



July 17, 2013

Department of Defense: Advance Notice of Proposed Rulemaking Consumer Credit Extended to Servicemembers and Dependents

Executive Summary

- The Department of Defense (DoD) has issued an advanced notice of proposed rulemaking (ANPR) regarding the protections that apply to consumer credit extended to members of the armed forces and their dependents.
- Specifically, this ANPR requests comment on whether there is the need to revise the DoD's existing regulation that generally imposes certain limits on and requires disclosures relating to the provision of consumer credit to servicemembers and their dependents.
- Pages 782 and 783 of the Conference Report accompanying the "National Defense Authorization Act for Fiscal Year 2013" (Act) provide further [background](#) that the DoD should review the existing regulation in light of any developments in the industry and lending products since 2007, predatory marketing practices, and other abuses identified by consumer protection advocates, including the CFPB's Office of Servicemember Affairs.
- The DoD review includes surveys of counselors, legal assistance attorneys, servicemembers, and other appropriate personnel, and consultations with both consumer protection groups and the financial industry. A report on this review is due to the Committees on Armed Services of the Senate and House by no later than January 2, 2014, which is 1 year after the Act's enactment.
- Under this ANPR, the DoD invites comments in four areas:
 - 1) Whether there is the need to revise the existing DoD [regulation](#) adopted in August 2007, with attention to the scope of the "consumer credit" definition;
 - 2) Whether any specific revision(s) are needed and why;
 - 3) What should not be included in any revision and why; and
 - 4) Examples of alternative programs designed to assist servicemembers who need small dollar loans.

- CUNA has prepared some draft discussion points that may be helpful to you as your consider your comments:
 - CUNA generally supports the existing DoD regulation on consumer credit for servicemembers and dependents. We believe the rule is generally effective and targeted to limit abusive lending practices that harm those who serve in the military.
 - As not-for profit financial-cooperatives, credit unions continue to provide important, reasonably priced financial services to servicemembers and their dependents.
 - We urge the DoD to limit additional regulatory changes and restrictions on credit unions and other small financial institutions that would likely decrease access to fair and appropriate credit for servicemembers and their families.
 - Our member institutions are currently working hard with limited resources to comply with numerous regulatory burdens, including the Dodd-Frank Act and other consumer protections, and to meet the challenges of the recovering economy.
 - We understand the DoD may be concerned with other types of lenders, which offer predatory and abusive products that are not scrutinized by financial regulatory agencies. We support targeted enforcement actions on predatory and abusive entities, while ensuring regulated financial institutions are not negatively impacted.
 - Further, we encourage the DoD to continue to coordinate with credit unions, CUNA, and the Defense Credit Union Council, as well as the CFPB and other stakeholders regarding financial services to those that serve our country.
 - CUNA and credit unions continue to support efforts to promote financial education for all consumers, including servicemembers and their families.
- Comments for the ANPR are due to the DOD by August 1, 2013; **please submit your comments to CUNA by July 29, 2013**. Please e-mail your comments to CUNA Senior Assistant General Counsel [Luke Martone](#) or Assistant General Counsel [Dennis Tsang](#).
- If you are replying directly to the DoD, please reference Docket ID: DoD-2013-OS-0133, RIN 0790-AJ10. Please also email CUNA staff with a copy of your response.
- For further details, please visit the DoD's [ANPR](#) in the [Federal Register](#).

Questions to Consider Regarding the ANPR

1. Does your credit union have any alternative programs designed to assist servicemembers who need small dollar loans?

2. Also, does your credit union believe the existing DoD regulations from August 2007 should be revised? If so, what specific revision(s) are needed, and what should not be included in any revision?

3. Do you have any comments on the draft CUNA discussion points above?

4. Any other comments or feedback?
