

# 2018 MILITARY CONSUMER GUIDE



Attorney General Josh Stein  
North Carolina Department of Justice

**JOSH STEIN**  
**ATTORNEY GENERAL**



Men and Women of our Armed Forces,

Thank you for your service to and sacrifice for our country.

While you work selflessly to protect our nation and its people, it is my duty as Attorney General to work to protect North Carolinians from crime, scams, and fraud.

Members of the military and their relatives are often vulnerable to scams and frauds because you travel frequently and often do business with companies and business owners you aren't familiar with in new places. Your families may also be targeted by criminals who are taking advantage of their fears and concerns about your safety.

People who target servicemembers and their families are acting without a conscience, and my office will do everything in our power to hold them responsible. My office's Consumer Protection Division works to protect you from unlawful and deceptive business practices, including identity theft and unfair lending practices. We respond to those and other consumer issues that commonly affect military personnel, such as automobile sales and repair, landlord-tenant problems, new home sales and home improvements, furniture sales, debt collection and credit, and marketing scams.

But the best way to protect you is to prevent these bad actors from getting your information or money to begin with. This military consumer guide contains information to help you navigate the many financial and life decisions you will make as a military servicemember. By being aware of these scams and your rights under the law, you will be better prepared to protect your personal and financial information and make the best decisions for you and your loved ones.

If you feel that you or someone you know has been the victim of a scam, you can file a complaint with us online at [ncdoj.gov/complaint](http://ncdoj.gov/complaint) or call 1-877-5-NO-SCAM toll-free within North Carolina to request a complaint form. (From outside North Carolina, call 919-716-6000; for assistance in Spanish, call 919-716-0058.)

Filing a complaint will not have an effect on your military record, and we will not communicate with your chain of command unless you request us to do so.

Thank you for serving in the armed forces. We owe you and your families a deep debt of gratitude. My office takes seriously our responsibility to make sure you're not getting scammed in connection with your service.

Sincerely,

Josh Stein  
Attorney General



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## THE SERVICEMEMBERS CIVIL RELIEF ACT

The **Servicemembers Civil Relief Act (SCRA)** provides special legal protections and rights for all active duty military personnel.

This includes:

- Rental contracts
- Leasing agreements
- Insurance
- Mortgages
- Installment contracts
- Income tax payments
- Civil litigation
- Automobile leases
- Default judgments

The SRCA also:

- Protects servicemembers, their spouse, and their children from losing benefits or being evicted without a court order because they failed to pay rent, loans, mortgages, or insurance policies while serving in active duty.
- Limits the amount of interest on certain financial obligations that began before military service to no more than a 6 percent interest rate per year.
- Provides for stays in civil court proceedings when the servicemember cannot appear in court due to active duty responsibilities.
- Protects active duty servicemembers from having default judgments entered against them by providing for the appointment of counsel who will contact the servicemember and request a stay if the servicemember is unavailable for court due to military duties.

Click [here](#) to learn more about the SCRA. You can also contact your Legal Assistance Office to learn more about the SRCA and how it applies to you.

## PROTECTING YOUR IDENTITY

When you're serving in the military, it can be hard to monitor your credit and financial information on a regular basis. That may make you an easier target for ID theft. Before you begin a period of service, consider placing an active duty alert on your credit reports and get a security freeze on your credit.

Use the chart below to decide which protection is best for you, based on your present circumstances, and read more about each below. You can change to a different protection, or use both, at any time in the future.

	Active Duty Alert	Security Freeze
Duration	One year at a time	Indefinite
To activate	Contact one credit bureau	Contact three credit bureaus
Cost	Free	Free online for NC residents
To establish a new line of credit once your alert or freeze is in place	Credit bureaus should verify your identity.	You can temporarily lift the freeze using your PIN or password.
Management	You can designate a representative to act on your behalf.	Freezes can be managed online.
Removal	Any time, at your request	Any time, at your request

### ACTIVE DUTY ALERTS

When you're called to active duty or deployed away from your normal duty station, you can place an active duty alert on your credit report to reduce the risk that you'll become a victim of identity theft.

When a business sees an active duty alert on your credit report, it must verify your identity before issuing credit. The law allows you to designate a personal representative (a spouse, parent, or another trusted person) who can act on your behalf to verify your identity or remove your active duty alert if needed.

