



FEDERAL RESERVE BANK *of* KANSAS CITY

October 27, 2016

Revised Interagency Military Lending Act Examination Procedures

To the Chief Executive Officer of Each Tenth District State Member Bank:

The Task Force on Consumer Compliance of the Federal Financial Institutions Examination Council recently developed revised interagency Military Lending Act (MLA) examination procedures. These revised procedures supersede the interagency MLA examination procedures transmitted with Consumer Affairs (CA) Letter 08-4, and reflect amendments to the MLA implementing regulations made by the US Department of Defense. These amendments extended the protection of the MLA to a wider range of products, including credit cards. The amended MLA regulation generally now applies to all consumer credit other than home-secured credit, as well as to auto and other loans which are secured by the purchased item. Other changes include fees which must be included when calculating the Military Annual Percentage Rate, safe harbor provisions for creditors to determine whether consumers are entitled to MLA protections, and MLA disclosure requirements.

The revised examination procedures as well as a copy of the CA 16-6 letter are available on the Board of Governors of the Federal Reserve System's public web site at:

<http://www.federalreserve.gov/bankinfo/caletters/caltr1606.htm>.

Please direct any questions concerning the revised examination procedures to the Consumer Affairs Department of the Federal Reserve Bank of Kansas City at (800) 333-1010, extension 8812802, or via email to Sandy.Williams@kc.frb.org.

Sincerely,

Trina Parsley
Assistant Vice President