believe you may have been the victim of illegal lending, please contact the Legal Office for assistance. Our office number is 910-394-2341 or 394-1504. —43 AMOG/JA

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MILITARY JUSTICE:

Art. 15's:

- **Drunk driving, no personal injury — SrA red. to A1C*, reprimand, FF \$1116x1**
- **Wrongful use (cocaine) — SrA red. to Amn, ED for 45 days, reprimand, FF \$840x2 ***
- **Failure to obey order, false official statement — TSgt red. to SSgt, reprimand, FF \$1698x2*, reprimand**
- **Dereliction (willful) — SrA red. to A1C*, reprimand**
- **Domestic violence — SSgt red. to SrA*, FF \$1332x2, reprimand**

*suspended
FF = forfeitures
Red. = reduction
ED = extra duty

LEGAL ASSISTANCE:

POAs & NOTARIES:

- Mon-Wed, 0800-1530
- Thursdays, 0900-1530 (closed at 1400 the 2d Thursday of the month)
- Fridays, 0800-1200
- No appointment needed

WILLS/LIVING WILLS/HCPoAs/ALL OTHER CIVIL:

- Call 394-2341 or 394-1504 for an appointment
- For after-hours emergencies, call the Command Post (394-9000) to reach a JAG.