

# BANKWISE







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## SERVICEMEMBERS CIVIL RELIEF ACT

The **Servicemembers Civil Relief Act (SCRA)** generally provides protections for servicemembers during periods of military service. Some of the protections provided to servicemembers also extend to their dependents.

SCRA protections generally apply to:

-  active-duty servicemembers of the U.S. Armed Forces;
-  reservists on orders to report for active military service;
-  members of the National Guard called to active service authorized by the President or Secretary of Defense for a period of more than 30 consecutive days for purposes of responding to a national emergency declared by the President and supported by federal funds;
-  commissioned officers of the Public Health Service and the National Oceanic and Atmospheric Administration on active service;
-  citizens of the United States serving with the forces of a nation with which the United States is allied in the prosecution of a war or military action, under certain circumstances; and
-  dependents of servicemembers, including spouses, unmarried children under 18, and any other person for whom the servicemember provided more than half of their support for 180 days immediately preceding an application for relief under the SCRA.

### KEY PROTECTIONS



#### Interest Limit on Debts Incurred Before Military Service

SCRA sets a maximum rate of 6 percent interest on certain obligations or liabilities, such as a mortgage, trust deed, or other security in the nature of a mortgage, incurred by a servicemember, or a servicemember and spouse jointly, before the servicemember enters military service.



#### Restricts Foreclosures and Repossessions

Mortgage lenders generally may not foreclose on a servicemember's property or repossess a vehicle without a court order while the member is in military service and for an additional year thereafter.



#### Early Lease Termination

Under certain circumstances, such as entering military service or receiving orders to relocate, servicemembers may have the right to terminate residential or auto leases without penalty.



#### Eviction Protection

Servicemembers and dependents may not be evicted from their housing for nonpayment of rent during a period of military service if the rent amount is below a certain threshold unless by court order.



#### Stay of Proceedings and Stay or Vacation of Execution of Judgments, Attachments, and Garnishments

Under certain circumstances, courts must stay or vacate civil actions or proceedings and judgements, attachments, garnishments, etc., if military service affects the servicemember's ability to participate.



## RESOURCES



**Contact lender:** Servicemembers should inform creditors of military service status (including a copy of military orders) and request SCRA protections in writing.



**Contact legal counsel:** For questions about your rights under SCRA, contact your military legal office.



**Read:** Learn more about [SCRA](#).



**Get assistance:** The OCC's [HelpWithMyBank.gov](#) has answers to questions on a range of banking topics, including [credit scores and reports](#), and information on how customers may file a complaint against an OCC-supervised institution.



**Find who regulates your financial institution:** Visit [HelpWithMyBank.gov](#) to contact your bank's regulator for assistance. The [National Credit Union Administration](#) regulates most credit unions.

## BANK REQUIREMENTS

Financial institutions are required to comply with SCRA requirements. In addition to the protections listed under the KEY PROTECTIONS section:

### BANKS MUST:

- **forgive—not defer—interest more than 6 percent** for the period during which the servicemember is entitled to the protection.

### BANKS MAY NOT:

- **discriminate against servicemembers**, deny, or revoke credit, change terms of an existing credit arrangement, or refuse to grant credit to the servicemember in substantially the amount or on substantially the terms requested, solely because the borrower has exercised SCRA rights.

### BANKS MAY (optional)

- **provide additional interest rate reductions** below the 6 percent rate cap for servicemembers.
- **offer financial counseling** or resources to help servicemembers manage their finances during and after active duty.
- **extend SCRA protections** beyond what is required, such as offering additional time to pay or reducing fees.

**BANKWISE** is a series of informational resources developed by the Office of the Comptroller of the Currency (OCC) to help consumers understand the federal consumer protection laws and regulations that govern financial institutions. Protections and requirements for business purposes may vary.

Disclaimer: This fact sheet is for informational purposes only and does not constitute legal advice. The terms "bank" and "banks" generally refer to national banks, federal savings associations, and federal branches or agencies of foreign banking organizations the OCC regulates. For specific legal questions or concerns, consult with a qualified attorney.



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