Office of Servicemember Affairs

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Who is this guy?

- OIF Veteran (Combat Medic)
- Advocated for veterans for 5 years
- Acting Assistant Director, Office of Servicemember Affairs
What is the Bureau?

• Bureau of Consumer Financial Protection
  – Founded in response to the 2008 financial crisis
  – Dodd-Frank Wall Street Reform and Consumer Protection Act

• Ensure consumers get the information they need to make the responsible financial decisions.
What is the Office of Servicemember

We are committed to ensuring that servicemembers and their families have high levels of financial readiness, so troops can continue to be mission-focused.

– Educate and empower servicemembers and their families

– Monitor complaints

– Coordinate consumer protection
Servicemembers and their families rely on financial products for their everyday lives

- 91% of servicemembers have credit cards (+15% over civilians):
  - 33% of servicemembers have four or more cards.

- 63% of servicemembers have auto loans or leases

- Over 200,000 servicemembers have student loans ($2.9 billion)

- 3,470 to 8,000 servicemembers are separated each year for financial issues
  - 18
Monitor Complaints

TOP 5 PRODUCTS BY VOLUME

- Debt collection: 37%
- Credit or consumer reporting: 21%
- Mortgage: 21%
- Credit card: 10%
- Checking or savings: 9%

109,109 Complaints handled since 2011
New Security Clearance Rules

- **Past:**
  - Initial background investigation when you enlist or commission that includes review of credit record;
  - Reinvestigation of background every 10 years (for Secret clearances) or 5 years (for Top Secret of higher).

- **Present:**
  - DoD now “continuously monitors” financial status of servicemembers;
  - Servicemembers’ credit files will be subjected to automated review to flag any troops that have a history of failing to meet their financial obligations or are in excessive debt;
  - Being “flagged” doesn’t end career, but will require servicemembers to prove that they have a “get-well” plan.
Lifecycle of the military consumer

- Delayed entry period
- Recruit basic training
- First permanent duty station
- Significant life event
- Promotion
- Deployment
- Post deployment transition
- Permanent change of station
- Reenlistment
- Veteran status
- Retirement
What is the Military Lending Act and what are my rights?

The Military Lending Act (MLA) is a Federal law that provides special protections for active duty servicemembers like capping interest rates on many loan products.

What are my rights under the MLA?

Answer: The MLA applies to active duty servicemembers (including those on active Guard or active Reserve duty), spouses, and certain dependents. It limits the interest rates that may be charged on many types of consumer loans to no more than 36% and provides other important protections.

Your rights under the MLA include:

- A 36% interest cap. You can't be charged more than a 36% Military Annual Percentage Rate (MAPR), which includes costs like the following in calculating your interest rate (with some exceptions):
  - Finance charges
  - Credit insurance premiums
  - Add-on charges related products sold in connection with the credit
  - Fees like application fees, participation fees, or fees for default cancellation contracts, with some exceptions.
  - No mandatory waivers of certain legal rights. A creditor can’t require you to submit to mandatory arbitration or give up certain rights you have under State or Federal laws like the Servicemembers Civil Relief Act.
  - No mandatory allotments. A creditor can’t require you to create a voluntary military allotment in order to get the loan.
  - No prepayment penalty. A creditor can’t charge a penalty if you pay back part—or all—of the loan early.

What types of loans are now covered under the MLA?

Answer: In 2015, the Department of Defense (DoD) expanded by rule the types of credit products that are covered by the MLA. In general, the consumer credit products now covered when offered to active-duty servicemembers and their covered dependents include, but are not limited to:

- Payday loans, deposit advance products, tax refund anticipation loans, and vehicle title loans
- Overdraft lines of credit but not traditional overdraft services
- Installment loans but not installment loans expressly intended to finance the purchase of a vehicle or personal property when the credit is secured by the vehicle or personal property being purchased.

The Servicemembers Civil Relief Act (SCRA)

The Servicemembers Civil Relief Act (SCRA) provides legal and financial protections to those who have answered the Nation’s call to serve.

Protection #1

Servicemembers can reduce the interest rate on any pre-service loans to a maximum of 6 percent.

If you took out an automobile, home, or student loan or incurred credit card debt prior to becoming a servicemember (also known as a “pre-service obligation”), or if you took out such a loan jointly with your spouse, then you are entitled to have your interest rate reduced to a maximum of 6 percent per year. To receive this benefit you must notify your lender in writing and include a copy of your order to active duty service or a letter from your commanding officer that shows the date you began active duty service.

