

114TH CONGRESS
2D SESSION

S. 2719

To amend the Servicemembers Civil Relief Act to improve the protections provided to members of the uniformed services and their families, and for other purposes.

IN THE SENATE OF THE UNITED STATES

MARCH 17, 2016

Mrs. MURRAY (for herself, Mr. SANDERS, Mr. BLUMENTHAL, Mr. DURBIN, and Ms. WARREN) 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 improve the protections provided to members of the uniformed services and their families, 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; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “SCRA Enhancement and Improvement Act of 2016”.

6 (b) TABLE OF CONTENTS.—The table of contents for
7 this Act is as follows:

Sec. 1. Short title; table of contents.

TITLE I—STUDENT PROTECTION AND DEBT RELIEF

- Sec. 101. Student protection and debt relief.
- Sec. 102. Expansion of protections concerning all debts of members of uniformed services to cover debt incurred during and after periods of military service.
- Sec. 103. Improvements concerning limitations on rates of interest on debts of members of uniformed services.
- Sec. 104. Requirement that student loan servicers employ dedicated service-member service representatives.
- Sec. 105. Timely processing by student loan servicers of requests submitted by servicemembers.
- Sec. 106. Requirements applicable to student loan applications.
- Sec. 107. Retention by loan servicers of copies and recordings of communications with members of uniformed services and veterans.
- Sec. 108. Online tool for evaluation of student loan servicers.
- Sec. 109. Assessment of student loan servicers.
- Sec. 110. Definitions.

TITLE II—ENHANCEMENT OF RIGHTS UNDER SERVICEMEMBERS CIVIL RELIEF ACT

- Sec. 201. Extended period of protection under installment contracts for purchase or lease.
- Sec. 202. Modification of period determining which actions are covered under stay of proceedings and adjustment of obligation protections concerning mortgages and trust deeds of members of uniformed services.
- Sec. 203. Prohibition on collection of penalties for early prepayment of mortgage.
- Sec. 204. Protections for members of uniformed services regarding professional licenses.
- Sec. 205. Expansion of protections for members of uniformed services regarding taxes respecting real property occupied by businesses owned by such members.
- Sec. 206. Prohibition on denial of credit because of eligibility for protection.
- Sec. 207. Termination of television and Internet service contracts.
- Sec. 208. Guarantee of residency of dependents of members of uniformed services.

TITLE III—IMPROVEMENTS TO SERVICEMEMBERS CIVIL RELIEF ACT

- Sec. 301. Improved protection of members of uniformed services against default judgments.
- Sec. 302. Modification of period in which a waiver of a right pursuant to a written agreement may be made under Servicemembers Civil Relief Act.
- Sec. 303. Clarification regarding application of enforcement authority of Attorney General and private right of action under Servicemembers Civil Relief Act.
- Sec. 304. Expansion of protections relating to mortgages to include obligations on real or personal property for which a servicemember is personally liable as a guarantor or co-maker.

TITLE IV—ENFORCEMENT OF RIGHTS UNDER SERVICEMEMBERS CIVIL RELIEF ACT

Sec. 401. Election of arbitration to resolve controversies under Servicemembers Civil Relief Act.

Sec. 402. Issuance and service of civil investigative demands by Attorney General under Servicemembers Civil Relief Act.

Sec. 403. Increase in civil penalties for violation of Servicemembers Civil Relief Act.

TITLE V—OTHER MATTERS

Sec. 501. Transfer of definitions of military orders and continental United States.

Sec. 502. Clerical amendments.

1 **TITLE I—STUDENT PROTECTION** 2 **AND DEBT RELIEF**

3 **SEC. 101. STUDENT PROTECTION AND DEBT RELIEF.**

4 (a) IN GENERAL.—The Servicemembers Civil Relief
5 Act (50 U.S.C. 3901 et seq.) is amended by adding at
6 the end the following new title:

7 **“TITLE IX—STUDENT** 8 **PROTECTION AND DEBT RELIEF**

9 **“SEC. 901. DEFINITIONS.**

10 “In this title:

11 “(1) SERVICER.—The term ‘servicer’, with re-
12 spect to a student loan, means a person who—

13 “(A) during a period in which repayment
14 of the student loan is required—

15 “(i) receives scheduled periodic pay-
16 ments from the borrower or notification of
17 such payments; and

18 “(ii) applies payments to the bor-
19 rower’s account pursuant to the terms of

1 the student loan or of the contract gov-
 2 erning the servicing of the student loan;

3 “(B) during a period when not payment is
 4 required on the student loan—

5 “(i) maintains account records regard-
 6 ing the student loan; and

7 “(ii) communicates with the borrower
 8 regarding the student loan on behalf of the
 9 student loan’s holder; or

10 “(C) interacts with the borrower, including
 11 activities to help prevent default on obligations
 12 arising from the student loan, conducted to fa-
 13 cilitate activities described in subparagraph (A)
 14 or (B).

15 “(2) STUDENT LOAN.—The term ‘student loan’
 16 has the meaning given such term ‘qualified edu-
 17 cation loan’ in section 221(d) of the Internal Rev-
 18 enue Code of 1986.

19 **“SEC. 902. CONTINUAL MONITORING BY STUDENT LOAN**
 20 **SERVICERS OF STATUS OF**
 21 **SERVICEMEMBERS.**

22 “(a) IN GENERAL.—Each servicer of a student loan
 23 that was issued by or guaranteed by the Federal Govern-
 24 ment shall continuously monitor the Defense Manpower
 25 Data Center, or any successor database, for the purpose

1 of continuously monitoring the duty status of borrowers
 2 who are servicemembers and complying with the require-
 3 ments of this Act.

4 “(b) POLICIES AND PROCEDURES.—Monitoring con-
 5 ducted under subsection (a) shall be conducted in accord-
 6 ance with such policies and procedures as the Secretary
 7 of Defense may prescribe for purposes of this section.

