

FEDERAL LAW IMPACTS MILITARY CASH ADVANCE CUSTOMERS

To Our Military Customers

As of October 1, 2007 a new federal law became effective which limits the terms under which the cash advance industry can make loans to active duty members of the military, their spouses, and their dependents. As a result, our company is no longer able to offer cash advances to such military customers. In 2006, the U.S. Congress debated the issue of offering cash advances to service men and women on active duty. At that time, 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. Unfortunately, our company does not offer a cash advance product under the terms and conditions required by this new law.

This guide contains information about how the new 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 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.

A provision in the John Warner National Defense Authorization Act for FY 2007, signed into law in 2006, became effective on October 1, 2007. This law restricts the terms under which a lender can make a loan to a "covered borrower," including 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 new lending terms eliminate cash advances as a choice for short-term credit 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.

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

Yes. In this case, you would be eligible to apply for a cash advance for short-term credit.

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, and I have a cash advance that is due after October 1, 2007. What are my options?

Your payment is due and payable on the due date as shown on the loan agreement and we ask that you repay the cash advance in full on this date. If you are unable to repay the cash advance in full because your financial circumstances have changed, you may be eligible for an Extended Payment Plan option with no additional fee, offered by member companies of the Community Financial Services Association of America.

I have a cash advance that is due after October 1, 2007, and I will be deployed into combat prior to that time and unable to repay my loan as originally planned. What are my options?

If you (or your spouse) are deployed during the term of your loan, or after your loan has gone into default, we offer you the option of deferring collection of the loan through the term of your deployment. There will be no additional interest charged during this deferral period. Please contact us to discuss these options.

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

Yes. The law's limitations do not affect these services. You can continue to purchase money orders, send and receive Western Union wire transfers or cash checks at cash advance outlets that offer 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 financing, 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.usagov/Contact/Elected.shtml. Additional information can be found at the Department of Defense website at www.defense.gov.