

Section 738(a) of the Public Health Service Act ("Act") [42 United States Code 293b(a)] 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 Faculty Loan Repayment Program. In return, applicants must agree to provide teaching faculty services at an accredited health professions school for two years. An applicant becomes a participant only if this contract is signed by the applicant and the Secretary.

The terms and conditions of participating in the Faculty Loan Repayment Program (FLRP) 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 FLP, the Secretary agrees to:

1. Provide funds for loan repayments, in the amount and as provided in paragraph 2 of this Section, for the undersigned applicant's qualifying educational loans. Qualifying educational loans consist of the principal and interest of loans for qualifying education received by the applicant, prior to his or her submission of the online application leading to this FLP Contract, for the following expenses of enrollment:
  - a. tuition expenses;
  - b. all other reasonable educational expenses such as fees, books, supplies, educational equipment and materials incurred by the applicant; or
  - c. reasonable living expenses as determined by the Secretary.
2. For each year of faculty service described in Section B below, pay the applicant not more than \$20,000 (not more than a total of \$40,000 for 2 years). Loan repayments will be made to the applicant in one lump sum.
3. Provide tax payments, subject to withholding, for the applicant's increased tax liability (resulting from payments made under this Section) in an amount equal to 39% of the total loan repayments received by the applicant for the tax year in which loan repayments were made.

### **Section B – Obligations of the Participant**

The undersigned applicant agrees to:

1. Accept loan repayments from the Secretary and apply the loan repayments to reduce the applicant's qualifying educational loans during the 2-year service period set forth below.
2. Serve for two (2) years as a member of the faculty of an eligible health professions school ("School"), on a full-time or part-time basis (as defined by the School), pursuant to a contract with that School as set forth in Section 738(a)(4) of the Act. Full-time service is working full-time as a faculty member for a minimum of 9 months per service year. No more than 7 weeks of the applicant's scheduled work period (9 to 12 months) per service year can be spent away from the School for vacation, holidays, continuing education, illness, maternity/paternity/adoption, or any other reason. No service credit for faculty employment prior to the effective date of this Contract will be granted.
3. Comply with the debarment and suspension regulations at 2 CFR Part 180, Subpart C (2006), as supplemented by Subpart C of 2 CFR Part 376 (2007).

### **Section C – Breach of Written Loan Repayment Contract**

A participant who breaches the FLP contract by failing to begin or complete the required FLP service set forth in Section B will be obligated to pay the United States damages in an amount equal to the sum of the following:

1. The total amounts paid by the HHS Secretary to, or on behalf of, the participant for loan repayments for any period of obligated service not served, plus 39%; and
2. An amount equal to the number of months of obligated service not completed by the participant multiplied by \$1,000.

Any amounts the United States is entitled to recover, as set forth above, must be paid within 30 days from the date the Secretary's first demand letter is mailed. If these amounts are not repaid by the due date, interest and other delinquent charges will be assessed as provided by 45 CFR § 30.18.

### **Section D – Suspension and Waiver**

The Secretary may suspend or waive the applicant's service or payment obligation incurred under this Contract if the applicant's compliance with the terms and conditions of this Contract is:

1. impossible; or
2. would involve extreme hardship and enforcement would be unconscionable.

Applicant Name (Please Print)	
Applicant Signature	Date
Secretary of Health and Human Services or Designee	Date

*This contract is not effective until it has been signed and dated by the participant and the Secretary or the Secretary's designee.*

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This electronic signature page applies only to the preceding Signed Contract, ID number 2256465. Each signature below applies to the appropriate location on the document, identified by role.

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