



U.S. Department of Justice

# Civil Rights Division



[Servicemembers.gov](http://Servicemembers.gov)

## Your Rights as a Servicemember: How to request the 6% interest rate benefit on pre-service debts

Under the **Servicemembers Civil Relief Act (SCRA)**, you can get a 6% interest rate cap on most loans you took out before you entered military service (“pre-service debts”), including joint loans with your spouse.

To qualify, send the creditor written notice of your request and a copy of your military orders no later than 180 days after your military service ends.

**The SCRA’s 6% interest rate benefit applies to all types of pre-service debts, financial obligations, and liabilities.**

Some examples include:

- Car, ATV, boat, motorcycle, and other vehicle loans
- Credit cards
- Home equity loans
- Mortgages
- Student loans



### How to request the 6% SCRA interest rate benefit:

1. Send creditors **written notice** of your request (can be electronic through lender’s messaging portal).
2. Give creditors a **copy of your military orders**, a letter from a commanding officer, or other indicator of military service.



**Remember** to send this information no later than 180 days after your military service ends.

### After receiving your request, the creditor must:

- Forgive interest greater than 6% per year. Interest includes additional charges and fees.
- Forgive the interest retroactively—back to the first date you were eligible.
- Refund any excess interest paid.
- Reduce the monthly payment by the amount of interest forgiven. The creditor cannot accelerate payment of the principal.
- Apply the interest rate cap to pre-service debts for the entire time that you are in service. For mortgages, the cap applies for an additional year after military service ends.

See next page for frequently asked questions about the 6% interest rate benefit.



# Frequently Asked Questions: The SCRA's 6% interest rate benefit



ServiceMembers.gov

What is a pre-service debt?	Pre-service debt refers to liabilities incurred <b>before</b> entering active duty. Debts incurred by Reservists and National Guard between eligible periods of active duty service count as pre-service obligations under the SCRA.
When do SCRA benefits start?	Interest rate benefits begin the day orders to active duty are issued.
Who qualifies for the 6% interest rate benefit under the SCRA?	<ul style="list-style-type: none"><li>• <b>Active Duty Servicemembers</b> on Title 10 orders</li><li>• <b>Reservists</b> on Title 10 orders</li><li>• <b>National Guard</b> on Title 10 orders or Title 32 orders authorized under section 502(f) for a period of more than 30 consecutive days when responding to a national emergency declared by the President and supported by Federal funds.</li><li>• Commissioned Officers of the <b>Public Health Service</b> and <b>National Oceanic and Atmospheric Administration</b></li></ul> <p>*State laws may extend greater eligibility and benefits than the SCRA.</p>
How can I submit my written notice?	<p>Write to <b>each</b> lender that you want to apply the 6% cap to your loan. You can write a physical letter, an email, or a message through your lender's electronic portal. Either way, always include a copy of your orders.</p> <p>Lenders may also have servicemember-dedicated webpages for military benefits enrollment that enables you to apply for military benefits. In addition to using the lender's website to submit information, it is important to always submit written notice and a copy of your orders to the lender to ensure you receive the interest rate cap for the entire period of eligibility.</p>
What should I include in the notice?	<ul style="list-style-type: none"><li>• Name, address, email address, and phone number;</li><li>• Active duty status and where you are currently assigned/stationed;</li><li>• The fact that under the SCRA you are requesting the 6% interest rate cap;</li><li>• A list of <b>every</b> account, including account number(s), you would like the interest rate cap applied to; and</li><li>• A copy of your orders.</li></ul>
Is my spouse eligible for the 6% interest rate benefit?	<p>Under the SCRA, the cap applies to debts incurred <b>jointly</b> by you and your spouse. You and your spouse must both be named on any such pre-service accounts to receive the benefit. Accounts in solely your spouse's name are <b>not</b> eligible.</p> <p>*Lenders may choose to provide greater benefits than they legally must under federal law.</p>
What happens if I consolidate or refinance my loans?	Refinancing or consolidation may make you ineligible for the cap because the benefit applies only to pre-service debt. If you refinance or consolidate while on active duty, you may in effect have a new loan, one that originates during service, not before it.

## Help is available

Find your military legal assistance office: <http://legalassistance.law.af.mil/>.

Report a creditor violation of the 6% interest rate cap: <https://civilrights.justice.gov/link/6percent>.