

under this section shall—
of a student loan fund by the

fund, except as provided in
capital contributions paid from
the school by the Secretary, (B)
sources equal to not less than
contributions, (C) collections
made from the fund, (D) col-
, and (E) any other earnings

except as provided in section
to students of the school in
and for costs of collection of

made from such fund only
for half-time course of study at
baccalaureate or associate degree in
or a diploma in nursing, or to

persons as are necessary to pro-
vide for the United States.

by the Secretary by regulation
of loans made pursuant to
to provide that the failure of
shall be measured in accord-
with the student loan fund es-
tablished, this subsection may not be
used to reimburse such loan fund for
loans made prior to 1983.

failure to collect loans made
from such fund (as a percentage) that the
percentage of such school bears to the

the failure of a borrower of

payment when due; or
the term of the promissory note

part shall not be considered
discharged in bankruptcy or if
in written contacts with the
borrower to repay the loan;

principal amount outstanding”
from the loan fund of a
student (minus any prin-
cipal amount of loans—

in default for at least 120

days than monthly and in de-

termines the period of nine
months 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 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.

LOAN PROVISIONS

SEC. 836. [42 U.S.C. 297b] (a) 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 estab-
lished pursuant to agreements under this part may not exceed
\$3,300 in the case of any student, except that for the final two aca-
demic years of the program involved, such total may not exceed
\$5,200. The aggregate of the loans for all years from such funds
may not exceed \$17,000 in the case of any student during fiscal
years 2010 and 2011. After fiscal year 2011, such amounts shall be
adjusted to provide for a cost-of-attendance increase for the yearly
loan rate and the aggregate of the loans. 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 title.⁴⁰¹

(b) Loans from any such student loan fund by any school shall
be made on such terms and conditions as the school may deter-
mine; subject, however, to such conditions, limitations, and require-
ments 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 di-
ploma in nursing, or a graduate degree in nursing, (B) is capa-
ble, in the opinion of the school, of maintaining good standing
in such course of study, and (C) with respect to any student en-
rolling in the school after June 30, 2000, is of financial need
(as defined in regulations issued by the Secretary);⁴⁰²

(2) such a loan shall be repayable in equal or graduated
periodic installments (with the right of the borrower to accel-
erate 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

⁴⁰¹ Pub. L. 111-148, Sec. 5202(a)(3), which directed that “\$17,000 in the case of any student during fiscal years 2010 and 2011. After fiscal year 2011, such amounts shall be adjusted to provide for a cost-of-attendance increase for the yearly loan rate and the aggregate of the loans.” be substituted for “\$13,000” and all that follows through the period, was executed by treating “the period” as meaning the period at the end of the second sentence, and by retaining the final sentence, as the probable intent of Congress.

⁴⁰² So in original.

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, (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, 1995, 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 per cent 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, 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) 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) Any loan for any year by a school from a student loan fund established pursuant to an agreement under this part 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 loans shall be withheld, as may be appropriate.

(e) An agreement under this part 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) 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 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) or cancellation of part or all of the loan under subsection (b)(3), 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.

(g) 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, 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) 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, who before the date of the enactment of the Nurse Training Act of 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 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.