

projects approved under this subchapter after June 30, 1970.

Amendment by section 119(d) of Pub. L. 91-296 applicable with respect to allotments and grants therefrom under part A of this subchapter for fiscal years ending after June 30, 1970, and with respect to loan guarantees and loans under part B of this subchapter made after June 30, 1970, see section 119(e) of Pub. L. 91-296, set out as a note under section 291b of this title.

#### EFFECTIVE DATE OF 1964 AMENDMENT

Amendment by Pub. L. 88-581 effective with respect to applications for grants from appropriations for fiscal years beginning after June 30, 1965, see section 3(b) of Pub. L. 88-581, set out as a note under section 291c of this title.

#### TRANSFER OF FUNCTIONS

Office of Surgeon General abolished by section 3 of Reorg. Plan No. 3 of 1966, eff. June 25, 1966, 31 F.R. 8855, 80 Stat. 1610, and functions thereof transferred to Secretary of Health, Education, and Welfare by section 1 of Reorg. Plan No. 3 of 1966, set out as a note under section 202 of this title. Secretary of Health, Education, and Welfare redesignated Secretary of Health and Human Services by section 509(b) of Pub. L. 96-88 which is classified to section 3508(b) of Title 20, Education.

#### TERMINATION OF TRUST TERRITORY OF THE PACIFIC ISLANDS

For termination of Trust Territory of the Pacific Islands, see note set out preceding section 1681 of Title 48, Territories and Insular Possessions.

### § 2910-1. Financial statements

In the case of any facility for which a grant, loan, or loan guarantee has been made under this subchapter, the applicant for such grant, loan, or loan guarantee (or, if appropriate, such other person as the Secretary may prescribe) shall file at least annually with the State agency for the State in which the facility is located a statement which shall be in such form, and contain such information, as the Secretary may require to accurately show—

- (1) the financial operations of the facility, and
- (2) the costs to the facility of providing health services in the facility and the charges made by the facility for providing such services,

during the period with respect to which the statement is filed.

(July 1, 1944, ch. 373, title VI, § 646, as added Pub. L. 91-296, title I, § 121, June 30, 1970, 84 Stat. 343.)

#### PRIOR PROVISIONS

Sections 291p to 291z were omitted in the general amendment of this subchapter by Pub. L. 88-443, Aug. 18, 1964, 78 Stat. 447.

Section 291p, act July 1, 1944, ch. 373, title VI, § 646, as added July 12, 1954, ch. 471, § 2, 68 Stat. 461, related to appropriations to States for carrying out purposes of section 291o(a) of this title.

Section 291q, act July 1, 1944, ch. 373, title VI, § 647, as added July 12, 1954, ch. 471, § 2, 68 Stat. 461, related to State application for funds for carrying out purposes of section 291o(a) of this title.

Section 291r, act July 1, 1944, ch. 373, title VI, § 648, as added July 12, 1954, ch. 471, § 2, 68 Stat. 462, related to allotments to States of appropriations made pursuant to section 291p of this title.

Section 291s, act July 1, 1944, ch. 373, title VI, § 651, as added July 12, 1954, ch. 471, § 3, 68 Stat. 462; amended Aug. 2, 1956, ch. 871, title IV, § 402, 70 Stat. 929; Aug. 14,

1958, Pub. L. 85-664, § 1(b), 72 Stat. 616; Oct. 5, 1961, Pub. L. 87-395, § 3(a), 75 Stat. 825, related to appropriations for assistance to States in carrying out purposes of section 291o(b) of this title.

Section 291t, act July 1, 1944, ch. 373, title VI, 652, as added July 12, 1954, ch. 471, § 3, 68 Stat. 462; amended Aug. 1, 1956, ch. 852, § 19(c), 70 Stat. 911; Oct. 5, 1961, Pub. L. 87-395, § 3(b), 75 Stat. 825; Sept. 25, 1962, Pub. L. 87-688, § 4(a)(3), 76 Stat. 587, related to allotments to States of sums appropriated under section 291s of this title.

Section 291u, act July 1, 1944, ch. 373, title VI, § 653, as added July 12, 1954, ch. 471, § 3, 68 Stat. 463, related to revision of regulations and State plans to cover benefits of sections 291s to 291v of this title.

Section 291v, act July 1, 1944, ch. 373, title VI, § 654, as added July 12, 1954, ch. 471, § 3, 68 Stat. 463; amended Aug. 14, 1959, Pub. L. 86-158, title II, § 201, 73 Stat. 349, related to applications and payments for projects under sections 291s to 291v of this title.

Section 291w, act July 1, 1944, ch. 373, title VI, § 661, as added Aug. 1, 1958, Pub. L. 85-589, 72 Stat. 489; amended Oct. 5, 1961, Pub. L. 87-395, § 6, 75 Stat. 826, related to an authorization of Surgeon General to make loans for construction.

Section 291x, act July 1, 1944, ch. 373, title VI, § 662, as added Aug. 1, 1958, Pub. L. 85-589, 72 Stat. 489, related to approval of construction loans by Surgeon General.

Section 291y, act July 1, 1944, ch. 373, title VI, § 663, as added Aug. 1, 1958, Pub. L. 85-589, 72 Stat. 489, related to terms of the loans with respect to sections 291w to 291z of this title.

Section 291z, act July 1, 1944, ch. 373, title VI, § 664, as added Aug. 1, 1958, Pub. L. 85-589, 72 Stat. 490, related to allotment of funds for loans under this subchapter.

## SUBCHAPTER V—HEALTH PROFESSIONS EDUCATION

### PART A—STUDENT LOANS

#### SUBPART I—INSURED HEALTH EDUCATION ASSISTANCE LOANS TO GRADUATE STUDENTS

### § 292. Statement of purpose

The purpose of this subpart is to enable the Secretary to provide a Federal program of student loan insurance for students in (and certain former students of) eligible institutions (as defined in section 292o of this title).

(July 1, 1944, ch. 373, title VII, § 701, as added Pub. L. 102-408, title I, § 102, Oct. 13, 1992, 106 Stat. 1994.)

#### PRIOR PROVISIONS

A prior section 292, act July 1, 1944, ch. 373, title VII, § 700, as added Oct. 12, 1976, Pub. L. 94-484, title II, § 201(b), 90 Stat. 2246, set forth limitations on use of appropriations, prior to repeal by Pub. L. 97-35, title XXVII, § 2715, Aug. 13, 1981, 95 Stat. 913.

Another prior section 292, act July 1, 1944, ch. 373, title VII, § 701, as added July 30, 1956, ch. 779, § 2, 70 Stat. 717; amended Sept. 24, 1963, Pub. L. 88-129, § 2(a), 77 Stat. 164, stated Congressional findings and declaration of policy respecting grants for construction of health research facilities, prior to repeal by Pub. L. 94-484, title II, § 201(a), Oct. 12, 1976, 90 Stat. 2246.

A prior section 701 of act July 1, 1944, was classified to section 292a of this title prior to the general revision of this subchapter by Pub. L. 102-408.

#### EFFECTIVE DATE

Section 103 of Pub. L. 102-408 provided that: "The amendment made by section 102 [enacting this subchapter] takes effect on the date of the enactment of this Act [Oct. 13, 1992], except that section 708 of the Public Health Service Act [section 292g of this title], as

added by section 102 of this Act, takes effect January 1, 1993. Until such date, section 732(c) of the Public Health Service Act [former section 294e(c) of this title], as in effect on the day before the date of the enactment of this Act, continues in effect in lieu of such section 708.”

STUDY ON EFFECTIVENESS OF HEALTH PROFESSIONS PROGRAMS

Pub. L. 102-408, title III, §309, Oct. 13, 1992, 106 Stat. 2089, directed the Comptroller General to conduct a study of the programs carried out under this subchapter and subchapter VI of this chapter for the purpose of determining the effectiveness of such programs in increasing the number of primary care providers (physicians, physician assistants, nurse midwives, nurse practitioners and general dentists), nurses and allied health personnel, improving the geographic distribution of health professionals in medically underserved and rural areas, and recruiting and retaining as students in health professions schools individuals who are members of a minority group, and report to the Congress not later than Jan. 1, 1994, on findings and recommendations made as a result of the study relevant to the reauthorization of such programs.

