

**Attachment 1- Legislative Authority**

**Public Health Service Act, 42 U.S.C. 292q-292y**

01/19/04

TITLE 42 - THE PUBLIC HEALTH AND WELFARE

CHAPTER 6A - PUBLIC HEALTH SERVICE

SUBCHAPTER V - HEALTH PROFESSIONS EDUCATION

Part A - Student Loans

subpart ii - federally-supported student loan funds  
-HEAD-

Sec. 292q. Agreements for operation of school loan funds  
-STATUTE-

(a) Fund agreements

The Secretary is authorized to enter into an agreement for the establishment and operation of a student loan fund in accordance with this subpart with any public or other nonprofit school of medicine, osteopathic medicine, dentistry, pharmacy, podiatric medicine, optometry, or veterinary medicine.

(b) Requirements

Each agreement entered into under this section shall -  
provide for establishment of a student loan fund by the  
school;

(2) provide for deposit in the fund of -

(A) the Federal capital contributions to the fund;

(B) an amount equal to not less than one-ninth of such  
Federal capital contributions, contributed by such institution;

(C) collections of principal and interest on loans made from  
the fund;

(D) collections pursuant to section 292r(j) of this title;

And

(E) any other earnings of the fund;

(3) provide that the fund shall be used only for loans to students of the school in accordance with the agreement and for costs of collection of such loans and interest thereon;

(4) provide that loans may be made from such funds only to students pursuing a full-time course of study at the school leading to a degree of doctor of medicine, doctor of dentistry or an equivalent degree, doctor of osteopathy, bachelor of science in pharmacy or an equivalent degree, doctor of pharmacy or an equivalent degree, doctor of podiatric medicine or an equivalent degree, doctor of optometry or an equivalent degree, or doctor of veterinary medicine or an equivalent degree;

(5) provide that the school shall advise, in writing, each applicant for a loan from the student loan fund of the provisions of section 292r of this title under which outstanding loans from the student loan fund may be paid (in whole or in part) by the Secretary; and

(6) contain such other provisions as are necessary to protect the financial interests of the United States.

(c) Failure of school to collect loans

(1) In general

Any standard established by the Secretary by regulation for the collection by schools of medicine, osteopathic medicine, dentistry, pharmacy, podiatric medicine, optometry, or veterinary medicine of loans made pursuant to loan agreements under this subpart shall provide that the failure of any such school to collect such loans shall be measured in accordance with this subsection. This subsection may not be construed to require such schools to reimburse the student loan fund under this subpart for loans that became uncollectible prior to August 1985 or to penalize such schools with respect to such loans.

(2) Extent of failure

The measurement of a school's failure to collect loans made under this subpart shall be the ratio (stated as a percentage) that the defaulted principal amount outstanding of such school bears to the matured loans of such school.

(3) Definitions

For purposes of this subsection:

(A) The term "default" means the failure of a borrower of a loan made under this subpart to -

(i) make an installment payment when due; or

(ii) comply with any other term of the promissory note for

such loan,

except that a loan made under this subpart shall not be considered to be in default if the loan is discharged in bankruptcy or if the school reasonably concludes from written contracts with the borrower that the borrower intends to repay the loan.

(B) The term "defaulted principal amount outstanding" means the total amount borrowed from the loan fund of a school that has reached the repayment stage (minus any principal amount repaid or canceled) on loans -

(i) repayable monthly and in default for at least 120 days;

and

(ii) repayable less frequently than monthly and in default

for at least 180 days;

(C) The term "grace period" means the period of one year

beginning on the date on which the borrower ceases to pursue a full-time course of study at a school of medicine, osteopathic medicine, dentistry, pharmacy, podiatric medicine, optometry, or veterinary medicine; and

(D) The term "matured loans" means the total principal amount of all loans made by a school under this subpart minus the total principal amount of loans made by such school to students who are -

(i) enrolled in a full-time course of study at such school;

or

(ii) in their grace period.

-SOURCE-

(July 1, 1944, ch. 373, title VII, Sec. 721, as added Pub. L.

102-408, title I, Sec. 102, Oct. 13, 1992, 106 Stat. 2011.)

42 USC Sec. 292r

01/19/04

-EXPCITE-

TITLE 42 - THE PUBLIC HEALTH AND WELFARE

CHAPTER 6A - PUBLIC HEALTH SERVICE

SUBCHAPTER V - HEALTH PROFESSIONS EDUCATION

Part **A** - Student Loans

subpart ii - federally-supported student loan funds

-HEAD-

Sec. 292r. Loan provisions

-STATUTE-

(a) Amount of loan

(1) In general

Loans from a student loan fund (established under an agreement with a school under section 292q of this title) may not, subject to paragraph (2), exceed for any student for a school year (or its equivalent) the cost of attendance (including tuition, other reasonable educational expenses, and reasonable living costs) for that year at the educational institution attended by the student (as determined by such educational institution).

(2) Third and fourth years of medical school

For purposes of paragraph (1), the amount of the loan may, in the case of the third or fourth year of a student at a school of medicine or osteopathic medicine, be increased to the extent necessary to pay the balances of loans that, from sources other than the student loan fund under section 292q of this title, were made to the individual for attendance at the school. The

authority to make such an increase is subject to the school and the student agreeing that such amount (as increased) will be expended to pay such balances.

(b) Terms and conditions

Subject to section 292s of this title, any such loans shall be made on such terms and conditions as the school may determine, but may be made only to **a** student -

(1) who is in need of the amount thereof to pursue **a** full-time course of study at the school leading to **a** degree of doctor of medicine, doctor of dentistry or an equivalent degree, doctor of osteopathy, bachelor of science in pharmacy or an equivalent degree, doctor of pharmacy or an equivalent degree, doctor of podiatric medicine or an equivalent degree, doctor of optometry or an equivalent degree, or doctor of veterinary medicine or an equivalent degree; and

(2) who, if required under section 453 of title 50, Appendix, to present himself for and submit to registration under such section, has presented himself and submitted to registration under such section.

(c) Repayment; exclusions from repayment period

Such loans shall be repayable in equal or graduated periodic installments (with the right of the borrower to accelerate repayment) over the period of not less than 10 years nor more than 25 years, at the discretion of the institution, which begins one year after the student ceases to pursue a full-time course of study at a school of medicine, osteopathic medicine, dentistry, pharmacy, podiatry, optometry, or veterinary medicine, excluding from such period -

(1) all periods -

(A) not in excess of three years of active duty performed by the borrower as a member of a uniformed service;

(B) not in excess of three years during which the borrower serves as a volunteer under the Peace Corps Act [22 U.S.C. 2501 et seq.];

(C) during which the borrower participates in advanced professional training, including internships and residencies; and

(D) during which the borrower is pursuing a full-time course



of study at such **a** school; and

(2) **a** period -

(A) not in excess of two years during which **a** borrower who is **a** full-time student in such **a** school leaves the school, with the intent to return to such school as **a** full-time student, in order to engage in **a** full-time educational activity which is directly related to the health profession for which the borrower is preparing, as determined by the Secretary; or

(B) not in excess of two years during which **a** borrower who is **a** graduate of such **a** school is **a** participant in **a** fellowship training program or **a** full-time educational activity which -

(i) is directly related to the health profession for which such borrower prepared at such school, as determined by the Secretary; and

(ii) may be engaged in by the borrower during such **a** two-year period which begins within twelve months after the completion of the borrower's participation in advanced professional training described in paragraph (1)(C) or prior to the completion of such borrower's participation in such

training.

(d) Cancellation of liability

The liability to repay the unpaid balance of such **a** loan and accrued interest thereon shall be canceled upon the death of the borrower, or if the Secretary determines that he has become permanently, and totally disabled.

(e) Rate of interest

Such loans shall bear interest, on the unpaid balance of the loan, computed only for periods for which the loan is repayable, at the rate of 5 percent per year.

(f) Security or endorsement

Loans shall be made under this subpart without security or endorsement, except that if the borrower is **a** minor and the note or other evidence of obligation executed by him would not, under the applicable law, create **a** binding obligation, either security or endorsement may be required.

(g) Transferring and assigning loans

No note or other evidence of **a** loan made under this subpart may be transferred or assigned by the school making the loan except

that, if the borrowers transfer to another school participating in the program under this subpart, such note or other evidence of a loan may be transferred to such other school.

(h) Charge with respect to insurance for certain cancellations

Subject to regulations of the Secretary, a school may assess a charge with respect to loans made this subpart (!1) to cover the costs of insuring against cancellation of liability under subsection (d) of this section.

(i) Charge with respect to late payments

Subject to regulations of the Secretary, and in accordance with this section, a school shall assess a charge with respect to a loan made under this subpart for failure of the borrower to pay all or any part of an installment when it is due and, in the case of a borrower who is entitled to deferment of the loan under subsection (c) of this section, for any failure to file timely and satisfactory evidence of such entitlement. No such charge may be made if the payment of such installment or the filing of such evidence is made within 60 days after the date on which such installment or filing is due. The amount of any such charge may not

exceed an amount equal to 6 percent of the amount of such installment. The school may elect to add the amount of any such charge to the principal amount of the loan as of the first day after the day on which such installment or evidence was due, or to make the amount of the charge payable to the school not later than the due date of the next installment after receipt by the borrower of notice of the assessment of the charge.

