



SERVICEMEMBERS CIVIL RELIEF ACT

The SCRA Simplified

This handout provides a basic overview of the provisions of the Servicemembers Civil Relief Act. For full text and a comprehensive discussion of the Act, visit <https://www.justice.gov/servicemembers>. For guidance and answers related to your specific situation, contact local legal assistance office (Locator at: https://www.uscg.mil/Resources/legal/LMA/Legal_Assistance).

What Is It?

The SCRA is a law designed to ease or eliminate certain financial burdens on Service members that might arise because of military service.

Potential Service member benefits offered under the act:

- 6% interest rate caps on pre-Service debts
- Ability to terminate certain:
 - Vehicle leases
 - Residential leases
 - Consumer contracts
- Eviction protection
- Foreclosure protection
- Repossession protection
- Court proceeding deferrals
- Insurance protection
- Income tax deferrals
- Certain other matters
- State income tax options

Who Is Covered?

01

Active Duty
Service members

02

Reservists on
federal Active Duty

03

Service member
dependents
(in some situations)

04

Co-signers or
those who took out
loans with a
Service member
(in some situations)

Some protections extend for a limited time beyond Active Duty discharge or release and are tied to the discharge or release date.

Additional Details

Because the protections under SCRA can sometimes be complicated, Service members are urged to seek the assistance of their local legal assistance office for any SCRA-related matters.



Six Percent Interest Rate

Service members can request a 6% interest rate cap on any debts incurred before military service (credit cards, loans, mortgages, etc.) for the duration of the Service member's military obligation and one year thereafter for mortgages. This applies to individual debts of the Service member as well as those incurred jointly with his or her spouse.



Vehicle Leases

Service members entering active military service of at least 180 days can terminate vehicle leases that were executed prior to going on Active Duty. Vehicle leases executed after beginning military service can be terminated upon receipt of certain PCS orders involving locations outside the continental United States or deployment orders of at least 180 days. Joint leases with the Service member's spouse or dependents are also covered.



Residential Leases

Service members entering active military service can terminate residential leases that were executed before going on Active Duty. Residential leases executed after beginning military service can be terminated upon receipt of PCS orders or deployment orders of at least 90 days. Joint leases with the Service member and his or her spouse or dependents are also covered.



Consumer Contracts

Service members and spouses or dependents of Service members who accompany the Service member when relocating can cancel certain consumer contracts after receiving orders to relocate for a period of at least 90 days to a location that does not support the contract. Certain consumer contracts includes commercial mobile service; telephone exchange service; internet access service; multichannel video programming service; gym membership or fitness program; or home security services.



Eviction from Housing

Service members and their families cannot be evicted for nonpayment of rent without a court order while on Active Duty, provided the rent is below a certain amount. Eviction can still occur if ordered by the court.

**Foreclosure & Repossession Protection**

Active Service members are protected from foreclosure and repossession under certain circumstances, including the common requirement that lenders must obtain a court order before taking such actions.

**Court Proceedings**

If a Service member is a defendant in a civil court proceeding, the court may grant a delay if he or she is deployed. The provision applies to civil lawsuits, suits for paternity, child custody suits, bankruptcy debtor/creditor meetings, and administrative proceedings.

**Residence for State Taxes**

Under certain circumstances, the SCRA prohibits states from taxing Service members and their spouses solely due to their presence in a state because of compliance with military orders. This means if a Service member and his or her spouse are residents of another state, they may not be required to pay certain taxes in the state in which they are stationed.