

To Our Customers in the Military:

As a member of the Community Financial Services Association of America (CFSA), we are committed to providing consumer protections and information resources to address the unique circumstances of our military customers.

While a payday advance can be a less costly and more convenient credit tool, it's not the best option in every situation. So, before entering into a payday advance or any other credit agreement, consider seeking advice from the financial professionals that serve your branch of the military, or from a reputable non-profit credit counselor.

Military Resources

The U.S. Air Force, Army, Coast Guard, Marine Corps and Navy have personal financial management programs that offer service members assistance. Military personnel can contact financial counselors, family support centers and relief societies at their military installations for help with improving personal financial readiness or indebtedness.

Non-profit Credit Counselors

The National Foundation for Credit Counseling (NFCC) is a network of non-profit Financial Care Centers dedicated to helping people learn how to budget better and use credit wisely. One toll-free call will connect you to the center nearest you.

Contact NFCC at **1-800-388-2227** or visit www.nfcc.org on the Web.

CFSA Military Customer Resources

For additional information on payday advance services and CFSA's code of *Military Best Practices*, visit CFSA online at www.cfsa.net, or call CFSA's Military Hotline toll-free at **1-888-572-9329**.

Using a Cash Advance Responsibly

Remember that a cash advance is a convenient short-term financial management tool that can provide a sensible alternative to costly bounced checks, late payment charges, and tarnished credit ratings. A cash advance does allow you to cover unplanned expenses or bridge a short-term cash crunch between paydays, without incurring revolving debt or drawn-out payments. However, a cash advance is not a long-term solution for ongoing budget management.

As you decide whether or not a cash advance is right for you, please evaluate the costs and benefits of your alternatives. You may want to consider:

1. Developing a payment plan with creditors:

With a payment plan in place, many creditors will allow you to pay off bills over a longer period of time.

2. Getting credit counseling:

A credit-counseling agency can help you to work out a debt repayment plan with creditors or develop a budget. A credit union may also provide you with financial counseling and education, often at no charge.

3. Emergency assistance programs:

Many faith-based and community groups provide assistance for needs such as utility bills.

4. Cash advance on a credit card:

You should shop around and do not assume you do not qualify for a credit card. You may also wish to look into a "secured credit card," which is tied to funds you have in a savings account.

5. Military assistance programs:

All branches of the military have relief societies and other resources to help you through any financial problems you may be experiencing.

Information provided by:



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Community Financial Services Association of America

WANTS
YOU to make
good
financial decisions

Important Financial

Information for Our

Military Customers

A Message from the Co-Chairman of the CFSA Advisory Council on Military Affairs

As commanding officer of nine different army units from company through major installation, I worked with hundreds of thousands of service members during my military career. And I know that living, and in many cases supporting a family, on a military salary can be very difficult.

My advice to you is to address financial problems before they arise by working out and sticking to a budget. For help in developing a budget, or if you are already experiencing financial difficulties, please turn first to the resources available to you at your duty station.

If you do choose to use a payday advance service, please be sure to use a company with special Military Best Practices. This will ensure you are treated fairly.

Best of luck,



R.S. Siegfried
MG(R), U.S. Army

IMPORTANT NOTE: CFSA member companies abide by important Best Practices standards in all customer transactions, including those with members of the military. If you are not sure whether your payday advance provider has and follows Military Best Practices, visit the CFSA Web site for more information (www.cfsa.net).

