

Federal Retirement Thrift Investment Board

§ 1655.8

Vested Account Balance means that portion of the individual account which is not subject to forfeiture under 5 U.S.C. 8432(g).

Voluntary Reamortization means the recalculation of periodic payments of principal and interest, made to reduce a loan, at the request of a participant.

[55 FR 979, Jan. 10, 1990, as amended at 61 FR 58755, Nov. 18, 1996]

§ 1655.2 Eligibility for loans.

Only a participant who is in pay status with his or her agency and who has at least \$1,000 in employee contributions and attributable earnings in his or her account may receive a loan, subject to the other terms and conditions set forth in this part. A participant who is separated from Government service may not receive a loan. Persons who are eligible to contribute to the Thrift Savings Plan under 5 CFR part 1620 are also eligible to apply for a loan.

[55 FR 979, Jan. 10, 1990, as amended at 61 FR 58755, Nov. 18, 1996]

§ 1655.3 Information concerning the cost of the loan.

Before a loan is issued, the recordkeeper will provide the participant written information concerning the cost of the loan relative to other sources of financing, as well as the lifetime cost of the loan, including the difference in earnings rates between the funds offered by the Thrift Savings Fund and any other effect of the loan on the participant's final account balance.

[61 FR 58755, Nov. 18, 1996]

§ 1655.4 Number of loans.

A participant may have no more than two loans outstanding at any time. Only one of the two loans may be a loan for the purchase of a primary residence.

[61 FR 58755, Nov. 18, 1996]

§ 1655.5 Loan repayment period.

(a) *Minimum.* The minimum loan repayment period of any loan is one year of scheduled payments.

(b) *Maximum.* The maximum loan repayment period of a loan for the pur-

chase of a primary residence is 15 years of scheduled payments. The maximum loan repayment period of any other loan is 4 years of scheduled payments.

§ 1655.6 Amount of loan.

(a) *Minimum amount.* The initial principal amount of any loan may not be less than \$1,000.

(b) *Maximum amount.* The principal amount of a new or reamortized loan, when added to any outstanding loan principal, may not exceed any of the following:

(1) The portion of the participant's individual account balance that is attributable to employee contributions and earnings (including any outstanding loan principal).

(2) \$50,000 minus the excess of the highest outstanding loan principal of the participant during the preceding year over the current outstanding loan principal.

(3) The greater of ½ of the participant's vested account balance (including any outstanding loan principal), or \$10,000.

(c) Subject to the requirement of paragraph (a), a participant may request a loan for the maximum allowable amount as calculated in paragraph (b).

§ 1655.7 Interest rate.

(a) Except as provided in paragraph (b) of this section, loans will bear interest at the G Fund rate in effect on the date the application is received by the recordkeeper (date of application). The interest rate per payment is calculated by dividing this G Fund rate by the number of loan payments/pay periods scheduled in a period of 12 consecutive months.

(b) If the date of application occurs before the G Fund rate has been determined for that month, the loan will bear interest at the G Fund rate in effect during the month preceding the date of application.

(c) The interest rate calculated under this section remains fixed until the loan is repaid.

§ 1655.8 Quarterly loan statements.

Each participant with an outstanding loan or loans will receive quarterly loan statements that will describe the