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STATE OF OKLAHOMA
DEPARTMENT OF CONSUMER CREDIT

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Bulletin regarding Department of Defense regulation implementing the Military Lending Act

The United States Department of Defense has published an amended regulation that implements the Military Lending Act. The amended regulation specifies that a creditor may not impose an APR (referred to in the amended regulation as the MAPR “Military annual percentage rate”) greater than 36 percent in connection with consumer credit extended to a “covered borrower,” which is an active duty member of the military and/or their dependents.

The amended regulation expands the definition of consumer credit for purposes of the regulation to include credit offered or extended to a covered borrower primarily for personal, family or household purposes and that is subject to a finance charge or is payable by a written agreement in more than four (4) installments. The regulation does not apply to residential mortgage transactions, including refinancing, home equity loans or reverse mortgages; the financing of a motor vehicle when the credit is secured by the vehicle being purchased; the financing of personal property when the credit is secured by the property being purchased and to transactions that are not considered consumer credit transactions. A copy of the regulation may be found at: www.federalregister.gov/articles/2015/07/22/2015-17480/limitations-on-terms-of-consumer-credit-extended-to-service-members-and-dependents#h-11

The effective date of the amended regulation is October 1, 2015. Although the effective date of the regulation is October 1, 2015, the compliance date is for consumer credit transactions or accounts consummated or established on or after October 3, 2016. The requirements of the current regulation, which was effective October 1, 2007, will continue to apply until October 3, 2016.