

The Office of Servicemember Affairs: Charting our course through the military lifecycle

A look back into where we have been
and a look forward to our work ahead



Message from Paul Kantwill



Assistant Director for the Office of Servicemember Affairs

Greetings from the Office of Servicemember Affairs (OSA) at the Consumer Financial Protection Bureau (CFPB). As the CFPB and the OSA progress through our sixth year of existence, we present our annual report concerning issues raised and complaints submitted by Servicemembers, Veterans, and their families.

We have published three previous annual reports to date, but you will note considerable differences in this iteration. Most notably, we have a new Associate Director for the OSA. Holly Petraeus, a well-respected voice in military and consumer protection circles, has departed from the CFPB for a richly-deserved retirement, and we applaud her life-long record of exemplary service to our Nation. It is my singular honor and privilege to succeed—but certainly not replace—her.

Another notable difference you will find is the structure of this report. Our recent 5-year anniversary has allowed us an opportunity to contemplate the past and think differently about the future. Thus, this report does much more than provide data and look at trends from consumer complaints. It also provides a retrospective look back over our first five years and our continued work ahead. We continue to be especially focused on designing educational programs or products that help to provide information essential to allowing our servicemembers, veterans, and their families to succeed in an increasingly-complex financial marketplace.

Another note about our approach. This year, we are presenting our report within the construct of the “military lifecycle”—attempting to consider issues and complaints in the very context in which they arise. When we refer to the military lifecycle (and you can see a graphic

representation of the lifecycle at page 12), we mean just that: a military career beginning with the signing of an enlistment contract at the recruiter's office through basic training and advanced individual training, and through all the subsequent steps in both an individual and family's life and in a military career along the way. This approach explains to all of our readers what a "military life" looks like and how the many common and some uniquely-military consumer issues facing those who serve fit within that continuum. We hope this gives all readers a greater appreciation of the multiple financial challenges many servicemembers and families face as they progress from recruit to Soldier, Sailor, Airman, Marine, or "Coasty" and then become a midcareer veteran or a veteran retiree.

This holistic approach affords us a wonderful opportunity for even greater collaboration within the CFPB, the Inter-Agency community—including our valued partners at the Department of Defense (DoD) and the Military Departments and Services, and with State and local partners. A final note: our intent with this report and with our approach is to help those in need. We identify issues, pose potential solutions, create educational materials, and fill gaps.

Thank you for your support of those most deserving of it.

Sincerely,

Paul Kantwill

Assistant Director for the Office of Servicemember Affairs

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1. Overview of the Consumer Financial Protection Bureau

The Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) created the Consumer Financial Protection Bureau (“CFPB”) as the Nation’s first federal agency with a mission of focusing solely on consumer financial protection. The CFPB’s mission is to make consumer financial markets work for American consumers, responsible businesses, and the economy as a whole. The Dodd-Frank Act was enacted in 2010, in the wake of the financial crisis, in recognition of the need to address widespread failures in consumer protection and the rapid growth in irresponsible lending practices that preceded the crisis.¹ The Dodd-Frank Act charged the Bureau with, among other things:

- Ensuring that consumers have timely and understandable information to make responsible decisions about financial transactions;
 - Protecting consumers from unfair, deceptive, or abusive acts and practices, and from discrimination;
 - Monitoring compliance with Federal consumer financial law and taking appropriate enforcement action to address violations;
-

¹ Previously, seven different federal agencies (the Federal Reserve Board (and the Federal Reserve Banks) (Board or FRB), Department of Housing and Urban Development (HUD), Federal Deposit Insurance Corporation (FDIC), Federal Trade Commission (FTC), National Credit Union Administration (NCUA), Office of the Comptroller of the

- Identifying and addressing outdated, unnecessary, or unduly burdensome regulations;
- Enforcing Federal consumer financial law consistently in order to promote fair competition;
- Ensuring that markets for consumer financial products and services operate transparently and efficiently to facilitate access and innovation; and
- Conducting financial education programs²

Consumer Education and Engagement

The CFPB is divided into six divisions supported by a central front office; each division is responsible for carrying out various functions³. The Office of Servicemember Affairs is located in the Consumer Education and Engagement (CEE) division.

In general, CEE is responsible for developing and implementing initiatives to educate and empower consumers to make better-informed financial decisions to serve their own life goals. CEE includes six program offices supported by a central front office: Consumer Engagement and Financial Education, and four population-specific offices: the Office of Servicemember Affairs, the Office for Older Americans, the Office for Students and Young Consumers, and the Office of Financial Empowerment, which serves economically vulnerable consumers. The special population offices allow the CFPB to develop targeted education and policy initiatives to support the financial well-being of particular segments of the consumer population.

² See Dodd-Frank Act, Pub. L. No. 111-203, Sec. 1021 (b) and (c).

³ In addition to the CFPB's Front Office, the divisional offices include: Consumer Education and Engagement; Supervision, Enforcement, and Fair Lending; Research, Markets, and Regulations; Legal Division; External Affairs; and Operations. For an up to date version of the Bureau's Organization Structure see, <https://www.consumerfinance.gov/about-us/the-bureau/bureau-structure/>.

For example, our Office of Servicemember Affairs understands that as a servicemember progresses through the military lifecycle, they often transition in and out of the scope of the other population offices; and therefore, the work of these offices can also be a resource for the military community as well. More information about the specific resources these offices offer that are relevant to stages in the military lifecycle can be found in Appendix A: Educational Resources.



2. Fulfilling OSA's mission

The Dodd-Frank Act created the Office of Servicemember Affairs (OSA). OSA strives to see that military personnel and their families receive a strong financial education so they can make informed consumer decisions to meet their own financial goals; monitor their complaints about consumer financial products or services; and coordinate with the efforts of Federal and State agencies to improve consumer protection measures relating to those products or services for military families.⁴ OSA works for Active-Duty, Reserve, and National Guard personnel as well as for military retirees, veterans, and their families.

Educate and Empower

One integral component of our mission is to educate and empower servicemembers, veterans and their families to make informed decisions regarding consumer financial products and services. This report will detail the various ways in which OSA engages in consumer education. OSA seeks to provide assistance to servicemembers, veterans and their families with tools and resources to increase their capability to make financial choices that support their financial well-being. From providing early education through the Delayed Entry Program (DEP) to assisting transitioning veterans with financial coaching, OSA seeks to support servicemembers with education tools and efforts that respond to their stage in the military lifecycle.

⁴ See Dodd-Frank Act, Pub. L. No. 111-203, Section 1013(e)(1)

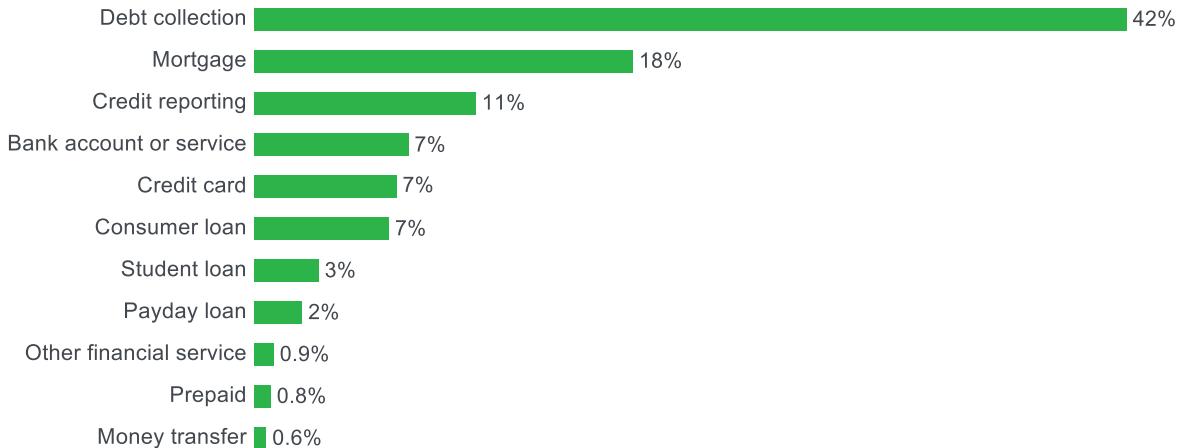
Monitoring complaints

The challenges consumers face in navigating, obtaining, and successfully using financial products and services are a driving force behind the CFPB's efforts to make consumer financial markets work better. Listening to the issues the military community faces is an integral component of our mission; and one way we do this is by monitoring the complaints submitted by servicemembers, veterans, and their dependents (collectively referred to as, "servicemembers"). This report will summarize many of the efforts OSA engaged in over the past six years due to issues reported in complaints.

As of April 1, 2017, the CFPB handled approximately 74,800 complaints submitted by servicemembers, veterans, and their families. Approximately 74 percent of all servicemember complaints were submitted through the CFPB's website and 16 percent via telephone calls. Referrals accounted for 5 percent of all servicemember complaints received, with the remainder submitted by mail, email, and fax.⁵

⁵ This analysis excludes multiple complaints submitted by a given consumer on the same issue, and whistleblower tips. All data is current through April 1, 2017. Since launching Consumer Response operations on July 21, 2011 through March 31, 2017, the CFPB received approximately 1,163,200 consumer complaints. The CFPB has used a phased-in approach to expand its complaint handling over time to include multiple products and services under its authority. Complaint-handling capacity was expanded as follows: credit card complaints on July 21, 2011, mortgage complaints on December 1, 2011, bank accounts and services, private student loans, and consumer loans on March 1, 2012, credit reporting on October 22, 2012, money transfers on April 4, 2013, debt collection on July 10, 2013, payday loans on November 6, 2013, prepaid cards, credit repair, debt settlement, and pawn and title loans on July 19, 2014, virtual currency on August 11, 2014, and Federal student loan servicing on February 26, 2016.

FIGURE 1: SERVICEMEMBER COMPLAINTS BY PRODUCT⁶



Coordinate efforts with state and federal agencies

It is OSA's objective to work closely with and coordinate our efforts among Federal and State agencies, as appropriate, regarding military consumer protection in the consumer financial products and services offered to, or used by servicemembers.

Since the Bureau opened its doors, OSA has made a concerted effort to collaborate with other federal agencies and various non-governmental organizations to support nationwide savings, financial literacy and consumer protection initiatives geared to the military community. For example, OSA participates in both the annual nationwide Military Saves Week campaign sponsored by the Consumer Federation of America and co-sponsors the year-round Military

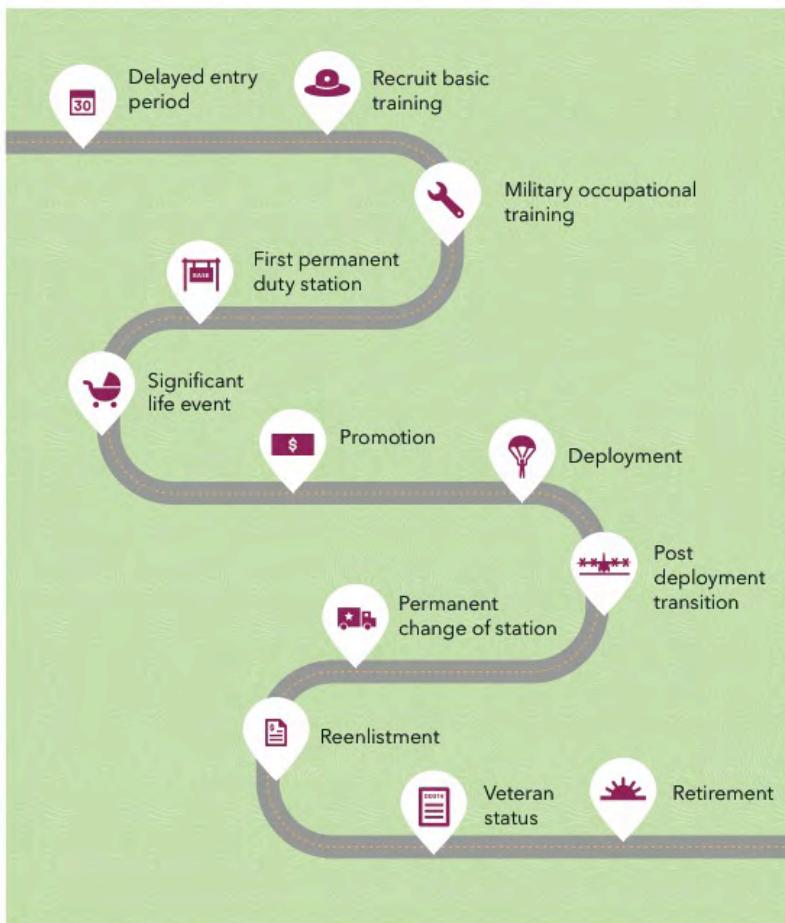
⁶ Percentages may not sum to 100% due to rounding.

Consumer campaign on savings along with the Federal Trade Commission (FTC), the DoD, and Military Saves. OSA also assists state agencies and officials in proactively reaching out to their military community by conducting activities such as joint outreach events with 22 state attorneys-general and 21 state adjutants-general.

In addition, OSA works closely with the Department of Justice (DOJ) on issues related to the Servicemembers Civil Relief Act (SCRA) and the DoD on issues related to the Military Lending Act (more detailed information on both of these to follow).

3. Charting OSA's course through the military lifecycle

Lifecycle of the military consumer



The CFPB created this graphic to depict one model of the military lifecycle. This graphic model is intended to give readers a better understanding of the substantive concepts and issues contained within the report.

