



**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.

1 “(3) ELIGIBLE BORROWER.—In this subsection,
2 the term ‘eligible borrower’ means an individual
3 who—

4 “(A)(i) is serving on active duty during a
5 war or other military operation or national
6 emergency; or

7 “(ii) is performing qualifying National
8 Guard duty during a war or other military op-
9 eration or national emergency; and

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

13 “(4) LIMITATION.—An individual who qualifies
14 as an eligible borrower under this subsection may re-
15 ceive the benefit of this subsection for not more than
16 60 months.”.

17 (b) CONSOLIDATION LOANS.—Section 428C(b)(5)
18 (20 U.S.C. 1078–3(b)(5)) is amended by inserting after
19 the first sentence the following: “In addition, in the event
20 that a borrower chooses to obtain a consolidation loan for
21 the purposes of using the no accrual of interest for active
22 duty service members program offered under section
23 455(o), the Secretary shall offer a Federal Direct Consoli-
24 dation loan to any such borrower who applies for partici-
25 pation in such program.”.