Your active duty alert will remain in place for one year, although you can request to have it removed sooner. When the year is up, you can place another active duty alert on your credit report if your deployment is continuing. Placing an active duty alert also reduces the number of unsolicited pre-approved credit card and insurance offers you receive for two years.

To place an active duty alert, contact at least one of the three credit bureaus. Update your contact information if it changes before your alert expires.

#### How to Request an Active Duty Alert from the 3 Credit Bureaus

CREDIT BUREAU	CONTACT INFORMATION
Equifax	<a href="https://www.alerts.equifax.com/AutoFraud_Online/jsp/fraudAlert.jsp">https://www.alerts.equifax.com/AutoFraud_Online/jsp/fraudAlert.jsp</a>
	1-800-525-6285
Experian	<a href="https://www.experian.com/fraud/center.html">https://www.experian.com/fraud/center.html</a>
	1-888-397-3742
Trans Union	<a href="https://www.transunion.com/fraud-victim-resource/place-fraud-alert">https://www.transunion.com/fraud-victim-resource/place-fraud-alert</a>
	1-800-680-7289

## SECURITY FREEZE

A security freeze is a free right for North Carolina consumers under state law. By placing a security freeze on your credit reports, you can prevent anyone from opening a new account or getting credit in your name without your permission.

To establish your free security freezes, you will need to contact each of the three credit bureaus online:

<a href="#">Equifax</a>	<a href="#">Experian</a>	<a href="#">TransUnion</a>
<a href="#">Online Form</a>	<a href="#">Online Form</a>	<a href="#">Online Form</a>

If you establish your freeze by telephone or mail, the credit bureau is permitted to charge a fee up to \$3.00. Those over the age of 62 or victims of identity theft are not required to pay the fee. (Ref: N.C. Gen. Stat. §75-63(o))

Once you've placed a security freeze on your credit, a creditor who requests to see your file will see a message that your file is frozen. The creditor will not see your credit score, and may treat your application as incomplete but not rejected.

A security freeze, also known as a credit or a file freeze, can be lifted (or "thawed") temporarily when you are applying for credit, or removed permanently. You must have the PIN or password assigned by the credit bureau to thaw or remove your security freeze. If you lose your PIN or password, the company must give you a new one free of charge for the first lost PIN.

Under North Carolina law, parents and guardians can shield their children's credit report with a special Protected Consumer security freeze. These freezes can also be used to safeguard incapacitated adults.

Government agencies collecting child support payments or taxes and your existing creditors or collection agencies acting on their behalf can continue to access your credit despite the freeze.

To learn more about security freezes, visit <http://ncdoj.gov/securityfreeze>.

In addition to placing alerts and freezes, consider taking the following steps to protect your identity and finances:

- Destroy or shred any unneeded documents or electronics.
- Set up a schedule to monitor all of your finances regularly. That includes documents such as automatic deposits, health care bills, credit card statements, and Social Security statements.
- Limit the number of credit cards you carry.
- Order one free credit report per year from each nationwide credit bureau and review it carefully. To get your free report, go to [www.annualcreditreport.com](http://www.annualcreditreport.com) or call 1-877-322-8228.
- Call 1 (888) 5-OPT-OUT or visit <http://www.optoutprescreen.com> to stop pre-approved credit card applications that a thief could steal and use to get credit in your name.
- Never send your SSN or financial information via email.
- Only shop or conduct transactions on secure websites.
- Verify who you're speaking with when conducting financial business or sharing personal information on the phone.

## **LEASING AND RENTING PROPERTY**

A servicemember's deployment or change in duty station can change housing needs. There are many important considerations and protections to review when transitioning your residence to your new location.

### **OBTAINING NEW HOUSING**

When seeking housing at your new location, know your rights under both North Carolina law and the SCRA, watch for potential rental scams, and take advantage of your military resources. Learn more about [Financial and Housing Rights](#) under the SCRA.

### **ENDING YOUR LEASE**

As a servicemember who has received orders for a permanent change in station (PCS) or a deployment for a period of at least 90 days, you are permitted to terminate your residential rental agreement prior to its expiration date.

Although both North Carolina law and the federal SCRA provide for early lease terminations, they have some different terms, conditions and provisions that are important to consider. See pages 10-13 for additional information.