**§ 292a. Scope and duration of loan insurance program**

**(a) In general**

The total principal amount of new loans made and installments paid pursuant to lines of credit (as defined in section 292o of this title) to borrowers covered by Federal loan insurance under this subpart shall not exceed \$350,000,000 for fiscal year 1993, \$375,000,000 for fiscal year 1994, and \$425,000,000 for fiscal year 1995. If the total amount of new loans made and installments paid pursuant to lines of credit in any fiscal year is less than the ceiling established for such year, the difference between the loans made and installments paid and the ceiling shall be carried over to the next fiscal year and added to the ceiling applicable to that fiscal year, and if in any fiscal year no ceiling has been established, any difference carried over shall constitute the ceiling for making new loans (including loans to new borrowers) and paying installments for such fiscal year. Thereafter, Federal loan insurance pursuant to this subpart may be granted only for loans made (or for loan installments paid pursuant to lines of credit) to enable students, who have obtained prior loans insured under this subpart, to continue or complete their educational program or to obtain a loan under section 292d(a)(1)(B) of this title to pay interest on such prior loans; but no insurance may be granted for any loan made or installment paid after September 30, 1998. The total principal amount of Federal loan insurance available under this subsection shall be granted by the Secretary without regard to any apportionment for the purpose of chapter 15 of title 31 and without regard to any similar limitation.

**(b) Certain limitations and priorities**

**(1) Limitations regarding lenders, States, or areas**

The Secretary may, if necessary to assure an equitable distribution of the benefits of this subpart, assign, within the maximum amounts specified in subsection (a) of this section, Federal loan insurance quotas applicable to eligible lenders, or to States or areas, and may

from time to time reassign unused portions of these quotas.

**(2) Priority for certain lenders**

In providing certificates of insurance under section 292e of this title through comprehensive contracts, the Secretary shall give priority to eligible lenders that agree—

(A) to make loans to students at interest rates below the rates prevailing, during the period involved, for loans covered by Federal loan insurance pursuant to this subpart; or

(B) to make such loans under terms that are otherwise favorable to the student relative to the terms under which eligible lenders are generally making such loans during such period.

**(c) Authority of Student Loan Marketing Association**

**(1) In general**

Subject to paragraph (2), the Student Loan Marketing Association, established under part B of title IV of the Higher Education Act of 1965 [20 U.S.C. 1071 et seq.], is authorized to make advances on the security of, purchase, service, sell, consolidate, or otherwise deal in loans which are insured by the Secretary under this subpart, except that if any loan made under this subpart is included in a consolidated loan pursuant to the authority of the Association under part B of title IV of the Higher Education Act of 1965, the interest rate on such consolidated loan shall be set at the weighted average interest rate of all such loans offered for consolidation and the resultant per centum shall be rounded downward to the nearest one-eighth of 1 per centum, except that the interest rate shall be no less than the applicable interest rate of the guaranteed student loan program established under part B of title IV of the Higher Education Act of 1965. In the case of such a consolidated loan, the borrower shall be responsible for any interest which accrues prior to the beginning of the repayment period of the loan, or which accrues during a period in which principal need not be paid (whether or not such principal is in fact paid) by reason of any provision of the Higher Education Act of 1965 [20 U.S.C. 1001 et seq.].

**(2) Applicability of certain Federal regulations**

With respect to Federal regulations for lenders, this subpart may not be construed to preclude the applicability of such regulations to the Student Loan Marketing Association or to any other entity in the business of purchasing student loans, including such regulations with respect to applications, contracts, and due diligence.

(July 1, 1944, ch. 373, title VII, §702, as added Pub. L. 102-408, title I, §102, Oct. 13, 1992, 106 Stat. 1994.)

REFERENCES IN TEXT

The Higher Education Act of 1965, referred to in subsec. (c)(1), is Pub. L. 89-329, Nov. 8, 1965, 79 Stat. 1219, as amended, which is classified principally to chapter 28 (§1001 et seq.) of Title 20, Education. Part B of title IV of the Act is classified generally to part B (§1071 et seq.) of subchapter IV of chapter 28 of Title 20. For complete classification of this Act to the Code, see

Short Title note set out under section 1001 of Title 20 and Tables.

#### PRIOR PROVISIONS

A prior section 292a, act July 1, 1944, ch. 373, title VII, § 701, formerly § 724, as added Sept. 24, 1963, Pub. L. 88-129, § 2(b), 77 Stat. 169; amended Oct. 22, 1965, Pub. L. 89-290, § 2(b), 79 Stat. 1056; Nov. 2, 1966, Pub. L. 89-709, § 2(c), 80 Stat. 1103; Aug. 16, 1968, Pub. L. 90-490, title I, § 105(c), 82 Stat. 774; Nov. 18, 1971, Pub. L. 92-157, title I, § 102(c)(1)-(4), (f)(2)(B), 85 Stat. 431, 432, 435; renumbered § 701 and amended Oct. 12, 1976, Pub. L. 94-484, title II, § 201(c), (e), 90 Stat. 2247; Aug. 13, 1981, Pub. L. 97-35, title XXVII, § 2716, 95 Stat. 913; Oct. 22, 1985, Pub. L. 99-129, title II, §§ 201(a), (b), 202, 203, 204(a), (b), 99 Stat. 525-527; Nov. 4, 1988, Pub. L. 100-607, title VI, §§ 620(a), 623, 628(1), 629(b)(1), (2), 102 Stat. 3141, 3142, 3145, 3146; Aug. 16, 1989, Pub. L. 101-93, § 5(l), 103 Stat. 613, defined terms for purposes of this subchapter, prior to the general revision of this subchapter by Pub. L. 102-408. See sections 292o and 295p of this title.

Another prior section 292a, act July 1, 1944, ch. 373, title VII, § 702, as added July 30, 1956, ch. 779, § 2, 70 Stat. 717; amended Sept. 24, 1963, Pub. L. 88-129, § 2(a), 77 Stat. 164, defined “Council”, “construction”, “cost of construction”, “nonprofit institution”, and “sciences related to health” as applicable to grants for construction of health research facilities, prior to repeal by Pub. L. 94-484, title II, § 201(a), Oct. 12, 1976, 90 Stat. 2246.

A prior section 702 of act July 1, 1944, was classified to section 292b of this title prior to the general revision of this subchapter by Pub. L. 102-408.

### § 292b. Limitations on individual insured loans and on loan insurance

#### (a) In general

The total of the loans made to a student in any academic year or its equivalent (as determined by the Secretary) which may be covered by Federal loan insurance under this subpart may not exceed \$20,000 in the case of a student enrolled in a school of medicine, osteopathic medicine, dentistry, veterinary medicine, optometry, or podiatric medicine, and \$12,500 in the case of a student enrolled in a school of pharmacy, public health, allied health, or chiropractic, or a graduate program in health administration or behavioral and mental health practice, including clinical psychology. The aggregate insured unpaid principal amount for all such insured loans made to any borrower shall not at any time exceed \$80,000 in the case of a borrower who is or was a student enrolled in a school of medicine, osteopathic medicine, dentistry, veterinary medicine, optometry, or podiatric medicine, and \$50,000 in the case of a borrower who is or was a student enrolled in a school of pharmacy, public health, allied health, or chiropractic, or a graduate program in health administration or clinical psychology. The annual insurable limit per student shall not be exceeded by a line of credit under which actual payments by the lender to the borrower will not be made in any year in excess of the annual limit.

#### (b) Extent of insurance liability

The insurance liability on any loan insured by the Secretary under this subpart shall be 100 percent of the unpaid balance of the principal amount of the loan plus interest. The full faith and credit of the United States is pledged to the payment of all amounts which may be required

to be paid under the provisions of section 292f or 292m of this title.

(July 1, 1944, ch. 373, title VII, § 703, as added Pub. L. 102-408, title I, § 102, Oct. 13, 1992, 106 Stat. 1995; amended Pub. L. 105-392, title I, § 141(c)(1), Nov. 13, 1998, 112 Stat. 3579.)

#### PRIOR PROVISIONS

A prior section 292b, act July 1, 1944, ch. 373, title VII, § 702, formerly § 725, as added Sept. 24, 1963, Pub. L. 88-129, § 2(b), 77 Stat. 169; amended Sept. 4, 1964, Pub. L. 88-581, § 3(c), 78 Stat. 919; Nov. 2, 1966, Pub. L. 89-709, § 2(d), 80 Stat. 1103; Nov. 3, 1966, Pub. L. 89-751, § 3(a), 80 Stat. 1230; Dec. 5, 1967, Pub. L. 90-174, § 12(c), 81 Stat. 541; Oct. 30, 1970, Pub. L. 91-515, title VI, § 601(b)(2), 84 Stat. 1311; Nov. 18, 1971, Pub. L. 92-157, title I, § 108(a), 85 Stat. 460; renumbered § 702 and amended Oct. 12, 1976, Pub. L. 94-484, title II, §§ 201(c), 202(a)(1), (2), (b), 90 Stat. 2247, 2248; Oct. 22, 1985, Pub. L. 99-129, title II, § 205(a), 99 Stat. 527; Nov. 4, 1988, Pub. L. 100-607, title VI, §§ 620(b), 628(2), 102 Stat. 3141, 3145, related to National Advisory Council on Education for Health Professions, prior to the general revision of this subchapter by Pub. L. 102-408.

