

Debt, Debt Waiver and Debt Repayment FAQs





1. When will I receive a letter from the DFAS saying I owe money for my LQA debt/ What is the amount of my debt?

Once your Human Resources Office inputs transactions to create your debt, DFAS will immediately review your pay account to determine your total indebtedness (the total amount you have erroneously been paid). These reviews have already begun; we expect to begin mailing notices in early June. The reviews may take longer if you have received LQA for more than 10 years.

2. How will I receive this notice?

You will receive official notice by mail to your address of record, so please ensure that your address is up-to-date by contacting your Civilian Pay Customer Service Representative (CSR) or your Human Resources (HR) Office.

3. Is mail the only method for sending me my letter?/Can you email me my letter?

It is a requirement that the debt letter be sent by mail to your official address of record.

4. When will I have to start repaying my debt?

Given the unique circumstances surrounding your debt, if you apply for a waiver of your debt, DFAS will delay collection while you are waiting for a decision on your waiver request. However, please note that if you have an existing LQA debt related to a prior reconciliation, collection of that debt will not be delayed.

5. Why will I receive a letter from DFAS saying I owe money for my LQA?

Your military service or employing agency should have already notified you that you do not meet the eligibility requirements for LQA under the Department of State Standardized Regulations, Section 031.12b, and were erroneously being paid a living quarters allowance (LQA). If you have additional questions related to your eligibility for LQA and why you have a debt, please contact your servicing HR Office or Customer Service Representative (CSR).

6. Why will I hear from DFAS/What is DFAS' role?

As part of its payroll responsibilities, DFAS is generally required to collect all indebtedness (or debt) due to the United States and process waiver requests in accordance with applicable laws and regulations.

While there is no authority to approve a blanket (or group) waiver for all affected employees, the Office of the Under Secretary of Defense Personnel and Readiness (P&R) has determined that it is in the best interests of the Department to support requests for debt waivers due to the unique circumstances involved with these debts, so long as the employee was not aware of the fact that he/she was not entitled to LQA and there is no evidence of misrepresentation, fraud or deception to acquire LQA in the first place.

7. Will my LQA stop immediately?

Your HR Office makes this determination and will tell DFAS how to pay you moving forward. The Office of the Under Secretary of Defense for Personnel and Readiness (P&R) issued a memorandum dated January 3, 2013, which authorizes many of the impacted employees to receive additional LQA for up to one year, except in cases of potential fraud, due to the unusual circumstances. The LQA paid during this one-year period will not be included in the debt amount. For more details on this, please contact your HR Office.



8. I was notified on May 1, 2013 that I was erroneously paid LQA when I wasn't eligible for it, but the memorandum I received said I was granted LQA for up to one year. Will I receive LQA in my next paycheck?

In the pay period in which you were notified about the erroneous LQA payments, the erroneous payments should have been stopped at the beginning of the pay period. This stoppage prevents you from receiving erroneous payments with knowledge that you are not entitled to the payments and avoids the need to establish a debt for repayment. If you do receive erroneous payments after you were notified, the funds should be set aside for repayment to the Government.

The start date of your additional LQA payments depends upon whether your entitlement to the additional payments is based upon the first or the second authorization given by OSD Personnel and Readiness (P&R). Please see the January 3, 2013 and May 15, 2013 P&R memoranda to determine which authorization is applicable to you. These memoranda explain when the additional LQA payments should start.

9. If collection of the erroneous LQA payments are waived, are there any income tax consequences?

No. If a waiver request is approved, there are no income tax consequences because the erroneous payments are considered as valid payments for all purposes. For further information, please consult with your tax professional.

10. Will/how will this debt affect my credit?

DFAS will not report your debt to the credit agency, unless you are required to start making payments and fail to do so.

11. Will this affect any of my other entitlements or pay?

Impacts on other entitlements, such as Renewal Agreement Travel, Home Leave, Temporary Quarters Subsistence Allowance and Student Travel, will be handled separately and are currently under review. If you have questions, contact your servicing HR Office.

12. What are my options for repaying the debt, and can I do so even if my debt collection is delayed?

DFAS will include information on repayment options and how to apply for a debt waiver in your debt letter. Yes, you may submit a voluntary repayment agreement to set up a payment plan which needs to include your military service or defense agency's approval. Details regarding voluntary repayment agreements will be included in your debt letter.

13. How long do I have to file a debt waiver?

You have 3 years from the date the erroneous payments were discovered to file a waiver request. However, employees are strongly encouraged to submit waiver requests as soon as possible. During the next 6 months, DFAS will be making extra efforts to expedite the processing of these employees' waiver requests. DFAS will also be advising the applicable military service or defense agency of the status of waiver submissions.

14. What if I don't request a debt waiver within three years?

The law requires that requests for waivers be submitted within 3 years.



15. Can I submit my debt waiver before I get my debt letter?

No, you will need to know the total amount of your debt to complete your debt waiver application. However, you can begin putting together your debt waiver request prior to receiving your debt letter. A customized www.dfas.mil webpage will have tools and resources that will help you in preparing your waiver request.

16. Can I dispute the validity of this debt at the same time I file a waiver?

No. While the Department has deemed the LQA payments erroneous, you may disagree with this decision. To contest the validity or amount of the debt, the individual must petition for a hearing; more details are provided in the notice of indebtedness you will soon receive. Do NOT include arguments concerning the validity or amount of the debt in your waiver application, as the waiver may be denied on this basis.

17. Where do I submit my request for a debt waiver?

You will submit your debt waiver package to DFAS either by mail or fax to:

DFAS
ATTN: Dept. 6200
8899 E. 56th St.
Indianapolis, IN 46249

Or, fax to 866-401-5849 or DSN 510-366-0354.

DFAS will compile and review your waiver package to ensure it is complete. If DFAS recommends approval, the waiver package will be forwarded to the Defense Office of Hearings and Appeals (DOHA) for a final decision on your waiver request.

18. How will I be notified of the status of my waiver request?

Once the DFAS payroll office has compiled your waiver package, you will receive notification via mail that your waiver request has been sent to the DFAS Waivers and Remissions team. The Waivers and Remissions team will ensure your request is complete and will send recommendations to the Defense Office of Hearings and Appeals (DOHA) for a final decision.

You can check on the status by calling 800-538-9043 or DSN: 312-699-0580.

19. How will I find out if my waiver has been approved or not?

If your debt is waived in full, DOHA will send you notification directly via mail. DFAS will also be notified and will make any necessary adjustments to your pay account (i.e., DFAS will make sure the debt is properly noted in your account, so that collections do not begin).

If your debt is partially waived or denied, DOHA will notify DFAS. DFAS will then send you notification via mail and will make any necessary adjustments to your pay account. If you owe money, DFAS will apply any waived amounts against the debt and start collection of the remaining portion of the debt. You may request a voluntary repayment agreement with approval of your agency. You will have appeal rights that will be detailed in the response from DOHA.



20. What if my waiver request is not complete?

If your request is not complete, DFAS will reach out to you via mail or email and request the missing information. Please ensure your most current email address is indicated on the Waiver Remission of Indebtedness Application, DD Form 2789.

21. How long will it take for my debt waiver to be reviewed/approved?

Depending on the length of the debt period, it may take up to 30 days for DFAS to process your waiver request. You may expect that it will take DOHA an additional 6-8 months to review your waiver request and make a final decision, but the decision could take longer depending on the complexity of your situation and how long you were erroneously receiving LQA.