(j) Authority of schools regarding rate of payment

A school may provide, in accordance with regulations of the Secretary, that during the repayment period of a loan from a loan fund established pursuant to an agreement under this subpart payments of principal and interest by the borrower with respect to all the outstanding loans made to him from loan funds so established shall be at a rate equal to not less than \$40 per month.

(k) Authority regarding repayments by Secretary

Upon application by a person who received, and is under an obligation to repay, any loan made to such person as a health professions student to enable him to study medicine, osteopathy,

dentistry, veterinary medicine, optometry, pharmacy, or podiatry, the Secretary may undertake to repay (without liability to the applicant) all or any part of such loan, and any interest or portion thereof outstanding thereon, upon his determination, pursuant to regulations establishing criteria therefore, that the applicant -

- (1) failed to complete such studies leading to his first professional degree;
- (2) is in exceptionally needy circumstances;
- (3) is from **a** low-income or disadvantaged family as those terms may be defined by such regulations; and
- (4) has not resumed, or cannot reasonably be expected to resume, the study of medicine, osteopathy, dentistry, veterinary medicine, optometry, pharmacy, or podiatric medicine, within two years following the date upon which he terminated such studies.

(1) Collection efforts by Secretary

The Secretary is authorized to attempt to collect any loan which was made under this subpart, which is in default, and which was referred to the Secretary by **a** school with which the Secretary has

an agreement under this subpart, on behalf of that school under such terms and conditions as the Secretary may prescribe (including reimbursement from the school's student loan fund for expenses the Secretary may reasonably incur in attempting collection), but only if the school has complied with such requirements as the Secretary may specify by regulation with respect to the collection of loans under this subpart. **A** loan so referred shall be treated as **a** debt subject to section 5514 of title 5. Amounts collected shall be deposited in the school's student loan fund. Whenever the Secretary desires the institution of **a** civil action regarding any such loan, the Secretary shall refer the matter to the Attorney General for appropriate action.

(m) Elimination of statute of limitation for loan collections

(1) Purpose

It is the purpose of this subsection to ensure that obligations to repay loans under this section are enforced without regard to any Federal or State statutory, regulatory, or administrative limitation on the period within which debts may be enforced.

(2) Prohibition

Notwithstanding any other provision of Federal or State law, no limitation shall terminate the period within which suit may be filed, a judgment may be enforced, or an offset, garnishment, or other action may be initiated or taken by a school that has an agreement with the Secretary pursuant to section 292q of this title that is seeking the repayment of the amount due from a borrower on a loan made under this subpart after the default of the borrower on such loan.

-SOURCE-

(July 1, 1944, ch. 373, title VII, Sec. 722, as added Pub. L. 102-408, title I, Sec. 102, Oct. 13, 1992, 106 Stat. 2012; amended Pub. L. 103-43, title XX, Sec. 2014(b), June 10, 1993, 107 Stat. 215; Pub. L. 105-392, title I, Sec. 134(a), (b)(1), Nov. 13, 1998, 112 Stat. 3577, 3578.)

-CITE-

42 USC Sec. 292s

01/19/04

-EXPCITE-

TITLE 42 - THE PUBLIC HEALTH AND WELFARE

CHAPTER 6A - PUBLIC HEALTH SERVICE

SUBCHAPTER V - HEALTH PROFESSIONS EDUCATION

Part **A** - Student Loans

subpart ii - federally-supported student loan funds

-HEAD-

Sec. 292s. Medical schools and primary health care

-STATUTE-

**(a)** Requirements for students

**(1)** In general

Subject to the provisions of this subsection, in the case of student loan funds established under section 292q of this title by schools of medicine or osteopathic medicine, each agreement entered into under such section with such **a** school shall provide (in addition to the provisions required in subsection (b) of such section) that the school will make **a** loan from such fund to **a** student only if the student agrees -

**(A)** to enter and complete **a** residency training program in primary health care not later than 4 years after the date on which the student graduates from such school; and

**(B)** to practice in such care through the date on which the loan is repaid in full.



(2) Inapplicability to certain students

(A) The requirement established in paragraph (1) regarding the student loan fund of **a** school does not apply to **a** student if -

(i) the first loan to the student from such fund is made before July 1, 1993; or

(ii) the loan is made from -

(I) **a** Federal capital contribution under section 292q of this title that is made from amounts appropriated under section 292t(f) (!1) of this title (in this section referred to as an "exempt Federal capital contribution"); or

(II) **a** school contribution made under section 292q of this title pursuant to such **a** Federal capital contribution (in this section referred to as an "exempt school contribution").

(B) **A** Federal capital contribution under section 292q of this title may not be construed as being an exempt Federal capital contribution if the contribution was made from amounts appropriated before October 1, 1990. **A** school contribution under section 292q of this title may not be construed as being an exempt school contribution if the contribution was made pursuant to **a** Federal capital contribution under such section that was

made from amounts appropriated before such date.

(3) Noncompliance by student

Each agreement entered into with **a** student pursuant to paragraph (1) shall provide that, if the student fails to comply with such agreement, the loan involved will begin to accrue interest at **a** rate of 18 percent per year beginning on the date of such noncompliance.

(4) Waivers

(A) With respect to the obligation of an individual under an agreement made under paragraph (1) as **a** student, the Secretary shall provide for the partial or total waiver or suspension of the obligation whenever compliance by the individual is impossible, or would involve extreme hardship to the individual, and if enforcement of the obligation with respect to the individual would be unconscionable.

(B) For purposes of subparagraph (A), the obligation of an individual shall be waived if -

(i) the status of the individual as **a** student of the school involved is terminated before graduation from the school,

whether voluntarily or involuntarily; and

(ii) the individual does not, after such termination, resume attendance at the school or begin attendance at any other school of medicine or osteopathic medicine.

(C) If an individual resumes or begins attendance for purposes of subparagraph (B), the obligation of the individual under the agreement under paragraph (1) shall be considered to have been suspended for the period in which the individual was not in attendance.

(D) This paragraph may not be construed as authorizing the waiver or suspension of the obligation of a student to repay, in accordance with section 292r of this title, loans from student loan funds under section 292q of this title.

(b) Requirements for schools

(1) In general

Subject to the provisions of this subsection, in the case of student loan funds established under section 292q of this title by schools of medicine or osteopathic medicine, each agreement entered into under such section with such a school shall provide

(in addition to the provisions required in subsection (b) of such section) that, for the 1-year period ending on June 30, 1997; (!2) and for the 1-year period ending on June 30 of each subsequent fiscal year, the school will meet not less than 1 of the conditions described in paragraph (2) with respect to graduates of the school whose date of graduation from the school occurred approximately 4 years before the end of the 1-year period involved.

(2) Description of conditions

With respect to graduates described in paragraph (1) (in this paragraph referred to as "designated graduates"), the conditions referred to in such paragraph for a school for a 1-year period are as follows:

(A) Not less than 50 percent of designated graduates of the school meet the criterion of either being in a residency training program in primary health care, or being engaged in a practice in such care (having completed such a program).

(B) Not less than 25 percent of the designated graduates of the school meet such criterion, and such percentage is not less

than 5 percentage points above the percentage of such graduates meeting such criterion for the preceding 1-year period.

(C) In the case of schools of medicine or osteopathic medicine with student loans funds under section 292q of this title, the school involved is at or above the 75th percentile of such schools whose designated graduates meet such criterion.

(3) Determinations by Secretary

Not later than 90 days after the close of each 1-year period described in paragraph (1), the Secretary shall make **a** determination of whether the school involved has for such period complied with such paragraph and shall in writing inform the school of the determination. Such determination shall be made only after consideration of the report submitted to the Secretary by the school under paragraph (6).

(4) Noncompliance by school

(A)(i) Subject to subparagraph (C), each agreement under section 292q of this title with **a** school of medicine or osteopathic medicine shall provide that, if the school fails to comply with paragraph (1) for **a** 1-year period under such

paragraph, the school -

(I) will pay to the Secretary the amount applicable under subparagraph (B) for the period; and

(II) will pay such amount not later than 90 days after the school is informed under paragraph (3) of the determination of the Secretary regarding such period.

(ii) Any amount that a school is required to pay under clause (i) may be paid from the student loan fund of the school under section 292q of this title.

(B) For purposes of subparagraph (A), the amount applicable for a school, subject to subparagraph (C), is -

(i) for the 1-year period ending June 30, 1997, an amount equal to 10 percent of the income received during such period by the student loan fund of the school under section 292q of this title;

(ii) for the 1-year period ending June 30, 1998, an amount equal to 20 percent of the income received during such period by the student loan fund; and

(iii) for any subsequent 1-year period under paragraph (1),

an amount equal to 30 percent of the income received during such period by the student loan fund.

(C) In determining the amount of income that a student loan fund has received for purposes of subparagraph (B), the Secretary shall exclude any income derived from exempt contributions.

Payments made to the Secretary under subparagraph (A) may not be made with such contributions or with income derived from such contributions.