8 **“SEC. 903. REQUIREMENT THAT STUDENT LOAN SERVICERS**
 9 **EXPLAIN DENIALS OF BENEFITS AND PRO-**
 10 **VIDE INSTRUCTION FOR APPEALS PROCESS.**

11 “In any case in which a servicemember submits to
 12 the servicer of a student loan of the servicemember an ap-
 13 plication for a benefit under this Act or a notice to invoke
 14 a protection under this Act with respect to such student
 15 loan and the servicer denies such benefit or determines
 16 that such protection is not applicable, the servicer shall
 17 provide the servicemember with—

18 “(1) a complete and clear explanation of the
 19 reasons why the servicer denied such benefit or de-
 20 termined such protection is not applicable; and

21 “(2) a clear and concise description of the ac-
 22 tions that the servicemember may take—

23 “(A) to appeal such denial or determina-
 24 tion; and

1 “(B) to obtain such benefit or invoke such
2 protection.

3 **“SEC. 904. NOTIFICATION OF TRANSFER OR SALE OF STU-**
4 **DENT LOANS.**

5 “(a) NOTIFICATION REQUIRED.—Not later than 60
6 days before the date that a servicer of a student loan of
7 a servicemember sells or transfers such student loan to
8 another person for servicing, the servicer of such loan shall
9 submit to the Secretary of Education, the Director of the
10 Consumer Financial Protection Bureau, and the service-
11 member a notice of such sale or transfer.

12 “(b) RETENTION OF LIMITATIONS AND PROTEC-
13 TIONS.—In any case in which a student loan described in
14 subsection (a) is sold or transferred and the seller or
15 transferor of the student loan placed a limitation or pro-
16 tection on such loan pursuant to a provision of this Act,
17 such limitation or protection shall apply to such student
18 loan after sale or transfer without any action taken by
19 the servicemember.

20 **“SEC. 905. FORGIVENESS OF STUDENT DEBT OF**
21 **SERVICEMEMBERS.**

22 “(a) FORGIVENESS OF STUDENT DEBT OF
23 SERVICEMEMBERS WHO DIE IN LINE OF DUTY WHILE
24 SERVING ON ACTIVE DUTY.—Upon the death of a service-
25 member who dies in line of duty while serving on active

1 duty as a member of the Armed Forces, each student loan
2 of the servicemember is forgiven.

3 “(b) FORGIVENESS OF FEDERAL STUDENT DEBT
4 UPON SERVICE-CONNECTED DEATH.—Upon the service-
5 connected death of a servicemember, the balance of each
6 student loan of the servicemember guaranteed or issued
7 by the Federal Government is forgiven.

8 “(c) SERVICE-CONNECTED DEFINED.—In this sec-
9 tion, the term ‘service-connected’ has the meaning given
10 such term in section 101 of title 38, United States Code.”.

11 (b) CLERICAL AMENDMENT.—Section 1(b) of such
12 Act is amended by adding at the end the following new
13 items:

“TITLE IX—STUDENT PROTECTION AND DEBT RELIEF

“Sec. 901. Definitions.

“Sec. 902. Continual monitoring by student loan servicers of status of
servicemembers.

“Sec. 903. Requirement that student loan servicers explain denials of benefits
and provide instruction for appeals process.

“Sec. 904. Notification of transfer or sale of student loans.

“Sec. 905. Forgiveness of student debt of servicemembers.”.

14 **SEC. 102. EXPANSION OF PROTECTIONS CONCERNING ALL**
15 **DEBTS OF MEMBERS OF UNIFORMED SERV-**
16 **ICES TO COVER DEBT INCURRED DURING**
17 **AND AFTER PERIODS OF MILITARY SERVICE.**

18 (a) APPLICATION OF MAXIMUM RATE OF INTEREST
19 TO ALL DEBTS INCURRED BY MEMBERS OF UNIFORMED
20 SERVICES.—

1 (1) IN GENERAL.—Subsection (a)(1) of section
 2 207 of the Servicemembers Civil Relief Act (50
 3 U.S.C. 3937) is amended, in the matter before sub-
 4 paragraph (A), by striking “before the servicemem-
 5 ber enters military service”.

6 (2) CONFORMING AMENDMENT.—Subsection
 7 (b)(1) of such section is amended—

8 (A) by inserting “, as applicable,” after
 9 “extending military service”; and

10 (B) by striking “, not later than 180 days
 11 after the date of the servicemember’s termi-
 12 nation or release from military service”.

13 (3) CLERICAL AMENDMENTS.—

14 (A) SECTION HEADING.—Section 207 of
 15 such Act (50 U.S.C. 3937) is amended by strik-
 16 ing “**BEFORE MILITARY SERVICE**” and in-
 17 serting “**BY SERVICEMEMBERS**”.

18 (B) TABLE OF CONTENTS.—The table of
 19 contents in section 1(b) of such Act is amended
 20 by striking the item relating to section 207 and
 21 inserting the following new item:

“Sec. 207. Maximum rate of interest on debts incurred by servicemembers.”.

22 (b) EXPANSION OF PROTECTIONS REGARDING
 23 MORTGAGES AND TRUST DEEDS.—Section 303(a) of such
 24 Act (50 U.S.C. 3953(a)) is amended—

1 (1) in the matter before paragraph (1), by
 2 striking “servicemember that—” and inserting
 3 “servicemember—”;

4 (2) in paragraph (1), by striking “originated
 5 before the period of the servicemember’s military
 6 service and”; and

7 (3) in paragraph (2), by inserting “that” before
 8 “is secured”.

