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CREDIT UNION ASSOCIATION

January 31, 2016

2055 Craigshire Road
St. Louis, MO 63146

The Honorable Brad Carson
Acting Under Secretary of Defense (Personnel & Readiness)
3E989, The Pentagon
Washington, DC 20301

Dear Secretary Carson,

On behalf of the 1.453 million credit union members we represent, the Heartland Credit Union Association (HCUA) appreciates the opportunity to comment on the Department of Defense's proposal to change the Military Lending Act (MLA.)

Beginning October 3, 2016, lenders must determine the military status of all of their applicants for many forms of consumer credit. The Final Rule offers a compliance safe harbor for military status determination if the credit union queries the Defense Manpower Data Center's (DMDC's) database or obtains military status information from one of three national credit reporting agencies (CRAs). Our understanding is that there are three methods to meet the safe harbor:

- 1) Queries through the DMDC's website. Both individual and batch queries may be submitted to the website, but the website's response time can be delayed up to 24 hours.
- 2) Military status information provided through a CRA. A fee is likely to be imposed, however, and information pertaining to dependents under the age of 18 is inaccessible.
- 3) Direct access to the DMDC database. Direct access allows for greater volume of queries to be processed instantaneously versus the 24-hour standard of the website. Additionally, information pertaining to dependents under the age of 18 is accessible.

While credit unions may not know with certainty their preference at this time, given uncertainties about the details of the different options, coupled with the need to communicate these options to thousands of credit unions impacted by the MLA rule, we believe many credit unions may prefer and wish to opt-in to direct connectivity with DMDC because of the advantages noted above. One of the more important features of direct connectivity with DMDC is instantaneous data that are critical to making quick

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credit decisions in today's lending environment. However, DMDC has said that credit unions must express their interest in direct access no later than February 1, 2016. In addition, DMDC has said that direct connections will likely be limited to financial institutions that will have the largest projected number of inquiries to the database.

Credit unions and other stakeholders were first made aware of the direct access option through DMDC's first teleconference on MLA database progress held on January 12, 2016. For many credit unions that provide access to credit to America's service members and their dependents, the February 1 deadline leaves little time to analyze their options and respond to DMDC in a timely manner. In addition, limiting the availability of the best, most efficient option to determine military status of loan applicants will negatively impact smaller and mid-size institutions.

For these reasons, we request an extension on the deadline for indicating interest in the direct connectivity option until March 1, 2016. The additional time will allow more interested stakeholders to indicate whether they would like to connect directly to the DMDC database. This will allow the DMDC to better measure the demand for direct access to allow it to allocate its resources and respond to the demand so that creditors can comply with the regulation and continue to provide consumer credit services to military personnel and their families.

We appreciate DMDC's time and resource constraints and its objective to ensure that the direct connection is available by the compliance deadline, but believe the requested brief additional time is appropriate to allow all credit unions to assess their best options to ensure compliance with the new MLA regulation. We appreciate your consideration of this request for an extension to the February 1 deadline to opt-in to direct connectivity to DMDC.

Sincerely,



Don Cohenour
President