

## ATTACHMENT 2: NFLP LEGISLATION

NURSE FACULTY LOAN PROGRAM SEC. 846A. (42 U.S.C. 297n-1) and 847(f) (42 U.S.C. 297o(f))

(a) SCHOOL OF NURSING STUDENT LOAN FUND.—The Secretary, acting through the Administrator of the Health Resources and Services Administration, may enter into an agreement with any accredited school of nursing for the establishment and operation of a student loan fund in accordance with this section, to increase the number of qualified nursing faculty.

(b) AGREEMENTS.—Each agreement entered into under subsection (a) shall— (1) provide for the establishment of a student loan fund by the school involved; (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 school; (C) collections of principal and interest on loans made from the fund; and (D) any other earnings of the fund; (3) provide that the fund will be used only for loans to students of the school in accordance with subsection (c) 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 full-time course of study or, at the discretion of the Secretary, a part-time course of study in an advanced degree program described in section 811(b); and (5) contain such other provisions as are necessary to protect the financial interests of the United States.

(c) LOAN PROVISIONS.—Loans from any student loan fund established by a school pursuant to an agreement under subsection (a) shall be made to an individual on such terms and conditions as the school may determine, except that— (1) such terms and conditions are subject to any conditions, limitations, and requirements prescribed by the Secretary; (2) in the case of any individual, the total of the loans for any academic year made by schools of nursing from loan funds established pursuant to agreements under subsection (a) may not exceed \$35,500, during fiscal years 2010 and 2011 fiscal years (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 loan; (3) an amount up to 85 percent of any such loan (plus interest thereon) shall be canceled by the school as follows: (A) upon completion by the individual of each of the first, second, and third year of full-time employment, required by the loan agreement entered into under this subsection, as a faculty member in an accredited a13 school of nursing, the school shall cancel 20 percent of the principle of, and the interest on, the amount of such loan unpaid on the first day of such employment; and (B) upon completion by the individual of the fourth year of full-time employment, required by the loan agreement entered into under this subsection, as a faculty member in a school of nursing, the school shall cancel 25 percent of the principle of, and the interest on, the amount of such loan unpaid on the first day of such employment; (4) such a loan may be used to pay the cost of tuition, fees, books, laboratory expenses, and other reasonable education expenses; (5) such a loan shall be repayable in equal or graduated periodic installments (with the right of the borrower to accelerate repayment) over the 10-year period that begins 9 months after the individual ceases to pursue a course of study at a school of nursing; and (6) such a loan shall— (A) beginning on the date that is 3 months after the individual ceases to pursue a course of study at a school of nursing, bear interest on the unpaid balance of the loan at the rate of 3 percent per annum; or (B) subject to subsection (e), if the school of nursing determines that the individual will not complete such course of study or serve as a faculty member as required under the loan agreement under this subsection, bear interest on the unpaid balance of the loan at the prevailing market rate.

(d) PAYMENT OF PROPORTIONATE SHARE.—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. (e) REVIEW BY SECRETARY.—At the request of the individual involved, the Secretary may review any determination by an accredited school of nursing under subsection (c)(6)(B).