Long before the creation of the CFPB and OSA, the DoD highlighted their concerns about the financial fitness of the force, stating in a report that predatory lending “undermines military readiness, harms the morale of troops and their families, and adds to the cost of fielding an all-volunteer fighting force.”⁷ The updates to the National Defense Authorization Act (NDAA) for fiscal year 2016 included a requirement that the Department of Defense and all the military services implement financial literacy training upon entry into service and at various points in the servicemember’s career lifecycle.⁸ This new requirement reflects the fact that financial readiness is an ongoing need through various stages in the military lifecycle and it is important to provide continuous education as a servicemember’s life, financial goals, and circumstances develop and change (e.g. marriage/divorce, change of duty stations, promotion, etc).

When testifying before the Personnel Subcommittee of the Senate Armed Services Committee about military readiness, Chief Master Sergeant of the Air Force, James A. Cody, elaborated about OSA’s role in helping the DoD with the financial readiness of the force,

“We’re never going to be experts within the Department of Defense on this type of money management – it’s not what the American people expect us to do... They are experts...their sole focus is on that.”⁹

Thus, we have made it a critical component of OSA’s mission to focus our expertise and efforts on the financial hurdles that occur throughout the military lifecycle. Below, we examine the issues facing the military consumer throughout the various stages they may experience in their military career – starting with those who enter through the Delayed Entry Program.

⁷ Department of Defense: Report on Predatory Lending Practices Directed at Members of the Armed Forces and Their Dependents (2006).

⁸ See P.L. 114-92 (S. 1356), Sec. 661

⁹ https://www.armed-services.senate.gov/imo/media/doc/17-10_02-14-17.pdf

Delayed entry period

Misadventures in Money Management helps fill the critical gap in financial education for delayed entry participants

While the services provide a financial education class during basic training, the information is not always well absorbed due to the rigorous physical, emotional, and temporal demands of that time. As a result, many young servicemembers may leave basic training not yet ready to make important consumer financial choices. This is why the Bureau created the Delayed Entry Program (DEP) initiative.



Source: "Future Marines in Chico, California", Marine Recruiting Station, provided April 2017.

The DEP initiative is designed to reach recruits prior to basic training, during the "delayed entry" time period. This period starts when a prospective servicemember signs a military enlistment agreement and continues through departure for basic training. The time period can range from a few weeks to over a year. This is an opportune time to offer "just-enough, just-in-time" education on smart consumer decision-making around money, credit transactions, and debt management. Training at this time can help recruits avoid the financial problems that routinely arise during their initial months on active duty. The Office of Servicemember Affairs provides a resource available to the military services designed specifically for young people

waiting to begin their military service. *Misadventures in Money Management* is a virtual financial education learning experience that fills a critical gap in financial education for DEP participants.

The program features an online graphic novel experience that incorporates character videos in scenario-based learning. It covers a list of timely topics such as smart consumer decision-making and management of money and credit/debt. The goal of the tool is to teach future servicemembers they can avoid common financial mistakes that can cause significant problems with their personal finances. In addition to these main topics, there are other sections that provide information on choosing a bank or financial institution, understanding features of the Servicemembers Civil Relief Act, avoiding impulsive purchases, and understanding how personal management of credit can impact a military career.

The program is currently in use by all the services, to include the Coast Guard and National Guard. Currently over 10,000 delayed entry personnel have utilized the program with an overall completion rate of over 60%.

In 2017, the second course of the *Misadventures in Money Management* platform launched. This course has similar learning objectives customized to support the Reserve Officers' Training Corps (ROTC) for the Army, Navy and Air Force.

Recruit basic training

When new recruits ship out to basic training, they are told to pack light, and to bring the clothes on their back, a picture ID, and a direct deposit form. Even before an enlistee meets their first drill sergeant, their financial decision-making process has begun, since they should have already selected a bank or credit union to start receiving their bi-weekly paychecks as a direct deposit.

For many servicemembers, this might be their first experience choosing a financial institution or product on their own. Prior to online banking and the prevalence of nation-wide institutions it was common for servicemembers to open, close, and re-open bank accounts on a regular basis due to numerous moves throughout their service. While this strategy may work for some, others may want to consider the benefits of consistently using one financial institution long-term. Each institution and each product offered by those institutions comes with different terms, costs, and features. The CFPB offers a Checklist for Opening a Bank or Credit Union Account

(<https://pueblo.gpo.gov/CFPBpubs/CFPBpubs.php?PubID=102>) to assist young consumers, like many new recruits, in that process.

New recruits with existing obligations may be eligible for an interest rate reduction under the SCRA

In addition to needing information on bank products or credit union accounts in order to make a proactive consumer decision, new recruits should be armed with information on the consumer protections available for their existing financial products and services. Often, recruits will join the military with prior financial obligations, like car loans, mortgages, and, in particular, student loans. The Servicemembers Civil Relief Act (“SCRA”) was created to provide protections for servicemembers in the event that transactions and judicial proceeding adversely affect the rights of a servicemember during their military service.¹⁰

The SCRA covers a variety of contractual obligations and, in general, includes provisions that may: suspend civil claims against servicemembers and protect them from default judgments (including certain types of repossession and foreclosure actions)¹¹; create a cap on interest at 6% on debts incurred prior to an individual entering active duty military service¹²; among other protections.

The DOJ has the specific authority to enforce the SCRA and accepts referrals from other federal agencies, including the CFPB, for possible SCRA violations. When the CFPB identifies potential SCRA violations in consumer complaints or during the course of its supervision work, which monitors for potential violations of the Federal consumer financial law defined in our statute, the Bureau may refer the issues to other federal law enforcement agencies, including the DOJ.

¹⁰ 50 U.S.C. § 3902(2)

¹¹ 50 U.S.C. § 3931

¹² 50 U.S.C. § 3937

For servicemembers with student loans, the SCRA protection that caps interest at an annual rate of six-percent for eligible pre-service financial obligations upon entry into active duty service is one of heightened importance.¹³ Under the statute, in order to qualify for this protection, the servicemember must send a written request to their servicer requesting the reduction along with a copy of their orders calling them onto active duty.¹⁴

Over the past five years, OSA has consistently heard from servicemembers who report having difficulties getting their loan servicers, across various products, to apply six-percent SCRA interest rate. One product we have highlighted extensively since we began reviewing servicemember complaints is student loans.¹⁵ In October 2012, OSA released a report detailing the complaints servicemembers submitted about their issues receiving the rate reduction afforded to them under the SCRA.¹⁶ In accordance with our statutory mission to coordinate with other federal and state agencies, OSA shared these complaints with other federal regulators, including the DOJ and the FDIC. In May 2014, the DOJ joined with the FDIC and entered an order providing \$60 million in compensation¹⁷ for more than 77,000 servicemembers in an

¹³ 50 U.S.C. 3901 et seq; The SCRA's use of "military service" includes "active duty" as defined in 10 U.S.C. §101(d)(1).

¹⁴ 50 U.S.C. § 3937(b). This request may be submitted at any time during a servicemember's active service, and up to 180 days after completion of active duty.

¹⁵ Under the SCRA, this protection has always applied to private student loans. The Higher Education and Opportunity Act of 2008 extended the protection to federal student loans.

¹⁶ http://files.consumerfinance.gov/f/201210_cfpb_servicemember-student-loan-servicing.pdf

¹⁷ In addition to the DOJ settlement with Sallie Mae/Navient, the FDIC found violations of a federal law prohibiting unfair and deceptive practices with regard to student loan borrowers through the servicer's following actions: inadequately disclosing its payment allocation methodologies to borrowers while allocating borrowers' underpayments across multiple loans in a manner that maximizes late fees; and misrepresenting and inadequately disclosing in its billing statements how borrowers could avoid late fees. See U.S. Department of Justice, *Justice Department Reaches \$60 million settlement with Sallie Mae* (May 2015), available at <http://www.justice.gov/opa/pr/justice-department-reaches-60-million-settlement-sallie-mae-resolve-allegations-charging>; See also Federal Deposit Insurance Corporation, *FDIC Announces Settlement with Sallie Mae for Unfair*

action against student loan servicers Sallie Mae and Navient (formerly one company) related to their application of benefits under the SCRA to active duty members of the military.¹⁸

Two months after the settlement was announced, the Department of Education (ED) issued SCRA guidance for federal student loan servicers.¹⁹ The guidance authorized and encouraged federal servicers to regularly check for borrowers who are eligible for the SCRA interest rate reduction on the Defense Manpower Data Center (DMDC) database and proactively apply the protection for those eligible borrowers.²⁰ This newly automated process has dramatically increased the number of servicemembers receiving their SCRA protections, including identifying borrowers who had been eligible for the rate cap as far back as 2008 and retroactively applying it.²¹

While there has been a lot of positive movement over the past five years, especially in the realm of military borrowers with federal student loans, the work is not complete. OSA revisited this

Tip: Download handouts at: www.consumerfinance.gov/servicemembers or printed copies can be ordered at pueblo.gpo.gov/CFPBpubs/CFPBpubs.php. for free.

and Deceptive Practices and Violations of the Servicemembers Civil Relief Act (May 2014), available at <https://www.fdic.gov/news/news/press/2014/pr14033.html>

¹⁸ In May 2014, the Department of Justice estimated that 60,000 servicemembers were harmed by illegal activity covered in this settlement. In 2015, the Department of Justice announced that the number of military borrowers receiving compensation under this settlement had increased by 30%, to nearly 78,000 borrowers. See U.S. Department of Justice, *Nearly 78,000 Service Members to Begin Receiving \$60 Million Under Department of Justice Settlement with Navient for Overcharging on Student Loans* (May 28, 2015), available at <http://www.justice.gov/opa/pr/nearly-78000-service-members-begin-receiving-60-million-under-department-justice-settlement>

¹⁹ <https://ifap.ed.gov/dpcletters/GEN1416.html>

²⁰ *Id.*

²¹ According to the Government Accountability Office's November 2016 report on the Oversight of the Servicemembers' Interest Rate Cap, available at <http://www.gao.gov/products/GAO-17-4>

topic in a report released in July 2015. In that report, OSA observed that SCRA protections, among other protections, continue to be an issue for military student loan borrowers.²² In order to help military consumers understand their rights, protections, and resources when it comes to student loan debt, OSA offers an action guide (http://files.consumerfinance.gov/f/documents/201604_cfpb_servicemember-student-loan-guide.pdf) for servicemembers detailing their options.²³

The CFPB encourages servicemembers to shop around for their auto loan to avoid being targets of misleading advertising

Entering military service often presents a young recruit their first opportunity at financial stability. For many young enlistees, this is the first time they will have access to a steady stream of income. And for almost all recruits, no matter at what stage of life they enter, this means moving away from home to a new location. These circumstances are no secret to the auto industry; many companies, including dealerships or lenders, set up shop right outside installation gates and will advertise military rates or discounts to bring servicemembers into their business.

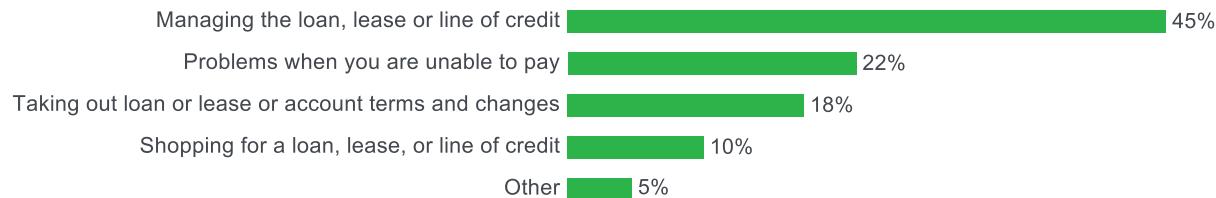
As of April 1, 2017, CFPB has handled approximately 2,300 auto lending complaints submitted by servicemembers, veterans, and their families.²⁴

²² http://files.consumerfinance.gov/f/201507_cfpb_overseas-underserved-student-loan-servicing-and-the-cost-to-our-men-and-women-in-uniform.pdf

²³ http://files.consumerfinance.gov/f/documents/201604_cfpb_servicemember-student-loan-guide.pdf

²⁴ The CFPB began accepting auto lending complaints as part of the consumer loan category on March 1, 2012. Auto lending complaints include vehicle loan, vehicle lease, and title loan complaints.

FIGURE 2: TYPES OF AUTO LENDING COMPLAINTS REPORTED BY SERVICEMEMBERS



Many of these auto loan complaints report concerns with the financing costs associated with their auto loan, including extremely high interest rates. As one servicemember described:

"The [company] even knew how much I made as a [soldier]. I will be paying over [XX] when I'm done paying this car. I have a family that I need to support, and this is unfair and unjust. I didn't know that I was going to pay over [XX] what the vehicle is worth. They never explained the APR percent or how much I'd end up losing, and I feel really taken advantage of...This always happens simply because I am a [servicemember], and I live near a base, so all these businesses set up and sell their products advertising 'we do military finance.' They reel us in like fishes."

In 2012, we heard from a father who was concerned that his son had been the victim of a misleading and costly car loan program right after he joined the military.²⁵ The Bureau began an investigation into the issues and in June 2013, announced an order that required a return of approximately \$6.5 million to active duty military affected by companies participating in a private auto loan program called the Military Installment Loans and Educational Services

²⁵ <http://www.consumerfinance.gov/consumer-tools/everyone-has-a-story/harry-and-ari-struggling-with-an-auto-loan/>

(MILES).²⁶ In addition to failing to properly disclose all costs associated with the loan program, including the costs and coverage of add-on products financed with the loans, the CFPB alleged the MILES program required servicemembers to repay their loans using the military allotment system. A military allotment deducts payments for a lender directly from a military member's paycheck before that salary is deposited in his or her bank account. The allotment system was created decades ago to help deployed servicemembers send money home to their families and pay creditors at a time when automatic bank payments were not yet common practices. This enforcement action was the first time the CFPB responded to this significant vulnerability that allowed lenders to misuse a payment system that was created for an entirely different purpose.

