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Consumer Advocates Encouraged by Report on the Military Lending Act
Department of Defense report calls for a comprehensive approach to protect service members from high-cost credit

Last month, the Department of Defense issued a report to Congress on the Military Lending Act: [Enhancement of Protections on Consumer Credit for Members of the Armed Forces and Their Dependents](#). In its report, the Department of Defense reviews the regulations that implement the 2007 Military Lending Act, an act to protect servicemembers and their families by capping the cost of credit at 36%. DoD concludes that new, more comprehensive regulations are needed to protect servicemembers from high-cost credit.

Today, the the Center for Responsible Lending, the Consumer Federation of America, the National Consumer Law Center, and the National Association of Consumer Advocates issue the following statement regarding the report:

Washington D.C. -- As organizations committed to responsible lending and consumer protection, we are encouraged by the findings and recommendations in this report. The Department of Defense (DoD) is not only expressing a commitment to the financial stability of military families – but actively taking steps to promote it.

The DoD report was issued as part of the process of reevaluating the regulations that implement the 2007 Military Lending Act (MLA). In its investigation, DoD confirmed that many servicemembers continue to struggle with the consequences of high-cost debt and that lenders have developed numerous products designed to evade the consumer protections currently in place for payday loans and auto title loans.

The report also surveyed DoD financial counselors who cited ongoing problems with high-cost credit as a major factor contributing to many servicemembers' financial insecurity and that restricting access to credit with interest rates over 36% would not contribute to financial hardship.

These findings are consistent with earlier analyses by our respective organizations that found that far too often, the important protections established by the Military Lending Act are easy to evade.

Based on these findings, DoD is considering an expansion of the Military Lending Act's regulations that would close existing loopholes and ensure that service members are protected from all forms of high-cost credit. We applaud the Department of Defense for its commitment to protecting the financial stability of servicemembers and their families and we look forward to continued progress on this critical issue.

In August 2013, the groups jointly filed comments requesting that the Department of Defense expand the service member protections provided by the Military Lending Act. Those comments can be found here (PDF): <http://goo.gl/38c064>