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National Credit Union Administration  
Office of the Executive Director

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March 29, 2018

SENT BY EMAIL

Mr. B. Dan Berger  
President and CEO  
National Association of Federally-Insured Credit Unions (NAFCU)

Mr. Anthony R. Hernandez  
President and CEO  
Defense Credit Union Council (DCUC)

Dear Messrs. Berger and Hernandez:

I am responding to your January 31, 2018 to The National Credit Union Administration's (NCUA) Board Chairman J. Mark McWatters, combined notification to the Department of Defense (Department) regarding the Military Lending Act (MLA) and its implementing regulation.<sup>1</sup> The NCUA shares your organizations' commitment to protect servicemembers and their dependents from financial exploitation and the resulting debt burden that undermines military readiness and morale.

In your joint letter, you petitioned the Department to rescind Question and Answer #2 (Item #2) from its 2016 Interpretive Rule and subsequent amendment.<sup>2</sup> Item #2 provides guidance on the sale and financing of a motor vehicle to an active duty servicemember, or to a dependent of that servicemember, and whether the transaction is eligible for one of the consumer credit exceptions under the MLA regulation.<sup>3</sup> You asserted the Department's recent amendment created additional compliance challenges. Separately, you requested the NCUA proactively urge the Department to reconsider its approach to rulemaking to facilitate regulatory compliance.

The NCUA is acutely aware of the industry's concerns on this particular matter. The management team from our Office of Consumer Financial Protection has been actively engaged in interagency consultations with the Department on this matter as recently as late last month. Through your correspondence with the Department and industry-sponsored listening sessions, we know the Department understands the issues you have raised and has been considering whether to act on them. I have instructed OCFP to continue working closely with the Department as it moves forward to address this matter.

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<sup>1</sup> 12 U.S.C. § 987; 32 CFR Part 232.

<sup>2</sup> Issued August 26, 2016, and December 14, 2017, respectively.

<sup>3</sup> 32 CFR 232.3(f)(2).

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Thank you for the opportunity to reiterate the NCUA's commitment to and support of the federal rulemaking initiatives for protecting military servicemembers.

Sincerely,

A handwritten signature in blue ink that reads "Mark Treichel". The signature is fluid and cursive, with the first name "Mark" being more prominent than the last name "Treichel".

Mark Treichel  
Executive Director