Another prior section 292b, act July 1, 1944, ch. 373, title VII, § 703, as added July 30, 1956, ch. 779, § 2, 70 Stat. 717; amended Sept. 24, 1963, Pub. L. 88-129, § 2(a), 77 Stat. 164; Aug. 16, 1968, Pub. L. 90-490, title IV, § 403, 82 Stat. 789; Oct. 30, 1970, Pub. L. 91-515, title VI, § 601(a)(1), (b)(2), 84 Stat. 1310, 1311; Nov. 18, 1971, Pub. L. 92-157, title I, § 102(k)(2)(A), 85 Stat. 437, related to National Advisory Council on Health Research Facilities, providing for its establishment, composition, selection of members; its functions; and use of its services in administration of grants for construction of health research facilities, prior to repeal by Pub. L. 94-484, title II, § 201(a), Oct. 12, 1976, 90 Stat. 2246.

A prior section 703 of act July 1, 1944, was classified to section 292c of this title prior to repeal by Pub. L. 99-129.

#### AMENDMENTS

1998—Subsec. (a). Pub. L. 105-392 substituted “or behavioral and mental health practice, including clinical psychology” for “or clinical psychology” in first sentence.

### § 292c. Sources of funds

Loans made by eligible lenders in accordance with this subpart shall be insurable by the Secretary whether made from funds fully owned by the lender or from funds held by the lender in a trust or similar capacity and available for such loans.

(July 1, 1944, ch. 373, title VII, § 704, as added Pub. L. 102-408, title I, § 102, Oct. 13, 1992, 106 Stat. 1996.)

#### PRIOR PROVISIONS

A prior section 292c, act July 1, 1944, ch. 373, title VII, § 703, formerly § 799, as added Nov. 2, 1970, Pub. L. 91-519, title II, § 206, 84 Stat. 1354; amended Nov. 18, 1971, Pub. L. 92-157, title I, § 109, 85 Stat. 461; renumbered § 703 and amended Oct. 12, 1976, Pub. L. 94-484, title II, § 201(c), 203, 90 Stat. 2247, 2248; Aug. 13, 1981, Pub. L. 97-35, title XXVII, § 2717, 95 Stat. 914, related to advance funding for grants and contracts, prior to repeal by Pub. L. 99-129, title II, § 220(a), Oct. 22, 1985, 99 Stat. 543.

Another prior section 292c, act July 1, 1944, ch. 373, title VII, § 704, as added July 30, 1956, 779, § 2, 70 Stat. 718; amended Aug. 27, 1958, Pub. L. 85-777, § 1(a), 72 Stat. 933; Oct. 5, 1961, Pub. L. 87-395, § 8(a), (d), 75 Stat. 827; Oct. 17, 1962, Pub. L. 87-838, § 4(a), 76 Stat. 1074; Aug. 9, 1965, Pub. L. 89-115, § 2(a), 79 Stat. 448; Aug. 16, 1968, Pub. L. 90-490, title IV, § 401(a), 82 Stat. 789, related to authorization of appropriations and availability of

funds for grants for construction of health research facilities, prior to repeal by Pub. L. 94-484, title II, § 201(a), Oct. 12, 1976, 90 Stat. 2246.

A prior section 704 of act July 1, 1944, was classified to section 292d of this title prior to the general revision of this subchapter by Pub. L. 102-408.

**§ 292d. Eligibility of borrowers and terms of insured loans**

**(a) In general**

A loan by an eligible lender shall be insurable by the Secretary under the provisions of this subpart only if—

(1) made to—

(A) a student who—

(i) (I) has been accepted for enrollment at an eligible institution, or (II) in the case of a student attending an eligible institution, is in good standing at that institution, as determined by the institution;

(ii) is or will be a full-time student at the eligible institution;

(iii) has agreed that all funds received under such loan shall be used solely for tuition, other reasonable educational expenses, including fees, books, and laboratory expenses, and reasonable living expenses, incurred by such students;

(iv) 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; and

(v) in the case of a pharmacy student, has satisfactorily completed three years of training; or

(B) an individual who—

(i) has previously had a loan insured under this subpart when the individual was a full-time student at an eligible institution;

(ii) is in a period during which, pursuant to paragraph (2), the principal amount of such previous loan need not be paid;

(iii) has agreed that all funds received under the proposed loan shall be used solely for repayment of interest due on previous loans made under this subpart; and

(iv) 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;

(2) evidenced by a note or other written agreement which—

(A) is made without security and without endorsement, except that if the borrower is a minor and such note or other written agreement executed by him would not, under the applicable law, create a binding obligation, an endorsement may be required;

(B) provides for repayment of the principal amount of the loan in installments over a period of not less than 10 years (unless sooner repaid) nor more than 25 years beginning not earlier than 9 months nor later than 12 months after the date of—

(i) the date on which—

(I) the borrower ceases to be a participant in an accredited internship or resi-

dency program of not more than four years in duration;

(II) the borrower completes the fourth year of an accredited internship or residency program of more than four years in duration; or

(III) the borrower, if not a participant in a program described in subclause (I) or (II), ceases to carry, at an eligible institution, the normal full-time academic workload as determined by the institution; or

(ii) the date on which a borrower who is a graduate of an eligible institution ceases to be a participant in a fellowship training program not in excess of two years or a participant in a full-time educational activity not in excess of two years, which—

(I) is directly related to the health profession for which the borrower prepared at an eligible institution, 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 a program described in subclause (I) or (II) of clause (i) or prior to the completion of the borrower's participation in such program,

except as provided in subparagraph (C), except that the period of the loan may not exceed 33 years from the date of execution of the note or written agreement evidencing it, and except that the note or other written instrument may contain such provisions relating to repayment in the event of default in the payment of interest or in the payment of the costs of insurance premiums, or other default by the borrower, as may be authorized by regulations of the Secretary in effect at the time the loan is made;

(C) provides that periodic installments of principal and interest need not be paid, but interest shall accrue, during any period (i) during which the borrower is pursuing a full-time course of study at an eligible institution (or at an institution defined by section 1002(a) of title 20); (ii) not in excess of four years during which the borrower is a participant in an accredited internship or residency program (including any period in such a program described in subclause (I) or subclause (II) of subparagraph (B)(i)); (iii) not in excess of three years, during which the borrower is a member of the Armed Forces of the United States; (iv) not in excess of three years during which the borrower is in service as a volunteer under the Peace Corps Act [22 U.S.C. 2501 et seq.]; (v) not in excess of three years during which the borrower is a member of the National Health Service Corps; (vi) not in excess of three years during which the borrower is in service as a full-time volunteer under title I of the Domestic Volunteer Service Act of 1973 [42 U.S.C. 4951 et seq.]; (vii) not in excess of 3 years, for a borrower who has completed an accredited internship or residency training program in osteopathic general practice, family medicine, general

internal medicine, preventive medicine, or general pediatrics and who is practicing primary care; (viii) not in excess of 1 year, for borrowers who are graduates of schools of chiropractic; (ix) any period not in excess of two years which is described in subparagraph (B)(ii); (x) not in excess of three years, during which the borrower is providing health care services to Indians through an Indian health program (as defined in section 1616a(a)(2)(A) of title 25;<sup>1</sup> and (xi) in addition to all other deferments for which the borrower is eligible under clauses (i) through (x), any period during which the borrower is a member of the Armed Forces on active duty during the Persian Gulf conflict, and any period described in clauses (i) through (xi) shall not be included in determining the 25-year period described in subparagraph (B);

(D) provides for interest on the unpaid principal balance of the loan at a yearly rate, not exceeding the applicable maximum rate prescribed and defined by the Secretary (within the limits set forth in subsection (b) of this section) on a national, regional, or other appropriate basis, which interest shall be compounded not more frequently than annually and payable in installments over the period of the loan except as provided in subparagraph (C), except that the note or other written agreement may provide that payment of any interest may be deferred until not later than the date upon which repayment of the first installment of principal falls due or the date repayment of principal is required to resume (whichever is applicable) and may further provide that, on such date, the amount of the interest which has so accrued may be added to the principal for the purposes of calculating a repayment schedule;

(E) offers, in accordance with criteria prescribed by regulation by the Secretary, a schedule for repayment of principal and interest under which payment of a portion of the principal and interest otherwise payable at the beginning of the repayment period (as defined in such regulations) is deferred until a later time in the period;

(F) entitles the borrower to accelerate without penalty repayment of the whole or any part of the loan;

(G) provides that the check for the proceeds of the loan shall be made payable jointly to the borrower and the eligible institution in which the borrower is enrolled; and

(H) contains such other terms and conditions consistent with the provisions of this subpart and with the regulations issued by the Secretary pursuant to this subpart, as may be agreed upon by the parties to such loan, including, if agreed upon, a provision requiring the borrower to pay to the lender, in addition to principal and interest, amounts equal to the insurance premiums payable by the lender to the Secretary with respect to such loan; and

(3) subject to the consent of the student and subject to applicable law, the eligible lender has obtained from the student appropriate demographic information regarding the student, including racial or ethnic background.