9 **SEC. 103. IMPROVEMENTS CONCERNING LIMITATIONS ON**
 10 **RATES OF INTEREST ON DEBTS OF MEMBERS**
 11 **OF UNIFORMED SERVICES.**

12 (a) MODIFICATION OF MAXIMUM RATE OF INTER-
 13 EST.—Section 207(a) of the Servicemembers Civil Relief
 14 Act (50 U.S.C. 3937(a)), as amended by section 102(a),
 15 is further amended—

16 (1) in paragraph (1), in the matter before sub-
 17 paragraph (A)—

18 (A) by striking “LIMITATION TO 6 PER-
 19 CENT” and inserting “IN GENERAL”;

20 (B) by striking “6 percent per year” and
 21 inserting “the rate specified in paragraph (4)”;
 22 and

23 (C) by striking “6 percent—” and insert-
 24 ing “the rate specified in paragraph (4)—”;

25 (2) in paragraph (2)—

1 (A) by striking “INTEREST IN EXCESS OF
 2 6 PERCENT” and inserting “EXCESS INTER-
 3 EST”; and

4 (B) by striking “6 percent per year” and
 5 inserting “the rate specified in paragraph (4)”;
 6 and

7 (3) by adding at the end the following new
 8 paragraph:

9 “(4) MAXIMUM RATE.—The rate specified in
 10 this paragraph is—

11 “(A) except as provided in subparagraph
 12 (B), three percent per year; and

13 “(B) in the case of a servicemember who,
 14 during a period of military service, is eligible
 15 for special pay under section 310 of title 37,
 16 United States Code, zero percent per year for
 17 the duration of such period.”.

18 (b) PROCEDURES FOR IMPLEMENTATION OF MAX-
 19 IMUM RATE OF INTEREST.—

20 (1) PROCEDURES CONCERNING STUDENT
 21 DEBT.—Section 207(b) of the Servicemembers Civil
 22 Relief Act (50 U.S.C. 3937(b)), as amended by sec-
 23 tion 102(a)(2), is further amended—

1 (A) in paragraph (1), by striking “In
2 order” and inserting “Except as provided in
3 paragraph (3)(A), in order”; and

4 (B) by adding at the end the following new
5 paragraph:

6 “(3) STUDENT LOANS ISSUED OR GUARANTEED
7 BY FEDERAL GOVERNMENT.—

8 “(A) AUTOMATIC APPLICATION OF RATE
9 REDUCTION.—A servicer of a student loan
10 issued or guaranteed by the Federal Govern-
11 ment shall be considered to have received writ-
12 ten notice concerning the student loan of an in-
13 dividual and a copy of military orders, as appli-
14 cable, under paragraph (1) whenever the De-
15 fense Manpower Data Center, or any successor
16 database, changes the duty status of the indi-
17 vidual in such a manner as to indicate that
18 debts of the individual are subject to the rate
19 limitation in subsection (a).

20 “(B) NOTICE SUBMITTED BY STUDENT
21 LOAN SERVICERS TO SERVICEMEMBERS.—
22 Whenever a servicer of a student loan of a serv-
23 icemember issued or guaranteed by the Federal
24 Government forgoes interest on the student
25 loan pursuant to paragraph (1) of subsection

1 (a) or forgives interest pursuant to paragraph
 2 (2) of such subsection, the servicer shall notify
 3 the servicemember of—

4 “(i) the action taken by the servicer;
 5 and

6 “(ii) such rights as the servicemember
 7 may have under this Act or any other ap-
 8 plicable provision of law.”.

9 (2) UNIFORM APPLICABILITY OF NOTICE.—

10 Such section is further amended by adding at the
 11 end the following new paragraph:

12 “(4) UNIFORM APPLICABILITY OF NOTICE.—If
 13 a servicemember provides a creditor written notice
 14 and a copy of military orders pursuant paragraph
 15 (1) in order to invoke a rate reduction under sub-
 16 section (a) with respect to a particular obligation or
 17 liability, such provision of notice shall be considered
 18 provision of notice to the creditor for purposes of in-
 19 voking rate reductions under subsection (a) for all
 20 obligations and liabilities of the servicemember serv-
 21 iced, owned, or held by the creditor.”.

1 **SEC. 104. REQUIREMENT THAT STUDENT LOAN SERVICERS**
2 **EMPLOY DEDICATED SERVICEMEMBER SERV-**
3 **ICE REPRESENTATIVES.**

4 (a) IN GENERAL.—Each servicer of a student loan
5 that was issued by or guaranteed by the Federal Govern-
6 ment shall employ at least one individual who is dedicated
7 to servicing student loans of servicemembers and is knowl-
8 edgeable about the rights and benefits to which members
9 of the uniformed services are entitled under this Act, the
10 Servicemembers Civil Relief Act (50 U.S.C. 3901 et seq.),
11 and any other provision of law by virtue of being a member
12 of the uniformed services.

13 (b) TRAINING.—

14 (1) IN GENERAL.—Each servicer described in
15 subsection (a) shall ensure that each individual em-
16 ployed pursuant to subsection (a) is appropriately
17 trained.

18 (2) STANDARDS.—The Secretary of Education,
19 in collaboration with the Secretary of Defense, the
20 Secretary of Veterans Affairs, and the Attorney
21 General, may prescribe standards for training re-
22 quired by paragraph (1).

23 (3) CERTIFICATION.—Each servicer described
24 in subsection (a) shall certify to the Secretary of
25 Education and the Secretary of Veterans Affairs
26 whether the individual or individuals employed by

1 the servicer pursuant to subsection (a) have been ap-
2 propriately trained pursuant to paragraph (1).

3 (c) DEDICATED PHONE NUMBERS AND INTERNET
4 WEBSITES.—

5 (1) IN GENERAL.—Each servicer described in
6 subsection (a) shall establish a dedicated phone
7 number and Internet website or webpage—

8 (A) by which servicemembers can contact
9 and receive assistance from the individual or in-
10 dividuals the servicer employs under subsection
11 (a); and

12 (B) from which servicemembers can obtain
13 descriptions of the rights and benefits to which
14 servicemembers are entitled under this Act.

15 (2) PROMINENT DISPLAY.—Each servicer de-
16 scribed in subsection (a) shall prominently display
17 on marketing materials, application documents, and
18 the Internet website of the servicer the phone num-
19 ber and the Uniform Resource Locator for the Inter-
20 net website established by the person pursuant to
21 paragraph (1).

