Military Lending Act (MLA)

Contact Us
Building 13, 52nd Street
Fort Hood, TX 76544

Front Desk Phone Numbers
(254) 287-7901
(254) 287-2509

Walk-In Hours
Mon — Thurs: 1300-1600
Powers of Attorney & Notaries

All other assistance by appointment only

Schedule an appointment in 2 easy steps:

Step 1
Download intake form and open in Adobe or other PDF app to access fillable fields

Step 2
Email form with a front and back copy of your military ID using the QR code or directly: usarmy.hood.iii-corps.mbx.sja-legal-asst@army.mil

This Info Paper is provided for general education purposes only and does not constitute legal advice. For legal advice, please consult an attorney by scheduling an appointment with our office.

Current: 1 October 2025

What is the Military Lending Act? The Military Lending Act (MLA), 10 U.S.C. § 987, as implemented by 32 C.F.R. Part 232, protects active-duty members of the military (including National Guard and reserves on active duty for 30 days or longer) and their dependents from certain **predatory** lending practices.

Who does the MLA apply to? The MLA applies to active duty servicemembers (including those on active Guard or active Reserve duty for +30 days), spouses, and certain dependents.

Which Military dependents qualify for MLA protection? Spouses, Children under 21, Children under 23 who enrolled in college full-time and dependent of a covered member, Children of any age who are incapable of self-support because of mental or physical incapacity that occurred while still a dependent child. To qualify they must first be enrolled with the Defense Enrollment Eligibility Reporting System (DEERS).

What are a SM's rights under the MLA?

- **A 36% interest cap.** You can't be charged more than a 36% Military Annual Percentage Rate (MAPR), which includes the following: Finance charges, Credit insurance premiums, Add-on credit-related products sold in connection with the credit, Fees like application fees, participation fees, or fees for debt cancellation contracts, with some exceptions.

- A creditor must **disclose verbally and in writing how much the loan will cost** the borrower. These disclosures have very specific **content and formatting** requirements.

- **No mandatory waivers of certain legal rights.** A creditor can't require you to submit to arbitration or give up certain rights under State or Federal laws like the SCRA.

- **No mandatory allotments**. A creditor can't require you to create a military allotment.

- **No prepayment penalty.** A creditor can't charge you for paying back a loan early.

REMEMBER! Violations of the MLA are violations of the Truth in Lending Act (TILA) and vice versa. These issues often come with concurrent violations of state specific protections as well.

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What types of loans are covered by the MLA? In general, the consumer credit products now covered when offered to active-duty servicemembers and their covered dependents include, but are not limited to: **Payday loans**, deposit advance products, tax refund anticipation loans, and vehicle title loans; **Overdraft lines of credit** but not traditional overdraft services; **Installment loans** but not installment loans expressly intended to finance the purchase of a vehicle or personal property when the credit is secured by the vehicle or personal property being purchased; and **Certain student loans**.

What types of loans are NOT covered under the MLA? There are some loans the MLA doesn't cover – namely, credit that is secured by the property being purchased and certain other secured loans. These most commonly include: **Residential mortgages** (**any credit transaction secured by an interest in a dwelling**), including financing to buy or build a home that is secured by the home, mortgage refinances, home equity loans or lines of credit, or reverse mortgages; A loan to buy a **motor vehicle** when the credit is secured by the motor vehicle you are buying; and A loan to buy **personal property** when the credit is secured by the property you're buying, like a home appliance.

If a loan does not comply with the MLA, can a creditor refuse to offer a Servicemember the loan? Generally, yes. If the loan exceeds the 36% interest cap or if the loan violates other provisions of the MLA, creditors that give you the loan could be subject to penalties under the MLA. Because of the Military Lending Act's 36% cap on interest, **service members with poor credit may not qualify for MLA-covered loans**. Because creditors may be "unable" to offer loans that comply with MLA requirements this may leave some service members who need to borrow money with nowhere to turn.

Is there a Safe Harbor for Creditors? Originally, a military member could assert in writing that they were not covered by the MLA and could then qualify for loans or credit that didn't meet the law's requirements. This gave creditors a "safe harbor," to avoid penalties. The MLA has since been revised, and only creditors who use the Department of Defense database or a consumer reporting agency to identify active-duty members qualify for the safe harbor provision.

Need to Submit a complaint? If you are having an issue with a consumer financial product or service, you can submit a complaint to the Consumer Financial Protection Bureau. CFPB will work with the complainant directly to get a response from the company.

Online
consumerfinance.gov/complaint

By phone (180+ languages)
M-F, 8 a.m. - 8 p.m. ET
(855) 411-CFPB (2372)
(855) 729-CFPB (2372) TTY/TDD

By mail
Consumer Financial Protection Bureau
P.O. Box 2900
Clinton, IA 52733-2900