**(b) Limitation on rate of interest**

The rate of interest prescribed and defined by the Secretary for the purpose of subsection (a)(2)(D) of this section may not exceed the average of the bond equivalent rates of the 91-day Treasury bills auctioned for the previous quarter plus 3 percentage points, rounded to the next higher one-eighth of 1 percent.

**(c) Minimum annual payment by borrower**

The total of the payments by a borrower during any year or any repayment period with respect to the aggregate amount of all loans to that borrower which are insured under this subpart shall not be less than the annual interest on the outstanding principal, except as provided in subsection (a)(2)(C) of this section, unless the borrower, in the written agreement described in subsection (a)(2) of this section, agrees to make payments during any year or any repayment period in a lesser amount.

**(d) Applicability of certain laws on rate or amount of interest**

No provision of any law of the United States (other than subsections (a)(2)(D) and (b) of this section) or of any State that limits the rate or amount of interest payable on loans shall apply to a loan insured under this subpart.

**(e) Determination regarding forbearance**

Any period of time granted to a borrower under this subpart in the form of forbearance on the loan shall not be included in the 25-year total loan repayment period under subsection (a)(2)(C) of this section.

**(f) Loan repayment schedule**

Lenders and holders under this subpart shall offer borrowers graduated loan repayment schedules that, during the first 5 years of loan repayment, are based on the borrower's debt-to-income ratio.

**(g) Rule of construction regarding determination of need of students**

With respect to any determination of the financial need of a student for a loan covered by Federal loan insurance under this subpart, this subpart may not be construed to limit the authority of any school to make such allowances for students with special circumstances as the school determines appropriate.

**(h) Definitions**

For purposes of this section:

(1) The term "active duty" has the meaning given such term in section 101(18) of title 37, except that such term does not include active duty for training.

(2) The term "Persian Gulf conflict" means the period beginning on August 2, 1990, and ending on the date thereafter prescribed by Presidential proclamation or by law.

(July 1, 1944, ch. 373, title VII, §705, as added Pub. L. 102-408, title I, §102, Oct. 13, 1992, 106 Stat. 1996; amended Pub. L. 103-43, title XX,

<sup>1</sup>So in original. Probably should be preceded by a closing parenthesis.

§2014(a)(1), June 10, 1993, 107 Stat. 215; Pub. L. 105-244, title I, §102(a)(13)(A), Oct. 7, 1998, 112 Stat. 1620; Pub. L. 105-392, title I, §141(a)(1), (2), Nov. 13, 1998, 112 Stat. 3578.)

## REFERENCES IN TEXT

The Peace Corps Act, referred to in subsec. (a)(2)(C), is Pub. L. 87-293, Sept. 22, 1961, 75 Stat. 612, as amended, which is classified principally to chapter 34 (§2501 et seq.) of Title 22, Foreign Relations and Intercourse. For complete classification of this Act to the Code, see Short Title note set out under section 2501 of Title 22 and Tables.

The Domestic Volunteer Service Act of 1973, referred to in subsec. (a)(2)(C), is Pub. L. 93-113, Oct. 1, 1973, 87 Stat. 394, as amended. Title I of the Act is classified generally to subchapter I (§4951 et seq.) of chapter 66 of this title. For complete classification of this Act to the Code, see Short Title note set out under section 4950 of this title and Tables.

## PRIOR PROVISIONS

A prior section 292d, act July 1, 1944, ch. 373, title VII, §704, formerly §799A, as added Nov. 2, 1970, Pub. L. 91-519, title II, §207, 84 Stat. 1355; amended Nov. 18, 1971, Pub. L. 92-157, title I, §110(2), 85 Stat. 461; July 12, 1974, Pub. L. 93-348, title I, §105, 88 Stat. 347; renumbered §704, Oct. 12, 1976, Pub. L. 94-484, title II, §201(c), 90 Stat. 2247; Nov. 4, 1988, Pub. L. 100-607, title VI, §§620(c), 628(3), 629(b)(2), 102 Stat. 3141, 3145, 3146, prohibited discrimination on the basis of sex, prior to the general revision of this subchapter by Pub. L. 102-408. See section 295m of this title.

Another prior section 292d, act July 1, 1944, ch. 373, title VII, §705, as added July 30, 1956, ch. 779, §2, 70 Stat. 718; amended Aug. 27, 1958, Pub. L. 85-777, §1(b), 72 Stat. 933; Oct. 5, 1961, Pub. L. 87-395, §8(b), (d), 75 Stat. 827; Oct. 17, 1962, Pub. L. 87-838, §4(b), 76 Stat. 1074; Sept. 24, 1963, Pub. L. 88-129, §§2(a), 3(a), 77 Stat. 164, 173; Aug. 9, 1965, Pub. L. 89-115, §2(b), 79 Stat. 448; Aug. 16, 1968, Pub. L. 90-490, title IV, §401(b), 82 Stat. 789; Nov. 18, 1971, Pub. L. 92-157, title I, §102(k)(1), (2)(A), 85 Stat. 437, related to applications for grants for construction of health research facilities, providing for time of filing, eligibility, recommendation and approval and requirement of findings, conditional approval, and matters considered, prior to repeal by Pub. L. 94-484, title II, §201(a), Oct. 12, 1976, 90 Stat. 2246.

A prior section 705 of act July 1, 1944, was classified to section 292e of this title prior to the general revision of this subchapter by Pub. L. 102-408.

## AMENDMENTS

1998—Subsec. (a)(2)(C). Pub. L. 105-392 added cl. (x), redesignated former cl. (x) as (xi) and substituted “(x)” for “(ix)”, and substituted “(xi)” for “(x)” in concluding provisions.

Pub. L. 105-244 substituted “section 1002(a)” for “section 1088(a)” in cl. (i).

1993—Subsec. (a)(2)(H), (I). Pub. L. 103-43 redesignated subpar. (I) as (H) and struck out former subpar. (H) which read as follows: “notwithstanding the provisions of the Fair Debt Collection Practices Act, authorizes an institution or postgraduate training program attended by the borrower to assist in the collection of any loan that becomes delinquent, including providing information concerning the borrower to the Secretary and to past and present lenders and holders of the borrower’s loans; and”.

## EFFECTIVE DATE OF 1998 AMENDMENTS

Pub. L. 105-392, title I, §141(a)(3), Nov. 13, 1998, 112 Stat. 3578, provided that: “The amendments made by this subsection [amending this section] shall apply with respect to services provided on or after the first day of the third month that begins after the date of the enactment of this Act [Nov. 13, 1998].”

Amendment by Pub. L. 105-244 effective Oct. 1, 1998, except as otherwise provided in Pub. L. 105-244, see sec-

tion 3 of Pub. L. 105-244, set out as a note under section 1001 of Title 20, Education.

## § 292e. Certificate of loan insurance; effective date of insurance

### (a) In general

#### (1) Authority for issuance of certificate

If, upon application by an eligible lender, made upon such form, containing such information, and supported by such evidence as the Secretary may require, and otherwise in conformity with this section, the Secretary finds that the applicant has made a loan to an eligible borrower which is insurable under the provisions of this subpart, he may issue to the applicant a certificate of insurance covering the loan and setting forth the amount and terms of the insurance.

#### (2) Effective date of insurance

Insurance evidenced by a certificate of insurance pursuant to subsection (a)(1) of this section shall become effective upon the date of issuance of the certificate, except that the Secretary is authorized, in accordance with regulations, to issue commitments with respect to proposed loans, or with respect to lines (or proposed lines) of credit, submitted by eligible lenders, and in that event, upon compliance with subsection (a)(1) of this section by the lender, the certificate of insurance may be issued effective as of the date when any loan, or any payment by the lender pursuant to a line of credit, to be covered by such insurance is made to a student described in section 292d(a)(1) of this title. Such insurance shall cease to be effective upon 60 days’ default by the lender in the payment of any installment of the premiums payable pursuant to section 292g of this title.

#### (3) Certain agreements for lenders

An application submitted pursuant to subsection (a)(1) of this section shall contain—

(A) an agreement by the applicant to pay, in accordance with regulations, the premiums fixed by the Secretary pursuant to section 292g of this title; and

(B) an agreement by the applicant that if the loan is covered by insurance the applicant will submit such supplementary reports and statements during the effective period of the loan agreement, upon such forms, at such times, and containing such information as the Secretary may prescribe by or pursuant to regulation.

