

States Code, is amended by striking “a member of the Navy” and all that follows through “in an active status” and inserting “a member of the Navy (including a member on active duty or a member of a reserve component in an active status), a retired member of the Navy, or a former member of the Navy”.

(2) TIME FOR EXERCISE OF AUTHORITY.—Subsection (b) of such section is amended—

(A) in paragraph (1), by adding “or” at the end; and

(B) by striking paragraphs (2) and (3) and inserting the following new paragraph (2):

“(2) in the case of any other member of the Navy covered by subsection (a), during such period or periods as the Secretary of Defense may provide in regulations prescribed by the Secretary of Defense.”.

(3) REPEAL OF TERMINATION OF MODIFIED AUTHORITY.—Paragraph (3) of section 683(b) of the National Defense Authorization Act for Fiscal Year 2006 (119 Stat. 3323; 10 U.S.C. 6161 note) is repealed.

(C) MEMBERS OF THE AIR FORCE.—

(1) COVERAGE OF ALL MEMBERS AND FORMER MEMBERS.—Subsection (a) of section 4837 of title 10, United States Code, is amended by striking “a member of the Air Force” and all that follows through “in an active status” and inserting “a member of the Air Force (including a member on active duty or a member of a reserve component in an active status), a retired member of the Air Force, or a former member of the Air Force”.

(2) TIME FOR EXERCISE OF AUTHORITY.—Subsection (b) of such section is amended—

(A) in paragraph (1), by adding “or” at the end; and

(B) by striking paragraphs (2) and (3) and inserting the following new paragraph (2):

“(2) in the case of any other member of the Air Force covered by subsection (a), during such period or periods as the Secretary of Defense may provide in regulations prescribed by the Secretary of Defense.”.

(3) REPEAL OF TERMINATION OF MODIFIED AUTHORITY.—Paragraph (3) of section 683(c) of the National Defense Authorization Act for Fiscal Year 2006 (119 Stat. 3324; 10 U.S.C. 9837 note) is repealed.

(d) DEADLINE FOR REGULATIONS.—The Secretary of Defense shall prescribe the regulations required for purposes of sections 4837, 6161, and 9837 of title 10, United States Code, as amended by this section, not later than March 1, 2007.

AMENDMENT NO. 4506

(Purpose: To provide an exception for notice to consumer reporting agencies regarding debts or erroneous payments for which a decision to waive or cancel is pending)

At the end of subtitle E of title VI, add the following:

SEC. 662. EXCEPTION FOR NOTICE TO CONSUMER REPORTING AGENCIES REGARDING DEBTS OR ERRONEOUS PAYMENTS PENDING A DECISION TO WAIVE, REMIT, OR CANCEL.

(a) EXCEPTION.—Section 2780(b) of title 10, United States Code, is amended—

(1) by striking “The Secretary” and inserting “(1) Except as provided in paragraph (2), the Secretary”; and

(2) by adding at the end the following new paragraph:

“(2) No disclosure shall be made under paragraph (1) with respect to an indebtedness while a decision regarding waiver of collection is pending under section 2774 of this title, or a decision regarding remission or cancellation is pending under section 4837, 6161, or 9837 of this title, unless the Secretary concerned (as defined in section 101(5) of title 37), or the designee of such Secretary, determines that disclosure under that paragraph pending such decision is in the best interests of the United States.”.

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall take effect on March 1, 2007.

(2) APPLICATION TO PRIOR ACTIONS.—Paragraph (2) of section 2780(b) of title 10, United States Code (as added by subsection (a)), shall not be construed to apply to or invalidate any action taken under such section before March 1, 2007.

(c) REPORT.—Not later than March 1, 2007, the Secretary of Defense shall submit to the congressional defense committees a report on the exercise of the authority in section 2780(b) of title 10, United States Code, including—

(1) the total number of members of the Armed Forces who have been reported to consumer reporting agencies under such section;

(2) the circumstances under which such authority has been exercised, or waived (as provided in paragraph (2) of such section (as amended by subsection (a))), and by whom;

(3) the cost of contracts for collection services to recover indebtedness owed to the United States that is delinquent;

(4) an evaluation of whether or not such contracts, and the practice of reporting military debtors to collection agencies, has been effective in reducing indebtedness to the United States; and

(5) such recommendations as the Secretary considers appropriate regarding the continuing use of such authority with respect to members of the Armed Forces.

AMENDMENT NO. 4506

(Purpose: To enhance authority relating to the waiver of claims for overpayment of pay and allowances of members of the Armed Forces)

At the end of subtitle E of title VI, add the following:

SEC. 662. ENHANCEMENT OF AUTHORITY TO WAIVE CLAIMS FOR OVERPAYMENT OF PAY AND ALLOWANCES.

