



## OFFICE OF THE UNDER SECRETARY OF DEFENSE

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PERSONNEL AND  
READINESS

SEP 26 2017

Ms. Nessa A. Feddis  
Senior Vice President and Deputy Chief Counsel  
American Bankers Association  
1120 Connecticut Ave NW  
Washington, DC 20036

Dear Ms. Feddis:

Thank you for your recent joint letter of June 21, 2017, to the Secretary of Defense sharing concerns and recommendations regarding the Military Lending Act (MLA). Since your letter includes a request to delay the MLA credit card compliance date, and the authority to act on that request has been delegated to me, I am responding on behalf of the Secretary of Defense.

The Department appreciates the considerable efforts trade organizations and their members have taken to comply with the MLA Rule to protect Service members and their families. Additionally, we appreciate the concerns you raised in your letter. However, after careful consideration, I do not find a compelling reason to delay the current credit card compliance date. Accordingly, I am denying your request.

With respect to your other concerns, Congress has studied the impact of high-cost credit on Service members and has routinely found a correlation between these products and military readiness. The 2007 MLA and the 2013 amendment thereto were proposed, passed, and implemented as a result. In the Rulemaking that resulted in the MLA Final Rule of July 22, 2015, the Department engaged with the financial services industry and, as a result of recommendations from industry, made changes prior to publication of the Final Rule in an effort to ease compliance requirements and allow for continued innovation and competitiveness in and among credit products and providers.

Following publication of the Final Rule, based on continuing industry feedback, the Department issued an Interpretative Rule in August 2016 to assist in compliance. Since the publication of this Interpretive Rule, the Department has remained engaged with industry and is presently working to provide additional clarifying guidance on a number of items highlighted in your letter through an Interpretive Rule Amendment.

The Department provided a copy of your letter to the other Federal agencies listed in the MLA with whom we are required to conduct ongoing consultation. While some of the issues highlighted in your joint letter are likely to be addressed in forthcoming guidance being considered by the Department, other issues you highlighted call for individualized interpretations, or implicate areas already sufficiently addressed by published guidance, and are

not, therefore, likely to be addressed in any future guidance. This is common in the Regulatory arena.

The current MLA regulation serves to improve the lives of Service members and their families while supporting military readiness. The Department appreciates the feedback and participation of your organization and the other trade groups in this critical readiness effort.

Sincerely,



Virginia S. Penrod  
Chief of Staff