



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Administration

Special Attention of:

Transmittal for Handbook No: 550.2 Chg 1

Issued: June 18, 2004

1. This Transmits: HUD Handbook 550.2 Change 1, Pay Administration Handbook, Chapter 4, Repayment of Student Loans

2. Summary: This chapter adds guidance on the implementation of the Student Loan Repayment Program.

3. New Forms:

HUD Form 550, Application for the Repayment of Student Loan(s), is used to apply for the Student Loan Repayment Program.

HUD Form 551, Service Agreement for Receipt of Repayment of Student Loan(s), is the service agreement for all employees who are accepted into the program.

4. Filing Instructions:

Remove:

None

Insert:

HUD Handbook 550.2 Chg-1, Chapter 4, dated 06/04

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Chapter 3. Advances in Pay

3-1. **Introduction.**

- A. **Authority.** This issuance constitutes the Department's policies on advances in pay and meets the requirements set forth in 5 United States Code (USC) 5524a, 5545a(h)(2)(B), and 5 Code of Federal Regulations (CFR) 550, Subpart B.
- B. **Purpose.** The purpose of an advance in pay is to advance the payment of basic pay, covering not more than two pay periods, to a newly appointed employee who has indicated that he/she would face a significant financial hardship if he/she must wait the usual interval (about four weeks) for the first salary payment to be generated through the automated personnel/payroll system.
- C. **Exclusions.** Excluded from this issuance are entities that have their own human resources authorities and/or appropriations.

3-2. **Delegation of Authority.**

- A. **Advance Payment of Salary.** Concurrently with the Secretary, the Deputy Secretary has the authority to authorize the advance payment of basic pay, covering not more than two pay periods, to an individual who is newly appointed to a position in the Department. (See paragraph 3-5B.)
- B. **Waive Repayment of an Advance in Pay.** The authority to waive the repayment in whole or in part of an advance payment of salary (using criteria in paragraph 3-9A) flows from the Secretary/Deputy Secretary through the Assistant Secretary for Administration to the Deputy Assistant Secretary (DAS) for Resource Management.

3-3. **Redelegation.**

- A. **Advance Payment of Salary.** To the extent that the designated officials have been delegated budgetary authority, the authority to advance a salary payment may be redelegated as follows:

Headquarters - to Office Directors, Division Directors, and/or Branch Chiefs.

Field - to Program Directors and/or Branch Chiefs.

B. Waive Repayment of an Advance in Pay. This authority may not be redelegated.

3-4. **Definitions.**

- A. Employee means an individual employed in or under an agency who is appointed to a position with a scheduled tour of duty.
- B. Newly appointed means the first appointment, regardless of tenure, as an employee of the Federal Government; a new appointment following a break in service of at least 90 days; or a permanent appointment in the competitive service following termination of employment under the Student Educational Employment Program (as described in 5 CFR 213.3202), provided such employee was separated from the service, in a nonpay status, or a combination of both during the entire 90-day period immediately before the permanent appointment; and has fully repaid any former advance in pay under 5 CFR 550.205.
- C. Offset means repayment in installments of an advance in pay by payroll deductions or administrative offset under 5 CFR, Subpart K.
- D. Pay period means the pay period established by an agency for an employee under 5 USC 5504.
- E. Rate of basic pay means the rate of pay fixed by law or administrative action for the position held by an employee, including, as applicable, annual premium pay under 5 USC 5545(c), night differential for prevailing rate employees under 5 USC 5343(f), or locality-based comparability payment under 5 USC 5304, but not including additional pay of any kind.
- F. Disposable pay means that part of current basic pay, special pay, incentive pay, retired pay, retainer pay, or in the case of an employee not entitled to basic pay, other authorized pay, remaining after the deduction of any amount required by law to be withheld (other than deductions to execute garnishment orders in accordance with 5 USC Parts 581 and 582). Among the legally required deductions that must be applied first to determine disposable pay are levies under the Internal Revenue Code (Title 26 USC) and deductions described in 5 CFR 581.105(b) through (f).

3-5. **Requirements.** The following requirements must be met before an advance in pay may be issued:

- A. A newly appointed employee who is requesting an advance in pay must complete

Part I of the form HUD-25029, Request for an Advance in Pay and Repayment Agreement. The form must be submitted to the approving official through the selecting official. The employee must include the reason why waiting to receive his/her salary payment through the normal automated biweekly processing cycle would cause him/her a significant financial hardship. (See Exhibit 3-1, Part I.)

- B. The maximum amount of pay that may be advanced to an employee shall be based upon the rate of basic pay to which the employee is entitled on the date of his/her new appointment with the Department, reduced by the amount of any allotments or deductions that would normally be deducted from the employee's first regular salary payment.
- C. An advance in pay may be made no earlier than the date of the employee's appointment with the Department and no later than 60 days after the date of the appointment.
- D. Before an advance in pay can be processed, the Servicing Human Resources Office (SHRO) shall enter in Part II of form HUD-25029 the gross amount being requested by the employee; the number of pay periods over which the repayment shall occur; and the biweekly repayment amount to be deducted. The employee shall indicate that he/she agrees to repay the Department in accordance with the terms and conditions stated in Part II of form HUD-25029 by signing it. The employee must forward Copy 1 through 3 to the selecting official. The employee shall retain Copy 4 for his/her records. At the employee's option, he/she may forward Copy 5 to his local union.
- E. An advance in pay may not be made to any employee when the Department expects to make an advance to the same employee under 5 USC 5927, when such an employee will be assigned to a post in a foreign area within two pay periods of his or her appointment.
- F. An advance in pay may not be made to the head of an agency or to an employee appointed to a position in the expectation of receiving an appointment as the head of the agency.

3-6. **Criteria for Granting or Denying a Request.**

- A. Considerations. At a minimum, the selecting official shall address and the approving official shall consider the following before approving or denying the request for an advance in pay:
 - 1. A written statement of significant financial hardship from the employee;
 - 2. The recommendation of the selecting official;
 - 3. The difficulty encountered in filling the position;

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4. Whether it will be necessary for the individual to move to a different city to accept the position and/or whether the Department will reimburse the employee for the cost of such a move;
 5. Budget constraints; and/or
 6. Other relevant considerations.

B. Advances in Pay and Repayment Agreement. For each request, the approving official must ensure that the employee has signed the Request for an Advance in Pay and Repayment Agreement. (See Exhibit 3-1.)

3-7. **Requesting/Approving/Processing the Advance in Pay.**

- A. Employee. Once the employee indicates that he/she wishes to request an advance in pay, the SHRO shall enter in Part II of the form HUD-25029 the gross amount being requested by the employee; the number of pay periods over which the repayment shall occur; and the biweekly repayment amount to be deducted from the employee's pay. The form is returned to the employee in order for the employee to complete the form as indicated in paragraph 3-5A and affix his/her signature. The employee then forwards the form HUD-25029 to the selecting official.
- B. Selecting Official's Actions. The selecting official shall complete Part III of the form HUD-25029 by addressing, at a minimum, the items cited in paragraph 3-6 and indicating his/her recommendation to the approving official in the upper half of Part III.
- C. Approving Official's Actions. The approving official evaluates the recommendations made by the selecting official, then renders his/her decision by completing the lower half of Part III of form HUD-25029. The approving official retains Copy 2. If the request is approved, Copy 1 and 3 are forwarded to the Employee Service Center (ESC) through the SHRO. If the request is denied, the approving official must complete the "Justification" provided on form HUD 25029, Part III or under an attached separate cover. The employee must be notified in writing of the reason for the denial. The denied form HUD-25029, supporting documents, and a copy of the notification issued to the employee must be forwarded to the ESC through the SHRO.
- D. Servicing Human Resources Office (SHRO). Once the approving official has acted upon the request, the SHRO must ensure that all the requirements in paragraph 3-5 and all documents in this paragraph have been satisfied/completed before forwarding the request to the ESC. Once this has been confirmed, the SHRO shall retain Copy 3 and forward Copy 1 and the supporting documents to the ESC. In order to comply with the requirement to reduce the payment by the amount of any allotments or deductions that would normally be deducted from the employee's first regular salary payment,

at a minimum, the SHRO must either input into the National Finance Center (NFC) database's future file or forward a hardcopy of the following to the ESC:

1. Federal, State, and city tax data;
 2. Employee's direct deposit routing number and account number or the employee's check mailing address;
 3. Allotment data;
 4. Retirement data;
 5. Life insurance data;
 6. Health insurance data, if available;
 7. Fair Labor Standards Act position designation; and
 8. Time and Attendance (T&A) Unit Number, Timekeeper Unit and Number.
- E. Employee Service Center. Upon receiving all applicable documents from the SHRO, the ESC will initiate action to request the NFC to issue the advance and establish a repayment schedule. The advance will be reduced by the amount of any allotments and/or deductions that would normally be deducted from the employee's first regular salary payment. The ESC will TELEFAX the required information to the NFC for processing, then mail the original.

3-8. **Recovery of an Advance in Pay.**

- A. In addition to initiating action to issue the advance, the ESC will initiate a request to the NFC to offset the collection of this advance in pay against the employee's salary.
- B. A bill shall be sent to the employee indicating the installment payment amount that will be required to liquidate the debt. At any time before it becomes due, the employee may prepay all or part of the debt by forwarding a written notification and prepayment to the ESC.
- C. Generally, the advance in pay must be repaid in full within 14 pay periods from the date the advance was made, provided such a repayment schedule does not cause the employee's disposable pay to be reduced by more than 15 percent. If the deduction would cause the employee's disposable pay to be reduced by more than 15 percent, a longer collection period shall be established under 5 CFR 550.1104(i). Upon written request, an employee may elect a recovery period of less than 14 pay periods.

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- D. If the employee transfers to another agency or his/her employment is terminated for any reason, the outstanding balance becomes due and payable to the Department. If the employee is **involuntarily** separated, he/she may request a waiver of the collection of the remaining balance of the advance.

3-9. **Criteria to Consider Before Waiving an Advance in Pay.**

- A. Waiver Standard. Before waiving all or part of the repayment of an advance in pay, the Deputy Assistant Secretary (DAS) for Resource Management will consider whether recovery would be against equity and good conscience or against the public interest. These criteria will be met if the employee is involuntarily separated for reasons other than misconduct or less than fully successful performance prior to repaying the advance in pay. **Financial hardship may not be used as a basis for waiver.**
- B. Notification and Disposition of Waiver Request. The DAS for Resource Management must inform the employee in writing of the disposition of his/her request for waiver of the collection of the repayment of the advance, with a copy forwarded to the ESC. If the request was approved, the ESC will notify the NFC to clear the employee's record of the remaining outstanding balance. If the request is denied, the ESC will initiate action to collect the amount due.

3-10 **Records and Reports.**

- A. Records. At a minimum, the ESC must keep the following records for at least 6 years and 3 months:
1. Justifications for approving or denying requests for an advance in pay, signed by the approving official;
 2. The signed Request for an Advance in Pay and Repayment Agreement;
 3. Requests for waiver of repayments, if applicable;
 4. Report of disposition of request to waive a repayment and supporting documents;
 5. Letter notifying the employee and the ESC of the disposition of the request for waiver; and
 6. Any other relevant documents.
- B. Reports. Reports on the use of this authority will be produced upon request.