As we continued to look into the use of allotments, further CFPB enforcement actions involving allotments were completed and other state and federal agencies took action as well; these will be discussed further in the "Significant Life Event" section.

We have also heard that some lenders misrepresent a servicemember's rights under the SCRA. As noted above, the SCRA interest rate protection applies *only* to loans entered into prior to entering military service. Regrettably, many new recruits have not yet had the opportunity to learn about their rights and protections and can be led to believe that if they sign up for a loan with a high interest rate while on active duty that the SCRA would drop the rate to six-percent later on. This is not true.

In order to help all consumers shopping for a new or used car, the CFPB created the Know Before You Owe Auto Loan Worksheet (http://files.consumerfinance.gov/f/documents/201606_cfpb_auto-loan-worksheet.pdf). The worksheet helps consumers shop for financing and understand the total cost of the loans being offered. An associated OSA blog (<https://www.consumerfinance.gov/about-us/blog/arm->

²⁶ <http://www.consumerfinance.gov/about-us/newsroom/cfpb-orders-auto-lenders-to-refund-approximately-6-5-million-to-servicemembers/>

[yourself-knowledge-when-shopping-auto-loan/](#)) offers tips directed at servicemembers, such as being alert to the mischaracterization of SCRA protections.

First permanent duty station

Serving in the military involves unique challenges not found in other professions, not the least of which is the military's ability to determine when and where a servicemember moves. Receiving orders to move to a servicemember's first duty station can be an exciting, yet stressful time. After basic training and occupational training locations, embarking on a more permanent location for the near future can bring out a desire to set down roots – especially for servicemembers with spouses and children waiting to join them. This desire, coupled with the need to provide housing for their families, can result in shopping for a home and a home loan at their new location.

As of April 1, 2017, the CFPB handled approximately 13,700 mortgage complaints submitted by servicemembers, veterans, and their families. Of those complaints, about 2,800 were related to mortgage origination issues.²⁷

It is important for servicemembers to understand their options when choosing a home loan

In January 2015, the Bureau first launched its “Owning a Home” online interactive suite of tools (<http://www.consumerfinance.gov/owning-a-home/>) to help consumers navigate the mortgage process and learn about the various terms and features associated with different mortgages. In September of 2015, the Bureau added additional features to the site to help consumers think

²⁷ The CFPB began accepting mortgage complaints on December 1, 2011.

through the factors about choosing homeownership, understand what they need to do to get a mortgage, shop for the best offer, and understand the closing process.

The Owning a Home tool is an effective way for servicemembers to sort through their potential loan options, including learning the differences between conventional loan options and government-backed loan options like the VA home loan guarantee. Once on active duty for a minimum of 90 continuous days, a servicemember becomes eligible for a VA-guaranteed home loan.²⁸ A VA-guaranteed home loan offers many potential benefits for eligible borrowers including a low down payment and no requirement for mortgage insurance. However, sometimes these benefits may be coupled with higher interest rates and additional funding fees. That is why it is important that servicemembers and veterans learn about their various loan options and shop around for the best deal that works for them.

Some financial institutions have even tried to capitalize on business from VA-eligible borrowers – using advertising techniques that mislead consumers to think the products they are selling are endorsed or even being directly offered by the VA. In April 2015, the Bureau took action against RMK Financial Corporation for wrongly using the logos of the Department of Veterans Affairs and the Federal Housing Administration (FHA) in their advertisements. The CFPB alleged these ads also misrepresented the price of the advertised mortgages, including whether the interest rate being offered was fixed or variable.

At the time of these actions, the Director of the VA Home Loan Program stated:

“VA will never email or mail out solicitations for our loan program. VA does not endorse or sponsor any particular lender; instead, we work to ensure all Veterans and Servicemembers can safely use the benefit they’ve earned, at the

²⁸ For all eligibility requirements, refer to http://www.benefits.va.gov/homeloans/purchaseco_eligibility.asp

lender of their choice. If you have any questions about your home loan benefit, please visit the VA website, or call VA at (877) 827-3702.”²⁹

OSA continues to monitor complaints for misleading mortgage advertisements and regularly refers such complaints to the Bureau’s Enforcement team for review.

In November 2016, we highlighted the issue of aggressive advertising for VA home loan refinances with the release of our semi-annual complaint snapshot.³⁰ In the report, we recognized that VA refinances can be considerably quicker and easier than other types of refinances because they do not require an appraisal or conventional underwriting. Because of this, many servicemembers reported their frustrations to us concerning aggressive solicitations and misleading advertisements from lenders trying to get their business.

Allotment rules tightened for personal property in order to protect from abuse by businesses

Arriving at a servicemember’s first duty station generates a number of expenses, as new consumer purchases are generally required. Whether a servicemember chooses to live on the installation, rent off-installation housing, or purchase a new home, furniture and other types of consumer goods are a necessary first step to creating a home. For many years, some businesses that sold consumer goods like couches and TVs, requested that, and sometimes required, servicemembers pay by military allotment. As mentioned above in the MILES case, some businesses have used this payment system as a quick and secure way to get paid. In late 2014, the Department of Defense announced changes to the allotment system, which prohibits new

²⁹ Quote provided by then Director of the VA Home Loan Program, Mike Frueh. Quote can be found in CFPB Blog “The VA doesn’t send you mortgage ads”, by Holly Petraeus, at <http://www.consumerfinance.gov/about-us/blog/the-va-doesnt-send-you-mortgage-ads/>

³⁰ http://files.consumerfinance.gov/f/documents/112016_cfpb_OSA_VA_refinance_snapshot.pdf

allotments to purchase, lease, or rent personal property.³¹ Around the same time, the Bureau took action against Freedom Stores, Inc. the CFPB alleged double dipping into servicemembers' funds who had sent their payments via military allotment. After relying on reports from a payment processor that were sometimes incorrect, the CFPB alleged, Freedom Stores, Inc. took a second payment from the bank account that the consumer had authorized as a backup payment method.

After the DoD announced the prohibition on allotments for consumer goods, OSA continued to monitor the complaints and speak to the military community about this issue. During the first half of 2015, we observed that many companies were still advertising repayment options for personal property via military allotment. In June 2015, the Bureau sent letters to several of these companies advising them to review their advertising and other practices related to this type of payment. The Bureau expressed concern that if these companies are still advertising repayment by allotment, they may be violating federal consumer protection laws.

Significant life events

As with all consumers, significant life events such as marriage and children have unavoidable impacts on financial circumstances and financial decision-making. For military consumers, there are unique financial circumstances that arise during these events.

³¹ Personal property includes vehicles, appliances and consumer electronics, as well. Allotments made for the purpose of savings, insurance premiums, mortgage or rent payments, support for dependents, or investments will not be affected. The changes do not apply to military retirees or Department of Defense civilian employees. More information available at, <https://www.defense.gov/News/News-Releases/News-Release-View/Article/605286>

It is common practice for servicemembers to seek and obtain Powers of Attorney for their military spouse

Due to the nature of the military lifestyle and the potential for long periods away from home, military spouses often make financial decisions for the servicemember and the household as a whole. Because of this, it is common for servicemembers to seek and obtain Powers of Attorney (POA) for their spouses through their military Legal Assistance Office.

In 2015, we wrote about military families struggling with their financial providers to gain access to their spouse's and household accounts even when they have a valid General POA. We found that companies may require a more targeted POA for added consumer protection; however, based on the complaint submissions we received, it appeared that this added requirement was not being relayed to the military families at the appropriate time. Confusion about companies' POA requirements led to an exacerbation in fees and overall financial stress for many servicemembers and their families.

Tip: Considerable thought should always be given when granting anyone power of attorney – the attorney-in-fact may end up using the account(s) for reasons not specified by the grantor.

"The financial institution is blocking my access to the joint account I own with my Army active duty wife, currently deployed to Kuwait...In short, they are blocking access to our money and I can't even pay our bills...They claim that, despite already having both a General Power of Attorney and a Special Power of Attorney filed on my behalf prior to my wife's deployment (Army SOP), these comprehensive documents are insufficient and they are demanding a THIRD document "authorizing" my access electronically."

The Military Lending Act helps servicemembers and their covered dependents avoid debt traps that would leave them distracted from their mission

As noted above, one significant event in a servicemember's life may be getting married and/or having a child. Both events obviously have important emotional and personal ramifications – they also trigger additional protections under the Military Lending Act (MLA), as both spouses and children qualify as "dependents." In 2013, Congress enacted many changes to the Military

Lending Act, generally broadening its scope and applicability. One significant extension of protection was to raise the age at which a servicemember's child continues to be considered a covered borrower.³² The MLA is important even beyond who it protects – it is important with regard to how it protects them.

Senior military leaders have recognized the impact high-cost credit and resulting debt can have on their servicemembers. In fact, the problem became so acute in the early 2000s, that they approached Congress and described the problem, describing how the stress of these loans affected readiness and extreme cases made the servicemember unavailable for further service.³³ Congress listened to these concerns and launched a study in 2005 to determine the magnitude of the problem. The report found that “predatory lending undermines military readiness, harms the morale of troops and their families, and adds to the cost of fielding an all-volunteer fighting force. Education, counseling, assistance from Aid Societies, and sound alternatives are necessary but not sufficient to protect Service members from predatory lending practices or products that are aggressively marketed to consumers in general and to military personnel directly.”³⁴ The DoD identified the link between financial readiness and mission readiness, surveying the problem of financial stress and found servicemembers rate finances as more of a source of stress than even deployments or personal relationships, among other stressors.³⁵

In 2006, Congress enacted the MLA statute which protects servicemembers, and their covered dependents, from being charged more than a 36% Military Annual Percentage rate (MAPR) on

³² 10 U.S.C. 987(i)(2).

³³ “Predatory Lending and the Military: The Law and Geography of ‘Payday’ Loans in Military Towns.” By Professor Steven M. Graves, California State University, Northridge and Professor Christopher L. Peterson, University of Florida and published in the Ohio State Law Journal, Volume 66, Number 4, 2005 Page 4-5

³⁴ Report on Predatory Lending Practices Directed at Members of the Armed Forces and their Dependents. http://archive.defense.gov/pubs/pdfs/Report_to_Congress_final.pdf

³⁵ 72 FR 50580, 43564 (Aug. 31, 2007)

the extension of consumer credit. The statute directed the DoD create the rule to further define what the extension of “consumer credit” means.³⁶ In a 2007 rule, DoD defined consumer credit to narrowly cover three credit product types: payday loans, vehicle title loans, and tax refund anticipation loans. The definition of these three covered products were then further narrowed by certain attributes like length of time and amount. For example, to be covered, a payday loan needed to be for \$2000 or less or the repayment period of a vehicle title loan needed to be 181 days or less. Unfortunately, these narrow definitions did not completely alleviate the problems associated with high-cost credit because many predatory products continued to exist. As CFPB Director Richard Cordray stated in December 2014: “The current rules under the Military Lending Act are akin to sending a soldier into battle with a flak jacket but no helmet. To give our troops full-cover protection, the rules need to be expanded.” “The Department of Defense’s proposed revisions will go a long way toward better shielding our military from high-cost credit products.”³⁷

After a 2012 Congressionally-mandated study on the effectiveness of the 2007 DoD rule as part of the 2013 amendments to the MLA referenced above Congress amended the MLA to add a requirement that DoD review its MLA rule at least once every two years in consultation with certain federal agencies, including the Bureau.³⁸ In July 2015, DoD released an update to the rule that significantly broadened the definition of consumer credit – now aligning it more closely with the definition of consumer credit under the Truth in Lending Act (TILA). The definition now covers many more credit products (regardless of length of time and amount). Key exceptions include certain secured financing transactions like residential mortgages.³⁹ With

³⁶ 10 U.S.C. 987 (h)

³⁷ CFPB Press Release, December 29, 2014. <http://www.consumerfinance.gov/about-us/newsroom/cfpb-report-finds-loopholes-in-military-lending-act-rules-rack-up-costs-for-servicemembers/>

³⁸ 10 U.S.C. 987(h)(3).

³⁹ 32 CFR 232.

the exception of credit cards, for which creditors must comply with the rule by October 3, 2017, the newly covered credit products are now subject to the 36% MAPR cap, as well as the prohibitions against mandatory: arbitration, allotments, and waivers of consumer protection laws, among other protections.⁴⁰

In November 2015, OSA issued a complaint snapshot detailing the impact that high-cost consumer credit has on our men and women in uniform. The snapshot also highlighted the new protections that would be available under the updated MLA rule upon the effective date.⁴¹ The CFPB also offers targeted, plain language questions and answers about the MLA through Ask CFPB (<https://www.consumerfinance.gov/askcfpb/1783/what-are-my-rights-under-military-lending-act.html>).

OSA remains committed to supporting the Bureau's enforcement and supervisory responsibilities with respect to the MLA. Through the Federal Financial Institutions Examination Council, Bureau staff worked with the prudential regulators to issue updated MLA examination procedures. The Bureau regularly works with our colleagues at DoD, and other agencies with MLA responsibilities, to provide guidance intended to ensure that industry compliance is effectively achieved. Going forward, we will provide technical assistance at DoD's request and continue to consult with DoD on the implementing regulation.

