

If a military member with a Fannie Mae or Freddie Mac mortgage receives PCS orders, they are automatically eligible for a short sale.

Dual Tracking

In the past, military homeowners who were working with their mortgage servicer on a loan modification were surprised to learn the servicer was simultaneously moving forward with a foreclosure, otherwise known as dual tracking. Now servicers must comply with rules when working with a military member on loan modifications.

Dual tracking is not prohibited, but a lender must provide the borrower an opportunity to complete every step of a loan modification. A servicer cannot initiate a foreclosure until a borrower has been delinquent for 120 days, or while a borrower has a pending loan modification application. Servicers must provide borrowers written notice of alternatives to foreclosure and examples of those options.

Phantom Debts

Fraudulent debt collection is a growing complaint from veterans and military personnel. Often a debt collector will repeatedly contact a consumer claiming they owe money, when no debt exists. They're called "phantom debts."

Collectors may use official looking letters with personally identifiable information, or aggressive phone calls. They falsely threaten legal action including fines, fees or arrest; or punishment under the Uniform Code of Military

Justice or revocation of a security clearance.

If you receive a letter or call, don't confirm or provide your personally identifiable information. First find the number for the agency or official to see if the collection is valid.

If you do owe a debt, collectors and creditors in Pennsylvania must comply with the Fair Credit Extension Uniformity Act, which prohibits them from engaging in unfair and deceptive practices, including:

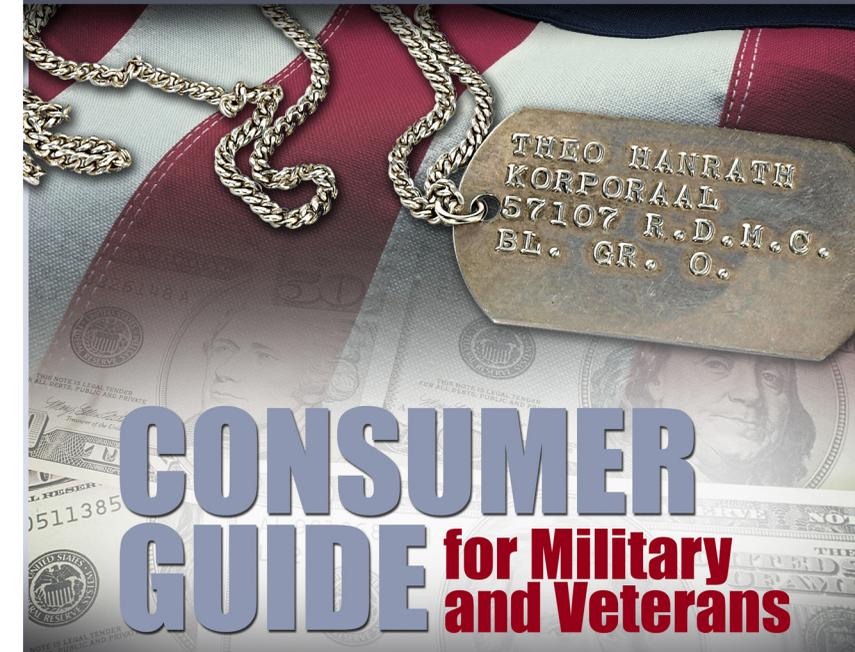
- Threatening to file a lawsuit when they cannot or do not intend to do so.
- Contacting you at unusual times and places (before 8 a.m. or after 9 p.m.), or if you are represented by an attorney.
- Harassment.
- Misrepresenting themselves by name, as an attorney or the amount or legal status of your debt.

If a debt collector is harassing you or contacting you erroneously, complete a complaint form on the Office of Attorney General's website at www.attorneygeneral.gov, or call 717-783-1944 for assistance.

Veterans Crisis Hotline:

1-800-273-8255

PENNSYLVANIA OFFICE OF ATTORNEY GENERAL



Office of Military and Veteran Affairs

www.attorneygeneral.gov

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717-783-1944

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CONSUMER GUIDE for Military and Veterans

As Attorney General, protecting Pennsylvania consumers is one of my priorities. Sadly, some people seek to make a quick buck at the expense of others, and many set their sights on veteran and military families for their scams and misleading business practices.

In fact the volume of military consumer complaints to the Consumer Financial Protection Bureau has grown steadily since the agency's inception, and increased by 148 percent from 2012 to 2013.

The best way to prevent being a target is to be an educated consumer and to protect your personally identifiable information. Read below for information on the most common consumer issues impacting veteran and military communities.

Bruce R. Beemer
Attorney General

Credit card complaints

While serving on active duty, military members including reservists and National Guard members are afforded certain protections under the Servicemembers Civil Relief Act (SCRA). One provision of the law limits the amount of interest collected on debts to 6 percent during the period of active service. This includes active duty, and reservists and National Guard members while they're deployed.

SCRA states that interest above 6 percent may not accrue, and that any amount above 6 percent during active service must be forgiven. These provisions are for both credit and mortgage debt incurred before active service by an active duty, reservist or National Guard member.

To qualify, a service member is obligated to provide written notice and a copy of military orders to creditors as soon as possible, but no later than 180 days after leaving active service.

Deploying?

Consider placing an active duty alert on your credit report while you're deployed to reduce your risk of identity theft. An active duty alert, managed through the three major credit bureaus, requires businesses to take additional steps before granting credit in your name. You'll also be removed from the credit card bureau's marketing list for pre-approved credit card offers for two years. The alert remains in effect for one year; a new alert can be filed if you are deployed for more than one year.

To place an alert contact the three credit bureaus:

Equifax: 1-800-525-6285;

www.alerts.equifax.com

Experian: 1-888-EXPERIAN (888-397-3742);

www.experian.com/fraud/center.html

TransUnion: 1-800-680-7289,

www.transunion.com/personal-credit/credit-disputes/fraud-alerts.page

Managing your Mortgage

Poor mortgage servicing has impacted many military families, damaging their overall financial health. Consumers, including veterans and military members, now have increased rights, protections and guidance, which can aid in dealing with mortgage servicers.

Wrongful foreclosures

Several of the nation's largest banks agreed to conduct a careful review to determine if any service members were foreclosed on since Jan. 1, 2006 in violation of the Servicemembers Civil Relief Act (SCRA). Any military member who was a victim of a wrongful foreclosure is entitled to a payment.

Additionally, under SCRA military members on active duty cannot be charged mortgage interest above 6 percent, but are required to inform their mortgage servicers in writing and provide a copy of military orders as soon as possible.

Permanent Change of Station

Permanent Change of Station (PCS) orders present unique challenges for military families particularly because they are nonnegotiable and have strict timelines. A family may be forced to sell their home quickly, even if it has declined in value.

A mortgage servicer should provide accurate, clear and understandable information on any assistance they're aware of. A servicer should:

- Not advise a homeowner to waive their legal rights under SCRA.
- Not advise a homeowner who is current on their mortgage to skip a payment in order to create the appearance of financial distress.
- Promptly communicate the servicer's decision on a homeowner's request for assistance.