Section 2022 (Improvement of Loan Repayment Program) of P.L. 114-255, the 21st Century Cures Act, (“Act”) authorizes the Director of NIH or his/her designee, hereafter the NIH Director, to enter into contracts with qualified health professionals under which such professionals agree to conduct research in consideration of the Federal government agreeing to repay, for each year of such service, not more than $50,000 of the principal and interest of the educational loans of such professionals. In return for these loan repayments, applicants must agree to participate in qualifying research, for an initial period of obligated service of not less than two years (or a minimum of three years for General Research Loan Repayment Program participants), as one of the following: an NIH employee or a health professional engaged in qualifying research at an institution determined by NIH to be eligible to sponsor individuals who engage in qualifying research.

Applicants are required to submit a signed contract which includes the Terms and Conditions of participation in the LRP with their applications. The NIH Director shall execute only those contracts submitted by applicants who are selected for participation.

The Terms and Conditions for participating in the LRP follow:

Section A - Obligations of the NIH Director

Subject to the availability of funds appropriated by the U.S. Congress for the NIH and/or the LRP, the NIH Director agrees to:

1. Pay, in the amount provided in Paragraph 2 of this section, the undersigned applicant’s qualifying educational loans. Qualifying health professionals’ loans consist of the principal, interest, and related expenses (such as the required interest premium on the unpaid balances of some loans) of qualified Government (Federal, State, and local) and commercial loans obtained by the applicant for the following expense:
   a. undergraduate, graduate, and health professional school tuition expenses;
   b. other reasonable educational expenses required by the school(s) attended, including fees, books, supplies, educational equipment and materials, and laboratory expenses; and
   c. the cost of room and board, and other reasonable living expenses as determined by the NIH Director.

2. An applicant must have qualifying educational loans equal to or in excess of 20% of his or her annual NIH base salary (Intramural) or institutional base salary (Extramural) on his or her program eligibility date. This amount is the “debt threshold.” Annual income or compensation refers to “institutional base salary,” which is the annual amount the institution pays for the applicant’s appointment, whether the time is spent in research, teaching, patient care, or other activities. Institutional base salary excludes any income that an applicant may earn unrelated to the duties for the institution. The “program eligibility date” is the date on which his or her contract is executed by the NIH Director and he or she is engaged in qualifying research.

NIH will repay the educational debt (“repayable debt”) as follows:

   a. at the rate of one-fourth of the repayable debt for each year of qualified service up to a $50,000 annual maximum;
   b. for the first, second, and third year of qualified service, otherwise qualified applicants for the Intramural General Research LRP, who are participating in ACGME accredited clinical training programs, payment of repayable debt will be no more than $20,000 per year;
   c. one- or two-year continuation renewal contracts, beyond the second year (or third year, for contracts under the General Research LRP), may be competitively offered;
   d. if the applicant’s contract is renewed, the NIH will repay at the rate of 50% of the remaining repayable debt for each year of contract renewal, up to the $50,000 annual maximum (the repayable debt amount is calculated annually); or 100% of the repayable debt if the annual disbursement is $10,000 or less; and
   e. payments are to be made on a delayed quarterly schedule after completion of qualified research, unless otherwise agreed to by the NIH Director and the participant.

3. Provide reimbursement for increased Federal tax liability resulting from payments made pursuant to Paragraph 1 of this section in an amount equal to 39% of the total amount of loan repayments made for each tax year in which such payments were made.

4. Payment of qualifying educational loans will be made directly to the lender(s). If there is more than one outstanding qualifying educational loan, the NIH Director will repay the loans in the following order, unless the NIH Director determines significant savings would result from paying loans in a different order of priority: (a) HEAL; (b) Other loans issued or guaranteed by the Federal Government; and (c) Other loans.

5. Once a loan repayment contract has been signed by both parties, the NIH Director shall obligate such funds as will be necessary to ensure that sufficient funds will be available to make loan repayments and tax reimbursements to cover the repayable debt, as defined in Paragraph 2 of this section.

Section B - Obligations of the Participant

The participant agrees to:

1. Provide a description of each of his or her outstanding qualified educational loans and supporting documents, in a form and manner as defined by the NIH Director;

2. Serve his or her 2- or 3-year minimum period of research service, which commences on the program eligibility date, by conducting qualifying research, as one of the following: an NIH employee or a health professional engaged in qualifying research at an institution determined by NIH to be eligible to sponsor individuals who engage in qualifying research;

3. Provide written verification of the lender’s crediting of all LRP payments and resulting account balances within a reasonable time after such payments are credited;

4. Repay the NIH for any sums paid erroneously to his or her lender(s), repay the NIH for any sums advanced to his or her lenders prior to satisfying his or her research service, and assist the NIH in obtaining a refund from his or her lender(s) for such sums;