(5) Expenditure of payments

(A) Amounts paid to the Secretary under paragraph (4) shall be expended to make Federal capital contributions to student loan funds under section 292q of this title of schools that are in compliance with paragraph (1).

(B) A Federal capital contribution under section 292q of this title may not be construed as being an exempt Federal capital contribution if the contribution is made from payments under subparagraph (A). A school contribution under such section may not be construed as being an exempt school contribution if the contribution is made pursuant to a Federal capital contribution

from such payments.

(6) Reports by schools

Each agreement under section 292q of this title with **a** school of medicine or osteopathic medicine shall provide that the school will submit to the Secretary **a** report for each 1-year period under paragraph (1) that provides such information as the Secretary determines to be necessary for carrying out this subsection. Each such report shall include statistics concerning the current training or practice status of all graduates of such school whose date of graduation from the school occurred approximately 4 years before the end of the 1-year period involved.

(c) Definitions

For purposes of this section:

(1) The term "exempt contributions" means exempt Federal capital contributions and exempt school contributions.

(2) The term "exempt Federal capital contribution" means **a** Federal capital contribution described in subclause (I) of subsection **(a)(2)(A)(ii)** of this section.



(3) The term "exempt school contribution" means **a** school contribution described in subclause (II) of subsection (a)(2)(A)(ii) of this section.

(4) The term "income", with respect to **a** student fund under section 292q of this title, means payments of principal and interest on any loan made from the fund, and any other earnings of the fund.

(5) The term "primary health care" means family medicine, general internal medicine, general pediatrics, preventive medicine, or osteopathic general practice.

-SOURCE-

(July 1, 1944, ch. 373, title VII, Sec. 723, as added Pub. L. 102-408, title I, Sec. 102, Oct. 13, 1992, 106 Stat. 2015; amended Pub. L. 103-43, title XX, Sec. 2014(c), June 10, 1993, 107 Stat. 216; Pub. L. 105-392, title I, Sec. 131, Nov. 13, 1998, 112 Stat. 3574.)

-REFTEXT-

CITE-

42 USC Sec. 292t

01/19/04

-EXPCITE-

TITLE 42 - THE PUBLIC HEALTH AND WELFARE

CHAPTER 6A - PUBLIC HEALTH SERVICE

SUBCHAPTER V - HEALTH PROFESSIONS EDUCATION

Part **A** - Student Loans

subpart ii - federally-supported student loan funds

-HEAD-

Sec. 292t. Individuals from disadvantaged backgrounds

-STATUTE-

(a) Fund agreements regarding certain amounts

With respect to amounts appropriated under subsection (f) of this section, each agreement entered into under section 292q of this title with **a** school shall provide (in addition to the provisions required in subsection (b) of such section) that -

(1) any Federal capital contribution made to the student loan fund of the school from such amounts, together with the school contribution appropriate under subsection (b)(2)(B) of such section to the amount of the Federal capital contribution, will be utilized only for the purpose of -

(**A**) making loans to individuals from disadvantaged

backgrounds; and

(B) the costs of the collection of the loans and interest on

the loans; and

(2) collections of principal and interest on loans made pursuant to paragraph (1), and any other earnings of the student loan fund attributable to amounts that are in the fund pursuant to such paragraph, will be utilized only for the purpose described in such paragraph.

(b) Minimum qualifications for schools

The Secretary may not make **a** Federal capital contribution for purposes of subsection (a) of this section for **a** fiscal year unless the health professions school involved -

(1) is carrying out **a** program for recruiting and retaining students from disadvantaged backgrounds, including racial and ethnic minorities; and

(2) is carrying out **a** program for recruiting and retaining minority faculty.

(c) Certain agreements regarding education of students; date certain for compliance

The Secretary may not make **a** Federal capital contribution for

purposes of subsection (a) of this section for a fiscal year unless the health professions school involved agrees -

(1) to ensure that adequate instruction regarding minority health issues is provided for in the curricula of the school;

(2) with respect to health clinics providing services to a significant number of individuals who are from disadvantaged backgrounds, including members of minority groups, to enter into arrangements with 1 or more such clinics for the purpose of providing students of the school with experience in providing clinical services to such individuals;

(3) with respect to public or nonprofit private secondary educational institutions and undergraduate institutions of higher education, to enter into arrangements with 1 or more such institutions for the purpose of carrying out programs regarding the educational preparation of disadvantaged students, including minority students, to enter the health professions and regarding the recruitment of such individuals into the health professions;

(4) to establish a mentor program for assisting disadvantaged students, including minority students, regarding the completion

of the educational requirements for degrees from the school;

(5) to be carrying out each of the activities specified in any of paragraphs (1) through (4) by not later than 1 year after the date on which the first Federal capital contribution is made to the school for purposes of subsection (a) of this section; and

(6) to continue carrying out such activities, and the activities specified in paragraphs (1) and (2) of subsection (b) of this section, throughout the period during which the student loan fund established pursuant to section 292q(b) of this title is in operation.

(d) Availability of other amounts

With respect to Federal capital contributions to student loan funds under agreements under section 292q(b) of this title, any such contributions made before October 1, 1990, together with the school contributions appropriate under paragraph (2)(B) of such section to the amount of the Federal capital contributions, may be utilized for the purpose of making loans to individuals from disadvantaged backgrounds, subject to section 292s(a)(2)(B) of this title.

(e) "Disadvantaged" defined

For purposes of this section, the term "disadvantaged", with respect to an individual, shall be defined by the Secretary.

(f) Authorization of appropriations

(1) Repealed. Pub. L. 105-392, title I, Sec. 132(b), Nov. 13, 1998, 112 Stat. 3575

(2) Special consideration for certain schools

In making Federal capital contributions to student loan funds for purposes of subsection (a) of this section, the Secretary shall give special consideration to health professions schools that have enrollments of underrepresented minorities above the national average for health professions schools.

-SOURCE-

(July 1, 1944, ch. 373, title VII, Sec. 724, as added Pub. L. 102-408, title I, Sec. 102, Oct. 13, 1992, 106 Stat. 2018; amended Pub. L. 105-392, title I, Sec. 132, Nov. 13, 1998, 112 Stat. 3575.)

-MISC1-

PRIOR PROVISIONS

A prior section 724 of act July 1, 1944, was classified to

section 293d of this title prior to the general revision of this subchapter by Pub. L. 102-408.

#### AMENDMENTS

1998 - Subsec. (f)(1). Pub. L. 105-392, Sec. 132(b), struck out heading and text of par. (1). Text read as follows: "With respect to making Federal capital contributions to student loan funds for purposes of subsection (a) of this section, there is authorized to be appropriated for such contributions \$8,000,000 for each of the fiscal years 1998 through 2002."

Pub. L. 105-392, Sec. 132(a), substituted "\$8,000,000 for each of the fiscal years 1998 through 2002" for "\$15,000,000 for fiscal year 1993".

#### EFFECTIVE DATE OF 1998 AMENDMENT

Pub. L. 105-392, title I, Sec. 132(b), Nov. 13, 1998, 112 Stat. 3575, provided that the repeal of subsec. (f)(1) of this section is effective Oct. 1, 2002.

-CITE-

42 USC Sec. 292u

01/19/04

-EXPCITE-

TITLE 42 - THE PUBLIC HEALTH AND WELFARE

CHAPTER 6A - PUBLIC HEALTH SERVICE

SUBCHAPTER V - HEALTH PROFESSIONS EDUCATION

Part A - Student Loans

subpart ii - federally-supported student loan funds

-HEAD-

Sec. 292u. Administrative provisions

-STATUTE-

The Secretary may agree to modifications of agreements or loans made under this subpart, and may compromise, waive, or release any right, title, claim, or demand of the United States arising or acquired under this subpart.

-SOURCE-

(July 1, 1944, ch. 373, title VII, Sec. 725, as added Pub. L.

102-408, title I, Sec. 102, Oct. 13, 1992, 106 Stat. 2019.)

-MISC1-

PRIOR PROVISIONS

A prior section 725 of act July 1, 1944, was classified to section 293e of this title prior to the general revision of this subchapter by Pub. L. 102-408.

HEALTH PROFESSIONS EDUCATION FUND; AVAILABILITY OF FUND; DEPOSIT IN

FUND OF: INTEREST PAYMENTS OR REPAYMENTS OF PRINCIPAL ON LOANS;



TRANSFER OF EXCESS MONEYS TO GENERAL FUND OF THE TREASURY;

AUTHORIZATION OF APPROPRIATIONS FOR PAYMENTS UNDER AGREEMENTS

Section 406(b), (c) of Pub. L. 94-484 provided that:

"(b) The health professions education fund created within the Treasury by section 744(d)(1) of the Public Health Service Act (as in effect before the date of enactment of this Act) [former section 294d(d)(1) of this title] shall remain available to the Secretary of Health, Education, and Welfare [now Health and Human Services] for the purpose of meeting his responsibilities respecting participations in obligations acquired under such section. The Secretary shall continue to deposit in such fund all amounts received by him as interest payments or repayments of principal on loans under such section 744 [former section 294d of this title]. If at any time the Secretary determines the moneys in the fund exceed the present and any reasonable prospective future requirements of such fund, such excess may be transferred to the general fund of the Treasury.

