

## § 1655.2

*Loan Repayment Period* means the number of scheduled payments required to repay a loan in full.

*Monthly Processing Cycle* means the process, beginning on the evening of the fourth business day of the month, by which the recordkeeper allocates the amount of earnings to be credited to participant accounts in the Plan and authorizes disbursements from the Plan.

*Participant* means a person with an individual account in the Thrift Savings Fund.

*Principal* or *Principal Amount* means the amount borrowed by a participant from his or her individual account, or, after reamortization, the amount financed.

*Recordkeeper* means the organization designated by the Board as the Thrift Savings Plan's recordkeeper.

*Required Reamortization* means the mandatory recalculation of periodic payments of principal and interest, made to reduce a loan, at the demand of the Plan.

*Taxable Distribution* means the reporting to the Internal Revenue Service as taxable income the amount of outstanding principal and interest on a loan upon failure by the participant to repay the loan in full according to the terms of the Loan Agreement/Promissory Note.

*Thrift Savings Fund* or *Fund* means the Fund described in 5 U.S.C. 8437.

*Thrift Savings Plan* or *Plan* means the Federal Retirement Thrift Savings Plan established under subchapter III of the Federal Employees' Retirement System Act of 1986, 5 U.S.C. 8431, *et seq.*

*Valuation Date* means the date as of which earnings are allocated to individual accounts. For any month, this date is the last day of the month.

*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]

## 5 CFR Ch. VI (1-1-03 Edition)

### § 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 purchase 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,