⁴⁰ For purposes of calculating the MAPR the 36% includes, with some exceptions, cost associated with the extension of credit such as: finance charges, credit insurance or premiums, add-on products sold in connection with the credit transaction application fees and participation fees. In addition to limiting the MAPR to 36%, the MLA provides additional protections like prohibiting the mandatory waiver of other consumer protections laws (like waiving certain SCRA rights), prohibiting the requirement to pay only by allotment, and prohibiting prepayment penalties.

⁴¹ https://s3.amazonaws.com/files.consumerfinance.gov/f/201511_cfpb_snapshot-of-servicemember-complaints.pdf

Subsequent Permanent Change of Station (PCS) moves

Relocating every two to three years can have a significant impact on financial health. Monetary needs arise from the fundamental necessities – moving expenses, buying new furniture, setting up utilities to the potentially unsuspecting challenges – loss in family income, storage costs, service cancellation fees, etc. These frequent moves not only require constant financial diligence, but also, a lot of financial flexibility that may not always be possible. The CFPB consistently hears from servicemembers and their families about how many of their financial struggles stemmed from relocating due to military orders. Sometimes it's as simple as never receiving a final notice/bill that then results in negative credit reporting or as complicated as an underwater mortgage on a home which they are unable to sell.

The financial hurdles associated with PCS moves have long been acknowledged and over time specific protections have been put into place in order to assist military families during these times. In addition to the military's basic relocation expense coverage, the SCRA allows for certain financial protections in conjunction with the receipt of PCS orders, including but not limited to, the ability to cancel certain leases without penalty.⁴²

While these protections do a lot to assist in overcoming the financial hurdles, they are not all encompassing. They may also be difficult to navigate or people may not know about them. Below is a breakdown of different consumer financial products or services that may be impacted during a PCS move.

Tip: Under 10 U.S.C. §1056, each service is required to provide relocation assistance programs and www.militaryonesource.mil is a great resource to learn more about those programs and the relocation support offices located at each installation.

⁴² 50 U.S.C. § 3955

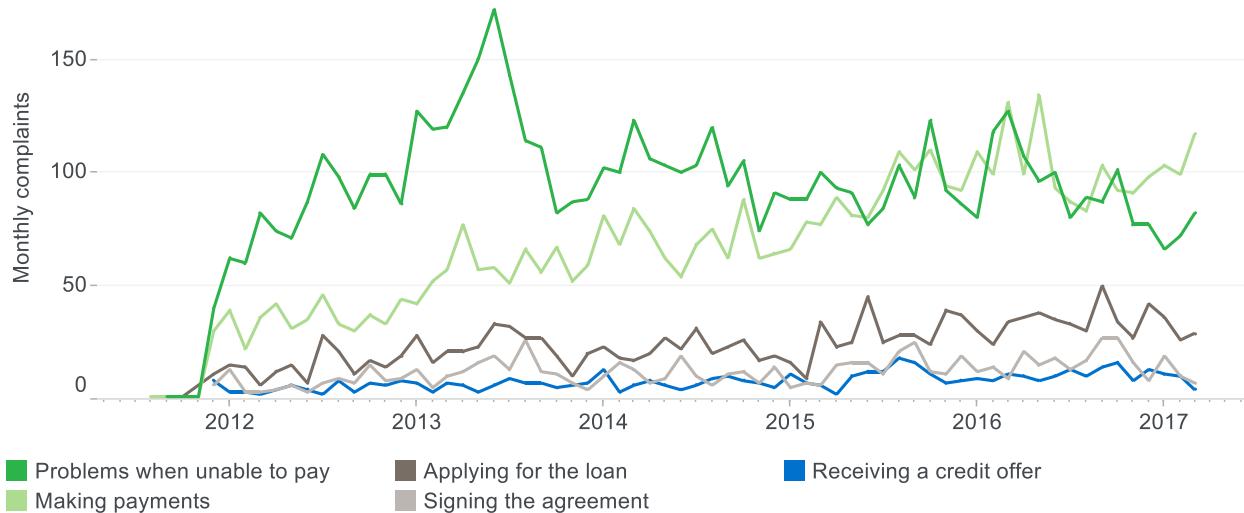
After receiving PCS orders, servicemembers struggle to receive help for their underwater home

For many homeowners, the financial crisis of 2008 left their home values significantly below the amount they owed on their mortgage note. This put consumers in a precarious position- unable to sell but potentially unable to afford a monthly payment on an upside down investment. For the average consumer, the solution to the “underwater” home is to wait out the market; potentially modify the loan to a more affordable monthly payment and consider selling once the fair market value is back above the mortgage debt. For members of the military with mandatory PCS orders, this solution is not always possible.

Since the Bureau began accepting mortgage complaints in December 2011, military families report about their struggles with home ownership after receiving PCS orders. It was clear from the mortgage complaints submitted that military consumers were frustrated with the lack of loss mitigation options available to them since their PCS move did not fit within the standard definition of “qualifying hardship” at the time.⁴³

⁴³ In 2009, the federal government, via Treasury, initiated loss mitigation options for struggling homeowners- the “Making Home Affordable” programs (including HAMP, HARP, and HAFA). Very generally speaking, HAMP was intended to assist homeowners struggling to make a mortgage payment who were suffering from what was considered a “financial hardship.”

FIGURE 3: TYPES OF MORTGAGE COMPLAINTS REPORTED BY SERVICEMEMBERS OVER TIME



As a result of this unique situation, in June 2012, the Bureau joined with the prudential regulators to issue the Interagency Guidance on Mortgage Servicing Practices Concerning Military Homeowner with Permanent Change of Station Orders. The guidance not only reminds servicers of the need to provide important information in a timely manner, but also makes it clear that military homeowners with PCS orders should get accurate and clear information from their mortgage servicers early enough to make informed decisions that will minimize damage to their financial readiness.⁴⁴ Around the same time, FHFA announced a short sale assistance

⁴⁴ http://files.consumerfinance.gov/f/201206_cfpb_PCS_Orders_Guidance.pdf, other agencies included: Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, National Credit Union Administration, Office of the Comptroller of the Currency

program for military borrowers. This program gives borrowers with PCS orders, who are current on their loan, the ability to short sell their home while forgiving the deficiency amount.⁴⁵

Going forward as Fannie Mae; Freddie Mac; and other government-sponsored and private servicers develop their own loss mitigation programs since the sunset of HAMP, OSA will continue to advocate for recognition of the struggles servicemembers face with homeownership when faced with PCS orders.

Contract restrictions may prevent servicemembers from taking their car overseas

In most circumstances, it is easy for a servicemember to bring their car to their new duty station around the United States (US). However, when receiving orders to move outside the continental US, the situation may become much more difficult. In our 2016 Annual Report, we highlighted the issue of loan contract terms that restrict a servicemember from taking their car out of the country.⁴⁶ After reviewing the complaints submitted about this issue, we found that servicemembers are often unaware of the restriction at the time they sign their loan contract and do not discover it until they contact their lender to get shipping authorization:

“Even if such a clause exists in their financing agreement prohibiting transporting vehicles outside the country...I would have never financed with

⁴⁵ <http://www.fhfa.gov/Media/PublicAffairs/Pages/FHFA-Announces-Short-Sale-Assistance-for-Military-Homeowners-with-Fannie-Mae-or-Freddie-Mac-Loans.aspx>

⁴⁶ http://files.consumerfinance.gov/f/201603_cfpb_snapshot-of-complaints-received-from-servicemembers-veterans-and-their-families.pdf

[company] had I known they would deny me the ability to take my vehicle with me to an [overseas] duty station.”

Servicemembers need to be diligent when executing long-term contracts and check for terms and conditions that may impact military life, such as moving overseas.

The provision allowing auto lease cancellation under the SCRA is NARROWER than some servicemembers realize

We also have heard from servicemembers who report issues receiving the protections under the SCRA that allow them to cancel their auto lease after receiving PCS orders.⁴⁸ Over the years, we have seen that the issues with this provision of the SCRA, while sometimes due to poor execution by the loan servicers, often can be the result of servicemember confusion about its applicability moving from one state to another, inside the continental US.

An automobile lease operates differently than an automobile loan. With an automobile lease, the leasing company effectively purchases the car on behalf of the consumer and then allows the consumer to use the vehicle in return for monthly rental payments. The lease lasts for a specified term and ending the term early often comes with large penalties.

Tip: For lease cancellation (auto and apartment), the lease contract can be entered into prior to military service or while on active duty. This is an important distinction since many SCRA protections do not apply to contracts executed during active duty service.⁴⁷

⁴⁷ 50 U.S.C. §3955(b)(2)(B)

⁴⁸ 50 U.S.C. §3955

The SCRA creates protections that allow servicemembers to cancel their automobile lease, without financial penalty, if certain conditions are met. If an active duty servicemember executes an automobile lease,⁴⁹ and during the course of the lease contract receives PCS orders to move *outside* of the continental United States (OCONUS)⁵⁰ the lease may be terminated. The lease may also be terminated if the servicemember is already stationed outside the continental US and moving to another place outside the continental US or back inside the continental US (CONUS).⁵¹

Many servicemembers attempt to terminate their auto lease under the SCRA when moving from state to state within the continental US, and are frustrated when the lease holder rejects their request. In response to that confusion, the Bureau created a specific Ask CFPB question (<http://www.consumerfinance.gov/askcfpb/889/i-am-military-and-i-have-been-ordered-move-overseas-or-deploy-can-i-get-out-my-car-lease-without-paying-penalty.html>) and answer to educate about the scope and limits of this protection.⁵²

⁴⁹ For auto lease cancellation, the lease contract can be entered into prior to military service (and then be called onto Active Duty for at least 180 days) or *while* on active duty. This is an important distinction since many SCRA protections do not apply to contracts executed during active duty service, 50 U.S.C. §3955(b)(2)(B).

⁵⁰ See <http://www.defensetravel.dod.mil/site/travelreg.cfm>. The non-foreign OCONUS area as defined by the Joint Federal Travel Regulation, Chapter 5, Part A, Section 6: The states of Alaska and Hawaii, the Commonwealths of Puerto Rico and the Northern Mariana Islands, and any U.S. possession.

⁵¹ 50 U.S.C. §3955(c)(1) requires that the termination must be executed by: providing notice in writing, a copy of the orders, and returning the vehicle within 15 days of providing written notice. Under 50 U.S.C. §3955(c)(2), delivery of written notice may be accomplished by hand delivery, private business carrier, or by mail (with return receipt requested).

⁵² <http://www.consumerfinance.gov/askcfpb/889/i-am-military-and-i-have-been-ordered-move-overseas-or-deploy-can-i-get-out-my-car-lease-without-paying-penalty.html>

Deployment/post deployment transition

Since 2011, more than 2.4 million servicemembers have deployed in support of combat operations all over the globe. In addition to the personal and emotional ramifications deployment has on servicemembers and their families, there are distinct financial situations that arise as well.

An Active Duty Alert may help protect a servicemember's credit file while they are away from home

Deploying overseas and being mission-focused may mean a distraction from credit accounts and keeping up with credit reports. Often, a servicemember has already had numerous address changes at the time of deployment and while they are away, mail can be delivered to their current residence but also old locations – including mailings like credit offers. These situations put servicemembers at an increased risk for fraud or identity theft.

As of April 1, 2017, the CFPB has handled approximately 1,500 servicemember complaints related to credit reporting from self-reported active duty servicemembers, of which, about 200 complaints were related to “credit monitoring or identity protection” or “improper use of credit report.”⁵³ Out of these complaints, some servicemembers reported initiating an Active Duty Alert prior to leaving for active duty.

The Fair Credit Reporting Act (FCRA) provides three types of alerts to protect credit files from potential fraud or identity theft – one being the Active Duty Alert. An Active Duty alert on a credit file notifies companies of the consumer’s military status and ensures that they have reasonable policies and procedures to verify the identity of a person who is requesting new credit in that name. The alert will also generally prohibit credit reporting companies from providing the servicemember’s name for new prescreened credit offers for two years.

⁵³ The CFPB began accepting credit reporting complaints on October 22, 2012.

After reviewing complaints from servicemembers who believe they were victims of fraud or identity theft while they were stationed away from home, we recognized the need for additional education and awareness of the Active Duty Alert provided by the FCRA. In August 2015, we created the Fraud Alert Fact Sheet (http://files.consumerfinance.gov/f/201508_cfpb_fraud-protection-tools-to-help-safeguard-servicemembers.pdf) to provide education about this alert and the other fraud alerts available for credit files.

While deployed, servicemembers may struggle with communicating with their financial institution if there is a problem

The 2015 OSA Annual Report spotlighted the issue of fees associated with the use of financial products and the fact that certain aspects of the military lifestyle make some of those fees difficult to avoid. The report highlighted that complaints raised concerns about financial institutions' lack of tailored communication procedures and protections for military families, especially for servicemembers deployed overseas. For example, a servicemember who only had regular access to email and other online systems during his deployment could not effectively use the company's email and live-chat feature to speak with representatives with authority to resolve his issue. He expressed his distress:

"My inquiry remains unresolved and may soon unnecessarily cost me upwards of \$500 in fees. The company's underlying policies that serve to block account holder communications with empowered employees poses the likelihood of injuring customers throughout the U.S.--especially harming service members deployed overseas."