"(c) There are authorized to be appropriated without fiscal year limitation such sums as may be necessary to enable the Secretary to

make payments under agreements entered into under section 744(b)  
[former section 294d(b) of this title] of the Public Health Service  
Act before September 30, 1977."

-CITE-

42 USC Sec. 292v

01/19/04

-EXPCITE-

TITLE 42 - THE PUBLIC HEALTH AND WELFARE

CHAPTER 6A - PUBLIC HEALTH SERVICE

SUBCHAPTER V - HEALTH PROFESSIONS EDUCATION

Part **A** - Student Loans

subpart ii - federally-supported student loan funds

-HEAD-

Sec. 292v. Provision by schools of information to students

-STATUTE-

(**a**) In general

With respect to loans made by **a** school under this subpart after  
June 30, 1986, each school, in order to carry out the provisions of  
sections 292q and 292r of this title, shall, at any time such  
school makes such **a** loan to **a** student under this subpart, provide  
thorough and adequate loan information on loans made under this  
subpart to the student. The loan information required to be

provided to the student by this subsection shall include -

- (1) the yearly and cumulative maximum amounts that may be borrowed by the student;
- (2) the terms under which repayment of the loan will begin;
- (3) the maximum number of years in which the loan must be repaid;
- (4) the interest rate that will be paid by the borrower and the minimum amount of the required monthly payment;
- (5) the amount of any other fees charged to the borrower by the lender;
- (6) any options the borrower may have for deferral, cancellation, prepayment, consolidation, or other refinancing of the loan;
- (7) **a** definition of default on the loan and **a** specification of the consequences which will result to the borrower if the borrower defaults, including **a** description of any arrangements which may be made with credit bureau organizations;
- (8) to the extent practicable, the effect of accepting the loan on the eligibility of the borrower for other forms of student

assistance; and

(9) **a** description of the actions that may be taken by the Federal Government to collect the loan, including **a** description of the type of information concerning the borrower that the Federal Government may disclose to (A) officers, employees, or agents of the Department of Health and Human Services, (B) officers, employees, or agents of schools with which the Secretary has an agreement under this subpart, or (C) any other person involved in the collection of **a** loan under this subpart.

(b) Statement regarding loan

Each school shall, immediately prior to the graduation from such school of **a** student who receives **a** loan under this subpart after June 30, 1986, provide such student with **a** statement specifying -

(1) each amount borrowed by the student under this subpart;

(2) the total amount borrowed by the student under this

subpart; and

(3) **a** schedule for the repayment of the amounts borrowed under this subpart, including the number, amount, and frequency of payments to be made.

-SOURCE-

(July 1, 1944, ch. 373, title VII, Sec. 726, as added Pub. L.

102-408, title I, Sec. 102, Oct. 13, 1992, 106 Stat. 2020.)

-MISC1-

CITE-

42 USC Sec. 292w

01/19/04

-EXPCITE-

TITLE 42 - THE PUBLIC HEALTH AND WELFARE

CHAPTER 6A - PUBLIC HEALTH SERVICE

SUBCHAPTER V - HEALTH PROFESSIONS EDUCATION

Part **A** - Student Loans

subpart ii - federally-supported student loan funds

-HEAD-

Sec. 292w. Procedures for appeal of termination of agreements

-STATUTE-

In any case in which the Secretary intends to terminate an agreement with **a** school under this subpart, the Secretary shall provide the school with **a** written notice specifying such intention and stating that the school may request **a** formal hearing with respect to such termination. If the school requests such **a** hearing

within 30 days after the receipt of such notice, the Secretary shall provide such school with a hearing conducted by an administrative law judge.

-SOURCE-

(July 1, 1944, ch. 373, title VII, Sec. 727, as added Pub. L. 102-408, title I, Sec. 102, Oct. 13, 1992, 106 Stat. 2020.)

CITE-

42 USC Sec. 292x

01/19/04

-EXPCITE-

TITLE 42 - THE PUBLIC HEALTH AND WELFARE

CHAPTER 6A - PUBLIC HEALTH SERVICE

SUBCHAPTER V - HEALTH PROFESSIONS EDUCATION

Part **A** - Student Loans

subpart ii - federally-supported student loan funds

-HEAD-

Sec. 292x. Distribution of assets from loan funds

-STATUTE-

(**a**) Distribution after termination of fund

If **a** school terminates **a** loan fund established under an agreement pursuant to section 292q(b) of this title, or if the Secretary for good cause terminates the agreement with the school, there shall be

**a** capital distribution as follows:

(1) The Secretary shall first be paid an amount which bears the same ratio to such balance in such fund on the date of termination of the fund as the total amount of the Federal capital contributions to such fund by the Secretary pursuant to section 292q(b)(2)(A) of this title bears to the total amount in such fund derived from such Federal capital contributions and from funds deposited therein pursuant to section 292q(b)(2)(B) of this title.

(2) The remainder of such balance shall be paid to the school.

(b) Payment of proportionate share to Secretary

If **a** capital distribution is made under subsection (**a**) of this section, the school involved shall, after the capital distribution, pay to the Secretary, not less often than quarterly, the same proportionate share of amounts received by the school in payment of principal or interest on loans made from the loan fund established pursuant to section 292q(b) of this title as was determined by the Secretary under subsection (**a**) of this section.

-SOURCE-

(July 1, 1944, ch. 373, title VII, Sec. 728, as added Pub. L.

102-408, title I, Sec. 102, Oct. 13, 1992, 106 Stat. 2021.)

-CITE-

42 USC Sec. 292y

01/19/04

-EXPCITE-

TITLE 42 - THE PUBLIC HEALTH AND WELFARE

CHAPTER 6A - PUBLIC HEALTH SERVICE

SUBCHAPTER V - HEALTH PROFESSIONS EDUCATION

Part **A** - Student Loans

subpart ii - federally-supported student loan funds

-HEAD-

Sec. 292y. General provisions

-STATUTE-

(a) Date certain for applications

The Secretary shall from time to time set dates by which schools must file applications for Federal capital contributions.

(b) Contingent reduction in allotments

If the total of the amounts requested for any fiscal year in such applications exceeds the amounts appropriated under this section for that fiscal year, the allotment to the loan fund of each such



school shall be reduced to whichever of the following is the smaller: (A) the amount requested in its application; or (B) an amount which bears the same ratio to the amounts appropriated as the number of students estimated by the Secretary to be enrolled in such school during such fiscal year bears to the estimated total number of students in all such schools during such year. Amounts remaining after allotment under the preceding sentence shall be reallocated in accordance with clause (B) of such sentence among schools whose applications requested more than the amounts so allotted to their loan funds, but with such adjustments as may be necessary to prevent the total allotted to any such school's loan fund from exceeding the total so requested by it.

(c) Allotment of excess funds

Funds available in any fiscal year for payment to schools under this subpart which are in excess of the amount appropriated pursuant to this section for that year shall be allotted among schools in such manner as the Secretary determines will best carry out the purposes of this subpart.

(d) Payment of installments to schools

Allotments to **a** loan fund of **a** school shall be paid to it from time to time in such installments as the Secretary determines will not result in unnecessary accumulations in the loan fund at such school.

(e) Disposition of funds returned to Secretary

(1) Expenditure for Federal capital contributions

Subject to section 292s(b)(5) of this title, any amounts from student loan funds under section 292q of this title that are returned to the Secretary by health professions schools shall be expended to make Federal capital contributions to such funds.

(2) Date certain for contributions

Amounts described in paragraph (1) that are returned to the Secretary shall be obligated before the end of the succeeding fiscal year.

(3) Preference in making contributions

In making Federal capital contributions to student loans funds under section 292q of this title for **a** fiscal year from amounts described in paragraph (1), the Secretary shall give preference to health professions schools of the same disciplines as the

health professions schools returning such amounts for the period during which the amounts expended for such contributions were received by the Secretary. Any such amounts that, prior to being so returned, were available only for the purpose of loans under this subpart to individuals from disadvantaged backgrounds shall be available only for such purpose.

(f) Funding for certain medical schools

(1) Authorization of appropriations

For the purpose of making Federal capital contributions to student loan funds established under section 292q of this title by schools of medicine or osteopathic medicine, there is authorized to be appropriated \$10,000,000 for each of the fiscal years 1994 through 1996.

(2) Minimum requirements

(A) Subject to subparagraph (B), the Secretary may make a Federal capital contribution pursuant to paragraph (1) only if the school of medicine or osteopathic medicine involved meets the conditions described in subparagraph (A) of section 292s(b)(2) of this title or the conditions described in subparagraph (C) of

such section.

(B) For purposes of subparagraph (A), the conditions referred to in such subparagraph shall be applied with respect to graduates of the school involved whose date of graduation occurred approximately 3 years before June 30 of the fiscal year preceding the fiscal year for which the Federal capital contribution involved is made.

-SOURCE-

(July 1, 1944, ch. 373, title VII, Sec. 735, as added Pub. L. 102-408, title I, Sec. 102, Oct. 13, 1992, 106 Stat. 2021; amended Pub. L. 102-531, title III, Sec. 313(a)(1), Oct. 27, 1992, 106 Stat. 3507; Pub. L. 103-43, title XX, Sec. 2014(d), June 10, 1993, 107 Stat. 217; Pub. L. 105-392, title I, Sec. 134(c), Nov. 13, 1998, 112 Stat. 3578.)