The rate reduction for pre-service obligations applies during the period of active duty service for most loans and, for mortgages, for an additional year after the end of active duty service. When you make a prearranged request for an interest rate reduction under the SCRA, your lender must reduce your interest rate on pre-service obligations to 6 percent for the entire time you are serving on active duty. Your lender can’t add the amount of interest above 6 percent back into the loan later on after you leave active duty. You can request an interest rate reduction from your lender at any time while you are serving on active duty and up to 180 days after release from active duty.
Repaying student debt

FOR SERVICEMEMBERS

Tackling student loan debt

Protections for both federal and private student loans

Reduce your interest rate to 6 percent

Under the Servicemembers Civil Relief Act (SCRA), servicemembers can reduce their interest rate to 6 percent on all pre-service obligations, including student loans, while they are on active duty. The lower interest rate can be requested up to 180 days after leaving service, and the lower interest rate will be applied retroactively for the entire period of your active-duty military service.

Here are two things you should know about reducing interest rates:

1. Federal student loan reductions are automatic:

In June 2012, the Department of Education made the SCRA interest rate reduction automatic for federal student loans. Your federal loan servicer should check to see if you are eligible for the SCRA benefit, and make the reduction automatically.

Tip: Contact your servicer (the company that sends you a bill each month) to check your current interest rate and ensure you’re properly receiving the SCRA reduction.

Tip: Make sure you send the right orders. Your orders should state the date you started active duty. That way, your servicer will know the exact date on which to start charging the lower interest rate.

Protections for federal student loans

Zero percent interest for service in an area of hostile fire

If you served in an area of hostilities and received special pay, your federal student Direct Loans qualify for a 0 percent interest rate during that deployment if they were made on or after October 1, 2008. The benefit can be applied retroactively, so it’s not too late to contact your servicer after deployment to find out about what documentation you need to provide.

Tip: You can receive the 0 percent interest rate for up to 60 months, and it can be applied retroactively even after you’ve left military service.

Misadventures in Money Management

Congratulations!
You're now a lean, mean, money managing machine!
If you haven't already, you may print your certificate by using the button below. You may also revisit any or all missions.

- RESOURCES
- Replay Intro
- Get Your Certificate

*Misadventures in Money Management* was developed in partnership with the Consumer Financial Protection Bureau (CFPB) Office of Servicemember Affairs (OSA) and WILL Interactive. It aims to help Delayed Entry Personnel (DEP) improve their financial literacy and financial choices through an interactive graphic novel experience.
Choose your own adventure, graphic
Knowledge increases

Q1: Overall 40% knowledge improvement after completion of the program.

Q2: Overall 12.5% knowledge improvement after completion of the program.

Q3: Overall 15.7% knowledge improvement after completion of the program.
Monitor Complaints

Submit a complaint

What is this complaint about?

Choose the product or service that best matches your complaint.

- Debt collection
- Credit reporting, credit repair services, or other personal consumer reports
- Mortgage
- Credit card or prepaid card
- Checking or savings account
- Vehicle loan or lease
- Student loan
- Payday loan, title loan, or personal loan (installment loan or personal line of credit)
- Money transfer, virtual currency, or money service (check cashing service, currency exchange, cashier's/traveler's check)

Previous  Step 1 of 5  Next  >>
Why submitting complaints and feedback matters

We turn complaints into action. We work to get a response to complaints – generally within 15 days

Every complaint provides insight into problems consumers are experiencing, enabling us to identify market problems and take action
Office of Servicemember Affairs (OSA) by the numbers

• **Over $1 billion**: Over 40,000 veterans with severe disabilities are now eligible for tax free discharge of their student loans

• **$130 million**: approximate amount of relief through CFPB enforcement actions to servicemembers, veterans and their families

• **$60.7 million**: relief back to over 78,000 servicemembers harmed by SCRA violations identified through OSA’s monitoring of complaints and subsequently pursued by the Department of Justice

• **$35 million**: the amount servicemembers are projected to save per year in payday loan payments as a result of the new DoD Military Lending Act rules, which were drafted with support from technical assistance by the CFPB

• **$4.0 million**: approximate amount of monetary relief provided to military consumers who submitted a complaint to the CFPB, as reported by companies
Questions & Discussion

Contact:
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For more information, visit:
http://www.consumerfinance.gov/servicemembers/