

The Department of Defense (DOD) has amended the Military Lending Act (MLA), its regulation that provides certain consumer protections for Service members and their families. The MLA limits the amount of interest that a creditor may charge on "consumer credit" to a maximum annual percentage rate (APR) of 36%. The new rule expands the definition of "consumer credit" covered by the regulation to more closely align with the definition of credit in the Truth in Lending Act and Regulation Z, thus applying to TMS's tuition payment plans.

While the MLA applies to active-duty service members (including those on active Guard or active Reserve duty) and covered dependents, due to current complexities with verifying who is an active-duty service member, which is inclusive of the collection of SSN which is not currently utilized by most schools, TMS has chosen to apply the rule to all customers for whom a Truth-In-Lending Statement (TIL) is produced.

eFee Reduction to Regulatory Requirements

The efee on the payment plan, combined with the budget and repayment period, determines the APR calculation. On roughly 3% of our payment plan accounts, the resulting APR is expected to be over 36%. We have established a process where the efee will be reduced to a level that allows the APR to be below 36%, and will display the appropriate message and adjustment according to the enrollment/payment channel to be compliant with the Military Lending Act.

How will the payer be impacted?

Each enrollment path will be modified to reflect if the account qualifies for a reduced enrollment fee. If the account qualifies for a reduced enrollment fee the user will be notified via an * and a message that states their account qualifies for a reduced enrollment fee.

Online at Family.Afford:

Fees:

Description	Amount Due	Pay Now
Enrollment Fee *	\$36.00	<input checked="" type="checkbox"/>
* This account qualifies for a reduced Enrollment Fee		

Monthly Payments:

Since this plan has already started, payments indicated in red are due with the enrollment.

Due Date	Amount Due	Pay Now
7/1/2016	\$37.50	<input type="checkbox"/>
8/1/2016	\$37.50	<input type="checkbox"/>
9/1/2016	\$37.50	<input type="checkbox"/>
10/1/2016	\$37.50	<input type="checkbox"/>
11/1/2016	\$37.50	<input type="checkbox"/>
12/1/2016	\$37.50	<input type="checkbox"/>
1/1/2017	\$37.50	<input type="checkbox"/>
2/1/2017	\$37.50	<input type="checkbox"/>

Total Transaction Amount: \$ 36.00

These changes are effective as of 01/20/2017.