### **TERMINATING VACATION RENTAL LEASES**

Under North Carolina law, a servicemember may be able to terminate a vacation rental agreement if the servicemember is required to relocate, due to a PCS, prior to the beginning of the lease, or is ordered to deploy for a period overlapping with the lease's rental period. See page 14 for more information.

### **EVICTION PROTECTION**

The SCRA also provides protection in case of eviction proceedings. If your monthly housing rent is \$3,716.73 or less (an amount adjusted annually), the SCRA may stop your family from being evicted without a court order while you are serving active duty.

## North Carolina Law regarding a Servicemember's Early Lease Termination

North Carolina's early termination of rental agreement statute covers changes in housing due to a PCS, premature, or involuntary separation from Active Duty, deployment for at least 90 days, or the death of a servicemember. (N.C. Gen Stat. §42-45 (2017))

All early terminations require notice and documentation, including:

- A copy of official military orders
- Written verification signed by the servicemember's commanding officer, or in the case of a death, a death certificate or other official military documentation.

The effective date of the early termination is controlled by when the notice, with its required documentation, is provided to the landlord and the reason for the early termination. The chart below outlines the reasons, required documentation, and calculation of the effective date. The notice is not effective until it is submitted with the required documentation. The notice can be sent via certified mail, provided in person or other means.

Reason	Required Documentation	Calculation of Effective Date
PCS	Copy of official military orders or a written signed verification from commanding officer.	The date stated in the notice, which must be at least 30 days from the day notice is provided to the landlord.
Premature or Involuntary Discharge or Release		
Deployment for at least 90 days		The earlier of: 45 days after notice is provided to landlord or 30 days after the next rent's due date.
Death of servicemember	Copy of a death certificate, official military personnel casualty report, or a letter from a commanding officer verifying the death.	The earlier of: 45 days after notice is provided to landlord or 30 days after the next rent's due date.

Although the lease may be terminated early, depending on how long you have had the lease, you may be required to pay the landlord liquidated damages associated with their loss of rental income. Below is a chart outlining the maximum amount of liquidated damages associated with various lengths of tenancy. To claim damages, a landlord must show they actually suffered damages due to the loss of tenancy.

Tenancy Time	Liquidated Damages
Signed the lease, but provided notice at least 14 days before the move-in-date	NONE
Lived there less than 6 months	No more than the amount of 1 month's rent
Lived there more than 6 months, but less than 9 months	No more than half of 1 month's rent
Lived there 9 or more months	NONE

When relocating due to a PCS or a premature or involuntary dismissal or release, you are permitted to select the termination date. The termination date can be no sooner than 30 days after the notice is provided, but if you choose, it can be later than 30 days. This option may be beneficial to servicemembers with children who wish to remain in the residence to complete a school year, athletic season, or for other personal reasons.

If you have been in your lease for at least 9 months, NC law may be a less expensive way to quickly terminate your lease.



## SCRA Lease Termination

The SCRA's early termination of leases covers leases for premises occupied, or intended to be occupied by, a servicemember or a servicemember's dependents for residential, professional, business, agricultural, or similar purposes.

The leases may be terminated early due to entry into military service, a permanent change in station (PCS), or deployment with a military unit for at least 90 days. 50 USCS §3955(b)(1) (2018).

All early terminations require notice and official documentation which can be:

- A copy of official orders, or
- Any notification, certification, or verification from a commanding officer referencing the servicemember's current or future military status.

The notice is to be provided to the lessor (landlord) or the lessor's agent, such as a property manager or rental office representative, and can be delivered by hand, private carrier, or postage prepaid US Mail.

The effective date of the early termination is controlled by when the notice, with the required documentation, is provided to the landlord. For leases with monthly rent, after notice, the lease terminates 30 days after the date the next rental payment is due. For leases without monthly rent, the lease terminates the last day of the month after the notice is received. The servicemember is responsible for the prorated amount of the rent up to the termination dates; the SCRA prohibits any early termination charge. Any prepayments of unearned rent are to be refunded to the lessee within 30 days of the effective date.

Under the SCRA, providing notice prior to your rent's due date greatly reduces the period to termination. If your rent is due on the 1st and you provide notice on the 2nd, your termination will not be effective until 30 days after your next due date – nearly 2 months. If you had given notice the day before your rent's due date, the effective date would be in about 1 month – 30 days after the due date.