(a) CLARIFICATION OF PAY AND ALLOWANCES.—Subsection (a) of section 2774 of title 10, United States Code, is amended in the matter preceding paragraph (1) by inserting “(including any bonus or special or incentive pay)” after “pay or allowances”.

(b) WAIVER BY SECRETARIES CONCERNED.—Paragraph (2) of such subsection is amended—

(1) in the matter preceding subparagraph (A), by inserting “or the designee of such Secretary” after “title 37,”; and

(2) in subparagraph (A), by striking “\$1,500” and inserting “\$10,000”.

(c) TIME FOR WAIVER.—Subsection (b)(2) of such section is amended by striking “three years” and inserting “five years”.

(d) EFFECTIVE DATE.—The amendments made by this section shall take effect on March 1, 2007.

(e) DEADLINE FOR REVISED STANDARDS.—The Director of the Office of Management and Budget and the Secretary of Defense shall prescribe any modifications to the standards under section 2774 of title 10, United States Code, that are required or authorized by reason of the amendments made by this section not later than March 1, 2007.

AMENDMENT NO. 4331

(Purpose: To establish requirements with respect to the terms of consumer credit extended by a creditor to a servicemember or the dependent of a servicemember, and for other purposes)

At the appropriate place, insert the following:

SEC. ____ . TERMS OF CONSUMER CREDIT EXTENDED TO SERVICEMEMBER OR SERVICEMEMBER'S DEPENDENT.

(a) TERMS OF CONSUMER CREDIT.—Title II of the Servicemembers Civil Relief Act (50

U.S.C. App. 521 et seq.) is amended by adding at the end the following new section:

“SEC. 208. TERMS OF CONSUMER CREDIT.

“(a) INTEREST.—A creditor who extends consumer credit to a servicemember or a servicemember's dependent shall not require the servicemember or the servicemember's dependent to pay interest with respect to the extension of such credit, except as—

“(1) agreed to under the terms of the credit agreement or promissory note;

“(2) authorized by applicable State or Federal law; and

“(3) not specifically prohibited by this section.

“(b) ANNUAL PERCENTAGE RATE.—A creditor described in subsection (a) shall not impose an annual percentage rate greater than 36 percent with respect to the consumer credit extended to a servicemember or a servicemember's dependent.

“(c) MANDATORY LOAN DISCLOSURES.—

“(1) INFORMATION REQUIRED.—With respect to any extension of consumer credit to a servicemember or a servicemember's dependent, a creditor shall provide to the servicemember or the servicemember's dependent the following information in writing, at or before the issuance of the credit:

“(A) A statement of the annual percentage rate applicable to the extension of credit.

“(B) Any disclosures required under the Truth in Lending Act (15 U.S.C. 1601 et seq.).

“(C) A clear description of the payment obligations of the servicemember or the servicemember's dependent, as applicable.

“(2) TERMS.—Such disclosures shall be presented in accordance with terms prescribed by the regulations issued by the Board of Governors of the Federal Reserve System to implement the Truth in Lending Act (15 U.S.C. 1601 et seq.).

“(d) LIMITATION.—A creditor described in subsection (a) shall not automatically renew, repay, refinance, or consolidate with the proceeds of other credit extended by the same creditor any consumer credit extended to a servicemember or a servicemember's dependent without—

“(1) executing new loan documentation signed by the servicemember or the servicemember's dependent, as applicable; and

“(2) providing the loan disclosures described in subsection (c) to the servicemember or the servicemember's dependent.

“(e) PREEMPTION.—Except as provided in subsection (f)(2), this section preempts any State or Federal law, rule, or regulation, including any State usury law, to the extent that such laws, rules, or regulations are inconsistent with this section, except that this section shall not preempt any such law, rule, or regulation that provides additional protection to a servicemember or a servicemember's dependent.

“(f) PENALTIES.—

“(1) MISDEMEANOR.—Any creditor who knowingly violates this section shall be fined as provided in title 18, United States Code, or imprisoned for not more than one year, or both.

“(2) PRESERVATION OF OTHER REMEDIES.—The remedies and rights provided under this section are in addition to and do not preclude any remedy otherwise available under law to the person claiming relief under this section, including any award for consequential and punitive damages.

“(g) DEFINITION.—For purposes of this section, the term ‘interest’ includes service charges, renewal charges, fees, or any other charges (except bona fide insurance) with respect to the extension of consumer credit.”.

(b) CLERICAL AMENDMENT.—The table of contents of the Servicemembers Civil Relief