1 **SEC. 105. TIMELY PROCESSING BY STUDENT LOAN**
2 **SERVICERS OF REQUESTS SUBMITTED BY**
3 **SERVICEMEMBERS.**

4 Each servicer of a student loan of a servicemember
5 that was issued by or guaranteed by the Federal Govern-
6 ment shall ensure that each request submitted to the
7 servicer by a servicemember for a benefit or protection
8 under this Act, the Servicemembers Civil Relief Act (50
9 U.S.C. 3901 et seq.), and any other applicable provision
10 of law is processed by the servicer before the earlier of
11 the following:

12 (1) The date that is 14 days after the date that
13 the person received the request from the service-
14 member.

15 (2) Such date as the Secretary of Education
16 may prescribe.

17 **SEC. 106. REQUIREMENTS APPLICABLE TO STUDENT LOAN**
18 **APPLICATIONS.**

19 (a) INQUIRY.—Each servicer of a student loan shall
20 inquire of each applicant for a student loan from the
21 servicer if the applicant for the student loan or a cosigner
22 of the student loan has ever served in the uniformed serv-
23 ices.

24 (b) NOTICE OF RIGHTS AND MONITORING OF STA-
25 TUS.—For each applicant for a loan who responds to an
26 inquiry by a servicer under subsection (a) that the appli-

1 cant or a cosigner has ever served in the uniformed serv-
 2 ices, the servicer shall—

3 (1) inform the applicant of the rights and pro-
 4 tections that may be afforded to the applicant or the
 5 cosigner under the Servicemembers Civil Relief Act
 6 (50 U.S.C. 3901 et seq.) and other applicable provi-
 7 sions of law;

8 (2) make a permanent note of the applicant's or
 9 cosigner's service in the uniformed services; and

10 (3) commence monitoring the status of the ap-
 11 plicant or cosigner pursuant to section 901 of the
 12 Servicemembers Civil Relief Act, as added by section
 13 101.

14 **SEC. 107. RETENTION BY LOAN SERVICERS OF COPIES AND**
 15 **RECORDINGS OF COMMUNICATIONS WITH**
 16 **MEMBERS OF UNIFORMED SERVICES AND**
 17 **VETERANS.**

18 (a) RETENTION.—Each servicer of a student loan
 19 that was issued by or guaranteed by the Federal Govern-
 20 ment shall retain, for a period of not less than 5 years,
 21 a copy or recording, as applicable, of each communication
 22 between the servicer and a member of the uniformed serv-
 23 ices or a veteran, including communications by phone,
 24 Internet, or post.

1 (b) AVAILABILITY.—Each servicer of a student loan
 2 that was issued by or guaranteed by the Federal Govern-
 3 ment shall make available to the Secretary of Education,
 4 the Secretary of Defense, the Secretary of Veterans Af-
 5 fairs, the Attorney General, and the Director of the Con-
 6 sumer Financial Protection Bureau, upon request, the
 7 communications copied or recorded under subsection (a).

8 **SEC. 108. ONLINE TOOL FOR EVALUATION OF STUDENT**
 9 **LOAN SERVICERS.**

10 (a) IN GENERAL.—The Director of the Consumer Fi-
 11 nancial Protection Bureau shall establish and make pub-
 12 licly available via the Internet a database of information
 13 that members of the uniformed services and veterans can
 14 use to evaluate servicers of student loans of members of
 15 the uniformed services or veterans.

16 (b) CONTENTS.—The database required by sub-
 17 section (a) shall include the following:

18 (1) Complaints concerning, or reviews regard-
 19 ing, services provided by servicers described sub-
 20 section (a).

21 (2) Assessments of the compliance of such
 22 servicers with the requirements of the
 23 Servicemembers Civil Relief Act (50 U.S.C. 3901 et
 24 seq.).

1 (3) Such other information as the Director con-
2 siders appropriate to help members of the uniformed
3 services and veterans to evaluate servicers as de-
4 scribed in subsection (a).

5 **SEC. 109. ASSESSMENT OF STUDENT LOAN SERVICERS.**

6 (a) IN GENERAL.—Not later than the date that is
7 3 years after the date of the enactment of this Act, the
8 Secretary of Education and the Director of the Consumer
9 Financial Protection Bureau shall each—

10 (1) complete a statistically valid assessment of
11 each servicer of a student loan of a member of the
12 uniformed services issued by or guaranteed by the
13 Federal Government;

14 (2) develop a plan for the oversight of such
15 servicers;

16 (3) develop such recommendations for legisla-
17 tive and administrative actions as the Secretary and
18 the Director each consider appropriate; and

19 (4) submit to the appropriate committees of
20 Congress a report on—

21 (A) the assessment conducted under para-
22 graph (1);

23 (B) the plan developed under paragraph
24 (2);

1 (C) the recommendations developed under
2 paragraph (3); and

3 (D) such other matters as the Secretary
4 and the Director each consider appropriate.

5 (b) ELEMENTS.—Each assessment of a servicer re-
6 quired by subsection (a)(1) shall include the following:

7 (1) An assessment of the compliance of the
8 servicer with the provisions of the Servicemembers
9 Civil Relief Act (50 U.S.C. 3901 et seq.), as amend-
10 ed by this Act.

11 (2) An assessment of the satisfaction of mem-
12 bers of the uniformed services with the services pro-
13 vided by such servicer with respect to their student
14 loans serviced by the servicer.

15 (3) A qualitative evaluation of the customer
16 service provided by the servicer with respect to stu-
17 dent loans of members of the uniformed services
18 serviced by the servicer.

19 (4) A detailed description of the methodology
20 used to carry out the assessment.

21 (c) APPROPRIATE COMMITTEES OF CONGRESS DE-
22 FINED.—In this section, the term “appropriate commit-
23 tees of Congress” means—

1 (1) the Committee on Veterans' Affairs and the
 2 Committee on Health, Education, Labor, and Pen-
 3 sions of the Senate; and

4 (2) the Committee on Veterans' Affairs and the
 5 Committee on Education and the Workforce of the
 6 House of Representatives.

