

108TH CONGRESS  
2D SESSION

# H. R. 3962

To amend title 10, United States Code, to establish a program of interest-free loans to members of the Selected Reserve who experience financial hardship due to service on active duty in the Armed Forces.

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## IN THE HOUSE OF REPRESENTATIVES

MARCH 11, 2004

Mr. SHAW introduced the following bill; which was referred to the Committee on Armed Services

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## A BILL

To amend title 10, United States Code, to establish a program of interest-free loans to members of the Selected Reserve who experience financial hardship due to service on active duty in the Armed Forces.

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 “Support for Military  
5       Reserve Families Act of 2004”.

1 **SEC. 2. LOAN PROGRAM FOR MEMBERS OF THE SELECTED**  
2 **RESERVE.**

3 (a) IN GENERAL.—Part II of subtitle E of title 10,  
4 United States Code, is amended by inserting after chapter  
5 1215 the following new chapter:

6 **“CHAPTER 1216—READY RESERVE**  
7 **MOBILIZATION LOAN PROGRAM**

“12591. Definitions.

“12592. Establishment of loan program.

“12593. Members eligible for loans.

“12594. Loan amounts.

“12595. Interest.

“12596. Payment.

8 **“§ 12591. Definitions**

9 “In this chapter:

10 “(1) The term ‘eligible member’ means a mem-  
11 ber of the Ready Reserve who has one or more de-  
12 pendents enrolled in the Department of Defense pro-  
13 gram Defense Enrollment Eligibility Reporting Sys-  
14 tem (DEERS).

15 “(2) The term ‘covered service’ means active  
16 duty performed by a member of a reserve component  
17 under an involuntary call or order to active duty in  
18 support of a contingency operation.

19 **“§ 12592. Establishment of loan program**

20 “(a) ESTABLISHMENT.—The Secretary of Defense  
21 shall establish for members of the Ready Reserve (includ-

1 ing the Coast Guard Reserve) a loan program to be known  
 2 as the ‘Ready Reserve Mobilization Loan Program’.

3 “(b) ADMINISTRATION.—The loan program shall be  
 4 administered by the Secretary under such regulations as  
 5 the Secretary considers appropriate for carrying out the  
 6 program.

7 “(c) AGREEMENT WITH SECRETARY OF HOMELAND  
 8 SECURITY.—The Secretary and the Secretary of Home-  
 9 land Security shall enter into an agreement with respect  
 10 to the administration of the program for the Coast Guard  
 11 Reserve.

12 **“§ 12593. Members eligible for loans**

13 “(a) IN GENERAL.—The Secretary of Defense shall  
 14 make a loan under the program under this chapter to an  
 15 eligible member, upon receipt of an application for such  
 16 loan from such member, for any period during which the  
 17 member performs covered service if, as determined by the  
 18 Secretary—

19 “(1) the income of the member during such  
 20 service is less than the member’s income before  
 21 being called or ordered to such service; and

22 “(2) the member incurs a financial hardship by  
 23 reason of such service.

1       “(b) DETERMINATION OF INCOME.—The Secretary  
2 shall make a determination under paragraph (1) of sub-  
3 section (a) by comparing—

4               “(1) the member’s regular military compensa-  
5 tion (as defined in section 101 of title 37), stated as  
6 an annualized amount; with

7               “(2) the amount of income of the member over  
8 the 52 weeks preceding the beginning of such service  
9 derived from sources that will not be available to the  
10 member while performing such service.

11       “(c) USE OF LOAN AMOUNTS.—The Secretary shall  
12 take such steps as the Secretary considers necessary to  
13 ensure that a loan under the program is not used for in-  
14 vestment purposes (other than deposit in a demand ac-  
15 count).

16       **“§ 12594. Loan amounts**

17       “(a) AMOUNT OF LOAN.—The amount of a loan to  
18 an eligible member under this chapter may be in any  
19 amount specified by the eligible member up to \$500 for  
20 each full month of covered service performed by the mem-  
21 ber.

22       “(b) DISBURSEMENT OF LOAN AMOUNT.—The Sec-  
23 retary of Defense shall disburse a loan under the program  
24 under this chapter in such manner as may be directed by  
25 the member taking out the loan. The Secretary shall pro-

1 vide means to assist the member in facilitating the making  
2 of the amount of such loan available for the use or benefit  
3 of dependents of the member. A member may designate  
4 in writing another person to receive the amount of a loan  
5 under the program, and the member may direct that such  
6 an amount for a person so designated be deposited with  
7 a bank or other financial institution to the credit of the  
8 designated person.

9 **“§ 12595. Interest**

10 “(a) INTEREST FREE PERIOD.—Except as provided  
11 in subsection (b)(2), a loan under this chapter for any  
12 month of covered service shall bear no interest for the pe-  
13 riod beginning on the date of the loan and ending at the  
14 end of—

15 “(1) five years from the end of the period of  
16 covered service including that month, if that period  
17 of covered service is a period of less than 12 con-  
18 secutive months; and

19 “(2) ten years from the end of the period of  
20 covered service including that month, if that period  
21 of covered service is a period of 12 consecutive  
22 months or more.

23 “(b) 5 PERCENT INTEREST.—A loan under this  
24 chapter shall bear interest at the rate of 5 percent per  
25 year commencing to accrue—

1           “(1) as of the date that is the end of the inter-  
2           est-free period specified in subsection (a); or

3           “(2) if the service of the member in the Se-  
4           lected Reserve ends before the date referred to in  
5           paragraph (1), as of the date such service in the Se-  
6           lected Reserve ends.

7   **“§ 12596. Payment**

8           “(a) PERIOD OF PAYMENT.—(1) Repayment of a  
9           loan under this chapter shall commence when the member  
10          to whom the loan is made is released from the period of  
11          active duty that includes the covered service for which the  
12          loan is made. Unless the member enters into an alternative  
13          repayment agreement with the Secretary, the loan shall  
14          be repaid over the period beginning on the date of the loan  
15          and ending at the end of—

16               “(1) five years, if the period of covered service  
17               is a period of less than 12 consecutive months; and

18               “(2) ten years, if that period of covered service  
19               is a period of 12 consecutive months or more.

20          “(b) METHOD OF PAYMENT.—Unless the member  
21          enters into an alternative repayment agreement with the  
22          Secretary, payment on a loan under this chapter shall be  
23          by deduction from the amount of basic pay or inactive-  
24          duty pay earned by the member while in an active status  
25          but not on active duty (other than for training).”.

1       (b) CLERICAL AMENDMENT.—The tables of chapters  
 2 at the beginning of subtitle E, and at the beginning of  
 3 part II of subtitle E, of title 10, United States Code, are  
 4 amended by inserting after the item relating to chapter  
 5 1215 the following new item:

“1216. Ready Reserve Mobilization Loan Program ..... 12591”.

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