Why Expand the Military Lending Act?

- The Military Lending Act is arguably the most successful consumer protection law on the books. According to the Navy and Marine Corps Relief Society, in 2006, the year the MLA was passed 1,574 active duty sailors and Marines got in trouble with payday loan products and they had to bail them out; in 2018 that number was three.
- It currently only applies to active duty servicemembers, covered dependents, and reservists on active duty orders for longer than 30 days.
- This leaves out unactivated members of the Reserve Component, survivors and veterans, who tend to use short-term, small-dollar lending at a disproportionately high rate.
- Veterans are particularly susceptible to using these types of credit; a 2018 United Way/Texas Appleseed survey found that Texas veterans use payday loans six times more often than civilians.
- If the CFPB is supervising for MLA compliance for all Americans, which this legislation does, that fixes the current problem for active duty servicemembers and covered dependents.

MLA Refresher

- 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 credit-related products sold in connection with the credit
- Fees like application fees, participation fees, or fees for debt 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 prepayment penalty. A creditor can't charge a penalty if you pay back part – or all – of the loan early.