

# Farm Credit Administration

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## INFORMATIONAL MEMORANDUM



April 15, 2004

To: The Chairman and Chief Executive Officer  
All Farm Credit System Institutions

From: Michael M. Reyna  
Chairman and Chief Executive Officer

Subject: Servicemembers Civil Relief Act

On December 19, 2003, President Bush signed into law the Servicemembers Civil Relief Act (SCRA), which updates, renames, and replaces the Soldiers' and Sailors' Civil Relief Act of 1940 (SSCRA). The SCRA is codified in the United States Code at Title 50, Appendix, Section 501, *et. seq.* A copy may be obtained at:

[http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=108\\_cong\\_public\\_laws&docid=f:pub1189.108.pdf](http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=108_cong_public_laws&docid=f:pub1189.108.pdf)

The Farm Credit Administration (FCA) issued an Informational Memorandum dated November 26, 2001, which explained that the SSCRA postponed or suspended certain financial obligations of active duty military personnel, including reservists and members of the National Guard called to active duty. The 2001 Informational Memorandum is available at:

<http://www.fca.gov/apps/infomemo.nsf>

Among the changes made by the SCRA are the following:

- The SCRA retains the 6 percent interest rate limit in periods of active duty for debts, including mortgages, incurred before military service. In addition, financial institutions may no longer recover the interest that would have been collected above the 6 percent rate. Instead, they must forgive the interest.
- The SCRA clarifies that financial institutions may not foreclose on a mortgage securing a debt incurred before military service, during the period of active service or for 90 days after that, unless a court finds the mortgagor's ability to pay is not materially affected by active duty status.
- The SCRA adds a provision allowing a service member to waive any right under the SCRA during or after military service. No waiver is permitted before service. To be valid, the waiver must be in writing and identify the debt covered by the waiver.

- The SCRA keeps other provisions that exclude the time period served on active duty from the computation of certain statutes of limitations, and protect anyone on active duty in the military from the execution of judgments, eviction from property, and the termination of leases. The SCRA adds vehicle leases to certain lease termination protections.

We encourage you to consult with your legal counsel to ensure compliance with the requirements of the SCRA. If you have any questions, please call Attorney Laura McFarland at (703) 883-4020, or write to her on the Internet at e-mail address [mcfarlandl@fca.gov](mailto:mcfarlandl@fca.gov).