

REGULATORY ALERT

NATIONAL CREDIT UNION ADMINISTRATION
1775 Duke Street, Alexandria, VA 22314

DATE: March 2016 **NO:** 16-RA-04

TO: Federally Insured Credit Unions

SUBJ: Guidance on Regulatory Changes Affecting Military Members

ENCL: [Complying with Recent Changes to the Military Lending Act Regulation](#)

Dear Board of Directors and Chief Executive Officer:

This letter features guidance to help your credit union comply with the U.S. Department of Defense's rule changes for lending to active-duty members of the U.S. military, their families and dependents.

Background

In October 2015, I notified you of the Department of Defense's amendments to the Military Lending Act Final Rule¹ and noted that NCUA staff was developing guidance.

Today I'm pleased to provide you with the enclosed guidance on *Complying with Recent Changes to the Military Lending Act Regulation*. The enclosure explains the types of credit that will be affected, the new consumer protections that will be provided, and the steps you will need to take to comply with the revised regulation.

One important exception involves payday alternative loans (PALs). If your credit union offers PALs in accordance with NCUA's regulation, under the Military Lending Act you can exclude one application fee in a rolling 12-month period from the military annual percentage rate.

Effective Dates

Compliance with most of the changes will be required starting October 3, 2016. Before that effective date, NCUA staff will issue revised examination procedures in connection with the Military Lending Act.

¹ To review NCUA's October 2015 Regulatory Alert titled *Regulatory Changes Affecting Military Members*, click [here](#). To reference the Department of Defense's Final Rule, click [here](#).

Compliance with related changes for credit card accounts will be required a year later, starting October 3, 2017.

If you have any questions, please contact NCUA's Office of Consumer Protection at (703) 518-1140 or ComplianceMail@ncua.gov, your regional NCUA office, or your state supervisory authority.

Sincerely,

/s/

Debbie Matz
Chairman