

116TH CONGRESS  
2D SESSION

# S. 4002

To amend the Servicemembers Civil Relief Act to extend the interest rate limitation on debt entered into during military service to debt incurred during military service to consolidate or refinance student loans incurred before military service.

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IN THE SENATE OF THE UNITED STATES

JUNE 18, 2020

Mr. DURBIN (for himself and Ms. DUCKWORTH) introduced the following bill;  
which was read twice and referred to the Committee on Veterans' Affairs

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## A BILL

To amend the Servicemembers Civil Relief Act to extend the interest rate limitation on debt entered into during military service to debt incurred during military service to consolidate or refinance student loans incurred before military service.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Servicemember Stu-  
5 dent Loan Affordability Act of 2020”.

1 **SEC. 2. INTEREST RATE LIMITATION ON DEBT ENTERED**  
2 **INTO DURING MILITARY SERVICE TO CON-**  
3 **SOLIDATE OR REFINANCE STUDENT LOANS**  
4 **INCURRED BEFORE MILITARY SERVICE.**

5 (a) IN GENERAL.—Subsection (a) of section 207 of  
6 the Servicemembers Civil Relief Act (50 U.S.C. 3937) is  
7 amended—

8 (1) in paragraph (1), by inserting “ON DEBT  
9 INCURRED BEFORE SERVICE” after “LIMITATION TO  
10 6 PERCENT”;

11 (2) by redesignating paragraphs (2) and (3) as  
12 paragraphs (3) and (4), respectively;

13 (3) by inserting after paragraph (1) the fol-  
14 lowing new paragraph (2):

15 “(2) LIMITATION TO 6 PERCENT ON DEBT IN-  
16 CURRED DURING SERVICE TO CONSOLIDATE OR RE-  
17 FINANCE STUDENT LOANS INCURRED BEFORE SERV-  
18 ICE.—An obligation or liability bearing interest at a  
19 rate in excess of 6 percent per year that is incurred  
20 by a servicemember, or the servicemember and the  
21 servicemember’s spouse jointly, during military serv-  
22 ice to consolidate or refinance one or more student  
23 loans incurred by the servicemember before such  
24 military service shall not bear an interest at a rate  
25 in excess of 6 percent during the period of military  
26 service.”;

1           (4) in paragraph (3), as redesignated by para-  
2           graph (2) of this subsection, by inserting “or (2)”  
3           after “paragraph (1)”; and

4           (5) in paragraph (4), as so redesignated, by  
5           striking “paragraph (2)” and inserting “paragraph  
6           (3)”.

7           (b) IMPLEMENTATION OF LIMITATION.—Subsection  
8 (b) of such section is amended—

9           (1) in paragraph (1)(A), by striking “the inter-  
10          est rate limitation in subsection (a)” and inserting  
11          “an interest rate limitation in paragraph (1) or (2)  
12          of subsection (a)”; and

13          (2) in paragraph (2)—

14               (A) in the paragraph heading, by striking  
15               “EFFECTIVE AS OF DATE OF ORDER TO ACTIVE  
16               DUTY” and inserting “EFFECTIVE DATE”; and

17               (B) by inserting before the period at the  
18               end the following: “in the case of an obligation  
19               or liability covered by subsection (a)(1), or as of  
20               the date the servicemember (or servicemember  
21               and spouse jointly) incurs the obligation or li-  
22               ability concerned under subsection (a)(2)”.

23          (c) STUDENT LOAN DEFINED.—Subsection (d) of  
24          such section is amended by adding at the end the following  
25          new paragraph:

1           “(3) STUDENT LOAN.—The term ‘student loan’  
2 means the following:

3           “(A) A Federal student loan made, in-  
4           sured, or guaranteed under title IV of the  
5           Higher Education Act of 1965 (20 U.S.C. 1070  
6           et seq.).

7           “(B) A private student loan as that term  
8           is defined in section 140(a) of the Truth in  
9           Lending Act (15 U.S.C. 1650(a)).”.

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