



**Title:** Davidson vs. United Auto Credit Corp

**Subject:** Class Action Regarding GAP and the Military Lending Act

**Summary:**

The GAP Alliance is participating in an Amicus Brief regarding this case that is under appeal.

By way of background, the Davidson vs. UACC case was decided on May 19, 2021 in the U.S. District Court Eastern District of Virginia. It involved a service member's purchase and financing of a motor vehicle. The dispute was around the applicability of the Military Lending Act ("MLA"), particularly whether the financing of GAP coverage, as well as a processing fee and prepaid interest, fell within the auto finance transaction exception that carves out "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."

The Department of Defense ("DoD") issued a Q&A on December 14, 2017 that determined the financing of GAP coverage does not fit within the auto finance transaction exception, but the Q&A was withdrawn on February 28, 2020.

In the case, the Plaintiff argued the loan covered more than the financing of the motor vehicle and violated the MLA and the auto finance transaction exception didn't apply. The Defendant argued the contrary, suggesting the Plaintiff's argument would essentially reinstate the 2017 Q&A interpretation that had been withdrawn. The court sided with the Defendant, but the case is now being appealed.

Oral arguments are scheduled for October 26 as part of a multiple cases scheduled to start at 9:30 AM Eastern Time.

If the proceedings go in order as shown in the calendar, *Davidson* will be the last argument during the 9:30 slot. The argument will be streamed online. See here: <https://www.ca4.uscourts.gov/oral-argument/oral-argument-calendar>. Based on how the court has done it in the past, a "Listen" link will be populated into the case calendar document: <internetcalOct252022ric.pdf> ([uscourts.gov](https://www.uscourts.gov)).