



NCUA Media Release

Protecting Military Homeowners When Changing Duty Stations

NCUA Letter to Credit Unions Outlines Compliance with Interagency Guidance

ALEXANDRIA, Va. (June 28, 2012) – The National Credit Union Administration (NCUA) released today a letter to credit unions addressing interagency guidance designed to protect military homeowners changing duty stations. NCUA joined the Consumer Financial Protection Bureau and federal banking regulators in issuing the guidance last week. Any credit union responsible for managing a military member’s mortgage loan account, including collecting and crediting monthly payments, acts as a mortgage servicer and needs to follow the new guidance.

“Military personnel who own their homes experience heightened financial risks when changing duty stations. We need to take steps to better protect those who protect us,” said NCUA Board Chairman Debbie Matz. “The new interagency guidance works to ensure that credit unions and other home lenders recognize and appreciate the difficulties that military homeowners may face when receiving orders to change their duty stations.”

The NCUA Letter to Credit Unions on Mortgage Servicing Practices Impacting Military Homeowners (Letter No: 12-CU-7) details the steps that credit unions servicing mortgage loans to military families should take to implement the Interagency Guidance on Mortgage Servicing Practices Concerning Military Homeowners with Permanent Change of Station Orders. The guidance addresses unfair, deceptive, or abusive practices in relation to homeowners serving in the military and who have received Permanent Change of Station (PCS) orders.

Homeowners with PCS orders remain accountable for their financial obligations, including their mortgages. If their homes have declined in value, they may have difficulty selling the property or finding a renter to cover the mortgage payment. As a result, military homeowners may need to continue making monthly payments after moving to a new duty station.

“Every military homeowner with PCS orders deserves appropriate assistance and accurate advice during this period of heightened financial vulnerability,” added Chairman Matz. “Credit unions have an excellent track record providing mortgage financing and servicing to our military personnel, but that only comes with commitment and training.”

Credit unions servicing such mortgages should implement and follow appropriate policies and procedures to ensure adequate protections for military homeowners who have received PCS orders. Some of the practices aimed at protecting military homeowners with PCS orders include:

- Providing accurate, clear, and readily understandable information about available assistance options for which homeowners may qualify.

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- Offering a reasonable means for borrowers to obtain information on the status of their requests for assistance.
- Timely communicating the credit union’s decision about requests for assistance, including an explanation for a denial and what deficiencies homeowners need to address.

Through the supervision and member complaint processes, NCUA will determine whether a credit union has engaged in practices that violate the guidance. Credit unions should discuss the guidance with their examiners while developing or enhancing mortgage lending programs.

To view the Letter to Credit Unions on Mortgage Servicing Practices Impacting Military Homeowners go to <http://go.usa.gov/wqq>. To view the Interagency Guidance on Mortgage Servicing Practices Concerning Military Homeowners with Permanent Change of Station Orders go to <http://go.usa.gov/wq3>.

NCUA is the independent federal agency created by the U.S. Congress to regulate, charter, and supervise federal credit unions. With the backing of the full faith and credit of the U.S. government, NCUA operates and manages the National Credit Union Share Insurance Fund, insuring the deposits of more than 92 million account holders in all federal credit unions and the overwhelming majority of state-chartered credit unions.

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