



Compliance Hub - Question of the Week:

Q: Are both new auto loans and used auto loans both within the scope of the exception under the Military Lending Act (MLA)?

A: If the loan otherwise meets the scope of the exception for vehicle loans in the MLA, then the vehicle being purchased and securing the loan may be new or used. In other words, the exception in the MLA does not specifically require that the automobile in question be either new or used, as set out here:

"...(1) *Consumer credit* means credit offered or extended to a covered borrower primarily for personal, family, or household purposes, and that is:

(i) Subject to a finance charge; or

(ii) Payable by a written agreement in more than four installments.

(2) *Exceptions.* Notwithstanding [paragraph \(f\)\(1\)](#) of this section, consumer credit does not mean:

...

(ii) Any credit transaction that is expressly intended to finance the purchase of a motor vehicle when the credit is secured by the vehicle being purchased;..."

[https://www.ecfr.gov/current/title-32/subtitle-A/chapter-I/subchapter-M/part-232#p-232.3\(f\)](https://www.ecfr.gov/current/title-32/subtitle-A/chapter-I/subchapter-M/part-232#p-232.3(f)) "