Exhibit 3-1

Part II - Terms and Conditions of Repayment:	
<p>I am aware that the above advance in pay in the gross amount of \$ _____ will be recovered in installments from my biweekly salary payment by payroll deductions over a period generally not to exceed 14 pay periods. However, in order to avoid exceeding the 15 percent of disposable pay limitation under 5 CFR 550.1104(i), recovery may be accomplished by salary offset procedures.</p> <p>2. The repayment shall begin the second pay period after the issuance of the advance.</p> <p>3. I understand that the above advance in pay of \$ _____ will be deducted over a period of _____ pay periods</p> <p>4. at a rate of \$ _____ per pay period.</p> <p>I am aware that in accordance with the order of precedence for payroll deductions prescribed by applicable laws and regulations, an advance in pay is considered to be an indebtedness due the United States Government and, as such, this deduction precedes other voluntary deductions, including allotments and assignments of pay. I understand that if I transfer to another Federal agency or if my employment with the Department is terminated for any reason, any outstanding balance not yet paid shall become due and payable in full as a debt due the United States Government and must be recovered by salary offset.</p> <p>6. I understand that only if I am involuntarily separated before I repay my advance(s) in pay in full, I may request a waiver of the collection of the balance due. Financial hardship may not be used as a basis for requesting a waiver. My written request for waiver shall be submitted to the Deputy Assistant Secretary for Resource Management.</p> <p>7. I understand that upon written request, I may repay all or part of the balance of this advance in pay at any time before the monies become due by mailing my prepayment to:</p> <p style="text-align: center;">Director, Employee Service Center 77 West Jackson Boulevard, Room 2201 Chicago, IL 60604</p>	
I certify that I have read and I accept the above terms and conditions relating to my request for the issuance and repayment of this request for an advance in pay.	
Signature (First, Middle, Last)	Date
Privacy Act Statement	
<p>This information is being collected under Title 5 United States Code 5524a and Title 5 Code of Federal Regulations 550, Subpart B. The primary use of this information will be for the Department and the National Finance Center to act upon your request for an advance in pay. Additional disclosures of this information may be made to: the Office of Personnel Management or the General Accounting Office when the information is required to monitor our use of this advances in pay authority. Otherwise, this information will not be disclosed or released, except as required and permitted by law, without your consent.</p> <p>The furnishing of this information is voluntary; however, failure to do so will result in your request not being processed.</p>	
NOTE: If you wish, you may provide a copy of this request to your local union.	

HUD-25029

Copy 1 - Employee Service Center
 Copy 2 - Program Office
 Copy 3 - Servicing Human Resources Office
 Copy 4 - Employee
 Copy 5 - Local Union (employee's option - see note on page 2)

Exhibit 3-1

Part III Recommendation and Disposition of the Approving Official			
Selecting Official's Recommended Action (Written justification must be attached or stated below:)		<input type="checkbox"/> Approve	<input type="checkbox"/> Disapprove
Justification			
Office	Title	Name (Type or Print Clearly)	Date
		Signature	
Approving Official's Action (If the request is disapproved, written justification must be attached or stated below:)		<input type="checkbox"/> Approve	<input type="checkbox"/> Disapprove
Justification			
Office	Title	Name (Type or Print Clearly)	Date
		Signature	

HUD-25029

Copy 1 - Employee Service Center
 Copy 2 - Program Office
 Copy 3 - Servicing Human Resources Office



PAY ADMINISTRATION HANDBOOK

550.2 Chg. 1

Chapter 4 – Repayment of Student Loans

The Office of Human Resources, HR Policy Research and Development Division
June 2004

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Chapter 4. Repayment of Student Loans

4-1 Introduction

A. Authority:

This issuance constitutes the Department's discretionary policy concerning the repayment of student loans under 5 U.S.C. 5379 and 5 CFR Part 537.

B. Purpose:

This authority provides the Department another management flexibility to attract or retain highly or uniquely qualified candidates into mission-critical positions and retain highly qualified employees into critical positions. The Department may agree to repay by direct payment to the lender (on behalf of the employee) all or part of any outstanding federally insured student loan or loans. This authority may be exercised when, in the absence of such an offer, the employee is likely to leave for employment outside of the federal sector and the employee's departure would affect the agency's ability to carry out an activity or perform a function that is deemed essential to the accomplishment of a strategic goal and/or objective. The operation of this program is contingent upon the availability of funds.

C. Exclusions:

This policy excludes entities that have their own human resources authorities and/or appropriations (i.e., Office of the Inspector General and Office of Federal Housing Enterprise Oversight).

4-2 Definitions

A. Employee:

Has the meaning given that term in 5 U.S.C. 2105, except it does not include an employee occupying a position which is excepted from the competitive service because of its confidential, policy-determining, policy-making, or policy-advocating character (i.e., employees serving under Schedule C appointments).

B. Student loan:

1. A loan made, insured, or guaranteed under parts B, D, or E of Title IV of the Higher Education Act of 1965; or,

-
2. A health education assistance loan made or insured under part A of Title VII of the Public Health Service Act or under part E of Title VIII of this Act.

C. Service agreement:

A written agreement between the Department and an employee under which the employee agrees to a specified period of employment with the Department of not less than three years, in return for payments toward a student loan previously taken out by the employee.

D. Approving official:

The Deputy Secretary or other designee as delegated by the Secretary.

E. Selecting official:

The management official who makes the final management decision regarding who is selected for placement in a position by any type personnel action.

4-3 Higher Education Act of 1965

Only loan(s) made, insured, or guaranteed under one or more parts of Title IV of the Higher Education Act of 1965 taken out by the candidate/employee would be eligible for repayment consideration.

A. Part B – Federal Family Education Loan (FFEL) Program:

The program components include:

1. Federal Parent Loans for Undergraduate Students (PLUS):
 - a. If an employee has an outstanding PLUS for his/her child, the Department may offer the parent a student loan repayment benefit in order to retain the services of the highly qualified employee; however,
 - b. If a PLUS is held by an employee's parent(s), a student loan repayment benefit may not be offered to the employee to recruit or retain the services of the highly qualified employee because the employee is not legally obligated to repay the PLUS loan taken out by the parent(s);
2. Unsubsidized Stafford Loans;
3. Subsidized Stafford Loans; and,

4. Federal Consolidation Loans for the above types of loans.

B. Part D - William D. Ford Federal Direct Loan Program:

The program components include:

1. Direct Subsidized Loans;
2. Direct Unsubsidized Loans;
3. Direct PLUS Loans; and,
4. Direct Consolidation for the above types of loans.

C. Part E - Federal Perkins Loan Program:

The program components include:

1. National Defense Student Loan (made before July 1, 1972);
2. National Direct Student Loan (made between July 1, 1972, and July 1, 1987); and,
3. Perkins Loan Program (made after July 1, 1987).

D. Public Health Service Act:

1. Loans for Disadvantaged Students (LDS);
2. Primary Care Loans (PCL);
3. Nursing Student Loans (NSL);
4. Health Professions Student Loans (HPSL); and
5. Health Education Assistance Loans (HEAL).

4-4 Loan Information Point of Contact

To verify whether a loan was made, insured, or guaranteed under parts B, D, or E of Title IV of the Higher Education Act of 1965, contact the Department of Education at 1-800-433-3243 or http://studentaid.ed.gov/students/attachments/sitesources/StudentGuideEnglish2004_5.pdf or the Department of Health and Human Services at <http://www.bhpr.hrsa.gov/dsa>.

4-5 Delegation of Authority

A. Student Loan Repayment:

Concurrently with the Secretary, the Deputy Secretary or designee has the authority to approve/disapprove and/or recertify the repayment of a student loan benefit of up to \$6,000 per calendar year, not to exceed an aggregate of \$40,000 per employee Departmental maximum career benefit.

B. Waive the Collection of a Student Loan Repayment:

The Secretary or the Deputy Secretary may waive the repayment, in whole or in part, of a student loan repayment. The debt may be waived if the Secretary or Deputy Secretary determines that such recovery would be against equity and good conscience or against the public interest.

4-6 Employee Eligibility

Any employee (as defined in 5 U.S.C. 2105) who is highly qualified and has a current performance rating of at least “fully successful” or equivalent is eligible to receive a student loan repayment.

A. Employees Covered:

By regulation, the following types of employees who are serving under the following appointment conditions are covered:

1. Permanent employees;
2. Temporary employees who are serving on appointments leading to conversion to term or permanent appointments;
3. Term employees with at least three years remaining on their appointment; and,
4. Employees serving on excepted appointments with conversion to term, career, and, career conditional appointments.

B. Employees Not Covered:

The following types of candidates/employees are ineligible for consideration for a repayment of student loan benefit:

1. A candidate/employee who has a loan that is past due, delinquent, or in default until such time as the loan is shown to be in good standing; and,
2. An employee who is occupying a position that is excepted from the competitive civil service because of its confidential, policy-determining, policy-making, or policy-advocating nature (e.g., Schedule C appointee).

4-7 System for Selecting Recipients

When selecting employees to receive a loan repayment benefit, the Department shall adhere to merit system principles and take into consideration the need to maintain a balanced workforce including women and minority groups in which all employees are appropriately represented. A panel consisting of the Secretary (or designee), a representative from a Program Office as designated by the Assistant Secretary of that office, and a representative of the union will review applications for Student Loan Repayments and make a decision to approve or disapprove the application.

4-8 Criteria for Payment

Use of this authority must be based upon a written determination that, *in the absence of a loan repayment benefit*, the Department *would encounter difficulty* either in filling a mission-critical position with a highly qualified candidate or retaining a highly or uniquely qualified employee in that position. Factors to evaluate in determining that difficulty may be encountered in filling a critical position include: the number of times the position has been advertised; the number of applications received; the number of applicants referred to the selecting official; and/or, the number of declinations received. Each determination to offer a student loan repayment benefit to a candidate/employee shall be made on a case-by-case basis and documented by completing form HUD-550, Application for the Repayment of Student Loan(s) (see Appendix A). Employees may complete and submit an application for consideration. However, the employee's supervisor must review, complete and sign the application, as necessary, prior to submitting it to the Office of Human Resources.

A. Determination for Recruitment:

The determination to possibly offer a student loan repayment benefit must be stated on the vacancy announcement. The following shall be included on the vacancy announcement: "Exceptional difficulty in recruiting a highly or uniquely qualified candidate may warrant a repayment of a student loan benefit being offered." The written determination must indicate the special qualifications, skills, and/or educational requirements needed for the difficult-to-fill position. The selecting official must indicate how the candidate meets or exceeds these high or unique qualifications. The

decision to authorize the issuance of a repayment benefit (including the amount to be paid) must be made before the employee actually enters on duty. The determination must address the repayment amount needed to ensure the recruitment of the employee. A written statement shall be provided by the candidate stating that in the absence of the student loan repayment, he/she will decline the position.

