

# The Servicemembers Civil Relief Act (SCRA)

## Latest News and Considerations to Get Compliant

The Servicemembers Civil Relief Act (SCRA) is found at 50 U.S.C. app. §§ 501 et seq. The purpose of the SCRA is to strengthen and expedite national defense by giving service members certain protections in civil actions. By providing for the temporary

suspension of judicial and administrative proceedings and transactions that may adversely affect service members during their military service, the SCRA enables service members to focus their energy on the defense of the United States.

### MILITARY BY THE NUMBERS

**1.46  
MILLION**

active personnel  
in the US military<sup>i</sup>



**1.1  
MILLION**

active reserve personnel  
in the US military<sup>ii</sup>



**2  
MILLION**

military children  
in the US<sup>iii</sup>



**49.6  
PERCENT**

of enlisted personnel  
are aged 25 years or  
younger<sup>iv</sup>



**86.8  
PERCENT**

of enlisted members are  
stationed in the US and  
US territories<sup>v</sup>



### What You Should Know

Financial institutions may need to identify if individuals are existing active duty military in order to comply with SCRA, and one way to determine active military duty status is the Department of Defense's DMDC database.

The Department of Defense maintains the DMDC database, which allows lenders to search for a particular individual to determine if he or she is currently, or has been, an active duty service member. The following information is required when searching the DMDC database: full legal name, social security number, and date of birth.

### Who is SCRA-eligible?

The SCRA covers all active duty service members, Reservists and the members of the National Guard while on active duty. The protection begins on the date of entering active duty and generally terminates within 30 to 90 days after the date of discharge from active duty.

### Examples of obligations that may be protected include:

- Outstanding credit card debt
- Mortgage payments
- Pending trials
- Taxes
- Terminations of lease



## The 6 percent rule

If a service member has a debt before he or she joined the active military service, they can have the interest rate reduced to 6 percent. If the loan is a mortgage, that rate can also be reduced for the duration the member is in the military, plus one year. Other loans are only reduced for the duration the member is on active duty. Amounts above 6 percent are required to be permanently forgiven by the lender. SCRA can apply to any loan a member had before joining active duty service, including student loans, credit cards, mortgages, medical bills, installment loans, title loans and more. It also applies to joint loans, provided the service member's name was on the loan before joining the military. This law only covers debt incurred prior to military service. It does not apply to loans taken out while a member is in the military.

## How Experian Can Help?

To assist with both collections activities and the general management of accounts, Experian can help clients access (or obtain data from) the DMDC database in order to identify the military status of an individual:

Experian's FirstSweep <sup>SM</sup>	Experian's FirstSweep <sup>SM</sup> Active Duty Military for Compliance
<p>For approved collections use, financial institutions can access the standard FirstSweep product for:</p> <ul style="list-style-type: none"><li>• Bankruptcy</li><li>• Deceased</li><li>• Fraud indicators</li><li>• Phone types</li><li>• Litigious debtor data</li><li>• Active duty military data</li></ul> <p>Active duty military data is used to help manage accounts in a non-payment or collections status - a benefit since SCRA has provisions and rules for handling foreclosures on mortgages, or debt collection.</p>	<ul style="list-style-type: none"><li>• For the management of accounts throughout the life of a current customer.</li><li>• Can be leveraged to manage the interest rates on existing active duty loans by implementing a uniform reduced rate to all members of the military in their portfolio.</li></ul>

<sup>i</sup> <http://us-military-branches.insidegov.com/app-question/443/How-many-people-are-there-in-the-US-military>

<sup>ii</sup> [http://www.globalfirepower.com/country-military-strength-detail.asp?country\\_id=united-states-of-america](http://www.globalfirepower.com/country-military-strength-detail.asp?country_id=united-states-of-america)

<sup>iii</sup> <http://www.nctsn.org/resources/public-awareness/month-military-child>

<sup>iv</sup> <http://download.militaryonesource.mil/12038/MOS/Reports/2014-Demographics-Report.pdf>

<sup>v</sup> <http://download.militaryonesource.mil/12038/MOS/Reports/2014-Demographics-Report.pdf>