**Public Health Service Act, 42 U.S.C. 297a-i**

**42 USC Sec. 297a**

01/19/04

-EXPCITE-

TITLE 42 - THE PUBLIC HEALTH AND WELFARE

CHAPTER 6A - PUBLIC HEALTH SERVICE

SUBCHAPTER VI - NURSING WORKFORCE DEVELOPMENT

Part E - Student Loans

-HEAD-

Sec. 297a. Student loan fund

-STATUTE-

(a) Agreements to establish and operate fund authorized

The Secretary is authorized to enter into an agreement for the establishment and operation of a student loan fund in accordance with this part (!1) with any public or nonprofit private school of nursing which is located in a State.

(b) Provisions of agreements

Each agreement entered into under this section shall -

(1) provide for establishment of a student loan fund by the school;

(2) provide for deposit in the fund, except as provided in section 297h of this title, of (A) the Federal capital contributions paid from allotments under section 297d of this title to the school by the Secretary, (B) an additional amount

from other sources equal to not less than one-ninth of such Federal capital contributions, (C) collections of principal and interest on loans made from the fund, (D) collections pursuant to section 297b(f) of this title, and (E) any other earnings of the fund;

(3) provide that the fund, except as provided in section 297h of this title, shall be used only for loans to students of the school in accordance with the agreement and for costs of collection of such loans and interest thereon;

(4) provide that loans may be made from such fund only to students pursuing a fulltime or half-time course of study at the school leading to a baccalaureate or associate degree in nursing or an equivalent degree or a diploma in nursing, or to a graduate degree in nursing;

(5) contain such other provisions as are necessary to protect the financial interests of the United States.

(c) Regulatory standards applicable to collection of loans

(1) Any standard established by the Secretary by regulation for the collection by schools of nursing of loans made pursuant to loan

agreements under this part (!1) shall provide that the failure of any such school to collect such loans shall be measured in accordance with this subsection. With respect to the student loan fund established pursuant to such agreements, this subsection may not be construed to require such schools to reimburse such loan fund for loans that became uncollectable prior to 1983.

(2) The measurement of a school's failure to collect loans made under this part (!1) shall be the ratio (stated as a percentage) that the defaulted principal amount outstanding of such school bears to the matured loans of such school.

(3) For purposes of this subsection -

(A) the term "default" means the failure of a borrower of a loan made under this part (!1) to -

(i) make an installment payment when due; or

(ii) comply with any other term of the promissory note for

such loan,

except that a loan made under this part (!1) shall not be

considered to be in default if the loan is discharged in

bankruptcy or if the school reasonably concludes from written

contacts with the borrower that the borrower intends to repay the loan;

(B) the term "defaulted principal amount outstanding" means the total amount borrowed from the loan fund of a school that has reached the repayment stage (minus any principal amount repaid or cancelled) on loans -

(i) repayable monthly and in default for at least 120 days;

and

(ii) repayable less frequently than monthly and in default for at least 180 days;

(C) the term "grace period" means the period of nine months beginning on the date on which the borrower ceases to pursue a full-time or half-time course of study at a school of nursing; and

(D) the term "matured loans" means the total principal amount of all loans made by a school of nursing under this part (!1) minus the total principal amount of loans made by such school to students who are -

(i) enrolled in a full-time or half-time course of study at



such school; or

(ii) in their grace period.

-SOURCE-

(July 1, 1944, ch. 373, title VIII, Sec. 835, formerly Sec. 822, as added Pub. L. 88-581, Sec. 2, Sept. 4, 1964, 78 Stat. 913; amended Pub. L. 90-490, title II, Sec. 222(a), (c)(2), Aug. 16, 1968, 82 Stat. 783, 784; Pub. L. 92-158, Sec. 6(d)(3), (e), Nov. 18, 1971, 85 Stat. 478; Pub. L. 93-385, Sec. 3(b), Aug. 23, 1974, 88 Stat. 741; renumbered Sec. 835 and amended Pub. L. 94-63, title IX, Secs. 936(a), 941(h)(1)-(3), (i)(1), (2), July 29, 1975, 89 Stat. 362, 365, 366; Pub. L. 96-76, title I, Sec. 109(a), Sept. 29, 1979, 93 Stat. 579; Pub. L. 97-35, title XXVII, Sec. 2757(a), Aug. 13, 1981, 95 Stat. 931; Pub. L. 99-92, Sec. 8(a), Aug. 16, 1985, 99 Stat. 397; Pub. L. 99-129, title II, Sec. 209(j)(2), Oct. 22, 1985, 99 Stat. 536; Pub. L. 100-607, title VII, Sec. 713(a), Nov. 4, 1988, 102 Stat. 3160.)

-REFTEXT-  
42 USC Sec. 297b

01/19/04

-EXPCITE-

TITLE 42 - THE PUBLIC HEALTH AND WELFARE

CHAPTER 6A - PUBLIC HEALTH SERVICE

SUBCHAPTER VI - NURSING WORKFORCE DEVELOPMENT

Part E - Student Loans

-HEAD-

Sec. 297b. Loan provisions

-STATUTE-

(a) Maximum amount per individual per year; preference to first year students

The total of the loans for any academic year (or its equivalent, as determined under regulations of the Secretary) made by schools of nursing from loan funds established pursuant to agreements under this part (!1) may not exceed \$2,500 in the case of any student, except that for the final two academic years of the program involved, such total may not exceed \$4,000. The aggregate of the loans for all years from such funds may not exceed \$13,000 in the case of any student. In the granting of such loans, a school shall give preference to licensed practical nurses, to persons with exceptional financial need, and to persons who enter as first-year students after enactment of this subchapter.

(b) Terms and conditions

Loans from any such student loan fund by any school shall be made on such terms and conditions as the school may determine; subject, however, to such conditions, limitations, and requirements as the Secretary may prescribe (by regulation or in the agreement with the school) with a view to preventing impairment of the capital of such fund to the maximum extent practicable in the light of the objective of enabling the student to complete his course of study; and except that -

(1) such a loan may be made only to a student who (A) is in need of the amount of the loan to pursue a full-time or half-time course of study at the school leading to a baccalaureate or associate degree in nursing or an equivalent degree, or a diploma in nursing, or a graduate degree in nursing, (B) is capable, in the opinion of the school, of maintaining good standing in such course of study, and (C) with respect to any student enrolling in the school after June 30, 1986, is of financial need (as defined in regulations issued by the Secretary);; (!2)

(2) such a loan shall be repayable in equal or graduated periodic installments (with the right of the borrower to accelerate repayment) over the ten-year period which begins nine

months after the student ceases to pursue **a** full-time or half-time course of study at **a** school of nursing, excluding from such 10-year period all **(A)** periods (up to three years) of (i) active duty performed by the borrower as **a** member of **a** uniformed service, or (ii) service as **a** volunteer under the Peace Corps Act [22 U.S.C. 2501 et seq.], **(B)** periods (up to ten years) during which the borrower is pursuing **a** full-time or half-time course of study at **a** collegiate school of nursing leading to baccalaureate degree in nursing or an equivalent degree, or to graduate degree in nursing, or is otherwise pursuing advanced professional training in nursing (or training to be **a** nurse anesthetist), and **(C)** such additional periods under the terms of paragraph (8) of this subsection;

(3) in the case of **a** student who received such **a** loan before September 29, 1979, an amount up to 85 per centum of any such loan made before such date (plus interest thereon) shall be canceled for full-time employment as **a** professional nurse (including teaching in any of the fields of nurse training and service as an administrator, supervisor, or consultant in any of

the fields of nursing) in any public or nonprofit private agency, institution, or organization (including neighborhood health centers), at the rate of 15 per centum of the amount of such loan (plus interest) unpaid on the first day of such service for each of the first, second, and third complete year of such service, and 20 per centum of such amount (plus interest) for each complete fourth and fifth year of such service;

(4) the liability to repay the unpaid balance of such loan and accrued interest thereon shall be canceled upon the death of the borrower, or if the Secretary determines that he has become permanently and totally disabled;

(5) such **a** loan shall bear interest on the unpaid balance of the loan, computed only for periods during which the loan is repayable, at the rate of 5 percent per annum;

(6) such **a** loan shall be made without security or endorsement, except that if the borrower is **a** minor and the note or other evidence of obligation executed by him would not, under the applicable law, create **a** binding obligation, either security or endorsement may be required;

(7) no note or other evidence of any such loan may be transferred or assigned by the school making the loan except that, if the borrower transfers to another school participating in the program under this part (!1) such note or other evidence of **a** loan may be transferred to such other school; and

(8) pursuant to uniform criteria established by the Secretary, the repayment period established under paragraph (2) for any student borrower who during the repayment period failed to make consecutive payments and who, during the last 12 months of the repayment period, has made at least 12 consecutive payments may be extended for **a** period not to exceed 10 years.

