



Are You Ready for the Military Lending Act?



The Department of Defense expanded the Military Lending Act (MLA) regulation last year. It becomes effective for pawn transactions on October 3, 2016.

Are you ready?

What is the MLA?

The regulation limits all interest and other charges for credit to a 36% Military Annual Percentage Rate (MAPR) for pawn transactions with active-duty members of the armed services, National Guard, Coast Guard, and Reserve members, AND their dependents.

Why are you affected?

Even if your store is not located near a military base, active duty military personnel or their dependents could still visit your store. Their "covered borrower" status must be verified by you when they ask for a loan. Therefore, this verification will have to be performed on **ALL of your customers every time they step up to the counter for a loan!**

How do you verify the status?

To determine the status of **ALL** customers, you must obtain their social security number and verify it with the Defense Manpower Data Center (DMDC).

What are the penalties?

The penalties for non-compliance are harsh!

- Voided pawn ticket
- Civil liability to covered borrowers for violations with actual damages **not less than \$500 per violation, punitive damages**, costs of action and attorney's fees
- Fines and/or up to one year in prison

What can you do?

The National Pawnbrokers Association (NPA) has the latest information on MLA and is preparing guidelines to help with compliance. We are working to mitigate this regulation, but we need the help of ALL pawnbrokers to fight this. Join NPA now and help us win this battle. For membership details, call (817) 337-8830 or visit NationalPawnbrokers.org/join.

Attend Pawn Expo 2016, July 12-14, to get the latest details regarding the MLA and what you need to do. See PawnExpo.com for more information.

Make sure you are ready on October 3, 2016!

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