

# FEDERAL LAW IMPACTS MILITARY CASH ADVANCE CUSTOMERS

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## To Our Military Customers

Federal law limits the terms under which the cash advance industry can make loans to active duty members of the military, their spouses, and their dependents. This law is called the Military Lending Act which was enacted as part of the John Warner National Defense Act of 2007. The law places restrictions on covered loans to active duty military personnel and their dependents. As a result of the law, our company is not able to offer cash advances to such military customers under the terms and conditions required by the law.

The Department of Defense took a strong position that cash advances should not be made available to active duty members of the military, their spouses or dependents. The cash advance industry disagrees with this position and believes that cash advances are a valuable short-term credit option.

Effective October 2016, the Military Lending Act was updated to include a safety harbor among other provisions for lenders to use the Department of Defense database to identify "covered borrowers." This guide contains information about how this law impacts you and provides suggestions on who you may contact to learn about other short-term credit options for military personnel.

The information included in this summary is based on the rules and regulations published by the Department of Defense at [www.defense.gov](http://www.defense.gov) and is subject to change.

## Frequently Asked Questions About Your Ability to Use Cash Advances

### **Tell me more about the federal law that eliminates my choice of cash advances as a short-term credit option.**

It restricts the terms under which a lender like Amscot can make a loan to a "covered borrower." It includes disallowing the use of post-dated checks and electronic debit authorizations to repay small consumer loans, and limiting the total of charges to a 36% Annual Percentage Rate (APR). These lending terms eliminate cash advances as a short-term credit choice for "covered borrowers."

### **Who is a "covered borrower?"**

This law defines a "covered borrower" as a person with the following status at the time he or she enters into a loan:

- A regular or reserve member of the Army, Navy, Marine Corps, Air Force, or Coast Guard, serving on active duty under call or order that does not specify a period of 30 days or less, or such a member serving on active Guard and Reserve duty as that term is defined in 10 USC 101(d)(6); or
- The member's spouse or the member's child defined in 38 USC 101(4); or
- An individual for whom the member provided more than one-half of the individual's support for 180 days immediately preceding an extension of consumer credit.

The Department of Defense maintains a database of individuals who meet this definition of "covered borrowers."

### **I am no longer an active duty member of the military. Am I eligible to choose a cash advance?**

Yes. In this case, you are eligible to apply for a cash advance.

### **I am married to an active duty member of the military, but I have my own income. I am applying for individual credit. Am I eligible to choose a cash advance?**

No. Unfortunately, you are a "covered borrower" according to the Department of Defense, and we would not be able to offer a cash advance to you.

### **I am in the reserves, but I have not been called to active duty. Am I eligible to choose a cash advance?**

Yes. As long as you have not been called to active duty for more than 30 consecutive days, you are eligible to apply for a cash advance.

### **I am a covered borrower. Can I still cash checks, buy money orders, or send wire transfers through Western Union at cash advance outlets that offer these services?**

Yes. The law does not affect these services.

### **Who do I contact if I have questions or concerns about applying for short-term credit in the future?**

To discuss options for short-term credit, you may contact the commanding officers at the base where you are stationed, the financial institutions located on the base, or the financial counselors assigned to the base.

### **Who do I contact if I want to register a comment about this law?**

You may contact your state's government officials or the government agency that regulates cash lending in your state. Contact information for government officials and agencies can be found at: [www.usa.gov/Contact/Elected.shtml](http://www.usa.gov/Contact/Elected.shtml). Additional information can be found at the Department of Defense website at [www.defense.gov](http://www.defense.gov).