

Military Lending Act Planning Guide

On October 3, 2016 new and expanded Military Lending Act rules take effect, so verifying MLA eligibility is vital.

Are you ready?

Easily verify whether a consumer is covered by the Military Lending Act (MLA) using TransUnion's search solutions.

Military Lending Act: What you need to know

Quick facts for lenders

- Under the Final Rule, lenders are now required to verify if a consumer is covered under the MLA. Covered borrowers include all active duty military members and their dependents.
- The MLA database does not distinguish between military members and dependents, and it provides no linkage between family members, so you will need to input consumer information for whomever is applying for the loan.
- If a consumer questions whether or not they are a covered borrower, they should be directed to the Defense Manpower Data Center.
- 36% is the maximum military annual percentage rate (MAPR) for military members, which includes fees and ancillary add-ons.
- MLA coverage now applies to all forms of open- and closed-end credit covered under the Truth in Lending Act (excluded: residential mortgages, federal student loans, business/commercial/agricultural purpose credit, most auto loans, most DDA overdraft protection services and purchase-money loans).
- The compliance deadline is Oct. 3, 2016 (October 2017 for credit cards).

Possible consequences for failing to comply with MLA regulations

- Credit or note may be void from inception
- Criminal fines and penalties
- Private lawsuits
- Risks to the lender's reputation

Solution: TransUnion Military Lending Act Search

A fully compliant suite of products to verify consumer eligibility in accordance with the safe harbor provisions in the 2015 MLA Final Rule

679

The **MLA add-on** is available with:

- Credit Report
- Instant Prescreen
- Model Report
- Instant Credit Risk Screen

TransUnion's Military Lending Act Search add-on can be configured in two ways based on your needs:

- **Default:** The MLA-covered-borrower check will be performed on all of the transactions you submit. If you program to a TransUnion system directly, you will focus on output changes only.
- **Keyword:** The MLA-covered-borrower check will be performed only on the transactions you request. If you program to a TransUnion system directly, you will make small changes to both input and output.

Tip: If your company has separate subscriber codes per line of business, or if the loans you offer are all covered by the MLA, we recommend the Default option.

Use the Keyword option if you use your TransUnion subscriber code for multiple lines of business and some of those loans are not covered by the MLA.



Batch processing for prescreens

The MLA flag can be appended to prescreen data, but TransUnion will not use the flag as an inclusion or exclusion criteria. The MLA flag will be appended after all other prescreen processing has completed. Please consult your legal advisor on whether to include or exclude MLA covered borrowers from prescreens.

Why TransUnion

MLA search capabilities work with your existing TransUnion solutions

- Fully compliant solutions leveraging both a TransUnion hosted file of active duty personnel and their dependents age 18 and older, and a direct search, as needed, for dependents under age 18
- Ease of use through TransUnion's straightforward integration
- Targeted, powerful data by searching our MLA database using simple input criteria and flexible search logic
- Compliance that protects both lender and consumer
- Full production and administrative support is available

LEARN MORE

Contact your sales executive, call **844-245-4071** or visit transunion.com/mla for more information.