The SCRA may help prevent servicemembers from losing their cars or homes while they are deployed

As we noted above in the section on Recruit Basic Training, the SCRA provides an array of protections for servicemembers in the event that transactions and judicial proceeding adversely affect the rights of a servicemember during their military service.⁵⁴ One of these protections includes requirements that creditors must meet when they seek to repossess the property of a servicemember, or foreclose upon their home.⁵⁵ This protection becomes of particular importance when servicemembers are deployed overseas and have an increased need to be mission-focused.

In particular, the statute provides specific protections for certain situations which require a court order and/or stay before a servicemember's property can be repossessed or foreclosed upon. We hear from servicemembers who have concerns with regard to their foreclosure or repossession protection rights under the SCRA. In this area, we work closely with our federal partners at the DOJ, who enforce the SCRA, to share those servicemember concerns and potential violations.

Serving away from home only to return to find that your property has disappeared after a lien-holding creditor has repossessed it, or your home was foreclosed upon, is unsettling to say the least. The Department of Justice has been active in litigating cases in both areas- protecting servicemembers from unlawful repossession as well as unlawful foreclosures. It has litigated cases where the servicemember's cars have been repossessed without a court order. In the last five years, the DOJ has litigated five cases in this area.⁵⁶ They have been similarly active with cases involving unlawful foreclosures- notably including SCRA practices as an area of focus

⁵⁴ 50 U.S.C. § 3902(2)

⁵⁵ 50 U.S.C. § 3952

⁵⁶ <https://www.justice.gov/servicemembers/servicemembers-civil-relief-act-scra>

within the National Mortgage Settlement, returning approximately \$311 million to servicemembers who suffered an unlawful foreclosure.⁵⁷

As the DOJ focuses on SCRA enforcement, the CFPB provides consumer education about the SCRA. Ask CFPB offers answers to questions that address a servicemember's rights under the SCRA with regard to auto repossession and property foreclosures.

While serving in an area of hostile fire, servicemembers may be able to reduce their student loan interest rate to 0%

As of April 1, 2017, the CFPB handled approximately 900 servicemember complaints related to federal student loan servicing.⁵⁸ Active duty servicemembers have the ability to reduce their interest on federal student Direct Loans (disbursed on or after October 1, 2008) to *zero-percent* while serving in an area of hostile fire.⁵⁹ This benefit can be applied retroactively, if the servicemember chooses to apply for it once they return home from deployment.

Through OSA's review of the federal student loan complaints, it was clear this is a lesser-known benefit within the military community. OSA offers the use of our Student Loan Action Guide (https://www.consumerfinance.gov/f/documents/201604_cfpb_servicemember-student-loan-guide.pdf) to intermediaries such as the Judge Advocate General (JAG) officers at military installations, in order to help disseminate the message about this important protection.

⁵⁷ <https://www.justice.gov/opa/pr/service-members-compensation-unlawful-foreclosures-under-servicemembers-civil-relief-act>

⁵⁸ The CFPB began accepting federal student loan servicing complaints on February 25, 2016.

⁵⁹ 20 U.S.C. 1087e(o)

Being called to mobilize may trigger protections under the SCRA for National Guard members and reservists

In 2003, Congress enacted P.L. 108-189, the Servicemembers Civil Relief Act (as described above), a restatement and modernization of the rights available to servicemembers under the Soldiers' and Sailors' Civil Relief Act (SSCRA). According to a Congressional Research Service report, among others, one purpose of this updated law was to respond to the increased utilization of Reserve and National Guard military units in the Global War on Terrorism – two units that generally were not previously covered under the SSCRA.⁶⁰ The benefits period under the SCRA is the period of time between the date a Reservist receives their induction or activation orders and the date the active duty ends.⁶¹ These benefits can be significant to mobilized Reservists and National Guard members due to the fact that many of their major financial obligations will have been entered into while they are not on active duty and based on income that was being earned in their civilian profession.

Many of the complaints we receive from Reservists and National Guard members are related to issues invoking their 6% interest protections under the SCRA. Companies appear to have difficulty understanding these types of military orders and this can pose a barrier to appropriately applying the coverage required by the Act.

⁶⁰ Congressional Research Service. The Servicemembers Civil Relief Act (SCRA): An Explanation (RL34575 ; August 27,2014), by R. Chuck Mason, at 1.

⁶¹ 50 U.S.C. § 3917(b)

Reenlistment/Promotion

In general, a newly enlisted servicemember or commissioned officer can expect their initial commitment to last around 2-4 years.⁶² These periods vary among the branches of service and among the different military specialties or careers. Many servicemembers join without having a sense of how long they would like to remain in the service. The decision to re-enlist or remain in service to seek promotion to the next higher rank involves both personal and financial factors. The decision to continue one's enlistment or seek a promotion does not rest solely with the servicemember; commanders and the needs of the military itself ultimately dictate the length of a servicemember's career. One significant factor that may affect a servicemember's ultimate career success is their financial health, and one marker of financial health that the military uses is credit reports, including the presence of negative information and excessive debt.

Debts and negative credit reporting can be a military career killer

In general, a consumer's credit report operates as the basis for many financial lenders and service providers' decisions to engage in business with an applicant. However, for members of the military their credit report also serves an essential function in their career growth. Financial hardship can lead to distraction from readiness and ultimately separation if the issues cannot be resolved. This is not only a costly, personal burden for our men and women in uniform but also the Department of Defense. At a 2017 hearing of the Personnel Subcommittee of the Senate Armed Services Committee about military readiness, Senator Jack Reed commented,

⁶² Enlistment contracts vary in lengths of service, but in order to qualify for various benefits under the National Call to Service Program, individuals must complete entry training and serve on active duty for at least 15 months. These individuals must then serve either an additional period of active duty as determined by the Secretary of Defense, or a period of 24 months in an active status in the Selected Reserve. More information available at:

http://www.benefits.va.gov/gibill/national_call_to_service.asp

“According to DoD, every time we separate a servicemember, it costs the Department \$57,000,” he continued, “The Department estimates that each year, somewhere between 4,700 and 8,000 servicemembers are involuntarily separated due to financial hardship. That’s a staggering amount of money and it’s totally avoidable I think.”⁶³

Debt collection is the largest complaint category among servicemembers, veterans and their dependents. As of April 1 2017, the CFPB handled approximately 31,500 debt collection complaints from military consumers, which is 42% percent of the entire servicemember complaint population compared to debt collection complaints from the entire consumer population totaling 27% of the entire consumer complaint population.⁶⁴

A common theme among credit reporting and debt collection complaints from servicemembers and their families is the concern that debt collection efforts resulting in negative credit reporting will put their security clearance review at risk. This unique factor to a servicemember’s employment status is often used by debt collectors as a threat to obtain payment – sometimes on debts that were previously paid or never actually owed.

It is true that negative information on a credit report may cause a security clearance to be pulled when it is up for review. However, debt collectors and creditors do not have the authority to disclose to commanders that you have a debt in collection without your consent, or, in any way, directly influence the decision about a servicemember’s clearance. More information about this issue can be found in this blog (<http://www.consumerfinance.gov/about-us/blog/are-unpaid-debts-a-military-career-killer/>).

⁶³ <http://www.armed-services.senate.gov/hearings/17-02-14-department-of-defense-single-servicemember-and-military-family-readiness-programs>

⁶⁴ The CFPB began accepting debt collection complaints on July 10, 2013.

The Bureau has also vigorously monitored and enforced against these debt collection behaviors from financial institutions. In October 2015, the Bureau ordered Security National Automotive Acceptance Company (SNAAC), an auto lender that specializes in loans to servicemembers, to pay \$3.28 million for illegal debt collection tactics, including exaggerating potential disciplinary action under the Uniform Code of Military Justice for failure to pay.⁶⁵ Acting on a tip from a servicemember's father, the Bureau later discovered that SNAAC had violated the 2015 order by failing to provide more than \$1 million in refunds and credits, affecting more than 1,000 consumers. In April 2017, the Bureau ordered SNAAC to pay that redress through the CFPB, plus an additional \$1.25 million penalty.⁶⁶

Additionally, in October 2016, the CFPB ordered Navy Federal Credit Union to pay \$28.5 million for improper debt collection actions. These actions included making false litigation threats as well as false threats to contact commanding officers to pressure an active duty servicemember to repay debts.⁶⁷

OSA offers an educational handout (<https://www.consumerfinance.gov/f/CFPB-Servicemembers-Know-Your-Rights-Handout-Debt-Collection.pdf>) about servicemember rights when dealing with debt collectors.

⁶⁵ SNAAC was also found to have threatened to contact commanding officers and falsely threatened to garnish wages. More information about this action can be found at, <http://www.consumerfinance.gov/about-us/newsroom/cfpb-orders-servicemember-auto-loan-company-to-pay-3-28-million-for-illegal-debt-collection-tactics/>

⁶⁶ More information can be found at, <https://www.consumerfinance.gov/about-us/newsroom/cfpb-issues-125-million-fine-servicemember-auto-lender-violating-consent-order/>

⁶⁷ In addition to making false threats about debt collection to their members, it was also found that Navy Federal Credit Union unfairly restricted account access when members had a delinquent loan and misrepresented credit consequences of falling behind on a loan. More information about this action can be found at, http://www.consumerfinance.gov/about-us/newsroom/cfpb-orders-navy-federal-credit-union-pay-285-million-improper-debt-collection-actions/?utm_source=newsletter&utm_campaign=osa&utm_medium=email&utm_term=10122016_h1

Repaying student debt will help servicemembers stay on track as they progress through their military career

As a servicemember progresses through their military career, the presence of debt can become an important factor affecting their career success. Eliminating debt may simply be a personal goal a servicemember pursues as they progress through their professional life. Servicemembers who already have some college under their belt and possibly some student loan debt can use the CFPB's Paying for College tools, like "Repay Student Debt" to learn about repayment options that may lower their monthly payment or provide short-term relief if they are facing financial difficulties. Borrowers in default can learn about options that might hold the key to repairing their credit, borrowing to go back to school, or bringing their loans back into good standing.

The screenshot shows a green-themed web page for 'Paying for College'. A sidebar on the left contains a back arrow, the text 'Paying for College', and a main heading 'Repay student debt'. Below this is a descriptive paragraph: 'Paying off student debt can be confusing. Walk through your options and optimize how to pay off your loans.' At the bottom of the sidebar is a teal footer bar with four links: 'Get started', 'Student financial guides', 'Compare financial aid offers', and 'Repay student debt'. The main content area features five yellow pencils of varying heights arranged vertically against a green background. The overall theme is educational and focused on financial management.

Get started Student financial guides Compare financial aid offers Repay student debt

Know your options

This tool provides information and advice for optimizing how you pay off your student loans based on some basic information about your situation. While we can't give you advice for your exact situation, we hope it can point you in the right direction and help you learn about some of your options.

For example, most enlisted servicemembers likely qualify for a federal student loan payment between \$0-\$100/month under an income driven repayment plan.⁶⁸ These same servicemembers earn credit toward Public Service Loan Forgiveness each month when they make income-driven payments (more information about this to follow). In just a few questions, the CFPB “Repay Student Debt” tool can help servicemembers figure out if they qualify for these benefits.

The Repay Student Debt tool features sample instructions that student loan borrowers can send to their student loan servicers when seeking an affordable payment on a private student loan, requesting that a cosigner be released from a loan obligation, or directing a student loan servicer to apply a prepayment in a manner that is in the borrower’s best interest.

Reenlisting for longer service may trigger opportunities such as public service loan forgiveness

The decision to reenlist may also trigger new opportunities to help manage federal student loan debt, including Public Service Loan Forgiveness (PSLF). PSLF allows for active duty servicemembers (and veterans working in other public service positions)⁶⁹, after meeting certain requirements, to have the balance of certain types of federal student loans forgiven after working in public service for ten years and making 120 on-time qualifying payments.⁷⁰

⁶⁸ A single, E-4 with more than 4 years of service will earn around \$30,000/year. Assuming the enlisted servicemembers have no other income, their military pay would qualify them for a federal student loan payment of \$95/month under “Paye As You Earn (PAYE)” repayment plan. See military pay charts for January, 2017 <https://www.dfas.mil/militarmembers/payentitlements/military-pay-charts.html>.

⁶⁹ Military service under the Department of Defense (or Homeland Security for Coast Guard members) counts as qualifying employment. If you are no longer in the service, so does employment in other public interest areas such as teaching or public law enforcement.

⁷⁰ Only federal Direct Loans and Direct Consolidation Loans are qualifying loans for PSLF. If a servicemember doesn’t have a Direct Loan, they may be able to take out a new Direct Consolidation Loan. However, if the original

Payments made under Income-Driven Repayment (IDR) plans (including Pay as You Earn and Revised Pay as You Earn) are considered qualifying payment plans. These may be one of the best options for eligible servicemembers because they can both reduce their monthly payments immediately and maximize the amount of potential loan forgiveness after 10 years of service.

The promise of eventual loan forgiveness pursuant to public service is an enticing benefit that could contribute to a servicemember's decision to remain in the military- since military service constitutes public service. Many servicemembers we hear from report having plans to complete ten years of military service (at least) in order to achieve loan forgiveness. Unfortunately, we commonly hear about the difficulties they encounter on their path to loan forgiveness. In order to qualify for PSLF, a borrower must have either a Direct Loan, or a Direct Consolidation loan. For servicemembers who wish to qualify for PSLF but have other types of federal loans, they can consolidate their existing loans into a Direct Consolidation loan. Unfortunately, if the servicemember took out their original federal loans prior to military service, the new consolidated loan will no longer qualify for SCRA protections. This is because the loan is no longer a pre-service obligation. This is a problem we highlighted in our 2012 student loan report, which unfortunately continues today.⁷¹

Because of the complications and steps necessary to ultimately qualify for and obtain forgiveness, we included this information in the Student Loan Action Guide (http://files.consumerfinance.gov/f/documents/201604_cfpb_servicemember-student-loan-guide.pdf), referenced above.

loans were taken out prior to their military service, consolidating when on active duty could lead to losing SCRA-related benefits.

