

September's Most Frequently Asked Question to Legal Call Program

Q: What's the difference between the MLA and SCRA?

A: Both of these federal laws provide protections for servicemembers and sometimes their dependents, but banks must be careful not to confuse the two with one another. The Military Lending Act (MLA) only covers loans taken out while on active duty, while the Servicemembers Civil Relief Act (SCRA) provides a different set of protections for obligations entered into prior to when a servicemember joins active duty. Most notably, the SCRA caps interest rate charges including late and other transaction fees to six percent (6%). Click here to learn more about the SCRA. For a summary of differences, the following link can be helpful: https://files.consumerfinance.gov/f/documents/cfpb_ymyg-servicemembers-handout_scra-and-mla-protections.pdf