

118TH CONGRESS
2D SESSION

S. 4645

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, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JULY 9, 2024

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

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, and for other purposes.

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 2024”.

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.—

19 “(A) IN GENERAL.—Subject to subpara-
20 graph (B), an obligation or liability bearing in-
21 terest at a rate in excess of 6 percent per year
22 that is incurred by a servicemember, or the
23 servicemember and the servicemember’s spouse
24 jointly, during military service to consolidate or
25 refinance one or more student loans incurred by
26 the servicemember before such military service

1 shall not bear an interest at a rate in excess of
 2 6 percent during the period of military service.

3 “(B) LIMITATION.—Subparagraph (A)
 4 shall apply only to the consolidation or refi-
 5 nancing of student loans described in such sub-
 6 paragraph and shall not apply to the consolida-
 7 tion or refinancing of any other obligation or li-
 8 ability.”;

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

12 (5) in paragraph (4), as so redesignated, by
 13 striking “paragraph (2)” and inserting “paragraph
 14 (3)”.

15 (b) IMPLEMENTATION OF LIMITATION.—Subsection
 16 (b) of such section is amended—

17 (1) in paragraph (1)(A), by striking “the inter-
 18 est rate limitation in subsection (a)” and inserting
 19 “an interest rate limitation in paragraph (1) or (2)
 20 of subsection (a)”; and

21 (2) in paragraph (2)—

22 (A) in the paragraph heading, by striking
 23 “EFFECTIVE AS OF DATE OF ORDER TO ACTIVE
 24 DUTY” and inserting “EFFECTIVE DATE”; and

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

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

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

12 “(A) A Federal student loan made, in-
 13 sured, or guaranteed under title IV of the
 14 Higher Education Act of 1965 (20 U.S.C. 1070
 15 et seq.).

16 “(B) A private education loan as that term
 17 is defined in section 140(a) of the Truth in
 18 Lending Act (15 U.S.C. 1650(a)).”.

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