



# BULLETIN

## Colorado Division of Financial Services

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**Issued to: All State-Chartered Credit Unions and Savings and Loan Associations**

**Subject: Soldiers' and Sailors' Civil Relief Act of 1940**

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With the American military operation in Iraq winding down, it seems appropriate to remind you of some of the provisions of the Soldiers' and Sailors' Civil Relief Act of 1940 (SSCRA). The entire Act can be found in the United States Code, Title 50, Appendix §§501-91.

The SSCRA provides financial relief and legal protections for persons on active duty. Some of the key provisions are:

- Creditors, including credit unions and savings and loan associations, may not charge a rate of interest greater than 6 percent on debt obligations, including mortgages, if the borrower incurred the obligation before entering active duty. A creditor may charge a higher rate only if the creditor can get a court to agree that the call to active duty did not materially affect the ability of the borrower to pay the higher rate. The interest rate calculation includes all charges and fees, except bona fide insurance premiums related to the obligation. (See §526 of Title 50, Appendix.)
- Creditors generally may not foreclose on property securing a mortgage during the period of active duty or for three months thereafter, if the mortgage predated the borrower's active duty. (See §532 of Title 50, Appendix.)
- Creditors must abide by special procedures in obtaining default judgments or proceeding with other court actions. (See §§520-523 of Title 50, Appendix.)

While these are some key provisions of the SSCRA, you should be aware that there are other SSCRA provisions that may affect your institution, including provisions on leases, installment sales, and insurance. One comprehensive and current SSCRA guide, published by the U. S. Army, can be downloaded from <http://www.jagcnet.army.mil/legal> (click on "Soldiers' and Sailors' Civil Relief Act").

For complex or significant SSCRA issues, you should consult with your institution's attorney.

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