

To the office of U.S. Representative Brian J. Mast

Re: HR 8661 (119th Congress), Foreign Military Financing Loan Authorization Act of 2026 • Latest action (2026-05-13): Ordered to be Reported (Amended) by the Yeas and Nays: 37 - 9.
VFA SI Solution #1 • published 2026-05-13 • <https://www.valuesforamerica.com/solutions/1>
Office of record (Congress.gov): 2182 Rayburn House Office Building, Washington, DC • (202) 225-3026

Capped and Sunset Foreign Military Financing Loan Act of 2026

The measure, as described from the official record: Authorize loans to foreign countries for military financing to bolster U.S. alliances and national security.

THE PROPOSAL

The President may issue loans to eligible foreign governments for purchasing U.S.-made defense articles and services, limited to countries designated as major non-NATO allies or strategic partners by the State Department, with loans carrying market interest rates and repayment terms of up to 12 years.

Total loan principal outstanding cannot exceed \$10 billion at any time, prioritized for nations facing immediate threats to shared U.S. security interests, such as countering aggression from adversarial states. No loan may be forgiven or converted to grants without congressional approval.

The Secretary of State must submit quarterly reports to Congress detailing each loan's amount, recipient, purpose, repayment status, and risk assessment. Loans defaulting after 180 days trigger automatic suspension of new financing to that country.

An independent review board, including members from the Departments of State, Defense, and Treasury, plus two congressional appointees, evaluates loan applications annually and recommends approvals to the President.

This act promotes fiscal discipline by treating all aid as repayable loans, ensuring U.S. taxpayer dollars are protected while advancing defense partnerships.

OPERATIVE PROVISIONS (VFA PROPOSAL)

Funding Source	U.S. Treasury borrowing authority
Funding Amount	\$10 billion principal cap
Sunset Years	6 years
Oversight Body	Joint Congressional-State-DOD-Treasury Review Board with GAO audits
Enforcement Mechanism	Quarterly congressional reports; automatic defaults trigger clawbacks and bans
Effective Date	October 1, 2026

CONSTITUTIONAL BASIS

- Article I, Section 8, Clause 1
- Article I, Section 8, Clause 2
- Article I, Section 8, Clause 11

WHY BOTH SIDES CAN BACK IT (VFA'S ASSESSMENT)

Honors Democratic priorities of supporting allies against authoritarian threats (e.g., Ukraine, Taiwan) and multilateral security; honors Republican priorities of fiscal restraint via loans-not-grants, hard caps, repayment enforcement, and strict oversight to prevent waste.

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