

**QUALIFYING LOANS FOR REPAYMENT OF STUDENT LOAN INCENTIVE**

The Higher Education Act covers three families of loans, such as:

Loans covered under the Public Health Service Act include:

**Federal Family Education Loans (FFEL)**

- Subsidized Federal Stafford Loans;
- Unsubsidized Federal Stafford Loans;
- Federal Plus Loans; and
- Federal Consolidation Loans;

**William D. Ford Direct Loan Programs (Direct Loans)**

- Direct Subsidized Stafford Loans;
- Direct Unsubsidized Stafford Loans;
- Direct PLUS Loans;
- Direct Subsidized Consolidation Loans; and
- Direct Unsubsidized Consolidation Loans;

**Federal Perkins Loan Program**

- National Defense Student Loans (made before July 1, 1972);
- National Direct Student Loans (made between 7/1/72 and 7/1/87);
- Perkins Loans (made after July 1, 1987)

Loans covered under the Public Health Service Act include:

- Loans for Disadvantaged Students (LDS);
- Primary Care Loans (PCL);
- Nursing Student Loans (NSL);
- Health Profession Student Loans (HPSL);
- Health Education Assistance Loans (HEAL).

### DEPARTMENT OF DEFENSE SAMPLE STUDENT LOAN REPAYMENT SERVICE AGREEMENT

Title 5 USC 5379 allows repayment of outstanding federally insured student loans made by educational institutions or banks and other private lenders as authorized by the Higher Education Act of 1965 and the Public Health Service Act. Student loan repayments are made directly to the lender subject to the conditions stated in this agreement. Use of this authority in no way constitutes a right, promise, or entitlement for continued employment or noncompetitive conversion to the competitive service.

CONDITIONS OF EMPLOYMENT

\_\_\_\_\_ (COMPONENT) \_\_\_\_\_ agrees to provide a student loan repayment benefit to:

EMPLOYEE	SOCIAL SECURITY NUMBER	POSITION

subject to the conditions of employment stated in this document.

(STATE CONDITIONS OF EMPLOYMENT SPECIFIC TO EACH AGREEMENT AS DESCRIBED IN 5 CFR 537.107(a) HERE OR ATTACH AS SEPARATE PAGE).

CONDITIONS OF LOAN REPAYMENT

I agree to complete \_\_\_\_\_ (MINIMUM OF THREE YEARS SERVICE) \_\_\_\_\_. My period of service begins on \_\_\_\_\_ (DATE) \_\_\_\_\_. In return, \_\_\_\_\_ (COMPONENT) \_\_\_\_\_ will make payments on my outstanding federally insured loan to:

(LENDER NAME AND ADDRESS)

REPAYMENT AMOUNT	YEARS	TOTAL

Increases or renewals made under this part not to exceed \$6000 each calendar year up to a lifetime total of \$40,000 (may/may not) be made without requiring a new period of service. If increases or renewals are made, however, the Department of Defense (DoD) Component shall document the changes on a revised service agreement. The DoD Component shall provide the Defense Finance and Accounting Service (DFAS) with a

copy of the amended service agreement to ensure the size and duration of payments to the loan holder are adjusted accordingly.

LOAN REPAYMENT PROCEDURES

DFAS will make payments to the lender on a biweekly basis. It will determine the amount to be paid by dividing the annual repayment amount by the number of pay periods in the year for which payments are made. This usually will be 26 payments per year, except for years having 27 pay periods. In those cases, 27 biweekly payments will be made. The loan repayment amount will be considered as taxable wages and tax withholding will be made on a biweekly basis as appropriate. The Department of Defense is not responsible for any late fees or penalties assessed by the loan holder(s) prior to, during, or subsequent to this agreement.

LOSS OF ELIGIBILITY FOR LOAN REPAYMENT BENEFIT

I understand I will no longer be eligible for the loan repayment incentive if I voluntarily end my employment with \_\_\_\_\_ (COMPONENT) \_\_\_\_\_, am separated for reasons of misconduct or performance, fail to maintain an acceptable level of performance (as defined by each DoD Component), or in any way violate the terms of this agreement.

REIMBURSEMENT OF LOAN REPAYMENT BENEFIT

If I leave DoD before I complete the period of service specified in this agreement, I will reimburse DoD for the entire amount of all loan repayments considered as taxable wages that DoD has made in my behalf.

\_\_\_\_\_  
EMPLOYEE SIGNATURE

\_\_\_\_\_  
DATE

I certify that I have discussed the conditions of the student loan repayment program with this employee.

\_\_\_\_\_  
HRO REPRESENTATIVE SIGNATURE

\_\_\_\_\_  
DATE

"This information is subject to the Privacy Act of 1974, as amended."