### (b) Authority regarding comprehensive insurance coverage

#### (1) In general

In lieu of requiring a separate insurance application and issuing a separate certificate of insurance for each loan made by an eligible lender as provided in subsection (a) of this section, the Secretary may, in accordance with regulations consistent with section 292a of this title, issue to any eligible lender applying therefor a certificate of comprehensive insurance coverage which shall, without further action by the Secretary, insure all insurable loans made by that lender, on or after the date

of the certificate and before a specified cutoff date, within the limits of an aggregate maximum amount stated in the certificate. Such regulations may provide for conditioning such insurance, with respect to any loan, upon compliance by the lender with such requirements (to be stated or incorporated by reference in the certificate) as in the Secretary's judgment will best achieve the purpose of this subsection while protecting the financial interest of the United States and promoting the objectives of this subpart, including (but not limited to) provisions as to the reporting of such loans and information relevant thereto to the Secretary and as to the payment of initial and other premiums and the effect of default therein, and including provision for confirmation by the Secretary from time to time (through endorsement of the certificate) of the coverage of specific new loans by such certificate, which confirmation shall be incontestable by the Secretary in the absence of fraud or misrepresentation of fact or patent error.

**(2) Lines of credit beyond cutoff date**

If the holder of a certificate of comprehensive insurance coverage issued under this subsection grants to a borrower a line of credit extending beyond the cutoff date specified in that certificate, loans or payments thereon made by the holder after that date pursuant to the line of credit shall not be deemed to be included in the coverage of that certificate except as may be specifically provided therein; but, subject to the limitations of section 292a of this title, the Secretary may, in accordance with regulations, make commitments to insure such future loans or payments, and such commitments may be honored either as provided in subsection (a) of this section or by inclusion of such insurance in comprehensive coverage under this subsection for the period or periods in which such future loans or payments are made.

**(c) Assignment of insurance rights**

The rights of an eligible lender arising under insurance evidenced by a certificate of insurance issued to it under this section may be assigned by such lender, subject to regulation by the Secretary, only to—

- (1) another eligible lender (including a public entity in the business of purchasing student loans); or
- (2) the Student Loan Marketing Association.

**(d) Effect of refinancing or consolidation of obligations**

The consolidation of the obligations of two or more federally insured loans obtained by a borrower in any fiscal year into a single obligation evidenced by a single instrument of indebtedness or the refinancing of a single loan shall not affect the insurance by the United States. If the loans thus consolidated are covered by separate certificates of insurance issued under subsection (a) of this section, the Secretary may upon surrender of the original certificates issue a new certificate of insurance in accordance with that subsection upon the consolidated obligation. If the loans thus consolidated are covered by a single comprehensive certificate issued under sub-

section (b) of this section, the Secretary may amend that certificate accordingly.

**(e) Rule of construction regarding consolidation of debts and refinancing**

Nothing in this section shall be construed to preclude the lender and the borrower, by mutual agreement, from consolidating all of the borrower's loans insured under this subpart into a single instrument (or, if the borrower obtained only 1 loan insured under this subpart, refinancing the loan 1 time) under the terms applicable to an insured loan made at the same time as the consolidation. The lender or loan holder should provide full information to the borrower concerning the advantages and disadvantages of loan consolidation or refinancing. Nothing in this section shall be construed to preclude the consolidation of the borrower's loans insured under this subpart under section 1078-3 of title 20. Any loans insured pursuant to this subpart that are consolidated under section 1078-3 of title 20 shall not be eligible for special allowance payments under section 1087-1 of title 20.

(July 1, 1944, ch. 373, title VII, §706, as added Pub. L. 102-408, title I, §102, Oct. 13, 1992, 106 Stat. 2000; amended Pub. L. 105-392, title I, §145, Nov. 13, 1998, 112 Stat. 3581.)

PRIOR PROVISIONS

A prior section 292e, act July 1, 1944, ch. 373, title VII, §705, as added Oct. 12, 1976, Pub. L. 94-484, title II, §204, 90 Stat. 2248; amended Nov. 9, 1978, Pub. L. 95-623, §11(f), 92 Stat. 3456; Aug. 13, 1981, Pub. L. 97-35, title XXVII, §2718, 95 Stat. 914, related to establishment and maintenance of records and annual financial reports and audits, prior to the general revision of this subchapter by Pub. L. 102-408.

Another prior section 292e, act July 1, 1944, ch. 373, title VII, §706, as added July 30, 1956, 779, §2, 70 Stat. 719; amended Oct. 5, 1961, Pub. L. 87-395, §8(c), (d), 75 Stat. 827; Sept. 24, 1963, Pub. L. 88-129, §2(a), 77 Stat. 164; Aug. 16, 1968, Pub. L. 90-490, title IV, §402, 82 Stat. 789; Nov. 18, 1971, Pub. L. 92-157, title I, §102(k)(2)(A), (B), 85 Stat. 437, limited amount of grant available for construction of health research facilities, including provisions relating to its maximum, reservation of amount, manner of payment, and exclusion of amounts granted by certain other funds, prior to repeal by Pub. L. 94-484, title II, §201(a), Oct. 12, 1976, 90 Stat. 2246.

A prior section 706 of act July 1, 1944, was classified to section 292f of this title prior to the general revision of this subchapter by Pub. L. 102-408.

Another prior section 706 of act July 1, 1944, was classified to section 230 of this title prior to repeal by act Apr. 27, 1956, ch. 211, §5(e), 70 Stat. 117.

AMENDMENTS

1998—Subsec. (d). Pub. L. 105-392, §145(1), in heading, substituted "refinancing or consolidation" for "consolidation" and, in first sentence, substituted "indebtedness or the refinancing of a single loan" for "indebtedness".

Subsec. (e). Pub. L. 105-392, §145(2), in heading, substituted "debts and refinancing" for "debts", in first sentence, substituted "all of the borrower's loans insured under this subpart into a single instrument (or, if the borrower obtained only 1 loan insured under this subpart, refinancing the loan 1 time)" for "all of the borrower's debts into a single instrument", and in second sentence, substituted "consolidation or refinancing" for "consolidation".

**§ 292f. Default of borrower****(a) Conditions for payment to beneficiary****(1) In general**

Upon default by the borrower on any loan covered by Federal loan insurance pursuant to this subpart, and after a substantial collection effort (including, subject to subsection (h) of this section, commencement and prosecution of an action) as determined under regulations of the Secretary, the insurance beneficiary shall promptly notify the Secretary and the Secretary shall, if requested (at that time or after further collection efforts) by the beneficiary, or may on his own motion, if the insurance is still in effect, pay to the beneficiary the amount of the loss sustained by the insured upon that loan as soon as that amount has been determined, except that, if the insurance beneficiary including any servicer of the loan is not designated for “exceptional performance”, as set forth in paragraph (2), the Secretary shall pay to the beneficiary a sum equal to 98 percent of the amount of the loss sustained by the insured upon that loan.

**(2) Exceptional performance****(A) Authority**

Where the Secretary determines that an eligible lender, holder, or servicer has a compliance performance rating that equals or exceeds 97 percent, the Secretary shall designate that eligible lender, holder, or servicer, as the case may be, for exceptional performance.

**(B) Compliance performance rating**

For purposes of subparagraph (A), a compliance performance rating is determined with respect to compliance with due diligence in the disbursement, servicing, and collection of loans under this subpart for each year for which the determination is made. Such rating shall be equal to the percentage of all due diligence requirements applicable to each loan, on average, as established by the Secretary, with respect to loans serviced during the period by the eligible lender, holder, or servicer.

**(C) Annual audits for lenders, holders, and servicers**

Each eligible lender, holder, or servicer desiring a designation under subparagraph (A) shall have an annual financial and compliance audit conducted with respect to the loan portfolio of such eligible lender, holder, or servicer, by a qualified independent organization from a list of qualified organizations identified by the Secretary and in accordance with standards established by the Secretary. The standards shall measure the lender's, holder's, or servicer's compliance with due diligence standards and shall include a defined statistical sampling technique designed to measure the performance rating of the eligible lender, holder, or servicer for the purpose of this section. Each eligible lender, holder, or servicer shall submit the audit required by this section to the Secretary.

**(D) Secretary's determinations**

The Secretary shall make the determination under subparagraph (A) based upon the audits submitted under this paragraph and any information in the possession of the Secretary or submitted by any other agency or office of the Federal Government.

**(E) Quarterly compliance audit**

To maintain its status as an exceptional performer, the lender, holder, or servicer shall undergo a quarterly compliance audit at the end of each quarter (other than the quarter in which status as an exceptional performer is established through a financial and compliance audit, as described in subparagraph (C)), and submit the results of such audit to the Secretary. The compliance audit shall review compliance with due diligence requirements for the period beginning on the day after the ending date of the previous audit, in accordance with standards determined by the Secretary.

