



February 10, 2016

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

Dear Secretary Carson,

The American Financial Services Association appreciates the Defense Manpower Data Center's (DMDC) outreach and commitment to working with us and others on issues related to complying with the regulations implementing the Military Lending Act ("Final Rule"). Founded in 1916, AFSA is the national trade association for the consumer credit industry, protecting access to credit and consumer choice. AFSA members provide consumers with many kinds of credit, including traditional installment loans, mortgages, direct and indirect vehicle financing, payment cards, and retail sales finance. AFSA members do not provide payday or vehicle title loans.

As you know, by this October, lenders must determine whether their customers are covered borrowers under the Final Rule. To access the Safe Harbor offered by the Final Rule, lenders have the option of: (1) entering queries through the Military Lending Act Database, (2) purchasing military status information from one of the three national credit reporting agencies, or (3) a direct connection to the DMDC database.

Many AFSA members have expressed interest in the third option – the direct connection. The direct connection allows for a greater volume of queries to be processed instantaneously and has information pertaining to dependents under the age of 18. Also, some lenders do not pull a credit report until further into the application process, and, based on previous lending history with a particular institution, sometimes not at all. Permitting lenders to use their vendors' software would allow for an immediate covered borrower check, which would be convenient for the lenders and customers alike. As we understand, though, there are a limited number of direct connections that the DMDC has the time and budget to establish.

In order to allow as many lenders as possible to take advantage of the direct connection, we respectfully request that you strongly consider allowing vendors to establish a direct connection. Vendors generally provide software and/or services for multiple clients and financial institutions. Granting vendors a direct connection will provide a single access point for multiple financial institutions. This affords the following advantages to the DMDC: (1) limiting the number of access points, while ensuring database accessibility to a greater number of lenders; (2) less staff time spent on communications with multiple lenders because a single contact at a vendor will suffice for multiple clients; and (3) simplified security due to fewer direct connections.

Thank you again for your consideration. Please contact me with any questions: 202-466-8616, or bhimpler@afsa.org.

Sincerely,

A handwritten signature in black ink, appearing to read "Bill Himpler".

Bill Himpler
Executive Vice President