

Mitigating reputational risk amid resumed MLA examinations by the CFPB

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Member **Robert Savoie** (Cleveland) was quoted in a July 7 article in *Auto Finance News* detailing the risks auto lenders may encounter now that the CFPB plans to resume Military Lending Act (MLA) related examinations, which have been suspended since 2018.

Lenders should start with an internal audit to assess their level of compliance with the MLA, Robert Savoie, a member at McGlinchey who specializes in the MLA, told Auto Finance News.

“The MLA has draconian penalty provisions, and it creates unique reputational risk for financial institutions because [the statute] protects service members and their families, and that is not a group of people lenders want to be seen violating the rights of,” Savoie said.

A loan in violation of the MLA must be voided from the transaction’s inception, providing no recourse to collect on the loan or reclaim the asset. Furthermore, lenders seen violating the MLA take a hit to their organization’s reputation, Savoie said.

There is also some concern that the CFPB will change the auto retail installment contract exemption of the MLA as it relates to ancillary products or voluntary protection products, Savoie said.

Click [here](#) to read the article.

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