**(F) Revocation authority**

The Secretary shall revoke the designation of a lender, holder, or servicer under subparagraph (A) if any quarterly audit required under subparagraph (E) is not received by the Secretary by the date established by the Secretary or if the audit indicates the lender, holder, or servicer has failed to meet the standards for designation as an exceptional performer under subparagraph (A). A lender, holder, or servicer receiving a compliance audit not meeting the standard for designation as an exceptional performer may reapply for designation under subparagraph (A) at any time.

**(G) Documentation**

Nothing in this section shall restrict or limit the authority of the Secretary to require the submission of claims documentation evidencing servicing performed on loans, except that the Secretary may not require exceptional performers to submit greater documentation than that required for lenders, holders, and servicers not designated under subparagraph (A).

**(H) Cost of audits**

Each eligible lender, holder, or servicer shall pay for all the costs associated with the audits required under this section.

**(I) Additional revocation authority**

Notwithstanding any other provision of this section, a designation under subparagraph (A) may be revoked at any time by the Secretary if the Secretary determines that the eligible lender, holder, or servicer has failed to maintain an overall level of compliance consistent with the audit submitted by the eligible lender, holder, or servicer under this paragraph or if the Secretary asserts that the lender, holder, or servicer may have engaged in fraud in securing designation under subparagraph (A) or is failing to service loans in accordance with program requirements.

**(J) Noncompliance**

A lender, holder, or servicer designated under subparagraph (A) that fails to service

loans or otherwise comply with applicable program regulations shall be considered in violation of the Federal False Claims Act.

**(b) Subrogation**

Upon payment by the Secretary of the amount of the loss pursuant to subsection (a) of this section, the United States shall be subrogated for all of the rights of the holder of the obligation upon the insured loan and shall be entitled to an assignment of the note or other evidence of the insured loan by the insurance beneficiary. If the net recovery made by the Secretary on a loan after deduction of the cost of that recovery (including reasonable administrative costs) exceeds the amount of the loss, the excess shall be paid over to the insured. The Secretary may sell without recourse to eligible lenders (or other entities that the Secretary determines are capable of dealing in such loans) notes or other evidence of loans received through assignment under the first sentence.

**(c) Forbearance**

Nothing in this section or in this subpart shall be construed to preclude any forbearance for the benefit of the borrower which may be agreed upon by the parties to the insured loan and approved by the Secretary or to preclude forbearance by the Secretary in the enforcement of the insured obligation after payment on that insurance.

**(d) Reasonable care and diligence regarding loans**

Nothing in this section or in this subpart shall be construed to excuse the eligible lender or holder of a federally insured loan from exercising reasonable care and diligence in the making of loans under the provisions of this subpart and from exercising a substantial effort in the collection of loans under the provisions of this subpart. If the Secretary, after reasonable notice and opportunity for hearing to an eligible lender, finds that the lender has failed to exercise such care and diligence, to exercise such substantial efforts, to make the reports and statements required under section 292e(a)(3) of this title, or to pay the required Federal loan insurance premiums, he shall disqualify that lender from obtaining further Federal insurance on loans granted pursuant to this subpart until he is satisfied that its failure has ceased and finds that there is reasonable assurance that the lender will in the future exercise necessary care and diligence, exercise substantial effort, or comply with such requirements, as the case may be.

**(e) Definitions**

For purposes of this section:

(1) The term “insurance beneficiary” means the insured or its authorized assignee in accordance with section 292e(c) of this title.

(2) The term “amount of the loss” means, with respect to a loan, unpaid balance of the principal amount and interest on such loan, less the amount of any judgment collected pursuant to default proceedings commenced by the eligible lender or holder involved.

(3) The term “default” includes only such defaults as have existed for 120 days.

(4) The term “servicer” means any agency acting on behalf of the insurance beneficiary.

**(f) Reductions in Federal reimbursements or payments for defaulting borrowers**

The Secretary shall, after notice and opportunity for a hearing, cause to be reduced Federal reimbursements or payments for health services under any Federal law to borrowers who are practicing their professions and have defaulted on their loans insured under this subpart in amounts up to the remaining balance of such loans. Procedures for reduction of payments under the medicare program are provided under section 1395ccc of this title. Notwithstanding such section 1395ccc of this title, any funds recovered under this subsection shall be deposited in the insurance fund established under section 292i of this title.

**(g) Conditions for discharge of debt in bankruptcy**

Notwithstanding any other provision of Federal or State law, a debt that is a loan insured under the authority of this subpart may be released by a discharge in bankruptcy under any chapter of title 11, only if such discharge is granted—

(1) after the expiration of the seven-year period beginning on the first date when repayment of such loan is required, exclusive of any period after such date in which the obligation to pay installments on the loan is suspended;

(2) upon a finding by the Bankruptcy Court that the nondischarge of such debt would be unconscionable; and

(3) upon the condition that the Secretary shall not have waived the Secretary’s rights to apply subsection (f) of this section to the borrower and the discharged debt.

**(h) Requirement regarding actions for default**

**(1) In general**

With respect to the default by a borrower on any loan covered by Federal loan insurance under this subpart, the Secretary shall, under subsection (a) of this section, require an eligible lender or holder to commence and prosecute an action for such default unless—

(A) in the determination of the Secretary—

(i) the eligible lender or holder has made reasonable efforts to serve process on the borrower involved and has been unsuccessful with respect to such efforts, or

(ii) prosecution of such an action would be fruitless because of the financial or other circumstances of the borrower;

(B) for such loans made before November 4, 1988, the loan involved was made in an amount of less than \$5,000; or

(C) for such loans made after November 4, 1988, the loan involved was made in an amount of less than \$2,500.

**(2) Relationship to claim for payment**

With respect to an eligible lender or holder that has commenced an action pursuant to subsection (a) of this section, the Secretary shall make the payment required in such subsection, or deny the claim for such payment, not later than 60 days after the date on which the Secretary determines that the lender or holder has made reasonable efforts to secure a

judgment and collect on the judgment entered into pursuant to this subsection.

**(3) State court judgments**

With respect to any State court judgment that is obtained by a lender or holder against a borrower for default on a loan insured under this subpart and that is subrogated to the United States under subsection (b) of this section, any United States attorney may register such judgment with the Federal courts for enforcement.

**(i) Inapplicability of Federal and State statute of limitations on actions for loan collection**

Notwithstanding any other provision of Federal or State law, there shall be no limitation on 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 the Secretary, the Attorney General, or other administrative head of another Federal agency, as the case may be, for the repayment of the amount due from a borrower on a loan made under this subpart that has been assigned to the Secretary under subsection (b) of this section.

**(j) School collection assistance**

An institution or postgraduate training program attended by a borrower may assist in the collection of any loan of that borrower made under this subpart which becomes delinquent, including providing information concerning the borrower to the Secretary and to past and present lenders and holders of the borrower's loans, contacting the borrower in order to encourage repayment, and withholding services in accordance with regulations issued by the Secretary under section 292n(a)(7) of this title. The institution or postgraduate training program shall not be subject to section 1692g of title 15 for purposes of carrying out activities authorized by this section.

(July 1, 1944, ch. 373, title VII, §707, as added Pub. L. 102-408, title I, §102, Oct. 13, 1992, 106 Stat. 2002; amended Pub. L. 103-43, title XX, §2014(a)(2), June 10, 1993, 107 Stat. 215; Pub. L. 105-392, title I, §§142(a), (b), 144(a), Nov. 13, 1998, 112 Stat. 3579, 3581.)

REFERENCES IN TEXT

The Federal False Claims Act, referred to in subsec. (a)(2)(J), probably means the False Claims Act which was the popular name for sections 231, 232, 233, and 235 of former Title 31, Money and Finance. Sections 231, 232, 233, and 235 were repealed by Pub. L. 97-258, §5(b), Sept. 13, 1982, 96 Stat. 1084, and reenacted by the first section thereof as sections 3729 to 3731 of Title 31, Money and Finance.

PRIOR PROVISIONS

A prior section 292f, act July 1, 1944, ch. 373, title VII, §706, as added Oct. 12, 1976, Pub. L. 94-484, title II, §204, 90 Stat. 2249, authorized contracts under this subchapter without regard to certain provisions, prior to the general revision of this subchapter by Pub. L. 102-408.

Another prior section 292f, act July 1, 1944, ch. 373, title VII, §707, as added July 30, 1956, ch. 779, §2, 70 Stat. 720; amended Oct. 5, 1961, Pub. L. 87-395, §8(d), 75 Stat. 827; Sept. 24, 1963, Pub. L. 88-129, §2(a), 77 Stat. 164; Nov. 18, 1971, Pub. L. 92-157, title I, §102(k)(2)(A), 85 Stat. 437, provided for recapture of payments relating to grants for construction of health research facilities, prior to

repeal by Pub. L. 94-484, title II, §201(a), Oct. 12, 1976, 90 Stat. 2246.

A prior section 707 of act July 1, 1944, was classified to section 292g of this title prior to the general revision of this subchapter by Pub. L. 102-408.

