

RESCINDED

Outdated – See OCC 2020-11

OCC Bulletin 2016-20 | June 10, 2016

Servicemembers Civil Relief Act: Extension of Time Period for Certain Protections

Summary

This bulletin informs national banks, federal savings associations, and federal branches and agencies of foreign banks (OCC-supervised institutions) of the temporary extension of certain protections under the Servicemembers Civil Relief Act (SCRA), enacted by the Foreclosure Relief and Extension for Servicemembers Act of 2015.

Note for Community Banks

This guidance is applicable to all OCC-supervised institutions that extend loans secured by a mortgage, trust deed, or other similar security to servicemembers.

To

Chief Executive Officers and Compliance Officers of All National Banks, Federal Savings Associations, Federal Branches and Agencies, Department and Division Heads, All Examining Personnel, and Other Interested Parties

Highlights

- The SCRA amendments continue a temporary provision that extends for one year following a servicemember's period of military service the protections related to the sale, foreclosure, or seizure of the servicemember's mortgaged property, or the filing of a legal action to enforce a mortgage obligation or other similarly secured obligation.
- The temporary extension expires on December 31, 2017.
- The U.S. Department of Housing and Urban Development (HUD) updated its "Servicemembers Civil Relief Act Notice Disclosure" (Form 92070) to reflect the extensions.

Background

Section 303 of the SCRA, codified at 50 USC 3953, addresses obligations secured by a mortgage, trust deed, or other security similar to a mortgage on real or personal property owned by a servicemember. The provision applies only to obligations that originated before the servicemember's military service and for which the servicemember is still obligated.

On March 31, 2016, President Obama signed into law the Foreclosure Relief and Extension for Servicemembers Act of 2015 (Pub. L. 114-142). This act extended again, on a temporary basis, the duration of coverage applicable to the section 303 protections for obligations described above from nine months to one year after a servicemember's military service. (See OCC Bulletin 2015-21, "Servicemembers Civil Relief Act: Extension of Time Period for Certain Protections.")

The temporary extension specifies that

- a sale, foreclosure, or seizure of property based on a breach of a secured obligation is not valid if made during the period of military service or within one year thereafter, unless it is made pursuant to a court order or a waiver by the servicemember; and
- a court may, on its own motion, and shall, upon application by a servicemember whose ability to comply with the obligation is materially affected by military service, stay the proceedings or adjust the obligation to preserve the interests of all parties at any time during the period of military service or within one year thereafter.

This extension ends December 31, 2017. Unless Congress enacts another extension, beginning January 1, 2018, there will be a period of 90 days after the end of the servicemember's military service during which a foreclosure, sale, or seizure of the servicemember's property based on a breach of a mortgage, trust deed, or other security, without a court order or waiver, will not be valid. During this period, a court may also stay proceedings enforcing such obligations.

The Housing and Urban Development Act of 1968, 12 USC 1701x(c)(5), requires lenders to send a notice of servicemembers' rights to borrowers within 45 days of the date a missed payment was due on a mortgage secured by the borrower's principal residence, unless the borrower pays the past-due amount before the expiration of the 45-day period. The contents of the notice are prescribed in HUD's "Servicemembers Civil Relief Act Notice Disclosure."

Further Information

Please contact the Compliance Risk Division at (202) 649-5470, the appropriate supervisory office, or the Community and Consumer Law Division at (202) 649-6350.

Donna M. Murphy
Deputy Comptroller for Compliance Risk

Related Links

- [50 USC 3953](#) (See notes following section 3953)
- [Servicemembers Civil Relief Act Notice Disclosure \(PDF\)](#)