

## Veterinary Medicine Loan Repayment Program Contract

The National Veterinary Medical Service Act (7 U.S.C. 3151a) authorizes the Secretary of Agriculture to establish a Veterinary Medicine Loan Repayment Program (VMLRP) to enter into agreements with veterinarians under which they agree to provide veterinary services in veterinarian shortage situations. The Secretary is authorized to enter into contracts with qualified veterinarians under which such professionals agree to conduct veterinary service in consideration of the Federal government agreeing to repay, for each year of such service, not more than \$25,000 of the principal and interest of the educational loans of such professionals. In return for these loan repayments, applicants must agree to provide veterinary service in qualifying veterinarian shortage situations for an initial period of obligated service of not less than three years.

Applicants are required to submit a signed contract which includes the Terms and Conditions of participation in the VMLRP with their applications. Applicants also are subject to the VMLRP regulations at 7 CFR Part 3431, which take precedence over the Terms and Conditions if a conflict exists. The Secretary/NIFA Director shall execute only those contracts submitted by applicants who are selected for participation.

*The Terms and Conditions for participating in the VMLRP follow:*

### Section A – Obligations of the Secretary or NIFA Director

Subject to the availability of funds appropriated by the U.S. Congress, the Secretary/NIFA Director agrees to:

1. Pay, in the amount provided in Paragraph 2 of this section, the undersigned applicant's qualifying educational loans. Qualifying veterinarians' 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 expenses during attendance by the applicant at an accredited college of veterinary medicine resulting in a degree of Doctor of Veterinary Medicine or the equivalent:

- a. 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 Secretary/NIFA Director.

2. An applicant must have qualifying educational loans equal to or in excess of \$15,000 on his or her program eligibility date. This amount is the "debt threshold". The "program eligibility date" is the date on which his or her contract is executed by the Secretary/NIFA Director and he or she is engaged in qualifying veterinary service. NIFA will repay the remaining educational debt ("repayable debt") as follows:

- a. At the rate of one-third of the repayable debt for each year of qualified service up to a \$25,000 annual maximum (excluding tax payments); and
- b. payments are to be made on a delayed quarterly schedule after completion of qualified service, unless otherwise agreed to by the Secretary/NIFA Director and the participant.

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

(c) Other loans. Tax payments equal to 39 percent of the loan repayments will be credited directly to the participant's IRS account simultaneously with each loan repayment.

4. Once a loan repayment contract has been signed by both parties, the Secretary/NIFA Director shall obligate such funds as will be necessary to ensure that sufficient funds will be available to make loan repayments and tax payments 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 Secretary/NIFA Director;
2. Serve his or her 3-year minimum period of veterinary service, which commences on the program eligibility date, by conducting qualifying service in a specified shortage situation.
3. Provide written verification of the lender's crediting of all VMLRP payments and resulting account balances within a reasonable time after such payments are credited;
4. Repay the NIFA for any sums paid erroneously to his or her lender(s) and assist the NIFA 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 7, U.S. Code of Federal Regulations, Part 3431 and other policies or regulations governing the Veterinary Medicine Loan Repayment Program, as applicable.

### 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 NIFA's VMLRP, any participant who fails to complete the minimum 3-year veterinary 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. VMLRP participants who are serving as practicing veterinarians, and who are terminated for cause or for the convenience of the Government, including reasons that are beyond the control of the participant, a transfer of service from one shortage situation to another (approved by the Secretary), or a call or order to active duty in the U.S. Armed Forces, 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 a shortage situation. Similarly, the veterinary service needs and priorities of the NIFA or the sponsoring entity may change, so that a determination is made that the veterinarian's skills may be better utilized in a veterinary assignment which does not qualify for the VMLRP. Under these circumstances, the following will apply:

- 1) Since no authority exists for the Secretary/NIFA Director to make repayments on behalf of veterinary professionals who are not engaged in qualified service, 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 Secretary/NIFA Director or the VMLRP participant. Based upon the recommendation of the Secretary/NIFA Director, the VMLRP participant will be released from the remainder of his/her service obligation without assessment of damages or monetary penalties. VMLRP participants will be permitted to retain the benefit of all loan repayments made or owed by the NIFA 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 veterinary service must be repaid to the Government.

2. VMLRP participants who sign a continuation contract for a 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 veterinary service rendered must be repaid to the Government, pursuant to Section B, Paragraph 4.

3. **Penalties for Failing to Complete the Service Obligation** – In accordance with the statute, the Secretary/NIFA 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 three-year period of obligated service, 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 and 2 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 (a) and (b) 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 Secretary/NIFA Director determines that the applicant is in breach of this written Contract. Any amounts not repaid within 1 year shall be due to the agency and collected pursuant to 7 CFR Part 3 without further notice.

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.

d. In addition to the foregoing, breach of the service obligation may be grounds for suspension or debarment by the Secretary pursuant to applicable regulations at 7 CFR Part 3017 or 2 CFR subtitle B.

**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 Secretary/NIFA 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; and
- b. enforcement of such obligation would be unconscionable.

**Section E – Contract Termination**

1. The Secretary/NIFA Director may terminate this Contract not later than 45 days after the execution of this contract if the individual:

- a. submits a written request for such termination; and
- b. repays all amounts paid on behalf of the individual under Paragraphs 1 and 2 of Section A of this Contract.

<b>The Secretary/Director or his/her authorized representative must sign this contract before it becomes effective</b>		
Applicant's Name	Applicant's Signature	Date
Secretary of U.S. Department of Agriculture/NIFA Director or Designee		Date
Contract Period(s) From:	Initial Contract _____ Renewal Contract _____	
To:		

Public reporting for collection of information is estimated to average 15 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 current 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 NIFA, OEP, 800 9<sup>th</sup> St. SW, Washington, DC 20024, Attention Policy Section. Do not return the completed form to this address.