

Earlier this week, the Department of Defense issued an update stating that retail installment sales contracts that include credit-related products such as credit life and GAP, are subject to the Military Lending Act (MLA). The MLA applies to all banks, lenders, finance companies, and automobile dealers.

We have reviewed this development and are implementing the following practices to meet the MLA requirements when GAP and similar credit-related products are included on the contracts we purchase from you:

1. You must complete the attached MLA disclosure form, which details the required MLA disclosures and exact contract terms, by adding the contract date, amount financed, number of payments, and monthly payment amount.
2. Prior to contracting, you must provide the MLA disclosure form to the customer **BOTH ORALLY AND IN WRITTEN FORM.**
3. The customer must sign a copy of the written disclosure form confirming receipt of the disclosure and that you made the disclosure orally as well.
4. You must provide a copy of the signed disclosure to the customer.

Effective today, December 15, 2017, _____ will require that all contracts presented for purchase have the attached MLA disclosure signed prior to contracting and that the completed disclosure is submitted with the contract package in order to complete the purchasing process.

MILITARY ANNUAL PERCENTAGE RATE DISCLOSURE

Federal law provides important protections to members of the Armed Forces and their dependents relating to extensions of consumer credit. In general, the cost of consumer credit to a member of the Armed Forces and his or her dependent may not exceed an annual percentage rate of 36 percent. This rate must include, as applicable to the credit transaction or account: The costs associated with credit insurance premiums; fees for ancillary products sold in connection with the credit transaction; any application fee charged (other than certain application fees for specified credit transactions or accounts); and any participation fee charged (other than certain participation fees for a credit card account).

Payment Obligation

Contract Date: _____

Amount Financed: _____

Number of Payments: _____

Monthly Payment: _____

Notwithstanding any other provisions of this Retail Installment Services Contract ("Contract"), members of the Armed Forces and their dependents covered by the Military Lending Act under this Contract are not required to submit to mandatory arbitration of any claim or dispute, to waive any right available to them under the Servicemembers Civil Relief Act, to establish an allotment for the repayment of the debt, nor to pay any penalty or fee for prepaying part or all of the debt.

I acknowledge receiving this Military Annual Percentage Rate Disclosure, both orally and in writing, along with the related Retail Installment Sales Contract.

A copy of this disclosure must be provided to the borrower(s) for their records.

Borrower's Signature

Date

Borrower's Signature

Date