Best Practices for the Payday Advance Industry

To be a member in good standing of CFSA, a payday advance provider must abide by the following Best Practices:

1. **Full disclosure.** A member will comply with the disclosure requirements of the State in which the payday advance office is located and with Federal disclosure requirements including the Federal Truth in Lending Act. A contract between a member and the customer must fully outline the terms of the payday advance transaction. Members agree to disclose the cost of the service fee both as a dollar amount and as an annual percentage rate (“APR”).
2. **Compliance.** A member will comply with all applicable laws. A member will not charge a fee or rate for a payday advance that is not authorized by State or Federal law.
3. **Truthful advertising.** A member will not advertise the payday advance service in any false, misleading, or deceptive manner.
4. **Encourage consumer responsibility.** A member will implement procedures to inform consumers of the intended use of the payday advance service. These procedures will include notifying consumers that a payday advance is a short-term cash flow tool not designed as a solution for longer term financial problems and informing customers of the availability of credit counseling services.
5. **Rollovers.** A member will comply with State laws on rollovers (the extension of an outstanding advance by payment of only a fee). In States where rollovers are not specifically allowed a member will not under any circumstances allow a customer to do a rollover. In the few States where rollovers are permitted, a member will limit rollovers to four (4) or the State limit, whichever is less.
6. **Right to rescind.** A member will give its customers the right to rescind, at no cost, a payday advance transaction on or before the close of the following business day.
7. **Appropriate collection practices.** A member must collect past due accounts in a professional, fair and lawful manner. A member will not use unlawful threats, intimidation, or harassment to collect accounts. CFSA believes that the collection limitations contained in the Fair Debt Collection Practices Act (FDCPA) should guide a member's practice in this area.
8. **No criminal action.** A member will not threaten or pursue criminal action against a customer as a result of the customer's check being returned unpaid or the customer's account not being paid.
9. **Enforcement.** A member will participate in self-policing of the industry. A member will be expected to report violations of these Best Practices to CFSA, which will investigate the matter and take appropriate action. Each member company agrees to maintain and post its own toll-free consumer hotline number in each of its outlets.
10. **Support balanced legislation.** A member will work with State legislators and regulators to support responsible legislation of the payday advance industry that incorporates these Best Practices.
11. **Relationships with financial institutions.** A member may market and service payday advances made by a federally insured

financial institution, provided the financial institution does the following: (1) sets its own credit criteria; (2) approves and funds each advance; (3) complies with applicable State disclosure requirements, where not inconsistent with Federal law; (4) complies with applicable State law as to the number of rollovers; (5) permits the member to purchase no more than a *de minimis* amount of the advances, or any such other amount which may be consistent with safety and soundness determinations by Federal or State banking regulators; (6) complies with the guidelines and regulations on payday lending issued by the financial institution's Federal or State regulator; and (7) complies with these Best Practices unless the Best Practices conflict with this Paragraph, in which case the terms of this Paragraph shall apply.

12. **Military practices.** A member will comply with a separate code of Military Best Practices that addresses the unique circumstances of military customers. These special consumer protections include, among others: a prohibition on the garnishment of military wages or salaries and on contacting the military chain of command to collect payment; and the establishment of financial literacy initiatives that will benefit service men and women.

CFSA Military Best Practices

All CFSA member companies comply with the following policies in providing services to members of the military:

1. A prohibition on the garnishment of military wages or salaries;
2. A deferral of collection activity against a military customer that has been deployed to a combat or combat support posting for the duration of the deployment or a Reserve or National Guard member called to active duty;
3. A prohibition against contacting the military chain of command of a military customer in an effort to collect on the loan;
4. A requirement that CFSA members honor the terms of any repayment agreement that they have entered into with any customer, including any repayment agreement negotiated through military counselors or third-party credit counselors;
5. A requirement that CFSA devote a portion of its existing financial literacy effort to addressing the particular education needs of military customers;
6. A requirement that CFSA develop a brochure with information specifically relevant to military customers including CFSA Best Practices, where military members may turn for financial assistance through established military programs, a CFSA military hotline, and information about local credit counseling alternatives; and
7. CFSA will establish and maintain a web page listing “Military Best Practices” and providing information on: locating or contacting CFSA member companies; addressing questions or concerns regarding member company practices; financial assistance available to military personnel; and military credit counseling alternatives for use by the general public, military personnel and agencies as they deem appropriate.