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**Contacts:** Lauren Saunders [lsaunders@nclc.org](mailto:lsaunders@nclc.org) or  
Jan Kruse [jkruse@nclc.org](mailto:jkruse@nclc.org), 617-542-8010

## Consumer Advocates Applaud Proposed Military Lending Rules

(WASHINGTON) Advocates at the National Consumer Law Center (NCLC) cheered [new rules proposed today by the U.S. Department of Defense](#) (DOD) to protect servicemembers against high-cost predatory lending. NCLC's ground-breaking 2003 report [In Harm's Way at Home: Consumer Scams and the Direct Targeting of America's Military and Veterans Report](#) brought national attention to the targeting of servicemembers by predatory scammers. "We applaud the Department of Defense for working to close loopholes that lenders have used to exploit servicemembers through high-interest loans and predatory financial products," said Lauren Saunders, associate director at the National Consumer Law Center. "Servicemembers and their families are easy prey for unscrupulous lenders: many are young and have little experience with financial matters, receive regular but low pay, and have frequent moves and the expense of setting up new homes."

Existing rules that cap interest rates for servicemembers at 36% apply only to limited categories of loans: payday loans, auto title loans, and tax refund anticipation loans, and each of those categories is narrowly defined. "High cost lenders found that they could evade the 36% rate cap by making installment loans, making the term of the loan flexible, or adding one day to the definition in the rules. The new rules will protect servicemembers from high cost longer term loans, fee harvester credit cards, and other types of predatory lending," Saunders explained.

The DOD will be taking comments for 60 days before finalizing the rules. "We hope that everyone will support DOD's efforts to protect the men and women who protect us," said Saunders.

### **Related Materials**

Group comments to the DOD's Advanced Notice of Proposed Rulemaking re: Limitations on Terms of Consumer Credit Extended to Service Members and Dependents, August 2013 available at:  
[http://www.nclc.org/images/pdf/high\\_cost\\_small\\_loans/payday\\_loans/comments-cfa-dod-anpr-2013.pdf](http://www.nclc.org/images/pdf/high_cost_small_loans/payday_loans/comments-cfa-dod-anpr-2013.pdf)

NCLC Report: *Why 36%? The History, Use, and Purpose of the 36% Interest Rate Cap* (2013) available at:  
<http://www.nclc.org/images/pdf/pr-reports/why36pct.pdf>

NCLC Report: *In Harm's Way at Home: Consumer Scams and the Direct Targeting of America's Military and Veterans Report* (2003) available at: [http://www.nclc.org/images/pdf/special\\_projects/military/report-scams-facing-military.pdf](http://www.nclc.org/images/pdf/special_projects/military/report-scams-facing-military.pdf)

Other NCLC materials related to financial services and military personnel: <http://www.nclc.org/special-projects/military-personnel.html>

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Since 1969, the nonprofit National Consumer Law Center® (NCLC®) has worked for consumer justice and economic security for low-income and other disadvantaged people, including older adults, in the U.S. through its expertise in policy analysis and advocacy, publications, litigation, expert witness services, and training.  
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