B. Determination for Retention:

When an employee who has high or unique qualifications or an employee whose services are deemed essential to a departmental or program-critical mission has indicated that he/she is likely to leave for employment outside of the federal service, a repayment of student loan benefit may be offered. The determination that an employee is likely to leave for employment outside the federal service must be based upon the employee's written statement of his/her intent to leave federal service for private sector employment. The manager's determination must describe the extent to which the employee's departure would affect the Department's ability to carry out an activity or perform a function that is deemed essential to the accomplishment of a strategic goal and/or objective. In addition, the determination must address the repayment amount needed to ensure the retention of the employee.

1. Prohibition:

This authority may not be exercised to retain an employee who has received a job offer to transfer from this Department for employment with another federal executive, legislative, or judicial agency/branch. Likewise, this authority may not be used to recruit a current federal employee to transfer to this Department.

2. Evidence of Likelihood to Leave the Federal Service:

The determination that an employee is likely to leave *for employment outside the federal service* must be based upon the employee's written statement of his/her intent to leave federal service for private sector employment.

3. Services Deemed Essential:

An employee's services may be deemed essential to an activity or function if:

- a. The employee is a key participant or resource in the development and/or execution of:
 - (1) A Secretarial challenge/priority;
 - (2) The Strategic Plan, the Annual Performance Plan, the Management Plan, and/or the performance accountability process;
 - (3) A Departmental strategic goal/objective;
 - (4) A program/organization/local plan; and/or,

(5) An Executive Order;

- b. The employee's services are essential in the resolution of the Departmental material weaknesses as recognized by Congress, the Office of Management and Budget; the General Accounting Office, or the Office of the Inspector General;
- c. The employee is critical in the Department/program being able to complete an important project.

4. Continuous Service:

When the reason for the repayment is to retain an employee, immediately prior to such payment, the employee must have completed at least one year of continuous service in the position that has been deemed difficult to fill.

5. Position Description:

A copy of the position description must be attached to the determination.

C. Additional Factors:

To the extent applicable to the case at hand, the request must address the following factors:

- 1. The availability of funds to issue a student loan repayment benefit;
- 2. The success of recent efforts to retain previous employees with qualifications similar to those possessed by this candidate/employee for positions similar to the position at hand;
- 3. The availability in the labor market of candidates for employment who, with minimal training or disruption of services to the public, could perform the full range of duties and responsibilities assigned to the position held by the employee;
- 4. The expected future performance level of the employee: A copy of the employee's two most recent performance ratings of record must be provided, if available;
- 5. The extent to which other incentives were considered or offered. If the employee is currently receiving a recruitment bonus, a retention allowance, a salary based on superior qualifications, and/or other incentive, the type, amount/percentage, and date approved must be identified;

6. The relationship between the loan under consideration for repayment, the types of academic degrees, certificates, and levels obtained, and why/how they contributed to the candidate/employee's high or unique qualifications for this position; and/or,
7. The added value that the candidate/employee will bring to the position or how his/her departure will impact upon the essential function.

4-9 Application for the Repayment of Student Loan(s)

This application is used to gather information from the candidate/employee concerning his/her outstanding qualifying student loan(s), lender information, and other service agreement information.

A. Candidate/Employee:

The candidate/employee must complete Part I of form HUD-550, Application for the Repayment of Student Loan(s) (see Appendix A). The application requests the candidate/employee to provide information concerning previously received repayment benefits, lender and loan information pertaining to this application, and other outstanding service agreements.

B. Selecting Official:

Part II of form HUD-550 is completed by the selecting official to document his/her determination that in the absence of offering a repayment benefit to the candidate/employee, he/she would encounter difficulty either in filling the position with a highly qualified candidate or retaining a highly or uniquely qualified employee in that position. The selecting official provides Part I of form HUD-550 to the candidate/employee to complete and retains Part II. Upon completion of Part I, the candidate/employee returns the form to the selecting official. The selecting official forwards Parts I, II, and III to the servicing human resource office (SHRO). The SHRO reviews the form and supporting documentation and makes a recommendation to the Director, Office of Human Resources (OHR). The package is forwarded to the Director, OHR.

C. Approving Official:

The approving official shall evaluate the recommendation made by the Director, OHR, and render his/her decision by completing Part III of form HUD-550. The approving official retains Copy 2. If the request is approved, Copies 1 and 3 are forwarded to the SHRO. If the request is denied, the approving official must complete the "Justification" section in Part III or provide the justification under an attached separate cover.

4-10 Procedures for Determining Loan Payment Amounts

Subject to funding, the Department's Student Loan Repayment Program is based on the employee's qualified debt amount as of the time of enrollment in the program and his/her salary. The formula is as follows, based on the Department's maximum annual loan repayment of \$6,000 and the Departmental career maximum of \$40,000.

- A. Where debt = 100 percent or more of actual salary amount, the loan repayment will equal the maximum authorized annual loan repayment (\$6,000). For example, debt = \$20,000 (or more) and salary = \$20,000, the loan repayment will be \$6,000.
- B. Where debt = 99 percent of actual salary amount, the loan repayment will equal 99 percent of the maximum annual loan repayment (\$6,000). For example, debt = \$19,800 and salary = \$20,000, the loan repayment will be \$5,940.
- C. Where debt = 98 percent of actual salary amount, the loan repayment will equal 98 percent of the maximum annual loan repayment (\$6,000). For example, debt = \$19,600 and salary = \$20,000, the loan repayment will be \$5,880.
- D. Each program participant's debt must be determined as a percentage of salary. That percentage will then be used to determine the annual loan repayment amount for that individual, down to one percent of the maximum annual loan repayment amount. For example, debt = \$200 and salary = \$20,000, loan repayment = \$60.

4-11 Service Agreement

If the application is approved, the candidate/employee and selecting official must sign form HUD-551, Service Agreement for Receipt of Repayment of Student Loan(s) (see Appendix B). The agreement obligates the employee to remain in the employment of the Department for a minimum of three years. If the employee fails to meet any of the terms and conditions in the agreement, he/she must reimburse the Department for the amount of all student loan repayment benefits received. The execution of a service agreement in no way constitutes a right, promise, or entitlement for continued employment or noncompetitive conversion to the competitive service. The Department shall not be responsible for late fees assessed by the lender. Such service agreements shall run concurrently with service agreements required for the payment of a recruitment or a relocation bonus.

A. Initial Agreement:

The service agreement advises the candidate/employee of the terms, limitations, and conditions associated with the issuance of a student loan repayment benefit. The minimum employment period for which an agreement may be executed is three years, *regardless of the amount of loan repayment*. The maximum amount of loan repayment per calendar year is \$6,000 for the first six years and \$4,000 for seventh year. More than one loan may be repaid during the calendar year, provided the total loan

repayments do not exceed the per calendar year limits. The execution of this initial service agreement in no way constitutes a right, promise, or entitlement to future repayment benefits.

B. Date Service Agreement Begins:

The service period begins on the date that the employee and approving official sign the service agreement, unless otherwise modified in the agreement. Period of leave without pay (LWOP) will extend the service agreement to compensate for the period of LWOP.

C. Increases and Renewals:

If additional repayments are issued for the next two calendar years, no extension of the initial service agreement period shall be required. However, if a repayment is issued in the fourth and/or succeeding calendar years, for each calendar year in which an additional repayment benefit is issued, the employee will be required to serve an additional year of employment with the Department. Below is a recap:

Schedule of Payments and Service Agreement Requirement Table				
Maximum Limit not to Exceed			Years of Service Required	Extended Service Required
Calendar Year Outlay	Repayment Amount (in US Dollars)	Cumulative Repayment (in US Dollars)		
1	6,000	6,000	3 years	
2	6,000	12,000		No
3	6,000	18,000		No
4	6,000	24,000	1 year	Yes
5	6,000	30,000	1 year	Yes
6	6,000	36,000	1 year	Yes
7	4,000	40,000	1 year	Yes

4-12 Servicing Human Resources Office

Upon receiving the executed application, the service agreement and supporting documents from the selecting official, the SHRO must ensure that all the requirements and documents cited above have been satisfied/completed.

A. Review and Verification of Application:

A letter must be sent to the lenders listed in Part E of form HUD-550, requesting verification or confirmation as follows:

1. Verification of Qualifying Loans and Issuance Information:

Whether the loan(s) was made, insured, or guaranteed under parts B, D, or E of Title IV of the Higher Education Act of 1965 and Public Health Service Act, if so, specifying the loan type, the date the loan(s) was executed and by whom, the current outstanding balance, and whether the loan is in good standing, past due, delinquent, or default. In addition, the letter must request the lender to confirm: the lender's name, mailing address, and telephone number; the loan account number identifier(s); the lender's electronic funds transfer (EFT) routing number; and, the current outstanding loan balance. The information provided by the employee is confirmed with the lender to ensure that the amount repaid does not exceed his/her outstanding student loan balance(s) and that the repayment is issued to the correct lender.

2. Repayment Benefits Issued by Other Agencies:

In Part D of form HUD-550, the employee lists whether he/she has received a repayment benefit at any time from another agency or branch of the federal government. If agencies are listed, a letter must be sent to verify the date of issuance and the gross amount paid to the lender. This information is obtained to ensure that the maximum federal career benefit of \$60,000 is not exceeded. A copy of this letter and the response must be forwarded to the Employee Service Center (ESC) as part of the calendar year and maximum career benefit limitations tracking of repayments issued on behalf of the employee.

3. Transmittal:

Once confirmation has been received, the SHRO shall retain Copy 3 and forward to the ESC, Copy 1 of the forms, supporting documents, a copy of the letter sent to the lender, and the original confirmation letter from the lender.

4-13 Aggregate Pay Limitation

A student loan repayment benefit is not subject to the aggregate limitation on pay in 5 U.S.C. 5307.

4-14 Employee Service Center

Upon receiving and reviewing all applicable documents from the SHRO, the ESC will initiate action to have the National Finance Center (NFC) issue a lump sum repayment directly to the lender in accordance with NFC guidelines. A repayment benefit may be applied only to an indebtedness that is outstanding at the time the selecting official and the

employee enter into the service agreement. The repayment may not begin before the employee enters on duty.

A. Procedures for Making Payments:

1. Order of Repayment:

When multiple loans have been listed for repayment, repayments shall be applied and issued in the order designated by the candidate/employee in Part E of form HUD-550.

2. Limitation on Repayment:

The ESC must ensure that no request causes the \$6,000 per calendar year and the Department's \$40,000 maximum career payment limitations to be exceeded. The ESC must review and ensure that the total student loan repayments issued on behalf of an employee do not exceed these limitations. To assist agencies with monitoring and tracking the student loan repayments, the NFC, upon request, will provide agencies with all the payment data pertaining to student loan repayments processed through NFC.

3. Transfer-In:

Repayment benefits issued by other agencies are listed in Part D of form HUD-550. The calendar year and career maximum benefits for employees who transfer into the NFC Payroll/Personnel System and previously received student loan repayments must be reviewed to ensure that the calendar year and maximum career benefit are not exceeded. The Payroll/Personnel System does not capture student loan repayments that were made by a prior agency not serviced by NFC.