7 **SEC. 110. DEFINITIONS.**

8 In this title:

9 (1) **SERVICER AND STUDENT LOAN.**—The
 10 terms “servicer” and “student loan” have the mean-
 11 ings given such terms in section 901 of the
 12 Servicemembers Civil Relief Act, as added by section
 13 101 of this title.

14 (2) **UNIFORMED SERVICES.**—The term “uni-
 15 formed services” has the meaning given such term
 16 in section 101(a) of title 10, United States Code.

17 **TITLE II—ENHANCEMENT OF**
 18 **RIGHTS UNDER**
 19 **SERVICEMEMBERS CIVIL RE-**
 20 **LIEF ACT**

21 **SEC. 201. EXTENDED PERIOD OF PROTECTION UNDER IN-**
 22 **STALLMENT CONTRACTS FOR PURCHASE OR**
 23 **LEASE.**

24 Section 302(a)(1) of the Servicemembers Civil Relief
 25 Act (50 U.S.C. 3952(a)(1)) is amended, in the matter fol-

1 lowing subparagraph (B), by striking “or during that per-
 2 son’s military service” and inserting “, during, or within
 3 one year after such servicemember’s period of military
 4 service”.

5 **SEC. 202. MODIFICATION OF PERIOD DETERMINING WHICH**
 6 **ACTIONS ARE COVERED UNDER STAY OF**
 7 **PROCEEDINGS AND ADJUSTMENT OF OBLI-**
 8 **GATION PROTECTIONS CONCERNING MORT-**
 9 **GAGES AND TRUST DEEDS OF MEMBERS OF**
 10 **UNIFORMED SERVICES.**

11 Section 303(b) of the Servicemembers Civil Relief Act
 12 (50 U.S.C. 3953(b)) is amended by striking “filed” and
 13 inserting “pending”.

14 **SEC. 203. PROHIBITION ON COLLECTION OF PENALTIES**
 15 **FOR EARLY PREPAYMENT OF MORTGAGE.**

16 Section 203 of the Servicemembers Civil Relief Act
 17 (50 U.S.C. 3933) is amended by adding at the end the
 18 following new subsection:

19 “(c) PROHIBITION ON PREPAYMENT PENALTIES FOR
 20 CERTAIN MORTGAGES.—

21 “(1) IN GENERAL.—When a servicemember dis-
 22 charges an obligation arising under a mortgage con-
 23 tract and would otherwise thereby incur a prepay-
 24 ment penalty, such penalty shall not accrue if—

1 “(A) the servicemember is in military serv-
2 ice at the time the prepayment penalty is in-
3 curred; and

4 “(B) the reason the servicemember dis-
5 charges the obligation, thereby incurring the
6 penalty, is materially affected by such military
7 service.

8 “(2) MATERIALLY AFFECTING MILITARY SERV-
9 ICE.—For purposes of paragraph (1)(B), the re-
10 quirement that the reason a servicemember dis-
11 charged a mortgage obligation, thereby incurring a
12 prepayment penalty, be materially affected by mili-
13 tary services requires—

14 “(A) that the mortgage be secured by the
15 servicemember’s primary residence; and

16 “(B) that the servicemember receive per-
17 manent change of station orders.

18 “(3) RELIEF, COSTS, AND ATTORNEY FEES.—
19 An assessment of a penalty in violation of this sub-
20 section shall be considered a violation of this Act for
21 purposes of title VIII.”.

1 **SEC. 204. PROTECTIONS FOR MEMBERS OF UNIFORMED**
2 **SERVICES REGARDING PROFESSIONAL LI-**
3 **CENSES.**

4 (a) IN GENERAL.—Title VII of the Servicemembers
5 Civil Relief Act (50 U.S.C. 4021 et seq.) is amended by
6 adding at the end the following new section:

7 **“SEC. 707. PROFESSIONAL LICENSES.**

8 “(a) EXPIRATION DURING PERIOD IN WHICH
9 SERVICEMEMBERS ARE ELIGIBLE FOR HOSTILE FIRE OR
10 IMMINENT DANGER SPECIAL PAY.—If a license issued by
11 a State or local licensing authority to a servicemember
12 would otherwise expire during a period in which such serv-
13 icemember is eligible for hostile fire or imminent danger
14 special pay under section 310 of title 37, United States
15 Code, such State or local licensing authority shall delay
16 the expiration of such license until not earlier than the
17 date that is 180 days after the date on which such period
18 of eligibility ends.

19 “(b) CONTINUING EDUCATION REQUIREMENTS DUR-
20 ING PERIOD IN WHICH SERVICEMEMBERS ARE ELIGIBLE
21 FOR HOSTILE FIRE OR IMMINENT DANGER SPECIAL
22 PAY.—If a State or local licensing authority otherwise re-
23 quires a servicemember to meet any continuing education
24 requirements to maintain a license for a trade or profes-
25 sion during a period in which such servicemember is eligi-
26 ble for hostile fire or imminent danger special pay under

1 section 310 of title 37, United States Code, such State
 2 or local licensing authority shall delay such continuing
 3 education requirement until not earlier than the date that
 4 is 180 days after the date on which such period of eligi-
 5 bility ends.”.

6 (b) CLERICAL AMENDMENT.—The table of contents
 7 in section 1(b) of such Act (50 U.S.C. 3901(b)) is amend-
 8 ed by inserting after the item relating to section 706 the
 9 following new item:

“Sec. 707. Professional licenses and certifications.”.

