

Military Lending Act:

Your Top Questions Answered



QUESTION # 1

What types of accounts are covered under the Military Lending Act (MLA)?

It initially applied to three narrowly-defined “consumer credit” products:

- Closed-end payday loans;
- Closed-end auto title loans; and
- Closed-end tax refund anticipation loans.

The MLA now covers a wide range of credit transactions due to a new rule in 2015 by the Department of Defense, expands the definition of “consumer credit” covered by the regulation to more closely align with the definition of credit in the Truth in Lending Act and Regulation Z. This means MLA now covers a wide range of credit transactions including certain payday loans, vehicle title loans, tax refund anticipation loans, deposit advance loans, unsecured open-end lines of credit and credit cards (effective October 2017).

Exemptions include loans to purchase or refinance a home, home equity lines of credit and auto finance loans where the loans is secured by the vehicle.



QUESTION # 2

Who are the covered borrowers under the MLA?

The DMDC database identifies individuals who meet one of the following criteria:

- Is on active duty
- Regular or reserve member of the Army, Navy, Marine Corps, Air Force, or Coast Guard, serving on active duty under a call or order that does not specify a period of 30 days or less, or such a member serving on Active Guard and Reserve duty as that term is defined in 10 U.S.C. 101 (d)(6)
- The member's spouse
- The member's child defined in 38 USC 101(4), or
- An individual for whom the member provided more than one-half of the individual's support for 180 days immediately preceding the extension of consumer credit covered by 32 C.F.R. Part 232

The flag returned from DMDC will not specifically identify if the borrower is an active duty military member or dependent of, but it will flag if the applicant is an MLA Covered Borrower.

QUESTION # 3

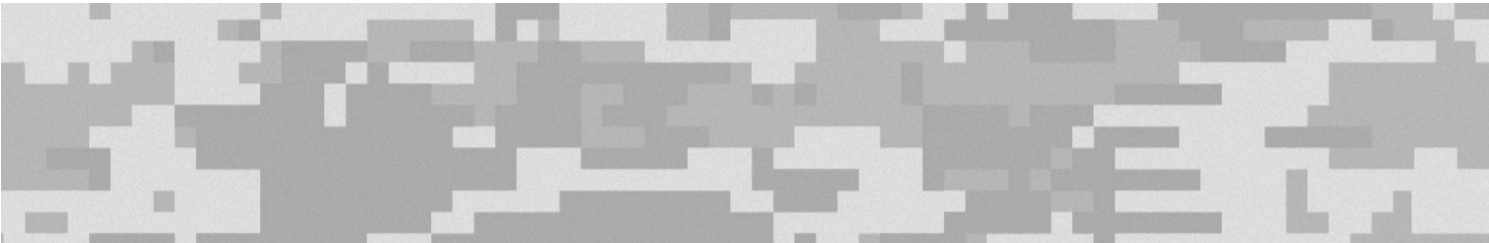
How is MAPR calculated? What additional fees are included?

The MAPR includes interest, fees, credit service charges, credit renewal charges, credit insurance premiums and other fees for credit-related products sold in connection with the loan. You should work with your legal/compliance teams for MLA restrictions and applicability.

QUESTION # 4

What are the key differences between MLA and the Servicemembers Civil Relief Act (SCRA)?

	Military Lending Act	Servicemembers Civil Relief Act
Who is covered?	Active military members and their dependents	Active military members
When does it apply?	Applies at point of origination (compliance leverages the MLA database)	Applies to existing debt (compliance leverages the SCRA database)
What is covered?	<ul style="list-style-type: none">• Payday loans• Vehicle title loans• Refund anticipation loans• Deposit advance loans• Installment loans• Unsecured open-end lines of credit• Credit cards (10/3/17)	<ul style="list-style-type: none">• Outstanding credit card debt• Mortgage payments• Pending trials• Terminations of lease• Collection activity
How does it work?	The MLA limits interest rates and fees to 36% Military Annual Percentage Rate (MAPR).	The SCRA caps interest rate charges, including late fees and other transaction fees, at 6%.



QUESTION # 5

Can I use the MLA database to suppress consumers that I am marketing to?
How can I use Prescreen suppressions?

As part of Experian's delivery, lenders will be able to suppress consumers who may be on the MLA database, in order to be in compliance with the MLA Final Rule Act. Experian's allowable use cases are as follows:

- The MLA flag can NOT be used to create a list for input to prescreen
- The MLA flag can NOT be used within the criteria to qualify a consumer within prescreen
- The MLA flag CAN be appended to a prescreen list qualified by other criteria
- The MLA flag CAN be used as a suppression element, after selection criteria has been performed, ONLY if the client needs to do so to be in compliance with the MLA Final Rule Act (caps MAPR at 36%, etc.)