⁷¹ http://files.consumerfinance.gov/f/201210_cfpb_servicemember-student-loan-servicing.pdf

Servicemembers who received bonuses or large tax refunds should have the opportunity to save a portion

As for most members of the workforce, promotions may bring financial bonuses – often, large lump-sum payments. For many, these lump-sum payments may be quickly spent without taking advantage of the opportunity to save some of the money for the future.

The CFPB encourages many consumers, including servicemembers, to save a portion of their tax refund. The CFPB’s Tax Time Savings program helps to make savings education available to consumers at tax time through various service and product platforms. OSA and the Bureau’s Office of Financial Empowerment representatives worked directly with Community Volunteer Income Tax Assistance (“VITA”) programs, including Military VITA, to help accomplish this educational goal.⁷²

Commanders and other military service providers should be armed with the knowledge and tools to assist their troops with financial advice

Promotions in the military often mean increased personnel responsibility. New recruits and young servicemembers look towards their higher levels of command for advice and guidance – often related to financial decision-making. It is important for commanders to be armed with the knowledge and tools to assist their troops, should questions arise.

In order to help service providers have targeted conversations about finances with the people they assist, the CFPB offers *Your Money, Your Goals* (consumerfinance.gov/your-money-your-goals/), a toolkit for use by front-line staff and volunteers in social services, legal aid, worker, and community organizations. The toolkit allows users to help the people they serve strengthen their financial capability and personal money management skills. *Your Money, Your Goals*

⁷² <https://www.consumerfinance.gov/tax-time-saving/>

companion guides help provide context for its use with members of Native communities, justice-involved individuals, and people with disabilities.

The CFPB has also developed *Behind on Bills?*, a colorful, curated set of eight tools that help people set their own financial goals, track and manage income and spending, plan for and prioritize their bills and expenses, and understand their rights and responsibilities when they're contacted by debt collectors. Each tool folds out to a letter-size page to make photocopying easy and convenient.

Recognizing the need for commanders and other military service providers to have a tailored guide specifically for servicemembers, veterans and their families, OSA is working with other offices within the CFPB to complete a military companion guide. This guide will contain additional information, tips, and tools on consumer issues and protections that are specific to servicemembers, veterans and their families.

Transitioning out of Active Service

The CFPB's financial coaching initiative targets transitioning veterans to help them with their financial goals.

Roughly 250,000 servicemembers leave active duty every year, and the financial transition into civilian life can be challenging. The Department of Defense offers a Transition Assistance Program (TAP), but many transitioning servicemembers lack experience in money management, and find after they leave the service that they may need help in reworking the financial plan they made while in TAP. At this point, a trusted source of financial information and advice could make the difference in a successful transition to a financially stable post-military life.

The CFPB recognized this gap in transition assistance and established the financial coaching initiative that serves both transitioning veterans and economically vulnerable consumers to help them with their financial goals. The program placed 60 certified financial coaches at organizations around the country to provide individualized educational services. The coaches hired for the program have experience working with the populations they serve, and are Accredited Financial Counselors and Financial Fitness Coaches or they are working toward these accreditations through the Association for Financial Counseling and Planning Education.

For the veteran population, the financial coaches are located primarily at Department of Labor-funded American Job Centers, plus a few non-profit organizations. For economically vulnerable consumers, the financial coaches are located at a diverse set of non-profits.

To date, about 10,000 people have received well over 20,000 financial coaching sessions and have made positive progress towards their financial goals.

Many servicemembers are ready to capitalize on their GI Bill benefits when transitioning out of active duty

Transitioning out of active duty can leave many servicemembers ready for a new stage in life. Nearly 1 million enlisted servicemembers do not have a bachelor's degree, and for many, that means they will capitalize on the opportunity to use the education benefits they earned by serving their country, after they transition out.⁷³ Where and how to use the GI Bill benefit is a very important decision for a transitioning servicemember to make.

To help servicemembers make the most of the hard-earned education benefits, we partnered with the Department of Veterans Affairs to help them develop the GI Bill Comparison Tool (<https://www.vets.gov/gi-bill-comparison-tool>)⁷⁴. Before the comparison tool, servicemembers wanting to know how much their GI Bill would pay for at a particular school had to go to 17-22 different websites to get their answer and now they can answer it with just one click⁷⁵. The new

⁷³ “2015 Demographics: Profile of the Military Community”, Military One Source, http://www.militaryonesource.mil/footer?content_id=279104

⁷⁴ “GI Bill Comparison Tool breaking records, helping Veterans”, VAntage Point, February 2017, <http://www.blogs.va.gov/VAntage/35078/gi-bill-comparison-tool-breaking-records-helping-veterans>

⁷⁵ “New Online GI Bill Comparison Tool Available”. Department of Veterans Affairs, Office of Public and Intergovernment Affairs, February 4th, 2014 at <https://www.va.gov/opa/pressrel/pressrelease.cfm?id=2517>

tool has helped over 1.74 million servicemembers, veterans, and their families make more informed decisions on choosing and paying for college⁷⁶.

The tool is off to a great start, as noted in a recent blog released by the VA citing usage statistics. During January 2017 alone almost 80,000 users visited the tool, and the page itself has received over 5 million page views since its inception.⁷⁷

In July 2016, the Office of Servicemember Affairs hosted a live forum (<https://www.consumerfinance.gov/servicemembers/on-demand-forums-and-tools>) on tools that can be used to compare student financial aid costs, including the GI Bill comparison tool, and where servicemembers and veterans can submit a complaint if they are experiencing a problem with a student loan. The forum also discussed resources offered by the VA and the DoD if a servicemember is having a problem with their school or program.

⁷⁶ “GI Bill Comparison Tool breaking records, helping Veterans”, VAntage Point, February 2017, <http://www.blogs.va.gov/VAntage/35078/gi-bill-comparison-tool-breaking-records-helping-veterans>

⁷⁷ <http://www.blogs.va.gov/VAntage/35078/gi-bill-comparison-tool-breaking-records-helping-veterans/>



Source: Office of Servicemember Affairs Virtual Forum "News Team"

The principles of excellence work to hold educational institutions accountable for quality programs provided to those who use military-related benefits

We have also been working with the VA, DoD, ED, and the DOJ to protect servicemembers, veterans and their families from certain schools that aggressively market to servicemembers to take advantage of their GI Bill benefits." In 2012, President Obama signed Executive Order 13607, "Establishing Principles of Excellence for Education Institutions Serving Service Members, Veterans, Spouses, and Other Family Members."

The Order directed the VA, DoD, ED, and DOJ, in consultation with the Bureau, to create a system that would hold educational institutions accountable for the quality of the programs that they provide to those who use military-related education benefits. Its intent was to give military personnel, veterans, and their families the information they need to make informed decisions about where to spend their hard-earned military benefit dollars – and a place to complain if things went wrong.

Specifically, the Executive Order required agencies to stand up the following: principles of excellence for educational institutions serving servicemembers; a centralized complaint system than can be tracked by federal agencies and field responses for students receiving federal military and veterans educational benefits; streamlined tools to compare the affordability and value of educational institutions; new uniform rules and strengthening of existing procedures for educational institutions to access military installations; and more.

Veteran Status

Servicemembers transitioning to veteran status bring a host of questions and challenges, including financial ones. According to a survey by a non-profit, servicemembers have reported low participation in formal financial literacy and planning programs, so it is not surprising that veterans continue to identify financial issues as a large stressor in their lives.⁷⁸ Census Bureau data informs us that veterans do report higher median incomes than non-veterans, but that income data includes Social Security, retirement pensions and VA payments.⁷⁹ However, younger veterans have significantly higher rates of unemployment than non-veterans.⁸⁰

The higher unemployment rates for young veterans was the catalyst for locating many of the financial coaches provided by the CFPB (discussed above) at American Job Centers. The American Job Centers help unemployed veterans find a job, identify training programs, and gain skills in growing industries. Our financial coaching initiative aims to provide financial coaching services at critical points in veterans' lives, especially as they transition from military service or from being unemployed.

⁷⁸ 2015 Blue Star Families Military Lifestyle Survey, pg. 20, para. 7. <https://bluestarfam.org/survey-more-results/>

⁷⁹ Id. at pg. 9.

⁸⁰ Data available at: <http://www.dol.gov/vets/newsletter/pdf/January2017-VETS.pdf>

Older veterans, as with older consumers in general, may possess significant assets accumulated over their lifetimes (e.g. savings, mutual funds, pensions, and home equity). We collaborate with Veteran Service Organizations (VSOs), state and local governments and other non-profit organizations to educate veterans about sound financial decision making and protecting older consumers from financial exploitation. The CFPB also offers educational materials for older consumers that are relevant to older veterans. These include information on the factors in deciding when to claim their Social Security,⁸¹ how to protect social security and VA benefits from garnishment,⁸² what to consider if you have the option of a lump sum pension payout,⁸³ and facts to know before getting a reverse mortgage.⁸⁴

OSA's veteran outreach plan leverages relationships with national, regional and local veteran service organizations (VSOs) due to the population being widely dispersed across the US

Due to a widely dispersed veteran population,⁸⁵ OSA developed a veteran outreach plan that leverages relationships with national, regional and local veteran service organizations (VSOs). VSOs have been recognized by Congress as far back as 1879, and by virtue of their sizeable memberships, many VSOs have tremendous reach and can provide OSA with a platform to

⁸¹ <https://www.consumerfinance.gov/retirement/before-you-claim/>

⁸² <https://www.consumerfinance.gov/askcfpb/1157/can-creditor-garnish-my-social-security-benefits-pay-debt.html>

⁸³ <https://www.consumerfinance.gov/about-us/blog/key-tips-to-consider-if-choosing-a-lump-sum-pension-payout/>

⁸⁴ <https://www.consumerfinance.gov/about-us/blog/updated-reverse-mortgage-guide-two-things-you-should-know/>

⁸⁵ https://www.va.gov/vetdata/docs/Maps/VetPop14_State.pdf

engage veterans.⁸⁶ However, VSOs as a group only count about 25% of the total veteran population as members and are therefore not the only organizations that have direct contact with veterans. Governments at the federal, state and local levels are also intimately involved with veterans' lives and thus have developed significant trust and rapport.

OSA has continually worked to expand and diversify its outreach to the Nation's 22 million veterans by conducting more than 40 veteran outreach events and webinars since 2011. Our ongoing focus has been on collaborating with federal, state and local governmental agencies and not-for-profit military and veteran support organizations. As shown on the map in [Appendix B](#), OSA has hosted and participated in events across America in order to educate and engage America's veterans on the many CFPB tools and resources available to them.

⁸⁶ The largest VSOs are the Veterans of Foreign Wars and the American Legion and both have over 2 million members. https://www.va.gov/vso/VSO-Directory_2013-2014.pdf

4. Where OSA is headed

There are many stages in the Military Lifecycle and life events within those stages. In accordance with our three statutory missions (educate and empower; monitor complaints; coordinate with state and federal agencies), OSA, and the CFPB as a whole, will continue to work towards improving the financial lives of servicemembers, veterans, and their family members at every stage of their military careers.



Source: U.S. Airman during OSA outreach event

We will continue to listen to and engage with the military community. OSA's outreach efforts are designed to reach members of the military community through multiple channels that intersect with their personal and professional lives. These activities range from conducting in-person military consumer finance/consumer protection training classes for professionals, to facilitating military leadership discussions on servicemember financial well-being issues, to engaging the

larger military community across digital channels. The results of these continued efforts can be found in [Appendix B: OSA By The Numbers](#).

We look forward to the important journey ahead.

APPENDIX A: EDUCATIONAL RESOURCES

Tools for every stage

HAVE AN ISSUE? SUBMIT A COMPLAINT.

Having a problem with a financial product or service? Submit a complaint. We'll work to get you a response from the company. The process is simple. Tell us about your issue – we'll forward it to the company and work to get you a response, generally within 15 days. By coming to us, you aren't just helping yourself. You are also helping other people avoid similar issues. In just five years, we've handled over 1 million consumer complaints.

<https://www.consumerfinance.gov/complaint/>

HAVE QUESTIONS? ASK CFPB.

Financial matters can be complicated. Get the facts you need to make choices about money, credit scores, mortgages, and more. We offer clear, impartial answers to hundreds of financial questions. Find the information you need to make more informed choices about your money.

<https://www.consumerfinance.gov/askcfpb/>

DEBT COLLECTOR CALLS? KNOW YOUR RIGHTS AS A SERVICEMEMBER

When a debt collector calls, your best response is to confront the situation head-on. Take action to protect yourself – and protect your rights, by knowing what's OK for a debt collector to do and what's not.

<https://s3.amazonaws.com/files.consumerfinance.gov/f/CFPB-Servicemembers-Know-Your-Rights-Handout-Debt-Collection.pdf>

CREDIT SCORES? IDENTITY THEFT? CHECK YOUR CREDIT REPORT AT LEAST ONCE A YEAR

Free ways to check your credit report to find and fix mistakes, update your information, and guard against identity theft.

https://pueblo.gpo.gov/CFPB_Pubs/CFPB_Pubs.php?PubID=13002

HELP PROTECT OTHERS? TELL YOUR STORY.

