

April 1, 1991

Kelly A. Farrar, Sr.
General Manager
Rapides School Employees Federal Credit Union
P.O. Box 1271
Alexandria, LA 71309

Re: Soldiers' and Sailors' Civil Relief Act (Your February 20, 1991, Letter)

Dear Mr. Farrar:

The Soldiers' and Sailors' Civil Relief Act (the Act) temporarily limits the financial obligations of military personnel while they are on active duty, as well as creditors' remedies against such personnel in certain circumstances. Section 526 of the Act provides that as soon as an individual goes on active duty, that person may begin paying 6% interest on obligations incurred prior to active duty. You have asked whether the spouse of a service member who was called to active duty is entitled to the interest rate reduction on loans on which the service member was not a co-maker.

Analysis

In addition to the interest rate reduction, the Act provides relief to service members from evictions, lease terminations, installment sales contracts, repossessions, mortgage foreclosures on real and personal property, storage lien foreclosures, the rights of life insurance contract assignees, and certain court proceedings. While certain of these benefits are expressly provided to the dependents of service members, the 6% interest rate reduction is not. In our opinion, therefore, a service member's spouse is not entitled to relief under Section 526 of the Act. If, however, the spouse's ability to make payments on the loans has been "materially affected" by the service member's entrance into active duty, she may petition the court for relief under other provisions of the Act.

We caution you that the National Credit Union Administration is not charged with interpreting or enforcing the Act and that a court might view our interpretation of the interest rate provision differently. You may wish to consult private counsel or your state credit union league for advice.

Sincerely,

Hattie M. Ulan
Associate General Counsel

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SSIC 3225
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