The SCRA also provides protection in the case of eviction proceedings. If your monthly rent is \$3,716.73 or less (an amount adjusted annually), the SCRA may stop your family from being evicted without a court order while you are serving active duty.

## CHOOSING HOW TO PROCEED:

Depending on the reason for the relocation and the need to terminate your current lease, you may find that North Carolina law provides the best financial outcome. Be sure to research which option will work best for you.

## Comparison of Relocation Reasons and Coverage Under NC Law and the SCRA

Reason	NC Law	SCRA
Entering Service		✓
PCS at least 50 miles away	✓	✓
PCS less than 50 miles away		✓
Premature or Involuntary Discharge or Release	✓	
Deployment for at least 90 days	✓	✓
Death of Servicemember	✓	

## Comparison of Effective Dates

	How Effective Date is Calculated under NC Law	How Effective Date is Calculated under SCRA
PCS	The date the servicemember states in the notice, which must be at least 30 days from the date notice is provided to the landlord.	After notice, the lease terminates 30 days after the date the next rental payment is due.
Deployment	The earlier of: 45 days after notice is provided to landlord or 30 days after the next rent's due date.	After notice, the lease terminates on the last day of the next month.
Death	The earlier of: 45 days after notice is provided to landlord or 30 days after the next rent's due date.	Not applicable
Premature/ Involuntary Discharge/ Release	The date stated in the notice, which must be at least 30 days from the date notice is provided to the landlord.	Not applicable

## EARLY TERMINATION OF VACATION RENTAL AGREEMENTS

Under North Carolina law, a servicemember may be able to terminate a vacation rental agreement if, after signing the lease agreement, the servicemember receives orders to relocate, due to a PCS, or is ordered to deploy during the lease's rental period. (N.C. Gen Stat § 42A-37 (2017))

To qualify for the termination, the servicemember must receive the orders after signing the lease agreement. Additionally, PCS orders must require the servicemember to relocate prior to the first day of the rental agreement. In the case of deployment, the period of deployment must overlap with the rental. Finally, the servicemember must provide notice, including a copy of the official orders or a written verification from the member's commanding officer, within 10 days of receiving the orders or verification.

The termination is effective when received by the landlord or the landlord's agent. Upon termination, any advance payments, except non-refundable fees paid to a third party, must be refunded within 30 days. The termination also eliminates any obligations the servicemember's spouse or dependent children may have had under the vacation rental agreement. Further, if the lease agreement is only in the name of the affected servicemember's spouse, the spouse may exercise the right to terminate the agreement.

When signing vacation rental agreements, be aware that this right to early termination is yours and may not be waived or modified.

## RENTAL SCAMS

Finding affordable housing is a challenge in many parts of North Carolina, and rental scammers are well aware of this fact. They exploit the situation by “hijacking” existing online ads (substituting their contact information for the real owner or agent), or by cutting and pasting photos from actual rental property listings to create a new online listing, or by making up online listings for rental units that don’t exist.

These scammers, who tend to use free sites like Craigslist to post their fake ads, generally offer to rent at a bargain price to get your attention. If you have conditions (needing it on short notice, only needing it short term, or not knowing how long you will need it), those conditions will turn out to be no problem for the owner or agent. Depending on the length of the rental you need, be wary of owners or agents who ask you to pay multiple months of rent up front or as a deposit, especially if they ask you to make the payment via an uncommon method like wire transfer.

If you are seeking housing with a modest rent, you might be delighted by your good fortune to find this unit. The possibility that the ad could be a scam might not cross your mind. But when renting, keep your guard up. Be aware that consumers can be victimized in their search for affordable housing, and seek out additional information to help you spot and avoid rental scammers. Assistance in obtaining housing is available to servicemembers, Department of Defense civilians and their families through [www.homes.mil](http://www.homes.mil), an official Department of Defense website.

## COMMON MILITARY SCAMS

Some scam artists create scams directly targeted at members of the military and their families. Being aware of these types of scam tactics can help you identify them and avoid becoming a victim of a scam.