10 **SEC. 205. EXPANSION OF PROTECTIONS FOR MEMBERS OF**
 11 **UNIFORMED SERVICES REGARDING TAXES**
 12 **RESPECTING REAL PROPERTY OCCUPIED BY**
 13 **BUSINESSES OWNED BY SUCH MEMBERS.**

14 (a) IN GENERAL.—Subsection (a)(2) of section 501
 15 of the Servicemembers Civil Relief Act (50 U.S.C. 3991)
 16 is amended by striking the matter before subparagraph
 17 (A) and inserting the following:

18 “(2) real property occupied for dwelling, profes-
 19 sional, trade, business, or agricultural purposes by a
 20 servicemember, the servicemember’s dependents or
 21 employees, or a business which (without regard to
 22 the form in which such profession, trade, business,
 23 or agricultural operation is organized or carried out)
 24 is owned entirely by a servicemember or by a service-
 25 member and the spouse of the servicemember—”.

1 (b) NOTICE.—Such section is further amended by
 2 adding at the end the following new subsection:

3 “(f) WRITTEN NOTICE TO TAXING AUTHORITIES.—
 4 In order for real property owned by a business which is
 5 owned entirely by a servicemember or by a servicemember
 6 and the spouse of the servicemember to be subject to the
 7 protections provided in this section, the servicemember
 8 shall provide to the applicable taxing authority written no-
 9 tice and a copy of the military orders calling the service-
 10 member to military service and any orders further extend-
 11 ing military service, not later than 180 days after the date
 12 of the servicemember’s termination or release from mili-
 13 tary service.”.

14 **SEC. 206. PROHIBITION ON DENIAL OF CREDIT BECAUSE**
 15 **OF ELIGIBILITY FOR PROTECTION.**

16 Section 108 of the Servicemembers Civil Relief Act
 17 (50 U.S.C. 3919) is amended—

18 (1) by striking “Application by” and inserting
 19 “(a) APPLICATION OR RECEIPT.—Application by”;
 20 and

21 (2) by adding at the end the following new sub-
 22 section:

23 “(b) ELIGIBILITY.—

24 “(1) IN GENERAL.—In addition to the protec-
 25 tions under subsection (a), an individual who is enti-

1 tled to any right or protection provided under this
 2 Act may not be denied or refused credit or be sub-
 3 ject to any other action described under paragraphs
 4 (1) through (6) of subsection (a) solely by reason of
 5 such entitlement.

6 “(2) CONSTRUCTION.—Nothing in this sub-
 7 section shall be construed to prohibit a lender from
 8 considering all relevant factors, other than the enti-
 9 tlement of an individual to a right or protection pro-
 10 vided under this Act, in making a determination as
 11 to whether it is appropriate to extend credit.”.

12 **SEC. 207. TERMINATION OF TELEVISION AND INTERNET**
 13 **SERVICE CONTRACTS.**

14 (a) IN GENERAL.—Section 305A of the
 15 Servicemembers Civil Relief Act (50 U.S.C. 3956) is
 16 amended—

17 (1) by inserting “, **TELEVISION, AND INTER-**
 18 **NET**” after “**TELEPHONE**”;

19 (2) in subsection (b), by striking “or telephone
 20 exchange service” inserting “, telephone exchange
 21 service, cable television service, satellite television
 22 service, or Internet service” after “cellular telephone
 23 service”; and

1 (3) in subsection (c), by inserting “for cellular
2 telephone service or telephone exchange service”
3 after “case of a contract”.

4 (b) CLERICAL AMENDMENT.—Section 1(b) of such
5 Act is amended by striking the item relating to section
6 305A and inserting the following new item:

“Sec. 305A. Termination of telephone, television, and Internet service con-
tracts.”.

7 **SEC. 208. GUARANTEE OF RESIDENCY OF DEPENDENTS OF**
8 **MEMBERS OF UNIFORMED SERVICES.**

9 (a) IN GENERAL.—Section 705(b) of the
10 Servicemembers Civil Relief Act (50 U.S.C. 4025(b)) is
11 amended—

12 (1) in the matter before paragraph (1), by
13 striking “a person” and all that follows through
14 “that absence” and inserting “a dependent of a
15 servicemember who is absent from a State because
16 the servicemember is absent from that same State in
17 compliance with military orders shall not, solely by
18 reason of absence, whether or not accompanying the
19 servicemember”; and

20 (2) in paragraph (1), by striking “the person”
21 and inserting “the dependent”.

22 (b) CLERICAL AMENDMENTS.—Such Act (50 U.S.C.
23 3901 et seq.) is amended—

24 (1) in section 705 (50 U.S.C. 4025)—

1 (A) in the section heading my striking
 2 “**SPOUSES**” and inserting “**DEPENDENTS**”;
 3 and

4 (B) in the heading for subsection (b), by
 5 striking “**SPOUSES**” and inserting “**DEPEND-**
 6 **ENTS**”; and

7 (2) in the table of sections in section 1 (50
 8 U.S.C. 3901), by striking the item relating to sec-
 9 tion 705 and inserting the following new item:

“Sec. 705. Guarantee of residency for military personnel and dependents of
 military personnel.”.

10 **TITLE III—IMPROVEMENTS TO**
 11 **SERVICEMEMBERS CIVIL RE-**
 12 **LIEF ACT**

13 **SEC. 301. IMPROVED PROTECTION OF MEMBERS OF UNI-**
 14 **FORMED SERVICES AGAINST DEFAULT JUDG-**
 15 **MENTS.**

16 (a) MODIFICATION OF PLAINTIFF AFFIDAVIT FILING
 17 REQUIREMENT.—

18 (1) IN GENERAL.—Paragraph (1) of section
 19 201(b) of the Servicemembers Civil Relief Act (50
 20 U.S.C. 3931(b)) is amended—

21 (A) by redesignating subparagraphs (A)
 22 and (B) as clauses (i) and (ii), respectively, and
 23 indenting such clauses two ems to the right;

1 (B) in the matter before clause (i), as re-
2 designated by subparagraph (A), by striking
3 “In any” and inserting the following:

4 “(A) IN GENERAL.—In any”; and

5 (C) by adding at the end the following new
6 subparagraph (B):

7 “(B) DUE DILIGENCE.—Before filing the
8 affidavit, the plaintiff shall conduct a diligent
9 and reasonable investigation to determine
10 whether or not the defendant is in military
11 service, including a search of available records
12 of the Department of Defense and any other in-
13 formation reasonably available to the plaintiff.
14 The affidavit shall set forth all steps taken to
15 determine the defendant’s military status and
16 shall have attached copies of the records on
17 which the plaintiff relied in drafting the affi-
18 davit.”.