B. Retention of Records:

At a minimum, the ESC must keep the following records for at least six years and three months:

1. Form HUD-550, Application for the Repayment of Student Loan(s), and supporting documents;
2. Copy of the vacancy announcement;
3. Copy of the position description;
4. Form HUD-551, Service Agreement for Receipt of Repayment of Student Loan(s);

5. Copy of verification letter to the lender of qualifying loans and outstanding balances;
6. Copy of verification letter from the lender;
7. Copy of verification letter(s) sent to other agencies who have made previous student loan repayments to the employee;
8. Requests for waiver of repayments, if applicable;
9. Report of disposition of request to waive a repayment and supporting documents;
10. Letter notifying the employee and the ESC of the disposition of the request for waiver; and,
11. Any other relevant documents.

4-15 Taxation

The student loan repayment will be disbursed as a lump sum payment. The lump sum payment is considered supplemental wages; therefore, the appropriate taxes are withheld from the lump sum payment. The flat rate method will be used to calculate the amount of tax withholding. federal tax is computed at 27 percent of the gross amount, state and local taxes are computed at 2 percent, and Medicare will be computed at the current rate. In addition, where applicable, a deduction will be withheld at the current rate for the Old-Age, Survivors and Disability Insurance (OASDI) tax.

4-16 Statement of Earnings and Leave (E&L)

In the pay period that the repayment benefit is processed, transaction codes will appear on the employee's E&L statement to show that a student loan payment benefit has been paid to the lender on his/her behalf and the payment has been issued.

4-17 Employee Responsibility

The employee is responsible for making loan payments on the portion of the loan(s) that continues to be the employee's responsibility. Repayments made by the Department do not exempt an employee from his/her responsibility and/or liability for any outstanding

loan(s). The Department is not responsible for late fees assessed by the holder due to repayment issuance not being received by the due date or any other reason.

4-18 Past Due, Delinquent, Default During Service Agreement Period

If a loan becomes past due, delinquent, or enters default during the service agreement period, no further repayments may be issued. Any previously issued repayments shall become debts owed to the Department by the employee. A bill shall be issued to the employee for the collection of the overpayment.

4-19 Loss of Eligibility for Loan Repayment Benefits

A. Termination of Repayment of Student Loan Benefits:

1. Conditions:

If an employee fails to complete any of the conditions of the service agreement, during its term, the employee will become obligated to reimburse the Department for the full amount of the loan repayment benefits received if, he/she:

- a. Separates **voluntarily** from the Department before the years of service specified in the service agreement have been completed;
- b. Is separated for misconduct;
- c. Fails to maintain a rating of record of at least Level 3 (“Fully Successful” or equivalent);
- d. Allows the loan to become past due, delinquent, or enter default; or,
- e. Violates any of the other terms and conditions of the service agreement.

2. Notification of Intent to Collect:

In such an instance, the ESC will initiate action to request that the NFC bill the employee. Upon the generation of the bill, it shall be sent to the employee. If the employee is **involuntarily** separated for reasons other than those cited in paragraph 4-18A above, he/she may request a waiver of the collection of the remaining balance of the advance.

3. Appropriation Account:

Any amount repaid by or recovered from an employee under this section will be credited to the appropriation account from which the amount involved was originally paid. Any amount so credited will be merged with other sums in such account and will be available for the same purposes and period, and subject to the same limitations, if any, as the sums with which merged.

B. Loss of Eligibility when moving to another program office within the Department

Employees who transfer from one Program Office to another will be required to re-apply for the Program. However, he or she will not be required to reimburse the Department for previous payments. Career ladder promotions within the employee's program office under which the service agreement was approved do not effect their current eligibility.

4-20 Criteria to Consider Before Waiving a Loan Repayment Benefit

A. Waiver Standard:

Before waiving all or part of the loan repayment benefit, the Secretary, Deputy Secretary or designee will consider whether recovery would be against equity and good conscience or against the public interest. These criteria will be met if the employee is involuntarily separated for reasons other than those cited in paragraph 4-18A above. Financial hardship alone may not be used as a basis for waiver.

B. Notification and Disposition of Waiver Request:

The Deputy Assistant Secretary for Human Resource Management must inform the employee in writing of the disposition of his/her request for waiver of the collection of the repayment of the student loan repayment benefit, with a copy forwarded to the ESC. If the request is approved, the ESC will notify the NFC to clear the employee's record of the remaining outstanding balance. If the request is denied, the ESC will initiate action to collect the amount due.

4-21 Report

Before January 1 of each year, a written report must be submitted to the Office of Personnel Management stating when the agency made student loan repayments on behalf of employees during the previous fiscal year. Each report must include:

- A. The number of employees selected to receive this benefit;
- B. The job classifications of the employees selected to receive benefits under this part; and,

C. The cost to the Department for providing this benefit.

Exhibits

4-1 HUD-550, Application for the Repayment of Student Loan(s)..... 4-15

4-2 HUD-551, Service Agreement for Receipt of Repayment of Student Loan(s) 4-21

Exhibit 4-1 – Sample HUD Form 550

APPLICATION FOR THE REPAYMENT OF STUDENT LOAN(S)

I. To Be Completed by Candidate/Employee

A. General Information and Request for Repayment of Student Loan(s)

1. Applicant/Employee's Name (<i>last, first, middle</i>)	2. List all other names used (maiden name, AKA, spelling variants)	3. Date of Birth (month, day, year)	4. Social Security Number
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B. Current Outstanding Service Agreements

Are you currently serving under a service agreement to remain in the federal service for a specified period of employment? If so, please specify below the type and the expiration date.	Date Obligation Expires
<input type="checkbox"/> Training	
<input type="checkbox"/> Recruitment Bonus	
<input type="checkbox"/> Relocation Bonus	
<input type="checkbox"/> Other (<i>specify</i>)	

C. Qualifying Loans – Loans made, insured, or guaranteed under one of the following Parts of Title IV of the Higher Education Act of 1965 or under the Public Health Service Act:

a. Part B – Federal Family Education Loan Program (FFEL)	b. Part D - William D. Ford Federal Direct Loan Program	c. Part E – Federal Perkins Loan Program
<ul style="list-style-type: none"> Federal Parent Loans for Undergraduate Students (PLUS) Unsubsidized Stafford Loans Subsidized Stafford Loans Federal Consolidation Loans 	<ul style="list-style-type: none"> Direct Subsidized Loans Direct Unsubsidized Loans Direct PLUS Loans Direct Consolidation 	<ul style="list-style-type: none"> National Defense Student Loan (made before July 1, 1972) National Direct Student Loan (made between July 1, 1972, and July 1, 1987) Perkins Loan Program (made after July 1, 1987)
d. Public Health Service Act (PHSA)		
<ul style="list-style-type: none"> Loans for Disadvantaged Students (LDS) Primary Care Loans (PCL) Nursing Students Loans (NSL) Health Professions Student Loans (HPSL) Health Education Assistance Loans (HEAL) 		

D. Prior Repayment of Student Loan Benefits Received

Have you, at any time during your federal service received a repayment of a student loan benefit from another federal agency?	<input type="checkbox"/> No	<input type="checkbox"/> Yes (<i>list all repayments that you have received from other Federal agencies below:</i>)
Date Issued (month/year)	Department or Agency (name and address, including telephone number)	Gross Amount Received
1.		
2.		

3.		
----	--	--

E. Current Request: Lender and Loan(s) Data and Authorization for Release of Information

(Only list loans that are not in default)

NOTE: List loans in the order in which you wish to have any approved student loan repayment benefit applied.

Qualifying Loans and Date Executed <i>(Select from Part C above)</i>	Lender's Name, Mailing Address and Telephone Number	Loan Account Number Identifier	Lender's EFT Routing Number	Current Outstanding Balance
1.				
2.				
3.				
4.				

SAMPLE

Certification: I certify that the information provided above is true and complete to the best of my knowledge and belief, and is made in good faith.

Authorization for Release of Information: I hereby authorize the above lenders listed in Part D and E above to release student loan information to the Department of Housing and Urban Development relating to any and all loans that are listed above. Further, in order to be considered for future student loan benefit repayment, I authorize the release of periodic updates of the above information to HUD. I understand that the above information released by the lender is for official use by HUD for the purpose provided in this form, and that it may be re-disclosed by the government only as authorized by law.

Signature	Full Name (Type or Print Legibly)	Date Signed
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Privacy Act Statement

Pursuant to the Privacy Act of 1974, Title 5 United States Code 552a, the following statement is furnished.

This information is being collected under Title 5 United States Code 5379 and Title 5 Code of Federal Regulations 550, Part 537 in order for the Department to: review your application for consideration for a repayment benefit; obtain loan balance from the loan holder on approved applications; and confirm with the loan holder that the loan(s) are not in default. Primarily, this information will be used by the Department and the National Finance Center to act upon this application so that a repayment benefit may be issued directly to your lender. Additional disclosures of this information may be made to: the Internal Revenue Service for reporting of Federal tax withholdings and to the Office of Personnel Management for annual reporting concerning our use of this repayment of student loan authority. Otherwise, this information will not be disclosed or released, except as required and permitted by law, without your consent.

The furnishing of this information is voluntary; however, failure to do so will result in your request not being processed.

NOTE: If you wish, you may provide a copy of this request to your local union.

II. To Be Completed by the Selecting Official – Recommendation to Offer Student Loan Repayment (<i>This Calendar Year</i>)							
A. Reason for request to repay a student loan(s)							
1. <input type="checkbox"/> Recruitment – (from outside of <i>federal service only</i>)							
2. <input type="checkbox"/> Retention							
B. In the absence of a repayment of student loan benefit offer							
1. Is the candidate likely to decline the position?							
a. <input type="checkbox"/> No							
b. <input type="checkbox"/> Yes (attach statement of declination)							
2. Is this employee likely to leave the federal service for employment outside of the federal service?							
a. <input type="checkbox"/> No							
b. <input type="checkbox"/> Yes (attach statement of intent to leave federal service)							
C. Position Data							
1. Pay Plan	2. Occupation Series	3. Grade/Level	4. Step/Rate	5. Base Pay	6. Locality Pay	7. Total Salary	8. Position Title
D. Appointment Data							
only a candidate/employee who will be or is currently occupying one of the following types of appointment/condition(s) is eligible for consideration for a repayment of student loan benefit. This request is based upon the candidate being offered or the employee being on:							
1. <input type="checkbox"/> Permanent appointment							
2. <input type="checkbox"/> Term appointment with at least 3 years left on this appointment							
3. <input type="checkbox"/> Temporary appointment that will lead to a conversion to term or permanent appointment							
4. <input type="checkbox"/> Excepted appointment with conversion to:							
a. <input type="checkbox"/> Term appointment;							
b. <input type="checkbox"/> Career appointment;							
c. <input type="checkbox"/> Career conditional appointment;							
d. <input type="checkbox"/> Career Intern appointment; or							
e. <input type="checkbox"/> Presidential Management Intern appointment.							
NOTE: An employee is ineligible for consideration for a repayment benefits if the employee occupies a position that is excepted from the competitive service because of its confidential, policy-determining, policy-making, or policy-advocating character.							
E. Chief Financial Officer – Certification of Funds							
Are funds available?				Signature		Date	
1. <input type="checkbox"/> Yes							
2. <input type="checkbox"/> No							

F. Justification for Mission-Critical Position (Written justification must be attached or stated below)

1. At a minimum, please respond to or provide a copy of the following:

- a. The availability to fund this repayment benefit during this calendar year;
- b. The difficulty encountered in either filling or retaining a highly qualified candidate/employee in this mission-critical position, including: the number of times the position has been advertised; the number of applications received; the number of applicants referred to the selecting official; and/or the number of declinations received;
- c. The success of recent efforts to retain previous employees with qualifications similar to those possessed by this candidate/employee for positions similar to the position at hand;
- d. The special need(s) of the Department/program office for this candidate/employee's services;
- e. For recruitment purposes, a copy of the vacancy announcement;
- f. For retention purposes, provide the evidence that the employee is likely to leave for employment outside of the federal service and identify and explain why the employee's services are "deemed essential" to the Department's ability to accomplish a mission-critical function/activity; and
- g. Please attach a copy of the position description.

