

Support Stronger Enforcement of Credit Protections for Servicemembers

November 28, 2012

Re: S. 3254 Subtitle E – Military Lending Matters – Enforcement Amendment

Dear Senator:

The undersigned military, consumer and community organizations urge your support for Floor Amendment No. 3014 offered by Senator Reed that will strengthen enforcement of the Military Lending Act (MLA). This amendment would better protect service members and their families by allowing federal and state credit regulators to enforce the Military Lending Act.

As you know, Congress enacted landmark bipartisan legislation in 2006 at the request of the Department of Defense (DoD) to protect active-duty servicemembers and their families from predatory lending practices found by DoD to undermine readiness and morale of the all-volunteer fighting force. Unfortunately, when it was passed, the MLA did not provide enforcement authority to the federal agencies that enforce credit laws with non-bank lenders. It also did not confer enforcement authority on state agencies that enforce credit laws with non-bank lenders subject to state supervision. Although banking regulators have the authority to enforce any federal law with the banks they supervise, the agencies that enforce federal credit laws with non-bank lenders must have specific authority granted to them. As the chief legal officer of the Department of Defense recently noted in testimony to the Senate Banking Committee, lack of enforcement authority for federal credit regulators was “an inadvertent oversight.”

Fair and consistent enforcement of these important consumer protections is critical to active-duty service members and their families. The Reed amendment would make it clear that all federal credit agencies and all states can enforce these important protections for our service members.

We strongly urge your support for the Reed amendment to the Military Lending Act to strengthen enforcement these important protections for our servicemembers and their families.

For any questions, please contact Jean Ann Fox, Consumer Federation of America, at [928-772-0674](tel:928-772-0674).

Sincerely,

*Fleet Reserve Association
Military Officers Association of America
National Association of Consumer Advocates, Military Justice Project
National Military Family Association
Americans for Financial Reform
Center for Responsible Lending
Consumer Federation of America
National Consumer Law Center, on behalf of its low-income clients
U.S. PIRG*