19 (2) APPLICABILITY.—Paragraph (1)(B) of such
20 section, as added by paragraph (1), shall apply with
21 respect to actions and proceedings filed on or after
22 the date of the enactment of this Act.

23 (b) APPOINTMENT OF ATTORNEY TO REPRESENT
24 DEFENDANT IN MILITARY SERVICE.—Paragraph (2) of
25 such section (50 U.S.C. 3931(b)) is amended—

1 (1) by striking “If in an action” and inserting
2 the following:

3 “(A) IN GENERAL.—If in an action”;

4 (2) in subparagraph (A), as designated by para-
5 graph (1), by striking “If an attorney” and inserting
6 the following:

7 “(C) LIMITATIONS ON APPOINTED ATTOR-
8 NEY.—If an attorney”;

9 (3) by inserting after subparagraph (A), as des-
10 ignated by paragraph (1), the following new sub-
11 paragraph:

12 “(B) DUE DILIGENCE.—If the court ap-
13 points an attorney to represent the defendant—

14 “(i) the attorney shall conduct a dili-
15 gent and reasonable investigation to deter-
16 mine whether or not the defendant is in
17 military service, including a search of
18 available records of the Department of De-
19 fense and any other information reasonably
20 available to the attorney; and

21 “(ii) the plaintiff shall submit to the
22 attorney such information as the plaintiff
23 may have concerning the whereabouts or
24 identity of the defendant.”; and

1 (4) by adding at the end the following new sub-
 2 paragraph:

3 “(D) TREATMENT OF ATTORNEYS FEES.—

4 The reasonable fees of an attorney appointed to
 5 represent a servicemember shall be treated as
 6 costs of court for court cost purposes, unless
 7 the creditor seeks relief from such charges from
 8 the court.”.

9 **SEC. 302. MODIFICATION OF PERIOD IN WHICH A WAIVER**
 10 **OF A RIGHT PURSUANT TO A WRITTEN**
 11 **AGREEMENT MAY BE MADE UNDER**
 12 **SERVICEMEMBERS CIVIL RELIEF ACT.**

13 Section 107(a) of the Servicemembers Civil Relief Act
 14 (50 U.S.C. 3918(a)) is amended in the third sentence by
 15 striking “during or after the servicemember’s period of
 16 military service” and inserting “after the occurrence of the
 17 event that gave rise to the rights or protections to be
 18 waived”.

19 **SEC. 303. CLARIFICATION REGARDING APPLICATION OF**
 20 **ENFORCEMENT AUTHORITY OF ATTORNEY**
 21 **GENERAL AND PRIVATE RIGHT OF ACTION**
 22 **UNDER SERVICEMEMBERS CIVIL RELIEF**
 23 **ACT.**

24 Sections 801 and 802 of the Servicemembers Civil
 25 Relief Act (50 U.S.C. 4041 and 4042) shall apply as if

1 such sections were included in the enactment of the Sol-
 2 diers' and Sailors' Civil Relief Act of 1940 (54 Stat. 1178,
 3 chapter 888) and included in the restatement of such Act
 4 in Public Law 108–189.

5 **SEC. 304. EXPANSION OF PROTECTIONS RELATING TO**
 6 **MORTGAGES TO INCLUDE OBLIGATIONS ON**
 7 **REAL OR PERSONAL PROPERTY FOR WHICH**
 8 **A SERVICEMEMBER IS PERSONALLY LIABLE**
 9 **AS A GUARANTOR OR CO-MAKER.**

10 Section 303(a) of the Servicemembers Civil Relief Act
 11 (50 U.S.C. 3953(a)) is amended, in the matter before
 12 paragraph (1), by inserting “or an obligation on real or
 13 personal property for which a servicemember is personally
 14 liable as a guarantor or co-maker” after “by a service-
 15 member”.

16 **TITLE IV—ENFORCEMENT OF**
 17 **RIGHTS UNDER**
 18 **SERVICEMEMBERS CIVIL RE-**
 19 **LIEF ACT**

20 **SEC. 401. ELECTION OF ARBITRATION TO RESOLVE CON-**
 21 **TROVERSIES UNDER SERVICEMEMBERS**
 22 **CIVIL RELIEF ACT.**

23 (a) IN GENERAL.—Section 102 of the
 24 Servicemembers Civil Relief Act (50 U.S.C. 3912) is

1 amended by adding at the end the following new sub-
 2 section:

3 “(d) ELECTION OF ARBITRATION.—

4 “(1) CONSENT REQUIRED.—Notwithstanding
 5 any other provision of law, whenever a contract with
 6 a servicemember provides for the use of arbitration
 7 to resolve a controversy subject to a provision of this
 8 Act and arising out of or relating to such contract,
 9 arbitration may be used to settle such controversy
 10 only if, after such controversy arises, all parties to
 11 such controversy consent in writing to use arbitra-
 12 tion to settle such controversy.

13 “(2) EXPLANATION REQUIRED.—Notwith-
 14 standing any other provision of law, whenever arbi-
 15 tration is elected to settle a dispute pursuant to
 16 paragraph (1), the arbitrator shall provide the par-
 17 ties to such contract with a written explanation of
 18 the factual and legal basis for any decision made by
 19 the arbitrator in the course of such arbitration.”.

20 (b) APPLICABILITY.—Subsection (d) of such section,
 21 as added by subsection (a), shall apply with respect to con-
 22 tracts entered into, amended, altered, modified, renewed,
 23 or extended after the date of the enactment of this Act.