(c) Cancellation

Where all or any part of **a** loan, or interest, is canceled under this section, the Secretary shall pay to the school an amount equal to the school's proportionate share of the canceled portion, as determined by the Secretary.

(d) Installments

Any loan for any year by **a** school from **a** student loan fund established pursuant to an agreement under this part (!1) shall be

made in such installments as may be provided in regulations of the Secretary or such agreement and, upon notice to the Secretary by the school that any recipient of a loan is failing to maintain satisfactory standing, any or all further installments of his loan shall be withheld, as may be appropriate.

(e) Availability to eligible students in need

An agreement under this part (!1) with any school shall include provisions designed to make loans from the student loan fund established thereunder reasonably available (to the extent of the available funds in such fund) to all eligible students in the school in need thereof.

(f) Penalty for late payment

Subject to regulations of the Secretary and in accordance with this section, a school shall assess a charge with respect to a loan from the loan fund established pursuant to an agreement under this part (!1) for failure of the borrower to pay all or any part of an installment when it is due and, in the case of a borrower who is entitled to deferment of the loan under subsection (b)(2) of this section or cancellation of part or all of the loan under subsection

(b)(3) of this section, for any failure to file timely and satisfactory evidence for such entitlement. No such charge may be made if the payment of such installment or the filing of such evidence is made within 60 days after the date on which such installment or filing is due. The amount of any such charge may not exceed an amount equal to 6 percent of the amount of such installment. The school may elect to add the amount of any such charge to the principal amount of the loan as of the first day after the day on which such installment or evidence was due, or to make the amount of the charge payable to the school not later than the due date of the next installment after receipt by the borrower of notice of the assessment of the charge.

(g) Minimum monthly repayment

A school may provide in accordance with regulations of the Secretary, that during the repayment period of a loan from a loan fund established pursuant to an agreement under this part (!1) payments of principal and interest by the borrower with respect to all the outstanding loans made to him from loan funds so established shall be at a rate equal to not less than \$40 per



month.

(h) Loan cancellation

Notwithstanding the amendment made by section 6(b) of the Nurse Training Act of 1971 to this section -

(A) any person who obtained one or more loans from a loan fund established under this part, (!1) who before November 18, 1971, became eligible for cancellation of all or part of such loans (including accrued interest) under this section (as in effect on the day before such date), and who on such date was not engaged in a service for which loan cancellation was authorized under this section (as so in effect), may at any time elect to receive such cancellation in accordance with this subsection (as so in effect); and

(B) in the case of any person who obtained one or more loans from a loan fund established under this part (!1) and who on such date was engaged in a service for which cancellation of all or part of such loans (including accrued interest) was authorized under this section (as so in effect), this section (as so in effect) shall continue to apply to such person for purposes of

providing such loan cancellation until he terminates such service.

Nothing in this subsection shall be construed to prevent any person from entering into an agreement for loan cancellation under subsection (h) (!1) of this section (as amended by section 6(b)(2) of the Nurse Training Act of 1971).

(i) Loan repayment

Upon application by **a** person who received, and is under an obligation to repay, any loan made to such person as **a** nursing student, the Secretary may undertake to repay (without liability to the applicant) all or any part of such loan, and any interest or portion thereof outstanding thereon, upon his determination, pursuant to regulations establishing criteria therefor, that the applicant -

- (1) failed to complete the nursing studies with respect to which such loan was made;
- (2) is in exceptionally needy circumstances; and
- (3) has not resumed, or cannot reasonably be expected to resume, such nursing studies within two years following the date

upon which the applicant terminated the studies with respect to which such loan was made.

(j) Collection by Secretary of loan in default; preconditions and procedures applicable

The Secretary is authorized to attempt to collect any loan which was made under this part, (!1) which is in default, and which was referred to the Secretary by **a** school of nursing with which the Secretary has an agreement under this part, (!1) on behalf of that school under such terms and conditions as the Secretary may prescribe (including reimbursement from the school's student loan fund for expenses the Secretary may reasonably incur in attempting collection), but only if the school has complied with such requirements as the Secretary may specify by regulation with respect to the collection of loans under this part. (!1) **A** loan so referred shall be treated as **a** debt subject to section 5514 of title 5. Amounts collected shall be deposited in the school's student loan fund. Whenever the Secretary desires the institution of **a** civil action regarding any such loan, the Secretary shall refer the matter to the Attorney General for appropriate action.

(k) Redesignated (j)

(l) Elimination of statute of limitation for loan collections

(1) Purpose

It is the purpose of this subsection to ensure that obligations to repay loans under this section are enforced without regard to any Federal or State statutory, regulatory, or administrative limitation on the period within which debts may be enforced.

(2) Prohibition

Notwithstanding any other provision of Federal or State law, no limitation shall terminate the period within which suit may be filed, a judgment may be enforced, or an offset, garnishment, or other action may be initiated or taken by a school of nursing that has an agreement with the Secretary pursuant to section 297a of this title that is seeking the repayment of the amount due from a borrower on a loan made under this part (!1) after the default of the borrower on such loan.

-SOURCE-

(July 1, 1944, ch. 373, title VIII, Sec. 836, formerly Sec. 823, as added Pub. L. 88-581, Sec. 2, Sept. 4, 1964, 78 Stat. 914; amended

Pub. L. 89-290, Sec. 4(g)(2), Oct. 22, 1965, 79 Stat. 1058; Pub. L. 90-490, title II, Sec. 222(b), (c)(1), Aug. 16, 1968, 82 Stat. 783, 784; Pub. L. 92-158, Sec. 6(a), (b)(1), (e), Nov. 18, 1971, 85 Stat. 475, 476, 478; renumbered Sec. 836 and amended Pub. L. 94-63, title IX, Secs. 936(b), 941(h)(1), (2), (5), (i)(1), July 29, 1975, 89 Stat. 363, 365; Pub. L. 96-76, title I, Sec. 112, Sept. 29, 1979, 93 Stat. 580; Pub. L. 97-35, title XXVII, Sec. 2757(b), Aug. 13, 1981, 95 Stat. 931; Pub. L. 99-92, Sec. 8(b)-(d), Aug. 16, 1985, 99 Stat. 398; Pub. L. 100-607, title VII, Secs. 713(b)-(g), 714(a)-(c), Nov. 4, 1988, 102 Stat. 3160, 3161; Pub. L. 101-93, Sec. 5(r), Aug. 16, 1989, 103 Stat. 614; Pub. L. 102-408, title II, Sec. 211(a)(1), Oct. 13, 1992, 106 Stat. 2078; Pub. L. 105-392, title I, Sec. 133(a)-(c)(1), Nov. 13, 1998, 112 Stat. 3575.)

42 USC Sec. 297c

01/19/04

-EXPCITE-

TITLE 42 - THE PUBLIC HEALTH AND WELFARE

CHAPTER 6A - PUBLIC HEALTH SERVICE

SUBCHAPTER VI - NURSING WORKFORCE DEVELOPMENT

Part E - Student Loans

-HEAD-

Sec. 297c. Repealed. Pub. L. 105-392, title I, Sec. 123(3), Nov.

13, 1998, 112 Stat. 3562

-MISC1-

Section, act July 1, 1944, ch. 373, title VIII, Sec. 837,  
formerly Sec. 824, as added Pub. L. 88-581, Sec. 2, Sept. 4, 1964,  
78 Stat. 915; amended Pub. L. 89-751, Sec. 6(b), Nov. 3, 1966, 80  
Stat. 1235; Pub. L. 90-490, title II, Sec. 222(d), Aug. 16, 1968,  
82 Stat. 784; Pub. L. 92-52, Sec. 3(a), July 9, 1971, 85 Stat. 144;  
Pub. L. 92-158, Sec. 6(c), Nov. 18, 1971, 85 Stat. 477; Pub. L.  
93-385, Sec. 3(a), Aug. 23, 1974, 88 Stat. 741; renumbered Sec. 837  
and amended Pub. L. 94-63, title IX, Secs. 936(c), 941(i)(1), (3),  
July 29, 1975, 89 Stat. 363, 365, 366; Pub. L. 96-76, title I, Sec.  
109(b), Sept. 29, 1979, 93 Stat. 580; Pub. L. 97-35, title XXVII,  
Sec. 2757(c), Aug. 13, 1981, 95 Stat. 931, authorized  
appropriations for student loan funds for certain fiscal years.

42 USC Sec. 297c-1

01/19/04

-EXPCITE-

TITLE 42 - THE PUBLIC HEALTH AND WELFARE

CHAPTER 6A - PUBLIC HEALTH SERVICE

SUBCHAPTER VI - NURSING WORKFORCE DEVELOPMENT

Part E - Student Loans

-HEAD-

Sec. 297c-1. Repealed. Pub. L. 102-408, title II, Sec. 211(a)(2),  
Oct. 13, 1992, 106 Stat. 2078

-MISC1-

Section, act July 1, 1944, ch. 373, title VIII, Sec. 837A, as  
added Nov. 4, 1988, Pub. L. 100-607, title VII, Sec. 714(d), 102  
Stat. 3162, authorized appropriations for educational loan  
repayments for service in certain health facilities.

