

Military Lending Act Questions

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Ballard Spahr attorney speakers: Juliana D. Gerrick and Anthony Kaye

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1. Will we be violating SCRA rules if we don't rewrite an existing customer who on paper said they were not a covered borrower but when accessing the DOD we discover they are?
2. On a busy day, clerks want to run DOD reports in the morning for all customers due that day so they won't have to slow down the loan making process during the day. Is this acceptable or do they have to run reports only when customer is standing in front of them?
3. How will we determine if someone is the dependent of an active member in the military or reserves without having that family members information?
4. Will we need to continue to check the DOD website after the first advance of someone is permanently disabled, or is of social security age?
5. Will the following provide safe harbor: MLA website, "big three" credit bureau, SCRA website, retail credit report ostensibly re-reporting from "big three"?
6. If a product APR is too high for Military but was obtained pre-military, may it be re-financed with or without additional credit (not a payday loan)?
7. Does the database search cover all exposure for noncompliance with MLA? In other words if the database search is performed and comes back clear does that cover any possible violation?
8. What exposure do we have for spouses, family members for this. What are some of the questions we need to ask to determine all related persons to the applicant are covered?
9. If the website is down when the search is performed is it enough to document that and have them sign a disclaimer stating that they are not an active member of the military. Would it be a good idea in this case to run a search after the site is up and document the file?
10. My understanding of this is basically when a new contract is executed a search has to be performed. What are the exceptions to this?
11. For an installment loan renewal does a new search have to be performed when the loan is renewed?
12. For a flex loan (open line of credit) do we need a search when the customer takes out an advance on their existing line? LIKELY NOT REQUIRED, NEW CREDIT PRODUCT

13. For a Tennessee Title Pledge loan do we have to do the search prior to sending a renewal letter for an extension?

14. Is there any reason to take existing Military Act questions off of the existing contracts?

15. Is there anything that needs to be done re pre-10/3 loans (e.g., scrub against the database)?

16. Do MLA restrictions apply to "mere" loan extensions?

17. In AL a title pawn is actually a traditional pawn transaction (title is held as merchandise for pawn) - unlike most other states. At the end of 30 days the customer may pay the fee (interest) and extend for another 30 days. There are a couple of ways people do this.

a) After the initial transaction and contract each subsequent extension is done by accepting the payment and extending for another 30 days. If the loan amount increases the old contract is paid off and a new contract is generated that reflects the new amount. This transaction type would require a check of the database, I am sure. BUT, if there are no changes or principal is paid down and only a receipt is printed, is a check of the database required? To further complicate the situation some operators use a different pawn number for each extension and others do not change the number. Would a check of the database be required under either or both scenarios?

b) A new contract is generated at each extension. My guess is that a database check will be required.

18. If a lender is in compliance with the new MLA rule including the database check, is there a problem with a lender continuing to obtain a signed military form (the model form) for our files in addition to the new required database check confirmation certificate ID number?

19. Are there any prohibitions to refusing to lend to a covered borrower?

20. A new customer divorced her husband who was active duty. She received no spousal support in the divorce yet her MLA search lists her as a dependent. The database had not been updated to reflect her as no longer deriving income from her now ex-husband. Is it acceptable to provide a loan to the customer as long as income and divorce documentation is provided?