

Military Lending Act FAQs

As card issuers prepare for the Military Lending Act (MLA) compliance deadline on October 3, 2017, TransUnion is committed to helping you understand what the [MLA Final Rule](#) covers and its implications.

Overview

- The Department of Defense will require card issuers to comply with newest Military Lending Act regulations by October 3, 2017
- The updated regulation will expand service member protections granted under rules implementing the original legislation
 - **Coverage:** MLA coverage now applies to the same products covered under TILA
 - **Military APR:** Maximum percentage rate of 36% now includes many add-ons
 - **Eligibility:** Lenders are required to verify if a consumer is covered under MLA
- The Military Lending Act now applies to many open- and closed-end credit products
- The calculation of "Military APR" for disclosure now includes additional charges and payment obligations
- The MLA defines "covered borrowers" to include service members, spouses and certain dependents
- Card issuers have several options to determine whether an applicant is a covered borrower under the MLA
 - MLA website: Transactional search
 - MLA website: Batch search
 - Nationwide CRA

MLA FAQ #1: How are covered borrower dependents identified and which are included in the MLA searches?

TransUnion works with the Defense Manpower Data Center (DMDC), the agency that owns and manages the MLA covered borrower database, on behalf of the Department of Defense. We host a copy of their file containing information on all active duty military personnel and their dependents age 18 and older. We do not receive information on dependents under the age of 18, but can cascade to the DMDC's system, on a transactional basis, to perform a covered-borrower check on those consumers as needed.

The databases do not distinguish between military members and dependents. All are considered covered borrowers under the MLA. There's also no linkage between family members on the MLA database, so you'll need to input the consumer information for whichever consumer is applying for the loan. You cannot input information about the military member to perform the covered borrower check for a dependent.

If a consumer questions whether or not they are included as a covered borrower, they should be directed to the [DMDC](#).

MLA FAQ #2: How can we receive TransUnion's add-on MLA Search product? What's the difference between default and keyword access?

TransUnion's add-on MLA product is available with several products, including Credit Reports, Model Reports, Instant Prescreens and Instant Credit Risk Screens.

There are two options for set-up:

- **Default:** As with other add-ons to the credit report, the MLA Search response will be returned with every credit report transaction.
- **Keyword:** The MLA covered borrower check will be performed only on the transactions you request via a specific keyword. If you program to a TransUnion system directly, you'll need to make small changes to both input and output.

Most customers will use the Keyword option primarily if their TransUnion subscriber code is used for multiple lines of business, and some of those are for loans not covered by the MLA. 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 you use the Default option.

MLA FAQ #3: How is Military Lending Act data returned on prescreens?

TransUnion can append the Military Lending Act Match or No Match flag to the prescreen output after all other prescreen processing has been completed. Alternatively, we can use the MLA Match indicator as an exclusion criteria to the prescreen processing. We will not use the flag as an inclusion criteria since the MLA database cannot be used for marketing purposes.

MLA FAQ #4: Which software vendors support TransUnion's Military Lending Act products?

Our Vendor Platform Management team continuously works with software vendors on integrations, so the list often changes. You can ask your vendor directly if they work with us and if they don't, you can request that they do so. Your TransUnion representative also knows which vendors support TransUnion's Military Lending Act Search products.

MLA FAQ #5: How much does TransUnion's Military Lending Act Search cost?

TransUnion's Military Lending Act Search provides a suite of products to help card issuers verify consumer eligibility. For more information on this product including pricing, contact your TransUnion representative or call 844.245.4071.

Helpful tip

Customers often ask us the following questions, and while we believe knowing this information is important, they're best answered by your legal team:

- Do we need to do a search on every client that applies for credit?
 - If we pull from the MLA website, how often do we have to pull it?
 - What do we do if a pull comes up as active duty?
 - The MLA specifies the rates must be better on renewals; Can the rates stay the same and still be considered compliant?
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