5. Make payments to lenders on their own behalf for periods of Leave Without Pay (LWOP); and

6. Comply with the provisions of Title 42, U.S. Code of Federal Regulations, Part 68, and other policies or regulations governing the NIH Loan Repayment Programs, as applicable. This includes agreeing to not receive any salary support or participate in research that receives funding support from a for-profit institution or organization;
Section C – Breach of Written Loan Repayment Contract

1. In accordance with 42 USC 254o, which addresses enforcement of the National Health Service Corps LRP and will be regarded as equally applicable to the NIH’s LRP, any participant who fails to complete the minimum 2-year (or 3-year for General Research LRP) research service obligation required under the initial contract will be considered to have breached the contract and will be subject to assessment of monetary damages and penalties as specified in Paragraph 3 below.

   a. Loan Repayment Program participants who are serving as NIH employees, and who are terminated for cause or for the convenience of the Government will not be considered to have committed a breach of contract, and monetary damages and penalties will not be assessed.

   b. Occasionally, a participant’s assignment may evolve and change so that a determination is reached that he/she is no longer engaged in qualified research. Similarly, the research needs and priorities of the NIH or the sponsoring institution may change, so that a determination is made that the researcher’s skills may be better utilized in a research assignment which does not qualify for the LRP. Under these circumstances, the following will apply:

   1) Since no authority exists for the NIH Director to make repayments on behalf of health professionals who are not engaged in qualified research, loan repayments will cease as of the date such determination is made.

   2) Normally, job changes of this nature will not be considered a breach of contract on the part of either the NIH Director or the Loan Repayment Program participant. Based upon the recommendation of the NIH Director, the Loan Repayment Program participant will be released from the remainder of his/her service obligation without assessment of damages or monetary penalties. Loan Repayment Program participants will be permitted to retain the benefit of all loan repayments made or owed by the NIH on their behalf up to the date of the contract release, except any payments advanced beyond the period of service rendered. Any payments advanced prior to research service must be repaid to the Government.

2. Loan Repayment Program participants who sign a continuation contract for a third, fourth, or subsequent year, and who fail to complete the period specified, will not be subject to monetary damages or penalties. However, any payments advanced beyond the period of research service rendered must be repaid to the Government, pursuant to Section B, Paragraph 4 of this Contract.

3. Penalties for Failing to Complete the Service Obligation - In accordance with the statute, the NIH Director will recover the following from participants who fail to complete the minimum service obligation:

   a. If the applicant, for any reason, fails to complete the two-year period of obligated service (three-year period for General Research LRP), he or she shall be liable to the United States for an amount equal to the sum of:

      1) the total of the amounts paid by the United States to, or on behalf of, the applicant under Paragraphs 1, 2 and 3 of Section A of this Contract for any period of obligated service not served;

      2) an amount equal to the product of the number of months of obligated service not completed by the applicant, multiplied by $7,500; and

      3) interest on the amounts described in (1) and (2) of this paragraph at the maximum prevailing rate, as determined by the Treasurer of the United States, from the date of the breach; except that the amount the United States is entitled to recover shall not be less than $31,000.

   b. Any amount the United States is entitled to recover shall be paid within 1 year of the date the NIH Director determines that the applicant is in breach of this written Contract.

   c. Any obligation of the participant for payment of damages may be released by a discharge in bankruptcy under Title 11 of the United States Code only if such discharge is granted after the expiration of the 7-year period beginning on the first date that payment of such damages is required, and only if the bankruptcy court finds that non discharge of the obligation would be unconscionable.

Section D – Cancellation, Suspension, and Waiver of Obligation

1. Any service or payment obligation incurred by the participant under this contract will be canceled upon the participant’s death.

2. The NIH Director may waive or suspend the participant’s service or payment obligation incurred under this contract if:

   a. compliance by the participant with the Terms and Conditions of this contract is impossible or would involve extreme hardship,

   b. and enforcement of such obligation would be unconscionable.

Section E – Contract Termination

1. The NIH Director may terminate this Contract if, not later than 45 days before the end of the fiscal year in which the Contract was entered into, the individual:

   a. submits a written request for such termination; and

   b. repays all amounts paid on behalf of the individual under Paragraphs 1, 2 and 3 of Section A of this Contract.

The NIH Director or his/her authorized representative must sign this contract before it becomes effective.

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NIH Director or Designee

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Contract Period

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[ ] Initial Contract [ ] Renewal Contract

Public reporting for this collection of information is estimated to average 20 minutes, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information, unless it displays a currently valid OMB control number. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to NIH, Project Clearance Office, 6701 Rockledge Drive, MSC 7730, Bethesda, MD 20892-7730, Attention: PRA (0925-0361). Do not return the completed form to this address.

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