2. To the extent applicable to the case at hand, please address the following factors:

- a. The availability in the labor market of candidates for employment who, with minimal training or disruption of services to the public, could perform the full range of duties and responsibilities assigned to this position;
- b. For retention purposes, the current and expected performance level of the employee. Attach copies of the two most recent performance ratings of record, if available;
- c. Whether the employee is currently receiving a recruitment bonus, relocation bonus, a retention allowance, a salary based on superior qualifications, or other incentive. If so, list the type and amount/percentage approved;
- d. The relationship between the loan under consideration for repayment; the types of academic degrees, certificates and levels obtained; and why/how they contributed to the candidate/employee's high or unique qualifications for this position; and
- e. Explain the added value that the candidate/employee brings to the position or essential function.

3. Subject to loan verification and fund availability, I recommend a repayment benefit of:

4. Proposed Effective Date

5. Selecting Official's Signature

6. Office Name

7. Official Title

8. Date Signed

III. To Be Completed by the Approving Official			
<p>NOTE: For recruitment purposes, the determination to offer a repayment of student loan benefit must be made before the employee actually enters on duty.</p>			
A. Approving Official's Action		<input type="checkbox"/> Approve	<input type="checkbox"/> Disapprove <i>(must state reason in the area below)</i>
<p>Justification</p> <div style="text-align: center; font-size: 100px; opacity: 0.5; font-weight: bold;">SAMPLE</div>			
Signature		Program Office Name	
Official Title	Date		

Exhibit 4-2 -- Sample HUD Form 551

**U.S. Department of Housing and Urban Development
Service Agreement for Receipt of Repayment of Student Loan(s)**

In consideration of the U.S. Department of Housing and Urban Development agreeing to repay a lump sum gross amount of \$ _____ toward my outstanding student loan balance(s) (federally insured, made, or guaranteed under parts B, D or E of title IV of the Higher Education Act of 1965 or the Public Health Service Act), I hereby agree to remain in the service of the Department for a minimum period of three years. Generally, the service period begins on the date you and the selecting official sign the service agreement, unless otherwise amended in this agreement. Periods of leave without pay (LWOP) will extend this service agreement to compensate for the period of LWOP.

I agree that if I do not remain in the Department, or in the case of a repayment issued to retain my services, if I do not remain in the Department, for the above specified period, I will become obligated to repay to the Department the full amount of any student loan benefits that were provided. I understand that under such circumstances, these monies are recoverable from me as a debt due the United States. If I am involuntarily separated for reasons other than those cited under the terms, limitations, and conditions below, prior to the expiration of my service period, I may request a waiver of the collection of the overpayment. This service agreement in no way constitutes a right, promise, or entitlement for my continued employment or the noncompetitive conversion of my appointment to the competitive service.

I understand that renewals of payments may be made under this agreement without requiring me to enter into a new service agreement of up to \$6,000 per calendar year but not to exceed a maximum Departmental career benefit of \$40,000. The renewal of future payments shall be based upon the availability of funds; the continued difficulty/need for the Department to retain a highly qualified individual in a particular position; my performance rating of record being at least fully successful or equivalent; and my compliance with the terms, limitations, and conditions attached. If a repayment of student loan benefits is issued in the next two calendar years, no extension of the initial service agreement shall be required. However, after the third calendar year of service, for each calendar year that a repayment benefit is issued, the employee will be required to serve an additional year of employment with the Department. Below is the schedule:

Schedule of Payments and Service Agreement Requirement Table				
Maximum Limit not to Exceed			Years of Service Required	Extended Service Required
Calendar Year Outlay	Repayment Amount (in US Dollars)	Cumulative Repayment (in US Dollars)		
1	6,000	6,000	3 years	
2	6,000	12,000		No
3	6,000	18,000		No
4	6,000	24,000	1 year	Yes
5	6,000	30,000	1 year	Yes
6	6,000	36,000	1 year	Yes
7	4,000	40,000	1 year	Yes

Terms, Limitations, and Conditions for Repayment of Student Loan(s)		
1. I understand that execution of this initial service agreement in no way constitutes a right, promise, entitlement to future repayment benefits, continued employment, or noncompetitive conversion to the competitive service.		
2. I understand that the Department reserves the right to terminate this agreement early for lack of the availability of funds. In such event, I will be given advance notification.		
3. I understand that I will be responsible for making loan payments on the portion of the loan(s) that continues to be my responsibility.		
4. I understand that this agreement does not exempt me from my responsibility and/or liability for any loan(s) that I have taken out.		
5. I understand that final agreement to repay a listed outstanding loan is contingent upon the Department obtaining verification of the eligibility of the listed loan(s); outstanding loan balance(s); and payment status of the loan(s).		
6. Payments may be applied only to the indebtedness outstanding at the time the Department and I enter into an agreement and may not begin before I enter on duty. The date that the service agreement is signed marks the beginning of the service period.		
7. Any student loan repayment shall be issued in a lump sum amount directly to the lending institution through electronic funds transfer (EFT). The maximum amount that may be issued in a calendar year is \$6,000 [first six years or \$4,000 the seventh year] or the outstanding loan balance(s), but not to exceed the amount outstanding.		
8. The appropriate taxes will be withheld from the lump sum repayment benefit based upon the flat rate method as follows: 27 percent for federal tax, 2 percent for state and local taxes, and Medicare, OASDI and social security will be computed at their current rates.		
9. I understand that the Department is not responsible for late fees assessed by the holder due to repayment issuance not being received by the due date or any other reason.		
10. I understand that if my loan enters a default status at any time during the service agreement period, no further repayments shall be issued and any previously issued repayments shall become a debt owed to the Department repayable by me in full.		
11. I understand that my performance must remain at least at the fully successful or equivalent level.		
12. I understand that if I fail to meet any of the terms and conditions in this agreement, I must reimburse the Department for payments previously issued.		
I certify that I have read and I accept the above terms and conditions under which the Department will repay part or all of the outstanding balances on student loans in my name cited in form HUD-550.		
Employee's Signature	Full Name (Type or Print Legibly)	Date Signed
Approving Official's Signature and Title	Program Office Name	Date Signed



PAY ADMINISTRATION HANDBOOK

550.2 Chg. 1

Chapter 4 – Repayment of Student Loans

The Office of Human Resources, HR Policy Research and Development Division
June 2004

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Chapter 4. Repayment of Student Loans

4-1 Introduction

A. Authority:

This issuance constitutes the Department's discretionary policy concerning the repayment of student loans under 5 U.S.C. 5379 and 5 CFR Part 537.

B. Purpose:

This authority provides the Department another management flexibility to attract or retain highly or uniquely qualified candidates into mission-critical positions and retain highly qualified employees into critical positions. The Department may agree to repay by direct payment to the lender (on behalf of the employee) all or part of any outstanding federally insured student loan or loans. This authority may be exercised when, in the absence of such an offer, the employee is likely to leave for employment outside of the federal sector and the employee's departure would affect the agency's ability to carry out an activity or perform a function that is deemed essential to the accomplishment of a strategic goal and/or objective. The operation of this program is contingent upon the availability of funds.

C. Exclusions:

This policy excludes entities that have their own human resources authorities and/or appropriations (i.e., Office of the Inspector General and Office of Federal Housing Enterprise Oversight).

4-2 Definitions

A. Employee:

Has the meaning given that term in 5 U.S.C. 2105, except it does not include an employee occupying a position which is excepted from the competitive service because of its confidential, policy-determining, policy-making, or policy-advocating character (i.e., employees serving under Schedule C appointments).

B. Student loan:

1. A loan made, insured, or guaranteed under parts B, D, or E of Title IV of the Higher Education Act of 1965; or,

-
2. A health education assistance loan made or insured under part A of Title VII of the Public Health Service Act or under part E of Title VIII of this Act.

C. Service agreement:

A written agreement between the Department and an employee under which the employee agrees to a specified period of employment with the Department of not less than three years, in return for payments toward a student loan previously taken out by the employee.

D. Approving official:

The Deputy Secretary or other designee as delegated by the Secretary.

E. Selecting official:

The management official who makes the final management decision regarding who is selected for placement in a position by any type personnel action.

4-3 Higher Education Act of 1965

Only loan(s) made, insured, or guaranteed under one or more parts of Title IV of the Higher Education Act of 1965 taken out by the candidate/employee would be eligible for repayment consideration.

A. Part B – Federal Family Education Loan (FFEL) Program:

The program components include:

1. Federal Parent Loans for Undergraduate Students (PLUS):
 - a. If an employee has an outstanding PLUS for his/her child, the Department may offer the parent a student loan repayment benefit in order to retain the services of the highly qualified employee; however,
 - b. If a PLUS is held by an employee's parent(s), a student loan repayment benefit may not be offered to the employee to recruit or retain the services of the highly qualified employee because the employee is not legally obligated to repay the PLUS loan taken out by the parent(s);
2. Unsubsidized Stafford Loans;
3. Subsidized Stafford Loans; and,

4. Federal Consolidation Loans for the above types of loans.

B. Part D - William D. Ford Federal Direct Loan Program:

The program components include:

1. Direct Subsidized Loans;
2. Direct Unsubsidized Loans;
3. Direct PLUS Loans; and,
4. Direct Consolidation for the above types of loans.

C. Part E - Federal Perkins Loan Program:

The program components include:

1. National Defense Student Loan (made before July 1, 1972);
2. National Direct Student Loan (made between July 1, 1972, and July 1, 1987); and,
3. Perkins Loan Program (made after July 1, 1987).

D. Public Health Service Act:

1. Loans for Disadvantaged Students (LDS);
2. Primary Care Loans (PCL);
3. Nursing Student Loans (NSL);
4. Health Professions Student Loans (HPSL); and
5. Health Education Assistance Loans (HEAL).

4-4 Loan Information Point of Contact

To verify whether a loan was made, insured, or guaranteed under parts B, D, or E of Title IV of the Higher Education Act of 1965, contact the Department of Education at 1-800-433-3243 or http://studentaid.ed.gov/students/attachments/sitesources/StudentGuideEnglish2004_5.pdf or the Department of Health and Human Services at <http://www.bhpr.hrsa.gov/dsa>.

4-5 Delegation of Authority

A. Student Loan Repayment:

Concurrently with the Secretary, the Deputy Secretary or designee has the authority to approve/disapprove and/or recertify the repayment of a student loan benefit of up to \$6,000 per calendar year, not to exceed an aggregate of \$40,000 per employee Departmental maximum career benefit.

