



STATESIDELEGAL

Legal help for military members, veterans and their families

Stateside Legal™ Self-Help Sample Letter Packet Letter from Service Member Formal Written Request to Lower Credit Card Interest Rate (Protections under the Servicemembers Civil Relief Act)

This self-help resource was created by the Stateside Legal Project. Stateside Legal provides these sample forms and information free of charge to individuals with military connections (IMC). These forms are not based upon any specific state law or jurisdiction. They are intended as samples of how to use the protections of the Servicemembers Civil Relief Act (SCRA) to assist active duty members of the military. **READ ALL INSTRUCTIONS IN THIS PACKET VERY CAREFULLY.**

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MORE INFORMATION

For information about the Servicemembers Civil Relief Act or many more topics concerning individuals with military connections, visit www.statesidelegal.org or contact your local Judge Advocate General's Corps office.

DISCLAIMER: *The Stateside Legal Information Series is produced by the Pine Tree Legal Assistance of Maine®, Arkansas Legal Services Partnership®, and the Legal Services Corporation®. These organizations promote or provide free legal services to eligible low-income people. Additional information can be found at www.lsc.gov. This sample form packet is given to you as a guide to help you generally understand the way legal matters are handled. Local courts interpret things differently. The information and statements of law contained in this fact sheet are not intended to be used as legal advice. Before you take any action, talk to an attorney and follow his or her advice. Always do what the court tells you to do.*

SAMPLE LETTER TO LOWER CREDIT CARD INTEREST RATE

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED

DATE

SERVICE MEMBER NAME
ADDRESS

CREDIT CARD INSTITUTION
CREDIT CARD ADDRESS

RE: Request for Interest Rate Adjustment for Account Number: ##### ##### ##### #####

Dear Sir or Madam:

Please accept this letter as my formal written request for application of the 6% maximum interest rate as provided in the Servicemembers Civil Relief Act (“SCRA”), 50 U.S.C. App. § 527. The SCRA sets a six percent (6%) per annum ceiling on interest charges (including service charges, renewal charges and fees) during the period of my military service for obligations made prior to the date of entry onto active duty when the active duty materially has affected my ability to pay.

I qualify for this 6% statutory ceiling because:

- I have been ordered to active duty service with the United States Armed Forces. I entered active duty on _____, and am presently on active duty assigned to _____;
- As a result of my military service, I have lost my civilian employment income;
- I incurred the above referenced debt prior to entry on active duty. I opened this account on or about _____ and it currently has an interest rate of _____%; and
- My entry into military service has substantially affected my ability to make the payments that I agreed to make while a civilian.

Please ensure that your records reflect this statutory ceiling and that any excess charge is withdrawn. The interest over 6% must be forgiven, not just deferred, and my monthly payments must be reduced by the reduction in the interest rate. I have enclosed copies of my orders and a current leave and earnings statement. If you have any questions or require any additional information, you may contact me, in writing, at the address listed above.

Sincerely,

SERVICE MEMBER NAME

Attachments: Copy of Current Leave and Earnings Statement
Copy of Activation Orders

LAW YOU SHOULD KNOW

The purpose of the Servicemembers' Civil Relief Act (SCRA) is to provide protection to service members who have difficulty meeting their financial and legal obligations because of their military service. The SCRA (Section 527) provides the active duty service member with benefit of a six percent (6%) per annum ceiling on interest charges for credit cards. This interest rate includes service charges, renewal charges, and fees.

WHEN DOES IT APPLY? This rate applies during the period of a service member's military service for obligations made prior to the date of entry onto active duty. Also, any interest in excess of 6% per year must be forgiven and just deferred until you have finished active duty. (Section 527(a) (2))

Note that your letter to your creditor should include both a copy of your current leave and earnings statement and a copy of your activation orders that either: activated you as a reservist or ordered you to boot camp from civilian life.

DOES THIS APPLY TO ME? It is clear that the SCRA provides this benefit to activated reservist and new service members; however, it may apply to other service members in other situations.

To qualify, the following two conditions must be true:

1. The credit card debt must have been incurred before beginning active duty and
2. The service member must show that the ability to pay the debt has been materially affected due to military service (such as a reduced income as a result of military service).

The SCRA also specifies that a service member must request this reduction in writing and include a copy of his or her military orders. See 50 U.S.C. App. § 527(b) (1). Once the creditor receives notice, it must grant the relief effective as of the date the service member is called to active duty. The creditor must forgive any interest in excess of six percent with a resulting decrease in the amount of the periodic payment that the service member is required to make. 50 U.S.C. App. § 527(b)(2). The creditor may challenge the rate reduction if it can show that the service member's military service has not materially affected his or her ability to pay.

ABOUT THIS SAMPLE LETTER:

- This letter provides the required statement of notice to your credit card company that must be made in writing. Include a copy of your military orders.
- Once the creditor receives this notice, then they must grant the relief effective as of the date you were called to active duty.
- The creditor must forgive any interest in excess of six percent (6%) and decrease your payment.
- Keep in mind that the creditor may challenge the rate reduction if they can show that your military service has not materially affected your ability to pay.
- It is a good idea to send this letter by registered mail with a return receipt request.

Read over this letter and make sure the information you have given is correct and complete. The letter in this packet is not based upon any specific state law or jurisdiction. The letter may need to be modified before use in any specific jurisdiction.

MORE INFORMATION

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Resource Date: October 2014