42 USC Sec. 297d

01/19/04

-EXPCITE-

TITLE 42 - THE PUBLIC HEALTH AND WELFARE

CHAPTER 6A - PUBLIC HEALTH SERVICE

SUBCHAPTER VI - NURSING WORKFORCE DEVELOPMENT

Part E - Student Loans

-HEAD-

Sec. 297d. Allotments and payments of Federal capital contributions

-STATUTE-

(a) Application for allotment; reduction or adjustment of amount  
requested in application; reallocation; continued availability of

funds

(1) The Secretary shall from time to time set dates by which schools of nursing must file applications for Federal capital contributions.

(2)(A) If the total of the amounts requested for any fiscal year in such applications exceeds the total amount appropriated under section 297c (!1) of this title for that fiscal year, the allotment from such total amount to the loan fund of each school of nursing shall be reduced to whichever of the following is the smaller:

(i) The amount requested in its application.

(ii) An amount which bears the same ratio to the total amount appropriated as the number of students estimated by the Secretary to be enrolled on a full-time basis in such school during such fiscal year bears to the estimated total number of students enrolled in all such schools on a full-time basis during such year.

(B) Amounts remaining after allotment under subparagraph (A) shall be reallocated in accordance with clause (ii) of such subparagraph among schools whose applications requested more than



the amounts so allotted to their loan funds, but with such adjustments as may be necessary to prevent the total allotted to any such school's loan fund under this paragraph and paragraph (3) from exceeding the total so requested by it.

(3) Funds which, pursuant to section 297e(c) of this title or pursuant to **a** loan agreement under section 297a of this title are returned to the Secretary in any fiscal year, shall be available for allotment until expended. Funds described in the preceding sentence shall be allotted among schools of nursing in such manner as the Secretary determines will best carry out this part.(!1)

(b) Installment payment of allotments

Allotments to **a** loan fund of **a** school shall be paid to it from time to time in such installments as the Secretary determines will not result in unnecessary accumulations in the loan fund at such school.

(c) Manner of payment

The Federal capital contributions to **a** loan fund of **a** school under this part (!1) shall be paid to it from time to time in such installments as the Secretary determines will not result in

unnecessary accumulations in the loan fund at such school.

-SOURCE-

(July 1, 1944, ch. 373, title VIII, Sec. 838, formerly Sec. 825, as added Pub. L. 88-581, Sec. 2, Sept. 4, 1964, 78 Stat. 915; amended Pub. L. 89-751, Sec. 6(c), Nov. 3, 1966, 80 Stat. 1235; Pub. L. 90-490, title II, Sec. 222(e), Aug. 16, 1968, 82 Stat. 785; renumbered Sec. 838 and amended Pub. L. 94-63, title IX, Sec. 941(h)(1), (2), (4)(A), (i)(1), (4), July 29, 1975, 89 Stat. 365, 366; Pub. L. 99-92, Sec. 8(e), Aug. 16, 1985, 99 Stat. 398; Pub. L. 100-607, title VII, Sec. 713(h)(1), Nov. 4, 1988, 102 Stat. 3161; Pub. L. 102-408, title II, Sec. 208(a), Oct. 13, 1992, 106 Stat.

2075.)  
42 USC Sec. 297e

01/19/04

-EXPCITE-

TITLE 42 - THE PUBLIC HEALTH AND WELFARE

CHAPTER 6A - PUBLIC HEALTH SERVICE

SUBCHAPTER VI - NURSING WORKFORCE DEVELOPMENT

Part E - Student Loans

-HEAD-

Sec. 297e. Distribution of assets from loan funds

-STATUTE-

**(a) Capital distribution of balance of loan fund**

If **a** school terminates **a** loan fund established under an agreement pursuant to section 297a(b) of this title, or if the Secretary for good cause terminates the agreement with the school, there shall be **a** capital distribution as follows:

(1) The Secretary shall first be paid an amount which bears the same ratio to such balance in such fund on the date of termination of the fund as the total amount of the Federal capital contributions to such fund by the Secretary pursuant to section 297a(b)(2)(A) of this title bears to the total amount in such fund derived from such Federal capital contributions and from funds deposited therein pursuant to section 297a(b)(2)(B) of this title.

(2) The remainder of such balance shall be paid to the school.

**(b) Payment of principal or interest on loans**

If **a** capital distribution is made under subsection **(a)** of this section, the school involved shall, after such capital distribution, pay to the Secretary, not less often than quarterly, the same proportionate share of amounts received by the school in payment of principal or interest on loans made from the loan fund

established under section 297a(b) of this title as determined by the Secretary under subsection (a) of this section.

(c) Payment of balance of loan fund

(1) Within 90 days after the termination of any agreement with a school under section 297a of this title or the termination in any other manner of a school's participation in the loan program under this part, (!1) such school shall pay to the Secretary from the balance of the loan fund of such school established under section 297a of this title, an amount which bears the same ratio to the balance in such fund on the date of such termination as the total amount of the Federal capital contributions to such fund by the Secretary pursuant to section 297a(b)(2)(A) of this title bears to the total amount in such fund on such date derived from such Federal capital contributions and from funds deposited in the fund pursuant to section 297a(b)(2)(B) of this title. The remainder of such balance shall be paid to the school.

(2) A school to which paragraph (1) applies shall pay to the Secretary after the date on which payment is made under such paragraph and not less than quarterly, the same proportionate share of amounts received by the school after the date of termination

referred to in paragraph (1) in payment of principal or interest on loans made from the loan fund as was determined for the Secretary under such paragraph.

-SOURCE-

(July 1, 1944, ch. 373, title VIII, Sec. 839, formerly Sec. 826, as added Pub. L. 88-581, Sec. 2, Sept. 4, 1964, 78 Stat. 916; amended Pub. L. 89-751, Sec. 6(d), Nov. 3, 1966, 80 Stat. 1235; Pub. L. 90-490, title II, Sec. 222(f), Aug. 16, 1968, 82 Stat. 785; Pub. L. 92-52, Sec. 3(b), July 9, 1971, 85 Stat. 145; Pub. L. 92-158, Sec. 6(d)(1), Nov. 18, 1971, 85 Stat. 478; renumbered Sec. 839 and amended Pub. L. 94-63, title IX, Secs. 936(d), 941(h)(1), (2), (4)(B), (i)(1), (5), July 29, 1975, 89 Stat. 363, 365, 366; Pub. L. 96-32, Sec. 7(j), July 10, 1979, 93 Stat. 84; Pub. L. 96-76, title I, Sec. 109(c), Sept. 29, 1979, 93 Stat. 580; Pub. L. 97-35, title XXVII, Sec. 2757(d), Aug. 13, 1981, 95 Stat. 931; Pub. L. 99-92, Sec. 8(f), Aug. 16, 1985, 99 Stat. 399; Pub. L. 100-607, title VII, Sec. 713(i), Nov. 4, 1988, 102 Stat. 3161; Pub. L. 102-408, title II, Sec. 208(b), Oct. 13, 1992, 106 Stat. 2075; Pub. L. 105-392, title I, Sec. 133(e), Nov. 13, 1998, 112 Stat. 3577.)

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Sec. 297f. Repealed. Pub. L. 94-63, title IX, Sec. 936(e)(1), July 29, 1975, 89 Stat. 363

-MISC1-

Section, act July 1, 1944, ch. 373, title VIII, Sec. 827, as added Sept. 4, 1964, Pub. L. 88-581, Sec. 2, 78 Stat. 917; amended Nov. 3, 1966, Pub. L. 89-751, Sec. 6(a), 80 Stat. 1233; Aug. 16, 1968, Pub. L. 90-490, title II, Sec. 222(g), 82 Stat. 785; July 9, 1971, Pub. L. 92-52, Sec. 3(c), 85 Stat. 145; Nov. 18, 1971, Pub. L. 92-158, Sec. 6(d)(2), 85 Stat. 478, set out provisions relating to terms, conditions, limitations, manner of payment, etc., of loans to schools of nursing to capitalize student loan funds.

EFFECTIVE DATE OF REPEAL

Repeal effective July 1, 1975, see section 905 of Pub. L. 94-63, set out as an Effective Date of 1975 Amendment note under section

297a of this title.

AVAILABILITY OF NURSE TRAINING REVOLVING FUND FOR PAYMENT OF  
OBLIGATIONS DEPOSITS INTO FUND; TRANSFER OF EXCESS AMOUNTS TO  
GENERAL FUND OF TREASURY AUTHORIZATION OF APPROPRIATIONS

Section 936(e)(2), (3) of Pub. L. 94-63 provided that:

"(2) The nurse training fund created within the Treasury by section 827(d)(1) of the Act [section 297f(d)(1) of this title] shall remain available to the Secretary of Health, Education, and Welfare [now Health and Human Services] for the purpose of meeting his responsibilities respecting participations in obligations acquired under section 827 of the Act [this section]. The Secretary shall continue to deposit in such fund all amounts received by him as interest payments or repayments of principal on loans under such section 27[827]. If at any time the Secretary determines the moneys in the funds exceed the present and any reasonable prospective further requirements of such fund, such excess may be transferred to the general fund of the Treasury.

