

## Why GAO Did This Study

SCRA seeks to protect eligible active duty military personnel in the event that their military service prevents them from meeting financial obligations. Mortgage-related protections include prohibiting mortgage servicers from foreclosing on servicemembers' homes without court orders and capping fees and interest rates at 6 percent. Traditionally, servicemembers received 90 days of protection beyond their active duty service, but this period was extended to 9 months in 2008 and to 1 year in 2012. The legislation that provided the 1-year protection period also mandated that GAO report on these protections.

This report examines (1) available information on changes in the financial well-being of servicemembers who received foreclosure-prevention and mortgage-related interest rate protections under SCRA, including the extent to which they became delinquent and the impact of protection periods; and (2) DOD's partnerships with public- and private-sector entities to provide financial education and counseling about SCRA mortgage protections to servicemembers and views on the effectiveness of these partnerships. To address these objectives, GAO sought and received data from three large mortgage servicers and a large credit union covering a large portion of all mortgage loans outstanding and potentially SCRA-eligible borrowers. GAO also reviewed documentation on DOD's partnerships and relevant education efforts related to SCRA mortgage protections. GAO interviewed DOD officials and partners who provided SCRA mortgage education and counseling.

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## SERVICEMEMBERS CIVIL RELIEF ACT

### Information on Mortgage Protections and Related Education Efforts

## What GAO Found

The number of servicemembers with mortgages eligible for Servicemembers Civil Relief Act (SCRA) mortgage protections is unknown because servicers have not collected this information in a comprehensive manner. Based on the limited and nongeneralizable information that GAO obtained from the three mortgage servicers and the credit union, a small percentage of the total loan portfolios were identified as eligible for SCRA protections. Two large servicers had loan-level data on delinquency rates. For those identified as SCRA-eligible, rates ranged from 16 to 20 percent and from 4 to 8 percent for their other military borrowers. Delinquencies at the credit union were under 1 percent. Some servicemembers appeared to have benefitted from the SCRA interest rate cap of 6 percent, but many eligible borrowers had apparently not taken advantage of this protection. For example, at one institution 82 percent of those who could benefit from the interest rate caps still had mortgage rates above 6 percent. The data also were insufficient to assess the impact of SCRA protections after servicemembers left active duty, although one institution's limited data indicated that military borrowers had a higher risk of delinquency in the first year after leaving active duty. But those with SCRA protections also were more likely to cure delinquencies during this period than the institution's other military borrowers. Given the many limitations to the data, these results should only be considered illustrative. Most of these institutions indicated that they made recent changes to better identify SCRA-eligible borrowers and improve the accuracy of the data.

The Department of Defense (DOD) has partnerships with many federal agencies and nonprofit organizations to help provide financial education to servicemembers, but limited information on the effectiveness of these partnerships exists. DOD and its partners have focused on promoting general financial fitness rather than providing information about SCRA protections. But some partners provide SCRA outreach and support to servicemembers. For example, the Bureau of Consumer Financial Protection has an Office of Servicemember Affairs that provides SCRA outreach to servicemembers and mortgage servicers responsible for complying with the act. Although stakeholders GAO interviewed generally offered favorable views of these partnerships, some said obtaining additional information about educational resources and partnership performance could improve programs. However, DOD has not undertaken any formal evaluations of the effectiveness of these partnerships. This finding is consistent with GAO's July 2012 review of SCRA education efforts, which found that DOD had not assessed the effectiveness of its educational methods and therefore could not ensure it reached servicemembers in the most effective manner. GAO recommended in July 2012 that DOD assess the effectiveness of its efforts to educate servicemembers on SCRA to determine better ways for making servicemembers (including reservists) aware of SCRA rights and benefits. In response to that recommendation, as of December 2013, DOD was reviewing the results of its recent surveys on the overall financial well-being of military families and planned to use these results to adjust training and education for SCRA, as appropriate. GAO's current finding that many servicemembers did not appear to be taking advantage of the SCRA interest rate cap appears to reaffirm that DOD's SCRA education efforts could be improved and that an assessment of the effectiveness of these efforts is still warranted.