Share your story, good or bad, about your experience with a consumer financial product or service. Your story will help inform how we work to protect consumers to create a fairer marketplace.

<https://help.consumerfinance.gov/app/tellyourstory>

Delayed Entry Program

MISADVENTURES IN MONEY MANAGEMENT

Specifically for young people waiting to begin their military service. Misadventures in Money Management is a virtual financial education learning experience that fills a critical gap in financial education for DEP participants. Focuses on smart consumer decision-making and money and credit and debt management, with an eye to helping recruits avoid the financial problems that routinely arise during their initial months on active duty.

Ask your recruiter for access

Recruit Basic Training

CHOOSING A NEW BANK ACCOUNT? MILITARY MONEY 1-2-3: HOW TO PICK A BANK ACCOUNT

Follow these guidelines to find a military-friendly bank account that meets your needs and offers good rates.

<https://pueblo.gpo.gov/CFPBpubs/CFPBpubs.php?PubID=102>

PAYING OFF STUDENT LOANS? TACKLING STUDENT LOAN DEBT

As a servicemember, you have options for lowering your student loan interest rate, reducing your monthly payments now and possibly qualifying for loan forgiveness after 10 years. Learn the steps.

https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/201604_cfpb_servicemember-student-loan-guide.pdf

WANT TO BUY A CAR? ARM YOURSELF WITH KNOWLEDGE WHEN SHOPPING FOR AN AUTO LOAN

Tips and precautions to take into consideration when entering into an auto loan.

<http://www.consumerfinance.gov/about-us/blog/arm-yourself-knowledge-when-shopping-auto-loan/>

FRAUD PROTECTION TOOLS TO HELP SAFEGUARD SERVICEMEMBERS

This tool explains the three kinds of alerts available to you as a servicemembers to protect your credit files from fraud or identity theft.

https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/201604_cfpb_servicemember-student-loan-guide.pdf

First permanent duty station

MOVING YOUR CHECKING ACCOUNT? FOLLOW THIS CHECKLIST

A 10-step checklist to help consumers close their current checking account and open a new checking account.

<https://pueblo.gpo.gov/CFPBpubs/CFPBpubs.php?PubID=13008>

WANT TO BUY A HOUSE? CHECK OUT “OWNING A HOME: TOOLS AND RESOURCES FOR HOMEBUYERS”

Whether you’re just thinking about buying a home or about to close, we help you take control of the process.

<https://www.consumerfinance.gov/owning-a-home/>

MY NEW MONEY GOAL

Having a plan is the easiest way to reach new money goals, navigate changes in income, or switch priorities in our lives. You would not start a road trip without mapping it out first, and the same is true with your finances. This guide will help you gain a clear view of where your money goes now so you can more easily decide where you want it to go in the future.

<https://pueblo.gpo.gov/CFPBpubs/CFPBpubs.php?PubID=13057>

THINKING OF BORROWING MONEY? YOUR RIGHTS UNDER THE MILITARY LENDING ACT

The Military Lending Act (MLA) says that you can't be charged a military annual percentage rate higher than 36% on most types of consumer loans and provides other significant rights.

<https://www.consumerfinance.gov/askcfpb/1783/what-are-my-rights-under-military-lending-act.html>

CONSIDERING CREDIT CARDS? HOW TO FIND THE BEST CREDIT CARD

Four steps to shopping for a credit card, and definitions of credit card terms.

<https://pueblo.gpo.gov/CFPBpubs/CFPBpubs.php?PubID=13040>

Permanent Change of Station

STOPPING AUTOMATIC PAYMENT FROM YOUR ACCOUNT? WHAT YOU NEED TO KNOW

Before you give anyone your bank account number and permission to automatically withdraw money from your bank account on a regular basis, it's good to know how automatic debits work, what to be careful about, and how to stop the automatic payments if you cancel the service or just change your mind about how you want to pay.

<https://www.consumerfinance.gov/about-us/blog/you-have-protections-when-it-comes-to-automatic-debit-payments-from-your-account/>

PCS'ING WITH AN AUTO LEASE? CANCEL OR TERMINATE MY AUTO LEASE WITHOUT PAYING EARLY TERMINATION CHARGES OR A PENALTY

Under certain circumstances, the Servicemembers Civil Relief Act (SCRA) allows you as an active duty service member to terminate an auto lease without having to pay early termination charges or a penalty.

<https://www.consumerfinance.gov/askcfpb/889/i-am-military-and-i-have-been-ordered-move-overseas-or-deploy-can-i-get-out-my-car-lease-without-paying-penalty.html>

PCS'ING WITH AN UNDERWATER HOME? FIND ASSISTANCE TO HELP SELL YOUR HOME WITHOUT OWNING MONEY AFTER THE SALE

If your home is underwater and you have received PCS orders, you may be able to sell your home and not have to pay back the rest of your loan balance.

<https://www.consumerfinance.gov/askcfpb/308/my-home-is-underwater-and-i-received-a-Permanent-Change-of-Station-PCS-Order-Is-there-assistance-to-help-me-sell-my-home-without-owing-money-after-the-sale.html>

MISTAKE ON YOUR CREDIT CARD BILL? HOW TO FIX IT

Five steps to dispute incorrect charges or fees on a credit card bill.

<https://pueblo.gpo.gov/CFPBPub/CFPBPub.php?PubID=13115>

GOOD CREDIT - I WANT THAT!

You know it's important to have good credit. But, there's still a lot of confusion about how to actually build and keep a good credit report.

<http://www.consumerfinance.gov/blog/good-credit-i-want-that/>

SAVED: FIVE STEPS FOR MAKING FINANCIAL DECISIONS

To find the best deal when you buy a financial product or service stop, ask, verify, estimate and decide.

<https://pueblo.gpo.gov/CFPBPub/CFPBPub.php?PubID=13123>

Significant Life Events

Getting married

MANAGING SOMEONE ELSE'S MONEY

This guide helps family members and others understand their role as an agent under a power of attorney. It provides guidelines on how to carry out their duties in making financial decisions for someone else, how to watch out for financial exploitation and protect assets from scams, and where to go for help.

<https://pueblo.gpo.gov/CFPBPub/CFPBPub.php?PubID=13041>

Becoming a parent

THE ABCS OF MONEY MANAGEMENT FOR MILITARY KIDS

Back-to-school season is an opportunity for you as a military parent to teach your children money management lessons. This blog provides military parents with tips on how to teach your kids about money management.

<http://www.consumerfinance.gov/about-us/blog/abcs-money-management-military-kids/>

RESOURCES FOR PARENTS

Information to help parents communicate with you children about money and financial issues.

<http://www.consumerfinance.gov/parents/>

MONEY AS YOU GROW

Activities, conversation starters, and tips for parents and caregivers. Use these age-appropriate resources to support your children as they develop skills, habits, and knowledge that can serve them well in their future financial lives.

<http://www.consumerfinance.gov/money-as-you-grow/>

Illness or Death

7 WAYS TO KEEP MEDICAL DEBT IN CHECK

Medical collections are so widespread, that an estimated 43 million consumers with an account in collection have medical debt. Here are steps you can take to keep medical debt in check.

<http://www.consumerfinance.gov/blog/consumer-advisory-7-ways-to-keep-medical-debt-in-check/>

CONSUMER ADVISORY AND INVESTOR BULLETIN: PLANNING FOR DIMINISHED CAPACITY AND ILLNESS

This joint CFPB and SEC advisory helps consumers plan for the possibility of incapacity.

<http://www.consumerfinance.gov/about-us/blog/planning-for-financial-decisions-as-you-age/>

Rough patches & falling behind

BEHIND ON BILLS? START WITH ONE STEP.

Behind on Bills is a colorful and compact resource with eight curated tools targeted at income and expense tracking and managing bills.

<https://pueblo.gpo.gov/CFPBpubs/CFPBpubs.php?PubID=13263>

DEBT COLLECTION SAMPLE LETTERS

These are five action letters that you can consider using when replying to debt collectors. These letters can help you get valuable information about claims being made against you or protect yourself from unwanted collection activities.

<http://www.consumerfinance.gov/about-us/blog/debtcollection/>

FOUR STEPS YOU CAN TAKE IF YOU THINK YOUR CREDIT OR DEBIT CARD WAS HACKED

Keep a close eye on your account activity and report suspicious transactions quickly if you believe someone stole your credit or debit card information.

<https://pueblo.gpo.gov/CFPBpubs/CFPBpubs.php?PubID=13119>

NEED HELP WITH YOUR MORTGAGE? DON'T GET SCAMMED

Describes what mortgage relief scams are and offers tips on how to spot and avoid them. It also includes information on how to get help.

<https://pueblo.gpo.gov/CFPBpubs/CFPBpubs.php?PubID=13037>

ACT FAST TO AVOID FORECLOSURE

What to do when you can't afford your mortgage payment. This short checklist provides troubled borrowers with quick action steps to get help and find out about options to avoid foreclosure.

<https://pueblo.gpo.gov/CFPBpubs/CFPBpubs.php?PubID=13131>

Natural Disaster

YOUR DISASTER CHECKLIST

This is a checklist to help you gather the financial information you would need after an emergency. It contains spaces for account information and customer service numbers as well as checklists of important documents to have in case of an emergency.

https://pueblo.gpo.gov/CFPB_Pubs/CFPB_Pubs.php?PubID=13036

BE YOUR FAMILY'S FINANCIAL ACTION HERO DURING AN EMERGENCY

This blog provides you with steps to take to be financially prepared for major emergencies or even minor setbacks before they happen.

<http://www.consumerfinance.gov/about-us/blog/be-your-familys-financial-action-hero-during-emergency/>

Deployment / Post Deployment Transition

SERVICEMEMBER FRAUD ALERT

The Fraud Alert Fact Sheet provides you with the information you need to know about getting protective alerts inserted into credit reports when you're away.

https://s3.amazonaws.com/files.consumerfinance.gov/f/201508_cfpb_fraud-protection-tools-to-help-safeguard-servicemembers.pdf

DEPLOYING WITH STUDENT LOANS? TACKLING STUDENT LOAN DEBT

As a servicemember, you have options for lowering your student loan interest rate, reducing your monthly payments now and possibly qualifying for loan forgiveness after 10 years. Learn the steps.

https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/201604_cfpb_servicemember-student-loan-guide.pdf

DEPLOYING WITH AN AUTO LEASE?: CAN I CANCEL OR TERMINATE MY AUTO LEASE WITHOUT PAYING EARLY TERMINATION CHARGES OR A PENALTY?

Under certain circumstances, the Servicemembers Civil Relief Act (SCRA) allows active duty servicemembers to terminate an auto lease without having to pay early termination charges or a penalty.

<https://www.consumerfinance.gov/askcfpb/889/i-am-military-and-i-have-been-ordered-move-overseas-or-deploy-can-i-get-out-my-car-lease-without-paying-penalty.html>

MANAGING SOMEONE ELSE'S MONEY

This guide helps family members and others understand their role as an agent under a power of attorney. It provides guidelines on how to carry out their duties in making financial decisions for someone else, how to watch out for financial exploitation and protect assets from scams, and where to go for help.

<https://pueblo.gpo.gov/CFPBPubls/CFPBPubls.php?PubID=13041>

SEND MONEY ABROAD WITH MORE CONFIDENCE FACT SHEET

This factsheet explains the consumer protections that apply when you send remittance transfers covered by the CFPB's remittance transfer rule.

<https://pueblo.gpo.gov/CFPBPubls/CFPBPubls.php?PubID=13062>

Reenlistment/ Promotion

UNPAID DEBTS? DON'T LET THEM BECOME A MILITARY CAREER-KILLER

Military personnel who have trouble handling their personal finances can find their duty status, potential promotions, and even their military careers in jeopardy. Over time, the burden of debt also can add stress to their personal relationships and damage their credit profile. This blog provides information to help military consumers think about what to do when a financial problem arises.

<http://www.consumerfinance.gov/about-us/blog/are-unpaid-debts-a-military-career-killer/>

SERVING WITH STUDENT LOANS? YOU MAY QUALIFY FOR LOAN FORGIVENESS

Public Service Loan Forgiveness is a program designed to help you manage your student loan debt while pursuing a career in public service (including the military).

<http://www.consumerfinance.gov/askcfpb/641/what-public-service-loan-forgiveness.html>

SERVICEMEMBERS: KNOW YOUR RIGHTS WHEN A DEBT COLLECTOR CALLS

For servicemembers, trouble with your personal finances can put your duty status, potential promotions and even your military career in jeopardy. Take action to protect yourself – and protect your rights, by knowing what's OK for a debt collector to do and what's not.

<https://www.consumerfinance.gov/f/CFPB-Servicemembers-Know-Your-Rights-Handout-Debt-Collection.pdf>

TAX TIME SAVINGS: READY? SET. SAVE!

A tax refund may be the single biggest check some consumers receive all year. It presents a huge opportunity for individuals to set aside savings to help reach their financial goals. Saving money from a tax refund can be done easily and automatically while filing a tax return. "Ready? Set. Save!" offers resources to help service providers learn more about tax time saving options to better help those they serve.

<http://www.consumerfinance.gov/about-us/blog/taxtime2015/>

Transitioning out of Active Service

PLANNING FOR RETIREMENT

Planning for Retirement is an interactive online educational tool to help people make an informed decision about when to claim Social Security. More than 2 million consumers make this important financial decision each year. Many consumers start collecting benefits at the earliest possible claiming age without understanding that claiming early may reduce their total benefits, and thereby reduce their financial security in retirement. The tool helps consumers understand how their claiming age affects their benefits, provides tips relevant to their situation, and prompts consideration of retirement needs and goals.

