Servicemember’s Civil Relief Act

What is the SCRA? The Servicemember’s Civil Relief Act is a federal law that postpones or suspends certain obligations for servicemembers. Many SCRA provisions cover spouses and dependents. The SCRA covers all active duty members of the armed forces, reservists, Coast Guard, National Guard members activated for duty, and active-service officers of the Public Health Service and National Oceanic and Atmospheric Administration.

What kind of protections is available under the SCRA? Protections under the SCRA are far-reaching, but not automatic—you must request protection or relief under the SCRA. Protections usually start on the first day of active duty and end within 30 to 90 days after discharge. Some require you to act before or during active duty; others can be invoked within 30 to 180 days of discharge. SCRA protection includes:

CONSUMER

- **6% Cap on Interest:** Interest rates can be reduced or capped at 6% on credit cards, mortgage, auto loans, other installment loans and student loans (except federally guaranteed loans) acquired by you and your spouse before active duty. Excess interest above the 6% is permanently forgiven and your payments are reduced by the amount of interest saved. Requires a showing that service “materially affects” your ability to pay the loan. Does not apply to loans or credit made after active duty begins.
- **Payday, Auto Title, and Tax Anticipation Loans:** Interest capped at 36% and protection extends to your spouse and certain dependents. Creditors cannot “roll-over” or refinance the same loan unless new terms benefit you. Creditors can’t require you to waive your legal rights, create a voluntary allotment, submit to mandatory arbitration or charge a prepayment penalty.
- **Credit Rating:** Lenders can’t deny or revoke credit, change the terms of an existing loan, or refuse to grant credit because you sought SCRA protections.
- **Insurance:** An insurer may not refuse to insure you based on any SCRA protections you may invoke.
- **Cell Phone Contracts:** Can be terminated if you relocate for at least 90 days to a location that doesn’t support your cell phone service.
- **Vehicle Leases:** Leases signed before joining the military can be terminated under a call to duty on orders of 180 days or more.
- **Storage Liens:** A storage facility may not foreclose or place a lien on your property in storage while you’re on active duty and for 90 days after release from active duty.

HOUSING

- **Mortgage and Foreclosure:** If you can’t pay your mortgage because of active duty, foreclosure proceedings can’t begin without a court order. You can also request a stay of foreclosure proceeding(s). Your interest rate is also capped at 6%.
- **Lease termination:** A servicemember who receives permanent change of station orders or who is deployed to a new location for 90 days or more has the right to terminate a housing lease.
- **Eviction:** You and your family can’t be evicted for nonpayment of rent up to a certain amount that changes yearly ($3,329.84 per month or less for 2015), regardless of whether the lease was entered before or after active duty. Courts may grant a stay of up to three months or enter any other "order as may be just" if military service materially affects your ability to pay the rent.

JUDICIAL RELIEF

You can ask for postponement of civil court and administrative proceedings, including bankruptcy, divorce, or foreclosure, for at least 90 days. Relief does not apply to criminal proceedings. If a default judgment was entered, you can ask that it be set aside and the case re-opened.

TAXES

You can defer owed taxes for up to 180 days after release from service if the inability to pay taxes was caused by military service.

For more information, visit the U.S. Defense Department’s Military OneSource, http://www.militaryonesource.mil/ or the nearest Armed Forces Legal Assistance Program: http://legalassistance.law.af.mil/content/locator.php