AMENDMENTS

1998—Subsec. (a). Pub. L. 105-392, §142(a), designated existing provisions as par. (1), inserted heading, substituted “determined, except that, if the insurance beneficiary including any servicer of the loan is not designated for ‘exceptional performance’, as set forth in paragraph (2), the Secretary shall pay to the beneficiary a sum equal to 98 percent of the amount of the loss sustained by the insured upon that loan.” for “determined.”, struck out at end “Not later than one year after October 13, 1992, the Secretary shall establish performance standards for lenders and holders of loans under this subpart, including fees to be imposed for failing to meet such standards.”, and added par. (2).

Subsec. (e)(4). Pub. L. 105-392, §142(b), added par. (4).

Subsec. (g). Pub. L. 105-392, §144(a), substituted “Notwithstanding any other provision of Federal or State law, a debt that is a loan insured” for “A debt which is a loan insured” in introductory provisions.

1993—Subsec. (g)(1). Pub. L. 103-43, §2014(a)(2)(A), amended par. (1) generally. Prior to amendment, par. (1) read as follows: “after the expiration of the five-year period beginning on the first date, as specified in subparagraphs (B) and (C) of section 292d(a)(2) of this title, when repayment of such loan is required;”.

Subsec. (j). Pub. L. 103-43, §2014(a)(2)(B), added subsec. (j).

EFFECTIVE DATE OF 1998 AMENDMENT

Pub. L. 105-392, title I, §142(c), Nov. 13, 1998, 112 Stat. 3581, provided that: “The amendments made by subsections (a) and (b) [amending this section] shall apply with respect to loans submitted to the Secretary for payment on or after the first day of the sixth month that begins after the date of enactment of this Act [Nov. 13, 1998].”

Pub. L. 105-392, title I, §144(b), Nov. 13, 1998, 112 Stat. 3581, provided that: “The amendment made by subsection (a) [amending this section] shall apply to any loan insured under the authority of subpart I of part A of title VII of the Public Health Service Act (42 U.S.C. 292 et seq.) that is listed or scheduled by the debtor in a case under title XI, United States Code [Title 11, Bankruptcy], filed—

“(1) on or after the date of enactment of this Act [Nov. 13, 1998]; or

“(2) prior to such date of enactment in which a discharge has not been granted.”

**§ 292g. Risk-based premiums**

**(a) Authority**

With respect to a loan made under this subpart on or after January 1, 1993, the Secretary, in accordance with subsection (b) of this section, shall assess a risk-based premium on an eligible borrower and, if required under this section, an eligible institution that is based on the default rate of the eligible institution involved (as defined in section 292o of this title).

**(b) Assessment of premium**

Except as provided in subsection (d)(2) of this section, the risk-based premium to be assessed under subsection (a) of this section shall be as follows:

**(1) Low-risk rate**

With respect to an eligible borrower seeking to obtain a loan for attendance at an eligible institution that has a default rate of not to exceed five percent, such borrower shall be as-

essed a risk-based premium in an amount equal to 6 percent of the principal amount of the loan.

**(2) Medium-risk rate**

**(A) In general**

With respect to an eligible borrower seeking to obtain a loan for attendance at an eligible institution that has a default rate of in excess of five percent but not to exceed 10 percent—

(i) such borrower shall be assessed a risk-based premium in an amount equal to 8 percent of the principal amount of the loan; and

(ii) such institution shall be assessed a risk-based premium in an amount equal to 5 percent of the principal amount of the loan.

**(B) Default management plan**

An institution of the type described in subparagraph (A) shall prepare and submit to the Secretary for approval, an annual default management plan, that shall specify the detailed short-term and long-term procedures that such institution will have in place to minimize defaults on loans to borrowers under this subpart. Under such plan the institution shall, among other measures, provide an exit interview to all borrowers that includes information concerning repayment schedules, loan deferments, forbearance, and the consequences of default.

**(3) High-risk rate**

**(A) In general**

With respect to an eligible borrower seeking to obtain a loan for attendance at an eligible institution that has a default rate of in excess of 10 percent but not to exceed 20 percent—

(i) such borrower shall be assessed a risk-based premium in an amount equal to 8 percent of the principal amount of the loan; and

(ii) such institution shall be assessed a risk-based premium in an amount equal to 10 percent of the principal amount of the loan.

**(B) Default management plan**

An institution of the type described in subparagraph (A) shall prepare and submit to the Secretary for approval a plan that meets the requirements of paragraph (2)(B).

**(4) Ineligibility**

An individual shall not be eligible to obtain a loan under this subpart for attendance at an institution that has a default rate in excess of 20 percent.

**(c) Reduction of risk-based premium**

Lenders shall reduce by 50 percent the risk-based premium to eligible borrowers if a credit worthy parent or other responsible party co-signs the loan note.

**(d) Administrative waivers**

**(1) Hearing**

The Secretary shall afford an institution not less than one hearing, and may consider miti-

gating circumstances, prior to making such institution ineligible for participation in the program under this subpart.

**(2) Exceptions**

In carrying out this section with respect to an institution, the Secretary may grant an institution a waiver of requirements of paragraphs (2) through (4) of subsection (b) of this section if the Secretary determines that the default rate for such institution is not an accurate indicator because the volume of the loans under this subpart made by such institution has been insufficient.

**(3) Transition for certain institutions**

During the 3-year period beginning on October 13, 1992—

(A) subsection (b)(4) of this section shall not apply with respect to any eligible institution that is a Historically Black College or University; and

(B) any such institution that has a default rate in excess of 20 percent, and any eligible borrower seeking a loan for attendance at the institution, shall be subject to subsection (b)(3) of this section to the same extent and in the same manner as eligible institutions and borrowers described in such subsection.

**(e) Payoff to reduce risk category**

An institution may pay off the outstanding principal and interest owed by the borrowers of such institution who have defaulted on loans made under this subpart in order to reduce the risk category of the institution.

(July 1, 1944, ch. 373, title VII, §708, as added Pub. L. 102-408, title I, §102, Oct. 13, 1992, 106 Stat. 2004.)

PRIOR PROVISIONS

A prior section 292g, act July 1, 1944, ch. 373, title VII, §707, as added Oct. 12, 1976, Pub. L. 94-484, title II, §205, 90 Stat. 2249; amended Aug. 1, 1977, Pub. L. 95-83, title III, §307(r), 91 Stat. 395, related to delegation of authority by the Secretary, prior to the general revision of this subchapter by Pub. L. 102-408.

Another prior section 292g, act July 1, 1944, ch. 373, title VII, §708, as added July 30, 1956, ch. 779, §2, 70 Stat. 720; amended Oct. 5, 1961, Pub. L. 87-395, §8(d), 75 Stat. 827; Sept. 24, 1963, Pub. L. 88-129, §2(a), 77 Stat. 164, prohibited Federal interference with administration of institutions where grants were made for construction of health research facilities, prior to repeal by Pub. L. 94-484, title II, §201(a), Oct. 12, 1976, 90 Stat. 2246.

A prior section 708 of act July 1, 1944, was classified to section 292h of this title prior to the general revision of this subchapter by Pub. L. 102-408.

EFFECTIVE DATE

Section effective Jan. 1, 1993, and until such date, former section 294e(c) of this title, as in effect on the day before Oct. 13, 1992, to continue in effect in lieu of this section, see section 103 of Pub. L. 102-408, set out as a note under section 292 of this title.

**§ 292h. Office for Health Education Assistance Loan Default Reduction**

**(a) Establishment**

The Secretary shall establish, within the Division of Student Assistance of the Bureau of Health Professions, an office to be known as the

Office for Health Education Assistance Loan Default Reduction (in this section referred to as the "Office").

**(b) Purpose and functions**

It shall be the purpose of the Office to achieve a reduction in the number and amounts of defaults on loans guaranteed under this subpart. In carrying out such purpose the Office shall—

- (1) conduct analytical and evaluative studies concerning loans and loan defaults;
- (2) carry out activities designed to reduce loan defaults;
- (3) respond to special circumstances that may exist in the financial lending environment that may lead to loan defaults;
- (4) coordinate with other Federal entities that are involved with student loan programs, including—

(A) with respect to the Department of Education, in the development of a single student loan application form, a single student loan deferment form, a single disability form, and a central student loan database; and

(B) with respect to the Department of Justice, in the recovery of payments from health professionals who have defaulted on loans guaranteed under this subpart; and

- (5) provide technical assistance to borrowers, lenders, holders, and institutions concerning deferments and collection activities.

**(c) Additional duties**

In conjunction with the report submitted under subsection (b) of this section, the Office shall—

- (1) compile, and publish in the Federal Register, a list of the borrowers who are in default under this subpart; and
- (2) send the report and notices of default with respect to these borrowers to relevant Federal agencies and to schools, school associations, professional and specialty associations, State licensing boards, hospitals with which such borrowers may be associated, and any other relevant organizations.

