

# Financial Services Companies Should Review SCRA Policies and Procedures to Prepare for Possible Large Scale Activation of National Guard and Military Reserves Relating to COVID-19 Relief

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As the COVID-19 virus pandemic evolves, certain more specific effects are becoming more likely. One of these may result in a significant increase in requests for relief, and the applicability of the obligations imposed, under the Servicemembers' Civil Relief Act (SCRA). Financial services companies of all kinds must be prepared to handle these requests and the impacts on their portfolios. Put very simply, the SCRA grants a range of legal benefits and protections to military personnel, which includes activated reservists and members of National Guard units when responding to a national emergency in certain circumstances. Many states have also adopted the protections of the SCRA and applied them to state guard and militia members not eligible for the federal SCRA, and many states have also enacted benefits and protections that differ from the federal SCRA. As of this writing, Guard units have been activated to help combat the virus in several states, including most recently 2,000 in Georgia. Additional similar activations are likely to occur.

As an example, the SCRA grants servicemembers the right to request a reduction to the interest rate on any interest-bearing obligation to six percent. Depending on the scope and nature of military call-ups in response to the pandemic, financial services companies may face a significant uptick in requests for SCRA interest rate reduction and other relief. Companies would be well advised to make sure their customer service teams are familiar with the requirements of the federal SCRA and applicable state SCRA laws so they are ready to handle requests for benefits associated with these potential calls to active and qualifying federal or state service. Customer service teams should also ensure familiarity with any additional benefits or protection offers pursuant to company policies.

McGlinchey is actively working with clients in areas heavily populated by the military or who otherwise have a large number of servicemembers in their customer base to prepare for these circumstances. Please reach out if you have any questions regarding these issues.

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