B. Waive the Collection of a Student Loan Repayment:

The Secretary or the Deputy Secretary may waive the repayment, in whole or in part, of a student loan repayment. The debt may be waived if the Secretary or Deputy Secretary determines that such recovery would be against equity and good conscience or against the public interest.

4-6 Employee Eligibility

Any employee (as defined in 5 U.S.C. 2105) who is highly qualified and has a current performance rating of at least “fully successful” or equivalent is eligible to receive a student loan repayment.

A. Employees Covered:

By regulation, the following types of employees who are serving under the following appointment conditions are covered:

1. Permanent employees;
2. Temporary employees who are serving on appointments leading to conversion to term or permanent appointments;
3. Term employees with at least three years remaining on their appointment; and,
4. Employees serving on excepted appointments with conversion to term, career, and, career conditional appointments.

B. Employees Not Covered:

The following types of candidates/employees are ineligible for consideration for a repayment of student loan benefit:

1. A candidate/employee who has a loan that is past due, delinquent, or in default until such time as the loan is shown to be in good standing; and,
2. An employee who is occupying a position that is excepted from the competitive civil service because of its confidential, policy-determining, policy-making, or policy-advocating nature (e.g., Schedule C appointee).

4-7 System for Selecting Recipients

When selecting employees to receive a loan repayment benefit, the Department shall adhere to merit system principles and take into consideration the need to maintain a balanced workforce including women and minority groups in which all employees are appropriately represented. A panel consisting of the Secretary (or designee), a representative from a Program Office as designated by the Assistant Secretary of that office, and a representative of the union will review applications for Student Loan Repayments and make a decision to approve or disapprove the application.

4-8 Criteria for Payment

Use of this authority must be based upon a written determination that, *in the absence of a loan repayment benefit*, the Department *would encounter difficulty* either in filling a mission-critical position with a highly qualified candidate or retaining a highly or uniquely qualified employee in that position. Factors to evaluate in determining that difficulty may be encountered in filling a critical position include: the number of times the position has been advertised; the number of applications received; the number of applicants referred to the selecting official; and/or, the number of declinations received. Each determination to offer a student loan repayment benefit to a candidate/employee shall be made on a case-by-case basis and documented by completing form HUD-550, Application for the Repayment of Student Loan(s) (see Appendix A). Employees may complete and submit an application for consideration. However, the employee's supervisor must review, complete and sign the application, as necessary, prior to submitting it to the Office of Human Resources.

A. Determination for Recruitment:

The determination to possibly offer a student loan repayment benefit must be stated on the vacancy announcement. The following shall be included on the vacancy announcement: "Exceptional difficulty in recruiting a highly or uniquely qualified candidate may warrant a repayment of a student loan benefit being offered." The written determination must indicate the special qualifications, skills, and/or educational requirements needed for the difficult-to-fill position. The selecting official must indicate how the candidate meets or exceeds these high or unique qualifications. The

decision to authorize the issuance of a repayment benefit (including the amount to be paid) must be made before the employee actually enters on duty. The determination must address the repayment amount needed to ensure the recruitment of the employee. A written statement shall be provided by the candidate stating that in the absence of the student loan repayment, he/she will decline the position.

B. Determination for Retention:

When an employee who has high or unique qualifications or an employee whose services are deemed essential to a departmental or program-critical mission has indicated that he/she is likely to leave for employment outside of the federal service, a repayment of student loan benefit may be offered. The determination that an employee is likely to leave for employment outside the federal service must be based upon the employee's written statement of his/her intent to leave federal service for private sector employment. The manager's determination must describe the extent to which the employee's departure would affect the Department's ability to carry out an activity or perform a function that is deemed essential to the accomplishment of a strategic goal and/or objective. In addition, the determination must address the repayment amount needed to ensure the retention of the employee.

1. Prohibition:

This authority may not be exercised to retain an employee who has received a job offer to transfer from this Department for employment with another federal executive, legislative, or judicial agency/branch. Likewise, this authority may not be used to recruit a current federal employee to transfer to this Department.

2. Evidence of Likelihood to Leave the Federal Service:

The determination that an employee is likely to leave *for employment outside the federal service* must be based upon the employee's written statement of his/her intent to leave federal service for private sector employment.

3. Services Deemed Essential:

An employee's services may be deemed essential to an activity or function if:

- a. The employee is a key participant or resource in the development and/or execution of:
 - (1) A Secretarial challenge/priority;
 - (2) The Strategic Plan, the Annual Performance Plan, the Management Plan, and/or the performance accountability process;
 - (3) A Departmental strategic goal/objective;
 - (4) A program/organization/local plan; and/or,

(5) An Executive Order;

- b. The employee's services are essential in the resolution of the Departmental material weaknesses as recognized by Congress, the Office of Management and Budget; the General Accounting Office, or the Office of the Inspector General;
- c. The employee is critical in the Department/program being able to complete an important project.

4. Continuous Service:

When the reason for the repayment is to retain an employee, immediately prior to such payment, the employee must have completed at least one year of continuous service in the position that has been deemed difficult to fill.

5. Position Description:

A copy of the position description must be attached to the determination.

C. Additional Factors:

To the extent applicable to the case at hand, the request must address the following factors:

- 1. The availability of funds to issue a student loan repayment benefit;
- 2. The success of recent efforts to retain previous employees with qualifications similar to those possessed by this candidate/employee for positions similar to the position at hand;
- 3. The availability in the labor market of candidates for employment who, with minimal training or disruption of services to the public, could perform the full range of duties and responsibilities assigned to the position held by the employee;
- 4. The expected future performance level of the employee: A copy of the employee's two most recent performance ratings of record must be provided, if available;
- 5. The extent to which other incentives were considered or offered. If the employee is currently receiving a recruitment bonus, a retention allowance, a salary based on superior qualifications, and/or other incentive, the type, amount/percentage, and date approved must be identified;

6. The relationship between the loan under consideration for repayment, the types of academic degrees, certificates, and levels obtained, and why/how they contributed to the candidate/employee's high or unique qualifications for this position; and/or,
7. The added value that the candidate/employee will bring to the position or how his/her departure will impact upon the essential function.

4-9 Application for the Repayment of Student Loan(s)

This application is used to gather information from the candidate/employee concerning his/her outstanding qualifying student loan(s), lender information, and other service agreement information.

A. Candidate/Employee:

The candidate/employee must complete Part I of form HUD-550, Application for the Repayment of Student Loan(s) (see Appendix A). The application requests the candidate/employee to provide information concerning previously received repayment benefits, lender and loan information pertaining to this application, and other outstanding service agreements.

B. Selecting Official:

Part II of form HUD-550 is completed by the selecting official to document his/her determination that in the absence of offering a repayment benefit to the candidate/employee, he/she would encounter difficulty either in filling the position with a highly qualified candidate or retaining a highly or uniquely qualified employee in that position. The selecting official provides Part I of form HUD-550 to the candidate/employee to complete and retains Part II. Upon completion of Part I, the candidate/employee returns the form to the selecting official. The selecting official forwards Parts I, II, and III to the servicing human resource office (SHRO). The SHRO reviews the form and supporting documentation and makes a recommendation to the Director, Office of Human Resources (OHR). The package is forwarded to the Director, OHR.

C. Approving Official:

The approving official shall evaluate the recommendation made by the Director, OHR, and render his/her decision by completing Part III of form HUD-550. The approving official retains Copy 2. If the request is approved, Copies 1 and 3 are forwarded to the SHRO. If the request is denied, the approving official must complete the "Justification" section in Part III or provide the justification under an attached separate cover.

4-10 Procedures for Determining Loan Payment Amounts

Subject to funding, the Department's Student Loan Repayment Program is based on the employee's qualified debt amount as of the time of enrollment in the program and his/her salary. The formula is as follows, based on the Department's maximum annual loan repayment of \$6,000 and the Departmental career maximum of \$40,000.

- A. Where debt = 100 percent or more of actual salary amount, the loan repayment will equal the maximum authorized annual loan repayment (\$6,000). For example, debt = \$20,000 (or more) and salary = \$20,000, the loan repayment will be \$6,000.
- B. Where debt = 99 percent of actual salary amount, the loan repayment will equal 99 percent of the maximum annual loan repayment (\$6,000). For example, debt = \$19,800 and salary = \$20,000, the loan repayment will be \$5,940.
- C. Where debt = 98 percent of actual salary amount, the loan repayment will equal 98 percent of the maximum annual loan repayment (\$6,000). For example, debt = \$19,600 and salary = \$20,000, the loan repayment will be \$5,880.
- D. Each program participant's debt must be determined as a percentage of salary. That percentage will then be used to determine the annual loan repayment amount for that individual, down to one percent of the maximum annual loan repayment amount. For example, debt = \$200 and salary = \$20,000, loan repayment = \$60.

4-11 Service Agreement

If the application is approved, the candidate/employee and selecting official must sign form HUD-551, Service Agreement for Receipt of Repayment of Student Loan(s) (see Appendix B). The agreement obligates the employee to remain in the employment of the Department for a minimum of three years. If the employee fails to meet any of the terms and conditions in the agreement, he/she must reimburse the Department for the amount of all student loan repayment benefits received. The execution of a service agreement in no way constitutes a right, promise, or entitlement for continued employment or noncompetitive conversion to the competitive service. The Department shall not be responsible for late fees assessed by the lender. Such service agreements shall run concurrently with service agreements required for the payment of a recruitment or a relocation bonus.

A. Initial Agreement:

The service agreement advises the candidate/employee of the terms, limitations, and conditions associated with the issuance of a student loan repayment benefit. The minimum employment period for which an agreement may be executed is three years, *regardless of the amount of loan repayment*. The maximum amount of loan repayment per calendar year is \$6,000 for the first six years and \$4,000 for seventh year. More than one loan may be repaid during the calendar year, provided the total loan

repayments do not exceed the per calendar year limits. The execution of this initial service agreement in no way constitutes a right, promise, or entitlement to future repayment benefits.

B. Date Service Agreement Begins:

The service period begins on the date that the employee and approving official sign the service agreement, unless otherwise modified in the agreement. Period of leave without pay (LWOP) will extend the service agreement to compensate for the period of LWOP.

C. Increases and Renewals:

If additional repayments are issued for the next two calendar years, no extension of the initial service agreement period shall be required. However, if a repayment is issued in the fourth and/or succeeding calendar years, for each calendar year in which an additional repayment benefit is issued, the employee will be required to serve an additional year of employment with the Department. Below is a recap:

Schedule of Payments and Service Agreement Requirement Table				
Maximum Limit not to Exceed			Years of Service Required	Extended Service Required
Calendar Year Outlay	Repayment Amount (in US Dollars)	Cumulative Repayment (in US Dollars)		
1	6,000	6,000	3 years	
2	6,000	12,000		No
3	6,000	18,000		No
4	6,000	24,000	1 year	Yes
5	6,000	30,000	1 year	Yes
6	6,000	36,000	1 year	Yes
7	4,000	40,000	1 year	Yes

4-12 Servicing Human Resources Office

Upon receiving the executed application, the service agreement and supporting documents from the selecting official, the SHRO must ensure that all the requirements and documents cited above have been satisfied/completed.

