12

AMENDMENT TO H.R. 4137, AS REPORTED
OFFERED BY MRS. DAVIS OF CALIFORNIA

After section 453 of the bill, insert the following new section (and redesignate the succeeding section accordingly):

1 **SEC. 454. NO ACCRUAL OF INTEREST FOR ACTIVE DUTY**
2 **SERVICE MEMBERS.**
3 (a) AMENDMENT.—Section 455 (20 U.S.C. 1087e) is
4 further amended by adding at the end the following:
5 "(o) NO ACCRUAL OF INTEREST FOR ACTIVE DUTY
6 SERVICE MEMBERS.—
7 "(1) IN GENERAL.—Notwithstanding any other
8 provision of this part, and except as provided in
9 paragraph (3), interest shall not accrue for an eligi-
10 ble borrower on a loan made under this part that is
11 disbursed on or after October 1, 2008.
12 "(2) CONSOLIDATION LOANS.—In the case of
13 any consolidation loan made under this part that is
14 disbursed on or after October 1, 2008, interest shall
15 not accrue pursuant to this subsection only on such
16 portion of such loan as was used to repay a loan
17 made under this part that was disbursed on or after
18 October 1, 2008.

"(3) ELIGIBLE BORROWER.—In this subsection, the term 'eligible borrower' means an individual who—

"(A)(i) is serving on active duty during a war or other military operation or national emergency; or

"(ii) is performing qualifying National Guard duty during a war or other military operation or national emergency; and

"(B) is serving in an area of hostilities in which service qualifies for special pay under section 310 of title 37, United States Code.

"(4) LIMITATION.—An individual who qualifies as an eligible borrower under this subsection may receive the benefit of this subsection for not more than 60 months.".

(b) CONSOLIDATION LOANS.—Section 428C(b)(5) (20 U.S.C. 1078–3(b)(5)) is amended by inserting after the first sentence the following: "In addition, in the event that a borrower chooses to obtain a consolidation loan for the purposes of using the no accrual of interest for active duty service members program offered under section 455(o), the Secretary shall offer a Federal Direct Consolidation loan to any such borrower who applies for participation in such program.".