"(3) There are authorized to be appropriated without fiscal year limitation such sums as may be necessary to enable the Secretary to

make payments under agreements entered into under section 827(b) of the Act [section 297f(b) of this title] before the date of the enactment of this Act [July 29, 1975]."

CONVERSION OF FEDERAL CAPITAL CONTRIBUTION TO A LOAN UNDER SECTION  
297F OF THIS TITLE

Pub. L. 89-751, Sec. 6(e)(2), Nov. 3, 1966, 80 Stat. 1236, authorized the Secretary of Health, Education, and Welfare to convert a Federal capital contribution to a student loan fund of a particular institution, made under this subchapter, from funds appropriated pursuant thereto for the fiscal year ending June 30, 1967, to a loan under section 297f of this title.

42 USC Sec. 297g

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Sec. 297g. Modification of agreements; compromise, waiver or  
release



-STATUTE-

The Secretary may agree to modifications of agreements made under this part,(!1) and may compromise, waive, or release any right, title, claim, or demand of the United States arising or acquired under this part.(!1)

-SOURCE-

(July 1, 1944, ch. 373, title VIII, Sec. 840, formerly Sec. 828, as added Pub. L. 88-581, Sec. 2, Sept. 4, 1964, 78 Stat. 917; renumbered Sec. 840 and amended Pub. L. 94-63, title IX, Sec. 941(h)(1), (4)(C), (i)(1), July 29, 1975, 89 Stat. 365.)

-REFTEXT-

#### REFERENCES IN TEXT

This part, referred to in text, was in the original "this subpart" and was translated to reflect the probable intent of Congress and the redesignation of subpart II of part B of this subchapter as part E of this subchapter by Pub. L. 105-392, title I, Sec. 123(2), Nov. 13, 1998, 112 Stat. 3562.

-MISC1-

#### AMENDMENTS

1975 - Pub. L. 94-63, Sec. 941(h)(1), (4)(C), substituted

"subpart" for "part" wherever appearing and struck out "or loans" after "agreements".

EFFECTIVE DATE OF 1975 AMENDMENT

Amendment by Pub. L. 94-63 effective July 1, 1975, see section 942 of Pub. L. 94-63, set out as a note under section 297a of this title.

42 USC Sec. 297h

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Sec. 297h. Repealed. Pub. L. 99-92, Sec. 9(a)(1), Aug. 16, 1985, 99

Stat. 400

-MISC1-

Section, act July 1, 1944, ch. 373, title VIII, Sec. 841, formerly Sec. 829, as added Aug. 16, 1968, Pub. L. 90-490, title II, Sec. 222(h), 82 Stat. 785; renumbered Sec. 841 and amended July 29, 1975, Pub. L. 94-63, title IX, Sec. 941(i)(1), (6), 89 Stat. 365, 366, related to transfers to the scholarship program.

EFFECTIVE DATE OF REPEAL

Repeal effective Oct. 1, 1985, see section 10(a) of Pub. L.

99-92, set out as an Effective Date of 1985 Amendment note under  
section 297a of this title.

42 USC Sec. 297i

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Sec. 297i. Procedures for appeal of terminations

-STATUTE-

In any case in which the Secretary intends to terminate an agreement with **a** school of nursing under this part, (!1) the Secretary shall provide the school with **a** written notice specifying such intention and stating that the school may request **a** formal hearing with respect to such termination. If the school requests such **a** hearing within 30 days after the receipt of such notice, the Secretary shall provide such school with **a** hearing conducted by an administrative law judge.

-SOURCE-

(July 1, 1944, ch. 373, title VIII, Sec. 842, as added Pub. L. 99-92, Sec. 8(g), Aug. 16, 1985, 99 Stat. 399.)

-REFTEXT-

#### REFERENCES IN TEXT

This part, referred to in text, was in the original "this subpart" and was translated to reflect the probable intent of Congress and the redesignation of subpart II of part B of this subchapter as part E of this subchapter by Pub. L. 105-392, title I, Sec. 123(2), Nov. 13, 1998, 112 Stat. 3562.

-MISC1-

#### PRIOR PROVISIONS

A prior section 297i, act July 1, 1944, ch. 373, title VIII, Sec. 830, as added Nov. 18, 1971, Pub. L. 92-158, Sec. 6(b)(2), 85 Stat. 477, relating to loan forgiveness, was transferred to and redesignated as subsec. (j) of section 823 of act July 1, 1944, which is classified to section 297b of this title, by Pub. L. 94-63, title IX, Sec. 941(h)(5), July 29, 1975, 89 Stat. 365.

A prior section 842 of act July 1, 1944, was renumbered section 852, and was classified to section 298a of this title prior to

repeal by Pub. L. 105-392.

A prior section 297j, act July 1, 1944, ch. 373, title VIII, Sec. 843, as added Nov. 4, 1988, Pub. L. 100-607, title VII, Sec. 715, 102 Stat. 3162; amended Nov. 18, 1988, Pub. L. 100-690, title II, Sec. 2616(a), 102 Stat. 4240; Aug. 16, 1989, Pub. L. 101-93, Sec. 5(s), 103 Stat. 614, provided grant authority for scholarships for undergraduate education of professional nurses, prior to repeal by Pub. L. 102-531, title III, Sec. 313(a)(11), (c), Oct. 27, 1992, 106 Stat. 3507, effective immediately after enactment of Pub. L. 102-408, approved Oct. 13, 1992.

A prior section 843 of act July 1, 1944, was renumbered section 853, and was classified to section 298b of this title prior to repeal by Pub. L. 105-392.

Another prior section 297j, act July 1, 1944, ch. 373, title VIII, Sec. 845, formerly Sec. 860, as added Aug. 16, 1968, Pub. L. 90-490, title II, Sec. 223(a), 82 Stat. 785; amended July 9, 1971, Pub. L. 92-52, Sec. 4, 85 Stat. 145; Nov. 18, 1971, Pub. L. 92-158, Sec. 7, 85 Stat. 478; renumbered Sec. 845 and amended July 29, 1975, Pub. L. 94-63, title IX, Secs. 902(f), 937, 941(j)(1), (2),

89 Stat. 355, 363, 366; Sept. 29, 1979, Pub. L. 96-76, title I, Sec. 110(a), (b), 93 Stat. 580; Aug. 13, 1981, Pub. L. 97-35, title XXVII, Sec. 2758(a), (b), 95 Stat. 932, set forth provisions relating to scholarship grants to schools of nursing, prior to repeal by Pub. L. 99-92, Sec. 9(a)(2), Aug. 16, 1985, 99 Stat. 400, eff. Oct. 1, 1985.

A prior section 845 of act July 1, 1944, was renumbered section 855, and was classified to section 298b-2 of this title prior to repeal by Pub. L. 105-392.

A prior section 297k, act July 1, 1944, ch. 373, title VIII, Sec. 846, formerly Sec. 861, as added Aug. 16, 1968, Pub. L. 90-490, title II, Sec. 223(a), 82 Stat. 786; renumbered Sec. 846 and amended July 29, 1975, Pub. L. 94-63, title IX, Secs. 941(j)(1), (3), 89 Stat. 366, related to transfers of funds to student loan program, prior to repeal by Pub. L. 97-35, title XXVII, Sec. 2758(c), Aug. 13, 1981, 95 Stat. 932.

#### EFFECTIVE DATE

Section effective Oct. 1, 1985, see section 10(a) of Pub. L. 99-92, set out as an Effective Date of 1985 Amendment note under

section 297a of this title.

**Public Health Service Act, 42 U.S.C. 295o**

**42 USC Sec. 295o**

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TITLE 42 - THE PUBLIC HEALTH AND WELFARE

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SUBCHAPTER V - HEALTH PROFESSIONS EDUCATION

Part F - General Provisions

-HEAD-

Sec. 295o. Matching requirement

-STATUTE-

The Secretary may require that an entity that applies for a grant or contract under this subchapter provide non-Federal matching funds, as appropriate, to ensure the institutional commitment of the entity to the projects funded under the grant. As determined by the Secretary, such non-Federal matching funds may be provided directly or through donations from public or private entities and may be in cash or in-kind, fairly evaluated, including plant, equipment, or services.

-SOURCE-

(July 1, 1944, ch. 373, title VII, Sec. 798, as added Pub. L.



105-392, title I, Sec. 106(a)(2)(F), Nov. 13, 1998, 112 Stat.

3558.)

-MISC1-

#### PRIOR PROVISIONS

A prior section 295o, act July 1, 1944, ch. 373, title VII, Sec. 798, as added Pub. L. 102-408, title I, Sec. 102, Oct. 13, 1992, 106 Stat. 2064; amended Pub. L. 102-531, title III, Sec. 313(a)(8), Oct. 27, 1992, 106 Stat. 3507, set forth certain general provisions relating to this subchapter, prior to repeal by Pub. L. 105-392, title I, Sec. 106(a)(2)(D), Nov. 13, 1998, 112 Stat. 3557.

A prior section 798 of act July 1, 1944, was classified to section 295h-7 of this title prior to the general amendment of this subchapter by Pub. L. 102-408.

Another prior section 798 of act July 1, 1944, was classified to section 295h-7 of this title prior to the general amendment of part

G of this subchapter by Pub. L. 94-484.