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**DCUC**  
DEFENSE CREDIT UNION COUNCIL

February 1, 2018

Mr. Robert Wilkie  
Under Secretary of Defense for Personnel and Readiness  
1000 Defense Pentagon  
Washington, DC 20301

Re: Petition to Withdraw Question & Answer 2 from the Guidance to the Department of Defense's Military Lending Act Regulation

On behalf of America's credit unions, we are writing the Department of Defense (DoD) to convey serious concerns with aspects of its Interpretive Rule to the Military Lending Act (MLA) Regulation.<sup>1</sup> Through this letter, we formally petition the DoD to withdraw immediately Question and Answer 2 (QA2) in its entirety. The Credit Union National Association (CUNA) represents America's credit unions and their 110 million members, the Defense Credit Union Council (DCUC) represents a total membership of nearly 180 military affiliated credit unions and their 23 million members.

Since the MLA Regulation was adopted in 2015, the DoD has twice issued guidance—the Interpretive Rule in 2016<sup>2</sup> and amendments to the Interpretive Rule in 2017<sup>3</sup>—in an effort to clarify confusion with aspects of the regulation. In general, the Interpretive Rule as issued in 2016 and amended in 2017 has been beneficial to credit unions, as it provides answers to long-standing questions among creditors.

However, while some of the 2017 revisions to the Interpretive Rule are helpful, aspects of the 2017 changes are problematic, including QA2, which addresses certain credit extended for the purchase of a motor vehicle or personal property. Specifically, the revised answer to Question 2 indicates that a credit transaction that also finances a credit-related product or service—such as GAP or credit insurance—rather than a product or service expressly related to the motor vehicle or personal property would not qualify for exemption from the requirements of the MLA Regulation.<sup>4</sup>

We echo the call of our fellow financial trade associations that this language is harmful and seemingly inconsistent with a common reading of the regulatory text. In addition to the likely financial harm this additional language will have on servicemembers, it has already lead to uncertainty and confusion in the market. Therefore, we urge the DoD to immediately withdraw in its entirety QA2. To be clear, we seek complete removal of QA2 from the Interpretive Rule to the MLA Regulation, not only as amended in 2017 but also as originally issued in 2016.

While the DoD examines the Interpretive Rule as it considers our petition to remove QA2, we urge it to retain those aspects of the guidance that are helpful to creditors and consumers, and to remove only

<sup>1</sup> 80 Fed. Reg. 43,560 (July 22, 2015).

<sup>2</sup> 81 Fed. Reg. 58,840 (Aug. 26, 2016).

<sup>3</sup> 82 Fed. Reg. 58,739 (Dec. 14, 2017).

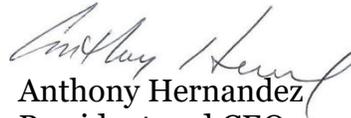
<sup>4</sup> 82 Fed. Reg. at 58,740.

those aspects that are likely to cause harm in the form of fewer financial choices and/or consumer confusion. As noted above, there are a number of provisions of the Interpretive Rule that are useful to creditors as they continue to work to comply with the MLA Regulation.

On behalf of America's credit unions and their 110 million members, thank you for the opportunity to formally petition the DoD to withdraw QA2 from the Interpretive Rule. If you have questions about our comments, please do not hesitate to contact us.

Sincerely,

  
Jim Nussle  
President and CEO  
CUNA

  
Anthony Hernandez  
President and CEO  
DCUC