A. Review and Verification of Application:

A letter must be sent to the lenders listed in Part E of form HUD-550, requesting verification or confirmation as follows:

1. Verification of Qualifying Loans and Issuance Information:

Whether the loan(s) was made, insured, or guaranteed under parts B, D, or E of Title IV of the Higher Education Act of 1965 and Public Health Service Act, if so, specifying the loan type, the date the loan(s) was executed and by whom, the current outstanding balance, and whether the loan is in good standing, past due, delinquent, or default. In addition, the letter must request the lender to confirm: the lender's name, mailing address, and telephone number; the loan account number identifier(s); the lender's electronic funds transfer (EFT) routing number; and, the current outstanding loan balance. The information provided by the employee is confirmed with the lender to ensure that the amount repaid does not exceed his/her outstanding student loan balance(s) and that the repayment is issued to the correct lender.

2. Repayment Benefits Issued by Other Agencies:

In Part D of form HUD-550, the employee lists whether he/she has received a repayment benefit at any time from another agency or branch of the federal government. If agencies are listed, a letter must be sent to verify the date of issuance and the gross amount paid to the lender. This information is obtained to ensure that the maximum federal career benefit of \$60,000 is not exceeded. A copy of this letter and the response must be forwarded to the Employee Service Center (ESC) as part of the calendar year and maximum career benefit limitations tracking of repayments issued on behalf of the employee.

3. Transmittal:

Once confirmation has been received, the SHRO shall retain Copy 3 and forward to the ESC, Copy 1 of the forms, supporting documents, a copy of the letter sent to the lender, and the original confirmation letter from the lender.

4-13 Aggregate Pay Limitation

A student loan repayment benefit is not subject to the aggregate limitation on pay in 5 U.S.C. 5307.

4-14 Employee Service Center

Upon receiving and reviewing all applicable documents from the SHRO, the ESC will initiate action to have the National Finance Center (NFC) issue a lump sum repayment directly to the lender in accordance with NFC guidelines. A repayment benefit may be applied only to an indebtedness that is outstanding at the time the selecting official and the

employee enter into the service agreement. The repayment may not begin before the employee enters on duty.

A. Procedures for Making Payments:

1. Order of Repayment:

When multiple loans have been listed for repayment, repayments shall be applied and issued in the order designated by the candidate/employee in Part E of form HUD-550.

2. Limitation on Repayment:

The ESC must ensure that no request causes the \$6,000 per calendar year and the Department's \$40,000 maximum career payment limitations to be exceeded. The ESC must review and ensure that the total student loan repayments issued on behalf of an employee do not exceed these limitations. To assist agencies with monitoring and tracking the student loan repayments, the NFC, upon request, will provide agencies with all the payment data pertaining to student loan repayments processed through NFC.

3. Transfer-In:

Repayment benefits issued by other agencies are listed in Part D of form HUD-550. The calendar year and career maximum benefits for employees who transfer into the NFC Payroll/Personnel System and previously received student loan repayments must be reviewed to ensure that the calendar year and maximum career benefit are not exceeded. The Payroll/Personnel System does not capture student loan repayments that were made by a prior agency not serviced by NFC.

B. Retention of Records:

At a minimum, the ESC must keep the following records for at least six years and three months:

1. Form HUD-550, Application for the Repayment of Student Loan(s), and supporting documents;
2. Copy of the vacancy announcement;
3. Copy of the position description;
4. Form HUD-551, Service Agreement for Receipt of Repayment of Student Loan(s);

5. Copy of verification letter to the lender of qualifying loans and outstanding balances;
6. Copy of verification letter from the lender;
7. Copy of verification letter(s) sent to other agencies who have made previous student loan repayments to the employee;
8. Requests for waiver of repayments, if applicable;
9. Report of disposition of request to waive a repayment and supporting documents;
10. Letter notifying the employee and the ESC of the disposition of the request for waiver; and,
11. Any other relevant documents.

4-15 Taxation

The student loan repayment will be disbursed as a lump sum payment. The lump sum payment is considered supplemental wages; therefore, the appropriate taxes are withheld from the lump sum payment. The flat rate method will be used to calculate the amount of tax withholding. federal tax is computed at 27 percent of the gross amount, state and local taxes are computed at 2 percent, and Medicare will be computed at the current rate. In addition, where applicable, a deduction will be withheld at the current rate for the Old-Age, Survivors and Disability Insurance (OASDI) tax.

4-16 Statement of Earnings and Leave (E&L)

In the pay period that the repayment benefit is processed, transaction codes will appear on the employee's E&L statement to show that a student loan payment benefit has been paid to the lender on his/her behalf and the payment has been issued.

4-17 Employee Responsibility

The employee is responsible for making loan payments on the portion of the loan(s) that continues to be the employee's responsibility. Repayments made by the Department do not exempt an employee from his/her responsibility and/or liability for any outstanding

loan(s). The Department is not responsible for late fees assessed by the holder due to repayment issuance not being received by the due date or any other reason.

4-18 Past Due, Delinquent, Default During Service Agreement Period

If a loan becomes past due, delinquent, or enters default during the service agreement period, no further repayments may be issued. Any previously issued repayments shall become debts owed to the Department by the employee. A bill shall be issued to the employee for the collection of the overpayment.

4-19 Loss of Eligibility for Loan Repayment Benefits

A. Termination of Repayment of Student Loan Benefits:

1. Conditions:

If an employee fails to complete any of the conditions of the service agreement, during its term, the employee will become obligated to reimburse the Department for the full amount of the loan repayment benefits received if, he/she:

- a. Separates **voluntarily** from the Department before the years of service specified in the service agreement have been completed;
- b. Is separated for misconduct;
- c. Fails to maintain a rating of record of at least Level 3 (“Fully Successful” or equivalent);
- d. Allows the loan to become past due, delinquent, or enter default; or,
- e. Violates any of the other terms and conditions of the service agreement.

2. Notification of Intent to Collect:

In such an instance, the ESC will initiate action to request that the NFC bill the employee. Upon the generation of the bill, it shall be sent to the employee. If the employee is **involuntarily** separated for reasons other than those cited in paragraph 4-18A above, he/she may request a waiver of the collection of the remaining balance of the advance.

3. Appropriation Account:

Any amount repaid by or recovered from an employee under this section will be credited to the appropriation account from which the amount involved was originally paid. Any amount so credited will be merged with other sums in such account and will be available for the same purposes and period, and subject to the same limitations, if any, as the sums with which merged.

B. Loss of Eligibility when moving to another program office within the Department

Employees who transfer from one Program Office to another will be required to re-apply for the Program. However, he or she will not be required to reimburse the Department for previous payments. Career ladder promotions within the employee's program office under which the service agreement was approved do not effect their current eligibility.

4-20 Criteria to Consider Before Waiving a Loan Repayment Benefit

A. Waiver Standard:

Before waiving all or part of the loan repayment benefit, the Secretary, Deputy Secretary or designee will consider whether recovery would be against equity and good conscience or against the public interest. These criteria will be met if the employee is involuntarily separated for reasons other than those cited in paragraph 4-18A above. Financial hardship alone may not be used as a basis for waiver.

B. Notification and Disposition of Waiver Request:

The Deputy Assistant Secretary for Human Resource Management must inform the employee in writing of the disposition of his/her request for waiver of the collection of the repayment of the student loan repayment benefit, with a copy forwarded to the ESC. If the request is approved, the ESC will notify the NFC to clear the employee's record of the remaining outstanding balance. If the request is denied, the ESC will initiate action to collect the amount due.

4-21 Report

Before January 1 of each year, a written report must be submitted to the Office of Personnel Management stating when the agency made student loan repayments on behalf of employees during the previous fiscal year. Each report must include:

- A. The number of employees selected to receive this benefit;
- B. The job classifications of the employees selected to receive benefits under this part; and,

C. The cost to the Department for providing this benefit.

Exhibits

4-1 HUD-550, Application for the Repayment of Student Loan(s)..... 4-15

4-2 HUD-551, Service Agreement for Receipt of Repayment of Student Loan(s) 4-21

Exhibit 4-1 – Sample HUD Form 550

APPLICATION FOR THE REPAYMENT OF STUDENT LOAN(S)

I. To Be Completed by Candidate/Employee

A. General Information and Request for Repayment of Student Loan(s)

1. Applicant/Employee's Name (<i>last, first, middle</i>)	2. List all other names used (maiden name, AKA, spelling variants)	3. Date of Birth (month, day, year)	4. Social Security Number
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B. Current Outstanding Service Agreements

Are you currently serving under a service agreement to remain in the federal service for a specified period of employment? If so, please specify below the type and the expiration date.	Date Obligation Expires
<input type="checkbox"/> Training	Yellow box
<input type="checkbox"/> Recruitment Bonus	Yellow box
<input type="checkbox"/> Relocation Bonus	Yellow box
<input type="checkbox"/> Other (<i>specify</i>)	Yellow box

C. Qualifying Loans – Loans made, insured, or guaranteed under one of the following Parts of Title IV of the Higher Education Act of 1965 or under the Public Health Service Act:

a. Part B – Federal Family Education Loan Program (FFEL)	b. Part D - William D. Ford Federal Direct Loan Program	c. Part E – Federal Perkins Loan Program
<ul style="list-style-type: none"> Federal Parent Loans for Undergraduate Students (PLUS) Unsubsidized Stafford Loans Subsidized Stafford Loans Federal Consolidation Loans 	<ul style="list-style-type: none"> Direct Subsidized Loans Direct Unsubsidized Loans Direct PLUS Loans Direct Consolidation 	<ul style="list-style-type: none"> National Defense Student Loan (made before July 1, 1972) National Direct Student Loan (made between July 1, 1972, and July 1, 1987) Perkins Loan Program (made after July 1, 1987)
d. Public Health Service Act (PHSA)		
<ul style="list-style-type: none"> Loans for Disadvantaged Students (LDS) Primary Care Loans (PCL) Nursing Students Loans (NSL) Health Professions Student Loans (HPSL) Health Education Assistance Loans (HEAL) 		

D. Prior Repayment of Student Loan Benefits Received

Have you, at any time during your federal service received a repayment of a student loan benefit from another federal agency?	<input type="checkbox"/> No	<input type="checkbox"/> Yes (<i>list all repayments that you have received from other Federal agencies below:</i>)
Date Issued (month/year)	Department or Agency (name and address, including telephone number)	Gross Amount Received
1.		
2.		

3.		
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E. Current Request: Lender and Loan(s) Data and Authorization for Release of Information

(Only list loans that are not in default)
NOTE: List loans in the order in which you wish to have any approved student loan repayment benefit applied.

Qualifying Loans and Date Executed <i>(Select from Part C above)</i>	Lender's Name, Mailing Address and Telephone Number	Loan Account Number Identifier	Lender's EFT Routing Number	Current Outstanding Balance
1.				
2.				
3.				
4.				

SAMPLE

Certification: I certify that the information provided above is true and complete to the best of my knowledge and belief, and is made in good faith.

Authorization for Release of Information: I hereby authorize the above lenders listed in Part D and E above to release student loan information to the Department of Housing and Urban Development relating to any and all loans that are listed above. Further, in order to be considered for future student loan benefit repayment, I authorize the release of periodic updates of the above information to HUD. I understand that the above information released by the lender is for official use by HUD for the purpose provided in this form, and that it may be re-disclosed by the government only as authorized by law.

