



DOD Amends MLA Interpretive Rule

On February 28, 2020, the Department of Defense [amended its interpretive rule](#) for the Military Lending Act (MLA) regulation. The change withdraws a specific Q&A of the revised interpretive rule, issued in 2017, and reverts back to the Q&A from the original interpretive rule, issued in 2016. This latest amendment also adds a new Q&A to the interpretive rule.

The Department issued the original interpretive rule on August 26, 2016, in the form of questions and answers. On December 14, 2017, the Department issued a second, amended version of the interpretive rule. Among other things, the 2017 interpretive rule amended Q&A #2. In that amendment, the Department provided examples of the types of financed purchases associated with buying motor vehicles and other personal property that eliminate a transaction's exemption from MLA coverage, and support other transactions as exempt from MLA coverage.

After issuing the second Q&A #2, the Department became aware of concerns over the ability of creditors to take a security interest in motor vehicles, leading to the current action. This most recent amended version of the interpretive rule withdraws the answer to Q&A #2 from the 2017 interpretive rule and reverts back to the original Q&A #2 issued in 2016. In the latest interpretive rule, the Department notes, "This amended interpretive rule does not change the regulation implementing the MLA, but merely states the Department's preexisting interpretations of an existing regulation." The Department also stated this amendment will allow it to conduct additional analysis on the matters covered in that Q&A.

A new Q&A #21 has been added in response to inquiries about the use of Individual Taxpayer Identification Numbers to identify borrowers in the Department's database. The new Q&A indicates use of an ITIN to query the database allows a creditor to qualify for the regulation's safe harbor when determining whether an applicant is a covered borrower.

For more information you can review the Military Lending Act [regulation](#), and the [August 26, 2016](#), and [December 14, 2017](#), interpretive rules.

Additional Information

Credit unions can find more information about the requirements of the MLA and other consumer compliance regulations on the NCUA's [Consumer Compliance Regulatory Resources page](#).

Please contact the Office of Consumer Financial Protection at 703.518.1140 or by email at ComplianceMail@ncua.gov if you have questions. You can also contact your NCUA regional office or your state supervisory authority.