

**CONTRACT FOR THE DISADVANTAGED HEALTH PROFESSIONS
FACULTY LOAN REPAYMENT PROGRAM**

WITH

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES
HEALTH RESOURCES AND SERVICES ADMINISTRATION
BUREAU OF HEALTH PROFESSIONS

Section 738(a) of the Public Health Service Act ("Act") [42 United States Code 293 et seq.], as added by Pub. L. 102-408, authorizes the Secretary of Health and Human Services ("Secretary") to repay the educational loans of applicants from disadvantaged backgrounds selected to be participants in the Loan Repayment Program Regarding Service on Faculties of Certain Health Professions Schools ("Faculty Loan Repayment Program"). In return for these loan repayments, applicants must agree to provide teaching faculty services at an approved accredited health professions school determined by the Secretary for a designated period of obligated service pursuant to section 738(a) of the Act.

Sections 738(a)(5)&(7) of the Act require applicants to submit with their applications a signed contract with an accredited health professions school and a signed contract which states the terms and conditions of participation in the Faculty Loan Repayment Program. The Secretary shall sign only those contracts submitted by applicants who are selected for participation.

The terms and conditions of participating in the Faculty Loan Repayment Program are set forth below:

Section A-Obligations of the Secretary

Subject to the availability of funds appropriated by the Congress of the United States for the Faculty Loan Repayment Program, the Secretary agrees to:

1. Pay, in the amount provided in paragraph 2 of this section, the undersigned applicant's qualifying educational loans. Qualifying educational loans consist of the principal and interest on educational loans received by the applicant for the following expenses of enrollment:
 - a. tuition expenses;
 - b. all other reasonable educational expenses such as fees, books, supplies, educational equipment and materials required by the school, and incurred by the applicant; or
 - c. reasonable living expenses as determined by the Secretary.

2. If the applicant agrees to serve 2 or more years:

- a. Except as provided in subparagraph b. of this paragraph, pay the following amounts of the outstanding principal and interest of a participant's nondelinquent educational loans for each year of eligible faculty service:

b. The Secretary's liability will not exceed a cap of \$20,000 of principal and interest annually. This would include the 10 percent waived under Sec. 738(a) of the Act for the school's proportionate share of the loan repayment amounts. The applicant must pay that portion not covered.

3. Make loan repayments for a year of obligated service no later than the end of the fiscal year in which the applicant completes such year of service.
4. The effective date of this Contract is: September 1, 2006.

Section B-Obligations of the Participant

1. The applicant agrees to:
 - a. Continue loan repayments to lenders for the first quarter after which the Secretary will make delayed quarterly payments to applicant for the years stated in paragraph c of this section. The applicant must pay the lender(s) these payments.
 - b. Serve his or her period of obligated faculty service as contracted with the school and as determined by the Secretary to be acceptable.
 - c. Serve in accordance with paragraph b. of this section for 2 years at _____.

The applicant must serve a minimum of two years.

2. If the applicant's eligibility to participate in the Faculty Loan Repayment Program is based on section 738(a)(2) of the Act (i.e. based on his or her enrollment in an accredited health professions school), he or she also agrees to:

- a. Maintain full-time enrollment in good academic standing, as determined by the School, in the final year of the course of study leading to a degree in medicine, osteopathic medicine, dentistry, pharmacy, podiatric medicine, optometry, veterinary medicine, nursing, public health, allied health and behavioral and mental health practice in which the applicant is currently enrolled, until completion of such course of study;
- b. Enter into a contract with an accredited school described in subsection (a) of Section 738 to serve as a member of the faculty of the school for not less than 2 years according to the requirements described in subsection (a)(5) of section 738.
- c. Begin service obligation as contracted.

Section C-Breach of Written Loan Repayment Contract

- 1.If the participant fails to comply with section B.1.c. of this contract or is dismissed for disciplinary reasons or voluntarily terminates the contracts, neither the Secretary nor the School is obligated to continue loan repayments as stated in Sec. A of this Contract. The participant shall be liable to the United States and the School for the amounts specified in paragraph 2 of this section.
2. If the applicant agrees to serve as a full-time or part-time faculty member for two years or more and fails to serve the 2-year minimum requirement, he or she is liable to pay monetary damages to the United States amounting to the sum of (a) the total amounts specified in Section A.2 of this contract plus (b) an "unserved obligation penalty" of \$1,000 for each month unserved as set forth in paragraph 3 of this section plus (c) any tax assistance paid plus (d) interest, penalties and administrative charges for past due payments.

3.The "Unserved Obligation Penalty" means the amount equal to the number of months of obligated service that were not completed by an individual, multiplied by \$1,000 except that in any case in which the individual fails to serve 1 year, the unserved obligation penalty shall be equal to the full period of obligated service multiplied by \$1,000.

4.If the applicant agrees to serve more than the 2-year minimum service obligation and has completed the 2-year minimum he or she will be liable for such sums paid for any months that are not a full year beyond the 2-year minimum requirement as agreed to in Section B.1.c of this contract.

5.Any amount the United States is entitled to recover shall be paid within one year of the date the Secretary determines that the applicant is in breach of this written contract. Failure to pay by the due date will incur delinquent charges provided by Federal Law. (45 CFR 30.13).

Section D-Cancellation, Suspension, & Waiver of Obligation

Any service or payment obligation may be canceled, suspended, or waived under certain circumstances described below: (1) In the event of death or permanent and total disability, the Secretary will cancel obligations under this contract. To receive cancellation in the event of death, the executor of the estate must submit an official death certificate to the Secretary. To receive cancellation for permanent and total disability, the applicant or his/her representative must apply to the Secretary, submitting medical evidence of the condition, and the Secretary may cancel this obligation in accordance with applicable Federal statutes and regulations; (2) Upon receipt of supporting documentation the Secretary may waive or suspend service or payment obligation under this contract if the Secretary determines that: (a) meeting the terms and conditions of the contract is impossible or would involve extreme hardship; and (b) enforcement of the obligations would be unconscionable. (3) Deferment will be granted in the event of long term illness. Supporting documentation should be sent to: FLRP, Bureau of Health Professions, Room 8-42 Parklawn Building, 5600 Fishers Lane, Rockville, MD 20857.

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

Applicant Name

Applicant Signature

Date

Secretary of Health and Human Services or Designee

Date