- Watch for people trying to exploit your military connection. Affinity fraud is when a fraudster attempts to lure members of an identifiable group, such as members of the military or veterans, into a scam. Fraudsters who promote affinity scams sometimes are, or pretend to be, members of the same group. They work by exploiting the trust that exists among fellow members of the military or veterans. An example may be an individual who claims to only offer certain investment opportunities to members of the military because he, or a member of his family, had previously served in the military.
- Watch for companies attempting to sell you services that are available to you for free or for a much lower fee. Some entities may charge a fee to help you obtain your military records or provide you with a document or form you may need. Be sure to investigate available options for obtaining forms and records; many can be obtained or requested through the Internet. For example, military records can be obtained from the government at <https://www.archives.gov/>.
- Watch for private entities that charge fees for assisting you in applying for, obtaining, or coordinating military or veterans' benefits.
- Servicemembers are often the target of unfair lending and [business practices](#). They may be offered easy access to loans through [advanced fee loan scams](#), which require you to pay for the broker's help before you get the loan. Remember, in North Carolina, it's illegal for a broker to charge an advance fee to help you get a loan or a credit card.
- Military members can also be targeted by entities offering financing or credit at high interest rates, such as risky car sales, and financial schemes that promise to give you upfront cash. In all of these situations, it's important to take the time to do your research and feel comfortable with your decision. If the business is pressuring you into making a decision, the business likely does not have your best interests at heart. If something feels wrong, it probably is – listen to your instincts.
- Be alert for offers that seem too good to be true. This can include everything from online rental offers that are hundreds less than the average local rent, offers of credit or loans that you didn't request, and randomly being "specially selected" to receive a huge discount, limited time offer, or super-exclusive offer that sounds too good to be true.
- Be alert for entities or individuals that require payments to be in cash, wire transfer or made with prepaid gift cards.
- Scammers may also target military family members with an [imposter scam](#). Imposters call family members and claim that their relative is in need of immediate financial assistance. They'll pretend that the relative is in serious legal or financial trouble, or physical danger and needs money immediately to ensure their safety or release. Because this is an understandably stressful situation, people will often panic and share their financial information. If you find yourself in such a situation, stop, take a deep breath, hang up, and attempt to verify the information with someone you trust.

## CONTACTING NCDOJ

If you've been a victim of a scam, bad business deal or unfair debt collection, we want to help. [File a complaint](#) with us at [www.ncdoj.gov](http://www.ncdoj.gov), or call toll free within North Carolina 1-877-5-NO-SCAM.

From outside North Carolina, call 919-716-6000.

For assistance in Spanish, call 919-716-0058.

If you feel that you have been wronged, you can file a complaint with us and we'll work to resolve it. If we find a pattern of illegal business practices, we can enforce the law on behalf of all North Carolina consumers.

### **Will filing a complaint with the Consumer Protection Division of the Attorney General's Office have an effect on my military record?**

Complaints with our office will not be forwarded to your chain of command and we will not communicate with your chain of command unless you request us to do so. Please keep in mind that even though the complaint may not be registered with your chain of command, it may be necessary for you to inform your chain of command about the problem you are having. Additionally, all complaints filed with our office are subject to North Carolina's Public Records Act, N.C. Gen. Stat. § 132-1 et seq.

### **What if I have a problem with a merchant who is located on base?**

All merchants must comply with North Carolina State laws, including those located on military bases. If you have a dispute with a merchant and do not feel that they are doing what they should to resolve the issue, file a complaint with our department.

### **What if I'm stationed in North Carolina but I have an issue with a merchant, debt collector or scam artist in a different state?**

We may still be able to help. Call our office at 1-877-5-NO-SCAM toll-free within North Carolina and ask to speak to one of our Consumer Protection Specialists. They'll listen to your situation and try to determine where you should go to get the situation addressed.

### **Can the NCDOJ represent me in a private legal matter?**

We are not authorized to provide legal assistance or advice to private citizens, but we may be able to help you if you didn't get what you paid for or were scammed into a bad deal.

## ADDITIONAL NORTH CAROLINA RESOURCES

The **North Carolina Department of the Secretary of State, Charitable Solicitation Licensing Division (CSL)** regulates charities and professional fundraisers throughout the state. CSL maintains a registry where you can search for registered entities that seek donations on behalf of veteran organizations. For more information, visit: [https://sosnc.gov/online\\_services/search/by\\_title/charities](https://sosnc.gov/online_services/search/by_title/charities).

The **North Carolina Department of Military and Veterans Affairs** provides support and services to military members, veterans, and their families and focuses on protecting North Carolina's military installations. To contact the DMVA, visit: <https://www.milvets.nc.gov/contact-us>.