1 **SEC. 402. ISSUANCE AND SERVICE OF CIVIL INVESTIGATIVE**
 2 **DEMANDS BY ATTORNEY GENERAL UNDER**
 3 **SERVICEMEMBERS CIVIL RELIEF ACT.**

4 (a) IN GENERAL.—Section 801 of the
 5 Servicemembers Civil Relief Act (50 U.S.C. 4041) is
 6 amended by adding at the end the following:

7 “(d) ISSUANCE AND SERVICE OF CIVIL INVESTIGA-
 8 TIVE DEMANDS.—

9 “(1) IN GENERAL.—Whenever the Attorney
 10 General has reason to believe that any person may
 11 be in possession, custody, or control of any docu-
 12 mentary material relevant to an investigation under
 13 this Act, the Attorney General may, before com-
 14 mencing a civil action under subsection (a), issue in
 15 writing and serve upon such person, a civil investiga-
 16 tive demand requiring—

17 “(A) the production of such documentary
 18 material for inspection and copying;

19 “(B) that the custodian of such documen-
 20 tary material answer in writing written ques-
 21 tions with respect to such documentary mate-
 22 rial; or

23 “(C) the production of any combination of
 24 such documentary material or answers.

25 “(2) FALSE CLAIMS.—The provisions of section
 26 3733 of title 31, United States Code, governing the

1 authority to issue, use, and enforce civil investigative
 2 demands shall apply with respect to the authority to
 3 issue, use, and enforce civil investigative demands
 4 under this section, except that, for purposes of ap-
 5 plying such section 3733—

6 “(A) references to false claims law inves-
 7 tigators or investigations shall be considered
 8 references to investigators or investigations
 9 under this Act;

10 “(B) references to interrogatories shall be
 11 considered references to written questions, and
 12 answers to such need not be under oath;

13 “(C) the definitions relating to ‘false
 14 claims law’ shall not apply; and

15 “(D) provisions relating to qui tam rela-
 16 tors shall not apply.

17 “(3) ANNUAL REPORT.—

18 “(A) IN GENERAL.—Not later than one
 19 year after the date of the enactment of the
 20 SCRA Enhancement and Improvement Act of
 21 2016 and not less frequently than once each
 22 year thereafter, the Attorney General shall sub-
 23 mit to the Committee on Veterans’ Affairs of
 24 the Senate and the Committee on Veterans’ Af-
 25 fairs of the House of Representatives a report

1 on the issuance of civil investigative demands
 2 under this subsection during the previous one-
 3 year period.

4 “(B) ELEMENTS.—Each report submitted
 5 under subparagraph (A) shall include the fol-
 6 lowing for the year covered by the report:

7 “(i) The number of times that a civil
 8 investigative demand was issued under this
 9 subsection.

10 “(ii) For each civil investigative de-
 11 mand issued under this subsection with re-
 12 spect to an investigation, whether such in-
 13 vestigation resulted in a settlement or con-
 14 viction.”.

15 (b) EFFECTIVE DATE.—Subsection (d) of such sec-
 16 tion, as added by subsection (a), shall take effect on the
 17 date of the enactment of this Act and shall apply with
 18 respect to all violations of the Servicemembers Civil Relief
 19 Act (50 U.S.C. 3901 et seq.), regardless of when the viola-
 20 tions are alleged to have occurred.

21 **SEC. 403. INCREASE IN CIVIL PENALTIES FOR VIOLATION**
 22 **OF SERVICEMEMBERS CIVIL RELIEF ACT.**

23 (a) IN GENERAL.—Section 801(b)(3) of the
 24 Servicemembers Civil Relief Act (50 U.S.C. 4041(b)(3))
 25 is amended—

1 (1) in subparagraph (A), by striking “\$55,000”
 2 and inserting “\$110,000”; and

3 (2) in subparagraph (B), by striking
 4 “\$110,000” and inserting “\$220,000”.

5 (b) EFFECTIVE DATE.—The amendments made by
 6 subsection (a) shall take effect on the date that is 180
 7 days after the date of the enactment of this Act and shall
 8 apply with respect to violations of the Servicemembers
 9 Civil Relief Act (50 U.S.C. 3901 et seq.) that occur on
 10 or after such date.

11 **TITLE V—OTHER MATTERS**

12 **SEC. 501. TRANSFER OF DEFINITIONS OF MILITARY OR-** 13 **DERS AND CONTINENTAL UNITED STATES.**

14 (a) TRANSFER OF DEFINITIONS.—The
 15 Servicemembers Civil Relief Act (50 U.S.C. 3901 et seq.)
 16 is amended by transferring paragraphs (1) and (2) of sec-
 17 tion 305(i) (50 U.S.C. 3955(i)) to the end of section 101
 18 (50 U.S.C. 3911) and redesignating such paragraphs, as
 19 so transferred, as paragraphs (10) and (11).

20 (b) CONFORMING AMENDMENTS.—Such Act is fur-
 21 ther amended—

22 (1) in section 305 (50 U.S.C. 3955), as amend-
 23 ed by subsection (a), by striking subsection (i); and

1 (2) in section 705(a) (50 U.S.C. 4025(a)), in
 2 the matter before paragraph (1), by striking “or
 3 naval”.

4 **SEC. 502. CLERICAL AMENDMENTS.**

5 (a) IN GENERAL.—The heading for section 305 of
 6 the Servicemembers Civil Relief Act (50 U.S.C. 3955) is
 7 amended by striking “**RESIDENTIAL OR MOTOR VEHI-**
 8 **CLE LEASES**” and inserting “**LEASES OF PREMISES**
 9 **OCCUPIED AND MOTOR VEHICLES USED**”.

10 (b) TABLE OF CONTENTS.—The table of contents in
 11 section 1(b) of such Act (50 U.S.C. 3901(b)) is amended
 12 by striking the item relating to section 305 and inserting
 13 the following new item:

“Sec. 305. Termination of leases of premises occupied and motor vehicles
 used.”.

○