<http://www.consumerfinance.gov/retirement/before-you-claim/>

CHOOSING A FINANCIAL PROFESSIONAL

This guide encourages servicemembers, veterans, and other consumers to check a financial adviser's background before deciding where to get help in making important financial decisions. Not all titles or credentials for financial professionals are the same.

http://files.consumerfinance.gov/f/201401_cfpb_guide_choosing-financial-professional.pdf

3 PENSION ADVANCE TRAPS TO AVOID

Many retirees depend on a pension to cover day-to-day as well as unexpected expenses. This advisory helps older consumers think through the issues if they are considering a pension advance.

http://files.consumerfinance.gov/f/201503_cfpb_protect-your-retirement-pension.pdf

KEY TIPS TO CONSIDER IF CHOOSING A LUMP SUM PENSION PAYOUT

Things to know and do if you have the option of taking out a lump-sum payout on your pension

<https://www.consumerfinance.gov/about-us/blog/key-tips-to-consider-if-choosing-a-lump-sum-pension-payout/>

Becoming a veteran

WANT TO BUY A HOUSE? CHECK OUT “OWNING A HOME: TOOLS AND RESOURCES FOR HOMEBUYERS”

Whether you're just thinking about buying a home or about to close, we help you take control of the process.

<https://www.consumerfinance.gov/owning-a-home/>

WANT TO GO TO COLLEGE? PAYING FOR COLLEGE

Resources targeted to students and families evaluating their options when financing a higher education: Student financial guides, Compare financial aid offers, and Repay student debt. The resources address the entire life cycle of financing college, from comparing college costs and financial aid offers, to shopping for a loan, through assessing options to repay student loan debt after graduation.

<http://www.consumerfinance.gov/paying-for-college/>

DEBT COLLECTORS: CAN THEY TAKE MY SOCIAL SECURITY OR VA BENEFITS?

Generally, a debt collector cannot take funds from your Social Security or VA benefits directly out of your bank account or prepaid card. Read about the details in Ask CFPB.

<http://www.consumerfinance.gov/askcfpb/1157/can-creditor-garnish-my-social-security-benefits-pay-debt.html>

PROTECTING AGAINST FRAUD AND FINANCIAL EXPLOITATION

“Money Smart for Older Adults” helps older people, family caregivers, senior service providers, financial service professionals, and others to prevent, recognize, and report financial exploitation. The program also encourages advance financial planning and informed decision-making. Produced in collaboration with the Federal Deposit Insurance Corporation (FDIC).

<https://www.consumerfinance.gov/educational-resources/resources-for-older-adults/protecting-against-fraud/>

APPENDIX B: OSA BY THE NUMBERS

The CFPB's Office of Servicemember Affairs ensures that military personnel and their families have a voice

About our mission:

1. We monitor military consumer complaints and the resolution of those complaints;
2. We develop and implement initiatives to educate and empower servicemembers and their families to make better-informed decisions regarding consumer financial products and services; and
3. We coordinate the efforts of Federal and State agencies regarding consumer protection measures for servicemembers, veterans and their families, with a view toward improving consumer-protection measures for military personnel and their families.

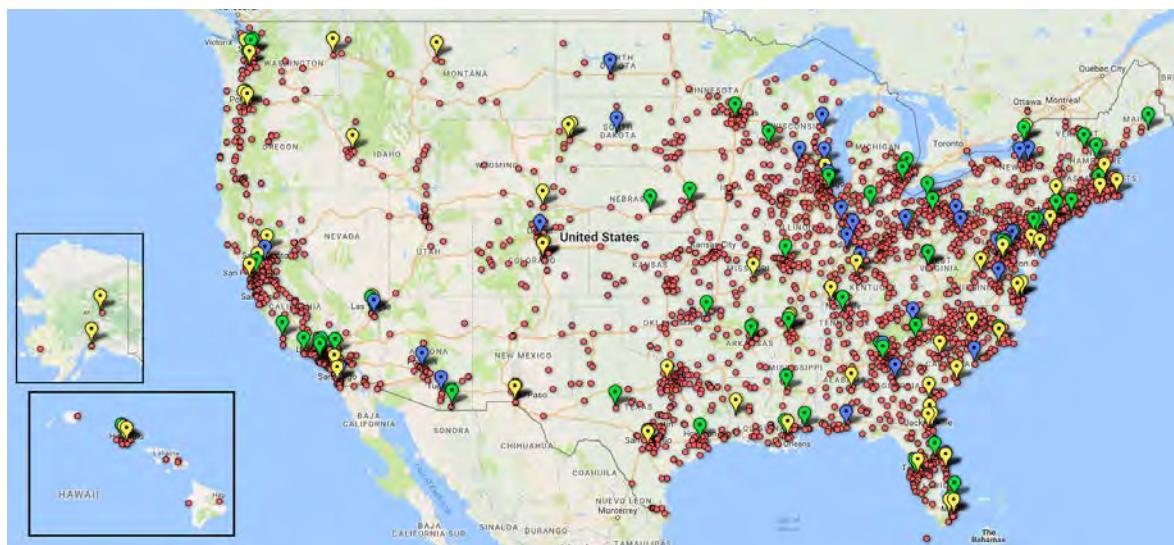
The Office of Servicemember Affairs (OSA) by the numbers:

- **\$130 million:** approximate amount of relief through CFPB enforcement actions to servicemembers, veterans and their families harmed by illegal practices
- **\$60 million+:** relief back to over 78,000 servicemembers harmed by SCRA violations identified through OSA's monitoring of complaints
- **\$35 million+:** the estimated amount saved in payday loan payments *per year* after drafting and implementation of the new DoD Military Lending Act rules, with support from technical assistance by the CFPB
- **\$3.3 million:** approximate amount of monetary relief provided to military consumers that submitted a complaint to the CFPB, as reported by companies
- **72,000+:** complaints from servicemembers, veterans and their families handled from July 2011 through February 2017
- **66,000:** total number of visitors to www.consumerfinance.gov/servicemembers
 - **46,000+:** quantity of financial education products provided to military leaders, service providers, servicemembers, veterans and their families by OSA

- **1.3 million:** active duty servicemembers affected by DoD's policy change to end the use of military allotments for purchase, rent, or lease of personal property, based on consultation with OSA¹
- **7,000+:** number of future servicemembers participating in OSA's financial literacy training before attending basic training
- **1,000+:** number of Ask CFPB questions with answers to commonly-asked consumer questions, with dozens of servicemember-specific questions
- **148:** visits to military installations since 2011
- **50 states:** complaints received from all 50 states and from all branches of the military

The OSA staff brings more than 200 years of combined experience to military consumers.

Touching military consumers in every state, nationwide, including:



Legend

- Future servicemember
- Direct to veterans
- Direct to servicemembers
- Financial coaching sites

¹ Press release announcing DoD allotment policy changes at <https://www.defense.gov/News/News-Releases/News-Release-View/Article/605286/department-of-defense-announces-new-policy-on-service-member-allotments>.

APPENDIX C: MORE ABOUT THE CFPB

WEBSITE:

www.consumerfinance.gov

CONSUMER COMPLAINTS AND QUESTIONS:

Webpage: consumerfinance.gov/complaint

Toll free number: (855) 411-CFPB (2372)

TTY/TDD: (855) 729-CFPB (2372)

Fax number: (855) 237-2392

Hours of operation: 8 a.m. - 8 p.m. EST, Monday - Friday, services in 180+ languages

Mailing address:

Consumer Financial Protection Bureau
PO Box 4503
Iowa City, Iowa 52244

Headquarters address:

Consumer Financial Protection Bureau
1625 Eye Street N.W.
Washington, D.C. 20006

Consumer Financial Protection Bureau
1275 First St. N.E.
Washington, D.C. 20002

LIBRARY RESOURCES:

<http://www.consumerfinance.gov/library-resources/>

WHISTLEBLOWERS:

Email: whistleblower@consumerfinance.gov

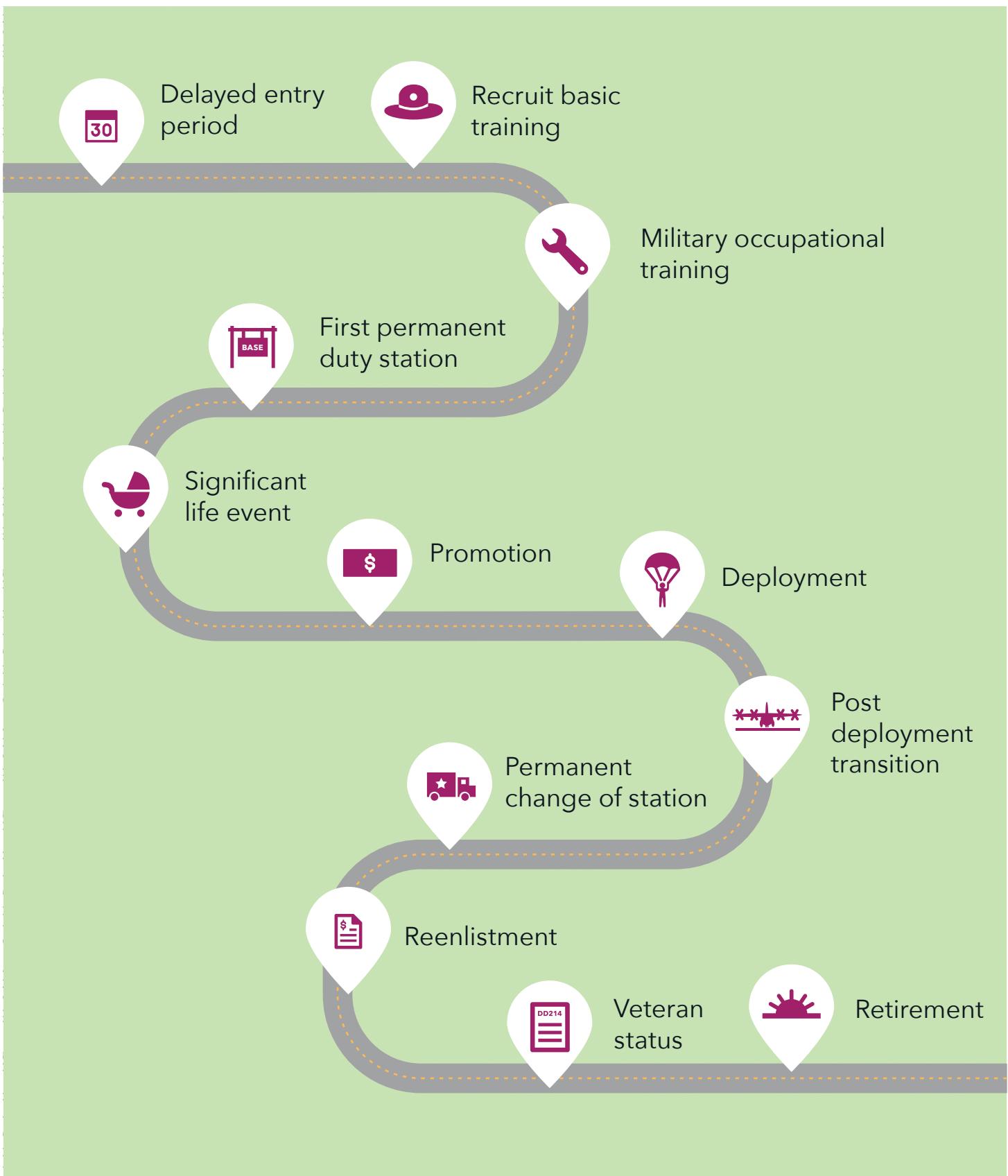
Toll free number: (855) 695-7974

PRESS & MEDIA REQUESTS:

Email: press@consumerfinance.gov

APPENDIX D: MILITARY LIFECYCLE RESOURCE HANDOUT

Lifecycle of the military consumer



Resources for military consumers



Recruit basic training

- Choosing a bank account
consumerfinance.gov/military-bank-account.pdf
- Tackling student loan debt
consumerfinance.gov/military-student-loan-guide.pdf
- Getting an auto loan
consumerfinance.gov/auto-loan



First permanent duty station

- Owning a Home tool
consumerfinance.gov/owningahome
- Blog: The VA doesn't send you mortgage ads
consumerfinance.gov/VA-mortgage-ads



Significant life event

- Ask CFPB: the Military Lending Act
consumerfinance.gov/askcfpb/1783
- Blog: The ABCs of money management for military kids
consumerfinance.gov/money-management-military-kids



Promotion/ Reenlistment

- Blog: Are unpaid debts a military career killer?
consumerfinance.gov/unpaid-debts-military
- Servicemembers: know your rights when a debt collector calls
consumerfinance.gov/military-debt-collection.pdf



Deployment

- Fraud protection tools to help safeguard servicemembers
consumerfinance.gov/fraud-protection-servicemembers.pdf



Permanent change of station

- Ask CFPB: PCS'ing with an auto lease? How to cancel or terminate
consumerfinance.gov/askcfpb/889
- Ask CFPB: My home is underwater and I received PCS orders
consumerfinance.gov/askcfpb/308
- Good credit, I want that!
consumerfinance.gov/good-credit



Veteran status

- Paying for College
consumerfinance.gov/paying-for-college
- Financial coaching
consumerfinance.gov/financial-coaching



Retirement

- Planning for retirement
consumerfinance.gov/retirement-planning
- Pension traps to avoid
consumerfinance.gov/pension-traps.pdf