You should work with your legal/compliance teams for MLA restrictions and applicability for marketing.

QUESTION # 6

Can Experian help me identify active duty service members on my existing accounts?

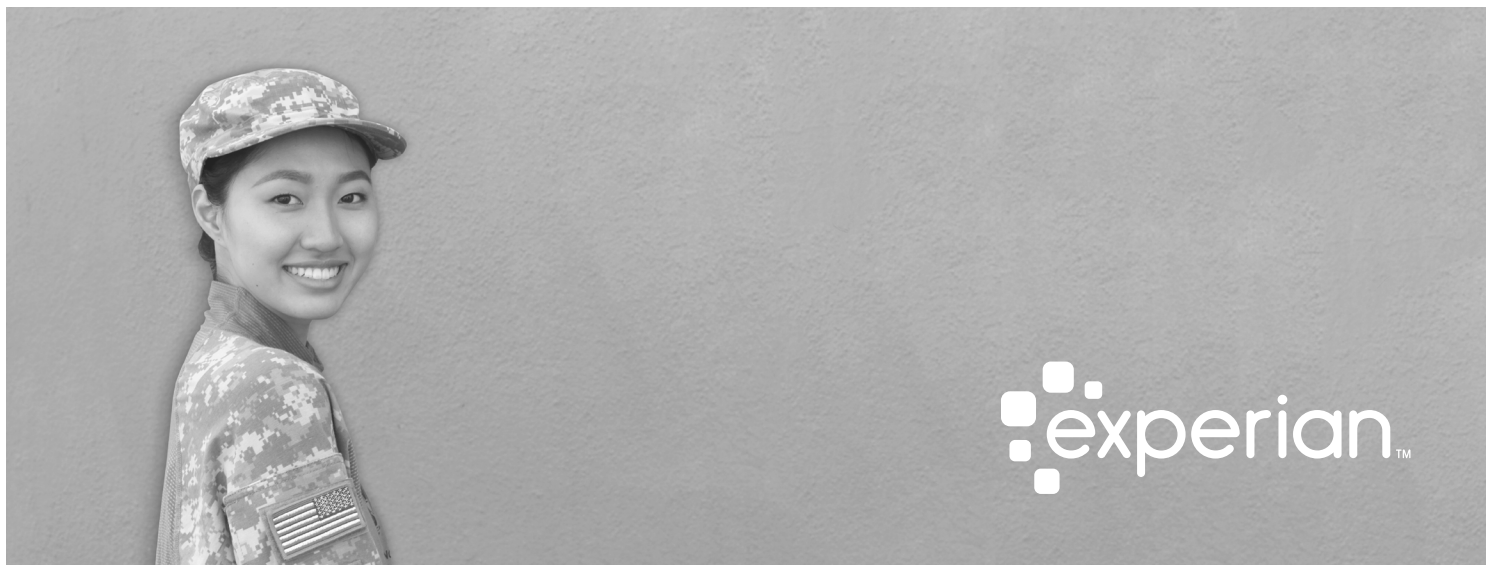
Yes, Experian can provide assistance through our First Sweep products. These Experian products leverage the SCRA database. MLA data cannot be leveraged for existing accounts. Please contact your account executive for additional information.

QUESTION # 7

What is the Experian response to identify covered borrowers?

The following lists the valid responses from Experian:

- **1203 MLA COVERED BORROWER**
Input consumer is a match to the MLA database
- **1204 NON-MLA COVERED BORROWER**
Input consumer does not match to the MLA database
- **1205 MLA LOOKUP TABLE TEMPORARILY UNAVAILABLE**
The File One MLA table is temporarily unavailable
- **1206 MLA SEARCH NOT ALLOWED FOR THIS REQUEST**
Permissible purpose type code entered on inquiry is not allowable under MLA, i.e., Insurance or Mortgage
- **1207 MLA SEARCH NOT PERFORMED DUE TO MISSING REQUIRED DATA**
MLA search requires – full legal name, address, social security number and date of birth. This applies to both the credit report add-on and standalone solutions. If any of this data is missing from the inquiry we are unable to perform the MLA search.



QUESTION # 8

How do I request access to MLA checks at Experian?

If you are an existing customer, please speak with your account executive and he or she can help you determine the best way.

If you are a new Experian customer, you will need to go through our membership process. Please contact 800-831-5614 or email esupport@experian.com.



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