Signature	Full Name (Type or Print Legibly)	Date Signed
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Privacy Act Statement

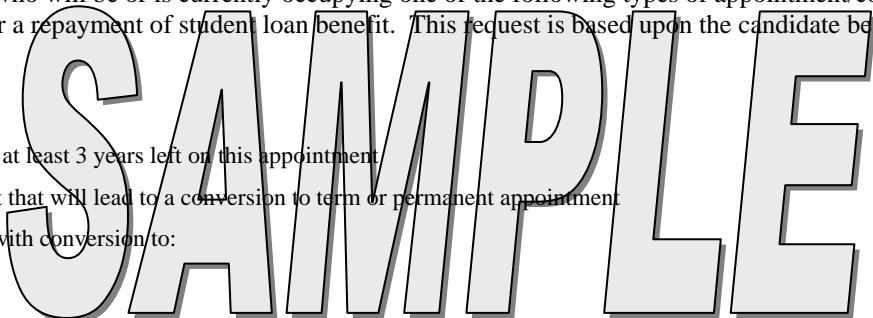
Pursuant to the Privacy Act of 1974, Title 5 United States Code 552a, the following statement is furnished.

This information is being collected under Title 5 United States Code 5379 and Title 5 Code of Federal Regulations 550, Part 537 in order for the Department to: review your application for consideration for a repayment benefit; obtain loan balance from the loan holder on approved applications; and confirm with the loan holder that the loan(s) are not in default. Primarily, this information will be used by the Department and the National Finance Center to act upon this application so that a repayment benefit may be issued directly to your lender. Additional disclosures of this information may be made to: the Internal Revenue Service for reporting of Federal tax withholdings and to the Office of Personnel Management for annual reporting concerning our use of this repayment of student loan authority. Otherwise, this information will not be disclosed or released, except as required and permitted by law, without your consent.

The furnishing of this information is voluntary; however, failure to do so will result in your request not being processed.

NOTE: If you wish, you may provide a copy of this request to your local union.

II. To Be Completed by the Selecting Official – Recommendation to Offer Student Loan Repayment (This Calendar Year)							
A. Reason for request to repay a student loan(s)							
1. <input type="checkbox"/> Recruitment – (from outside of <i>federal service only</i>)							
2. <input type="checkbox"/> Retention							
B. In the absence of a repayment of student loan benefit offer							
1. Is the candidate likely to decline the position?							
a. <input type="checkbox"/> No							
b. <input type="checkbox"/> Yes (attach statement of declination)							
2. Is this employee likely to leave the federal service for employment outside of the federal service?							
a. <input type="checkbox"/> No							
b. <input type="checkbox"/> Yes (attach statement of intent to leave federal service)							
C. Position Data							
1. Pay Plan	2. Occupation Series	3. Grade/Level	4. Step/Rate	5. Base Pay	6. Locality Pay	7. Total Salary	8. Position Title
D. Appointment Data							
only a candidate/employee who will be or is currently occupying one of the following types of appointment/condition(s) is eligible for consideration for a repayment of student loan benefit. This request is based upon the candidate being offered or the employee being on:							
1. <input type="checkbox"/> Permanent appointment							
2. <input type="checkbox"/> Term appointment with at least 3 years left on this appointment							
3. <input type="checkbox"/> Temporary appointment that will lead to a conversion to term or permanent appointment							
4. <input type="checkbox"/> Excepted appointment with conversion to:							
a. <input type="checkbox"/> Term appointment;							
b. <input type="checkbox"/> Career appointment;							
c. <input type="checkbox"/> Career conditional appointment;							
d. <input type="checkbox"/> Career Intern appointment; or							
e. <input type="checkbox"/> Presidential Management Intern appointment.							
NOTE: An employee is ineligible for consideration for a repayment benefits if the employee occupies a position that is excepted from the competitive service because of its confidential, policy-determining, policy-making, or policy-advocating character.							
E. Chief Financial Officer – Certification of Funds							
Are funds available?				Signature		Date	
1. <input type="checkbox"/> Yes							
2. <input type="checkbox"/> No							



F. Justification for Mission-Critical Position (Written justification must be attached or stated below)

- 1. At a minimum, please respond to or provide a copy of the following:**
- a. The availability to fund this repayment benefit during this calendar year;
 - b. The difficulty encountered in either filling or retaining a highly qualified candidate/employee in this mission-critical position, including: the number of times the position has been advertised; the number of applications received; the number of applicants referred to the selecting official; and/or the number of declinations received;
 - c. The success of recent efforts to retain previous employees with qualifications similar to those possessed by this candidate/employee for positions similar to the position at hand;
 - d. The special need(s) of the Department/program office for this candidate/employee's services;
 - e. For recruitment purposes, a copy of the vacancy announcement;
 - f. For retention purposes, provide the evidence that the employee is likely to leave for employment outside of the federal service and identify and explain why the employee's services are "deemed essential" to the Department's ability to accomplish a mission-critical function/activity; and
 - g. Please attach a copy of the position description.
- 2. To the extent applicable to the case at hand, please address the following factors:**
- a. The availability in the labor market of candidates for employment who, with minimal training or disruption of services to the public, could perform the full range of duties and responsibilities assigned to this position;
 - b. For retention purposes, the current and expected performance level of the employee. Attach copies of the two most recent performance ratings of record, if available;
 - c. Whether the employee is currently receiving a recruitment bonus, relocation bonus, a retention allowance, a salary based on superior qualifications, or other incentive. If so, list the type and amount/percentage approved;
 - d. The relationship between the loan under consideration for repayment; the types of academic degrees, certificates and levels obtained; and why/how they contributed to the candidate/employee's high or unique qualifications for this position; and
 - e. Explain the added value that the candidate/employee brings to the position or essential function.

3. Subject to loan verification and fund availability, I recommend a repayment benefit of:

4. Proposed Effective Date

5. Selecting Official's Signature

6. Office Name

7. Official Title

8. Date Signed

III. To Be Completed by the Approving Official			
<p>NOTE: For recruitment purposes, the determination to offer a repayment of student loan benefit must be made before the employee actually enters on duty.</p>			
A. Approving Official's Action		<input type="checkbox"/> Approve	<input type="checkbox"/> Disapprove <i>(must state reason in the area below)</i>
Justification <div style="text-align: center; font-size: 100px; opacity: 0.5; font-weight: bold; margin-top: 100px;"> SAMPLE </div>			
Signature		Program Office Name	
Official Title	Date		

Exhibit 4-2 -- Sample HUD Form 551

**U.S. Department of Housing and Urban Development
Service Agreement for Receipt of Repayment of Student Loan(s)**

In consideration of the U.S. Department of Housing and Urban Development agreeing to repay a lump sum gross amount of \$ _____ toward my outstanding student loan balance(s) (federally insured, made, or guaranteed under parts B, D or E of title IV of the Higher Education Act of 1965 or the Public Health Service Act), I hereby agree to remain in the service of the Department for a minimum period of three years. Generally, the service period begins on the date you and the selecting official sign the service agreement, unless otherwise amended in this agreement. Periods of leave without pay (LWOP) will extend this service agreement to compensate for the period of LWOP.

I agree that if I do not remain in the Department, or in the case of a repayment issued to retain my services, if I do not remain in the Department, for the above specified period, I will become obligated to repay to the Department the full amount of any student loan benefits that were provided. I understand that under such circumstances, these monies are recoverable from me as a debt due the United States. If I am involuntarily separated for reasons other than those cited under the terms, limitations, and conditions below, prior to the expiration of my service period, I may request a waiver of the collection of the overpayment. This service agreement in no way constitutes a right, promise, or entitlement for my continued employment or the noncompetitive conversion of my appointment to the competitive service.

I understand that renewals of payments may be made under this agreement without requiring me to enter into a new service agreement of up to \$6,000 per calendar year but not to exceed a maximum Departmental career benefit of \$40,000. The renewal of future payments shall be based upon the availability of funds; the continued difficulty/need for the Department to retain a highly qualified individual in a particular position; my performance rating of record being at least fully successful or equivalent; and my compliance with the terms, limitations, and conditions attached. If a repayment of student loan benefits is issued in the next two calendar years, no extension of the initial service agreement shall be required. However, after the third calendar year of service, for each calendar year that a repayment benefit is issued, the employee will be required to serve an additional year of employment with the Department. Below is the schedule:

Schedule of Payments and Service Agreement Requirement Table				
Maximum Limit not to Exceed			Years of Service Required	Extended Service Required
Calendar Year Outlay	Repayment Amount (in US Dollars)	Cumulative Repayment (in US Dollars)		
1	6,000	6,000	3 years	
2	6,000	12,000		No
3	6,000	18,000		No
4	6,000	24,000	1 year	Yes
5	6,000	30,000	1 year	Yes
6	6,000	36,000	1 year	Yes
7	4,000	40,000	1 year	Yes

Terms, Limitations, and Conditions for Repayment of Student Loan(s)		
1. I understand that execution of this initial service agreement in no way constitutes a right, promise, entitlement to future repayment benefits, continued employment, or noncompetitive conversion to the competitive service.		
2. I understand that the Department reserves the right to terminate this agreement early for lack of the availability of funds. In such event, I will be given advance notification.		
3. I understand that I will be responsible for making loan payments on the portion of the loan(s) that continues to be my responsibility.		
4. I understand that this agreement does not exempt me from my responsibility and/or liability for any loan(s) that I have taken out.		
5. I understand that final agreement to repay a listed outstanding loan is contingent upon the Department obtaining verification of the eligibility of the listed loan(s); outstanding loan balance(s); and payment status of the loan(s).		
6. Payments may be applied only to the indebtedness outstanding at the time the Department and I enter into an agreement and may not begin before I enter on duty. The date that the service agreement is signed marks the beginning of the service period.		
7. Any student loan repayment shall be issued in a lump sum amount directly to the lending institution through electronic funds transfer (EFT). The maximum amount that may be issued in a calendar year is \$6,000 [first six years or \$4,000 the seventh year] or the outstanding loan balance(s), but not to exceed the amount outstanding.		
8. The appropriate taxes will be withheld from the lump sum repayment benefit based upon the flat rate method as follows: 27 percent for federal tax, 2 percent for state and local taxes, and Medicare, OASDI and social security will be computed at their current rates.		
9. I understand that the Department is not responsible for late fees assessed by the holder due to repayment issuance not being received by the due date or any other reason.		
10. I understand that if my loan enters a default status at any time during the service agreement period, no further repayments shall be issued and any previously issued repayments shall become a debt owed to the Department repayable by me in full.		
11. I understand that my performance must remain at least at the fully successful or equivalent level.		
12. I understand that if I fail to meet any of the terms and conditions in this agreement, I must reimburse the Department for payments previously issued.		
I certify that I have read and I accept the above terms and conditions under which the Department will repay part or all of the outstanding balances on student loans in my name cited in form HUD-550.		
Employee's Signature	Full Name (Type or Print Legibly)	Date Signed
Approving Official's Signature and Title	Program Office Name	Date Signed