**(d) Allocation of funds for Office**

In the case of amounts reserved under section 292i(a)(2)(B) of this title for obligation under this subsection, the Secretary may obligate the amounts for the purpose of administering the Office, including 7 full-time equivalent employment positions for such Office. With respect to such purpose, amounts made available under the preceding sentence are in addition to amounts made available to the Health Resources and Services Administration for program management for the fiscal year involved. With respect to such employment positions, the positions are in addition to the number of full-time equivalent employment positions that otherwise is authorized for the Department of Health and Human Services for the fiscal year involved.

(July 1, 1944, ch. 373, title VII, § 709, as added Pub. L. 102-408, title I, § 102, Oct. 13, 1992, 106 Stat. 2006; amended Pub. L. 105-392, title I, § 141(b), Nov. 13, 1998, 112 Stat. 3579.)

**PRIOR PROVISIONS**

A prior section 292h, act July 1, 1944, ch. 373, title VII, § 708, as added Oct. 12, 1976, Pub. L. 94-484, title II, § 206,

90 Stat. 2250; amended Aug. 1, 1977, Pub. L. 95-83, title III, § 307(a), 91 Stat. 389; Nov. 9, 1978, Pub. L. 95-623, § 12(a), 92 Stat. 3457; Dec. 11, 1980, Pub. L. 96-511, § 4(c), 94 Stat. 2826; Aug. 13, 1981, Pub. L. 97-35, title XXVII, § 2719, 95 Stat. 914; Oct. 22, 1985, Pub. L. 99-129, title II, § 220(b), 99 Stat. 543; Nov. 4, 1988, Pub. L. 100-607, title VI, §§ 616(c)(1), 626, 102 Stat. 3139, 3144; Nov. 18, 1988, Pub. L. 100-690, title II, § 2615(a), 102 Stat. 4239; Aug. 16, 1989, Pub. L. 101-93, § 5(m), 103 Stat. 613, related to health professions data, prior to the general revision of this subchapter by Pub. L. 102-408. See section 295k of this title.

Another prior section 292h, act July 1, 1944, ch. 373, title VII, § 709, as added July 30, 1956, ch. 779, § 2, 70 Stat. 720; amended Sept. 24, 1963, Pub. L. 88-129, § 2(a), 77 Stat. 164; Nov. 18, 1971, Pub. L. 92-157, title I, § 102(k)(2)(C), 85 Stat. 437, provided for issuance of general, administrative, and other regulations for implementation of grants for construction of health research facilities, prior to repeal by Pub. L. 94-484, title II, § 201(a), Oct. 12, 1976, 90 Stat. 2246.

A prior section 709 of act July 1, 1944, was classified to section 292i of this title prior to repeal by Pub. L. 97-35, title XXVII, § 2720(a), Aug. 13, 1981, 95 Stat. 915.

**AMENDMENTS**

1998—Subsec. (b). Pub. L. 105-392 inserted "and" at end of par. (4)(B), substituted a period for ";" and" at end of par. (5), and struck out par. (6) which read as follows: "prepare and submit a report not later than March 31, 1993, and annually, thereafter, to the Committee on Labor and Human Resources of the Senate and the Committee on Energy and Commerce of the House of Representatives concerning—

"(A) the default rates for each—

"(i) institution described in section 292o(1) of this title that is participating in the loan programs under this subpart;

"(ii) lender participating in the loan program under this subpart; and

"(iii) loan holder under this subpart;

"(B) the total amounts recovered pursuant to section 292f(b) of this title during the preceding fiscal year; and

"(C) a plan for improving the extent of such recoveries during the current fiscal year."

**§ 292i. Insurance account**

**(a) In general**

**(1) Establishment**

There is hereby established a student loan insurance account (in this section referred to as the "Account") which shall be available without fiscal year limitation to the Secretary for making payments in connection with the collection and default of loans insured under this subpart by the Secretary.

**(2) Funding**

(A) Except as provided in subparagraph (B), all amounts received by the Secretary as premium charges for insurance and as receipts, earnings, or proceeds derived from any claim or other assets acquired by the Secretary in connection with his operations under this subpart, and any other moneys, property, or assets derived by the Secretary from the operations of the Secretary in connection with this section, shall be deposited in the Account.

(B) With respect to amounts described in subparagraph (A) that are received by the Secretary for fiscal year 1993 and subsequent fiscal years, the Secretary may, before depositing such amounts in the Account, reserve from the amounts each such fiscal year not more

than \$1,000,000 for obligation under section 292h(d) of this title.

**(3) Expenditures**

All payments in connection with the default of loans insured by the Secretary under this subpart shall be paid from the Account.

**(b) Contingent authority for issuance of notes or other obligations**

If at any time the moneys in the Account are insufficient to make payments in connection with the collection or default of any loan insured by the Secretary under this subpart, the Secretary of the Treasury may lend the Account such amounts as may be necessary to make the payments involved, subject to the Federal Credit Reform Act of 1990 [2 U.S.C. 661 et seq.].

(July 1, 1944, ch. 373, title VII, §710, as added Pub. L. 102-408, title I, §102, Oct. 13, 1992, 106 Stat. 2007; amended Pub. L. 105-392, title I, §143, Nov. 13, 1998, 112 Stat. 3581.)

REFERENCES IN TEXT

The Federal Credit Reform Act of 1990, referred to in subsec. (b), is title V of Pub. L. 93-344, as added by Pub. L. 101-508, title XIII, §13201(a), Nov. 5, 1990, 104 Stat. 1388-609, which is classified generally to subchapter III (§661 et seq.) of chapter 17A of Title 2, The Congress. For complete classification of this Act to the Code, see Short Title of 1990 Amendment note set out under section 621 of Title 2 and Tables.

PRIOR PROVISIONS

A prior section 292i, act July 1, 1944, ch. 373, title VII, §709, as added Oct. 12, 1976, Pub. L. 94-484, title II, §207, 90 Stat. 2252; amended Nov. 9, 1978, Pub. L. 95-623, §12(b), 92 Stat. 3457, related to shared schedule residency training positions, prior to repeal by Pub. L. 97-35, title XXVII, §2720(a), Aug. 13, 1981, 95 Stat. 915.

Another prior section 292i, act July 1, 1944, ch. 373, title VII, §710, as added July 30, 1956, ch. 779, §2, 70 Stat. 720; amended Sept. 24, 1963, Pub. L. 88-129, §2(a), 77 Stat. 164; Nov. 18, 1971, Pub. L. 92-157, title I, §102(k)(2)(A), 85 Stat. 437, related to preparation and submission of annual reports to the Congress through the President, including its contents, as to grants for construction of health research facilities, prior to repeal by Pub. L. 94-484, title II, §201(a), Oct. 12, 1976, 90 Stat. 2246.

A prior section 710 of act July 1, 1944, was classified to section 292k of this title prior to the general revision of this subchapter by Pub. L. 102-408.

Another prior section 710 of act July 1, 1944, was renumbered section 709 by Pub. L. 97-35 and was classified to section 292j of this title prior to the general revision of this subchapter by Pub. L. 102-408.

AMENDMENTS

1998—Subsec. (a)(2)(B). Pub. L. 105-392 substituted “fiscal year 1993 and subsequent fiscal years” for “any of the fiscal years 1993 through 1996”.

**§ 292j. Powers and responsibilities of Secretary**

**(a) In general**

In the performance of, and with respect to, the functions, powers, and duties vested in the Secretary by this subpart, the Secretary is authorized as follows:

(1) To prescribe such regulations as may be necessary to carry out the purposes of this subpart.

(2) To sue and be sued in any district court of the United States. Such district courts shall have jurisdiction of civil actions arising under

this subpart without regard to the amount in controversy, and any action instituted under this subsection by or against the Secretary shall survive notwithstanding any change in the person occupying the office of Secretary or any vacancy in that office. No attachment, injunction, garnishment, or other similar process, mesne or final, shall be issued against the Secretary or property under the control of the Secretary. Nothing herein shall be construed to except litigation arising out of activities under this subpart from the application of sections 517 and 547 of title 28.

(3) To include in any contract for Federal loan insurance such terms, conditions, and covenants relating to repayment of principal and payments of interest, relating to his obligations and rights and to those of eligible lenders, and borrowers in case of default, and relating to such other matters as the Secretary determines to be necessary to assure that the purposes of this subpart will be achieved. Any term, condition, and covenant made pursuant to this paragraph or any other provisions of this subpart may be modified by the Secretary if the Secretary determines that modification is necessary to protect the financial interest of the United States.

(4) Subject to the specific limitations in the subpart, to consent to the modification of any note or other instrument evidencing a loan which has been insured by him under this subpart (including modifications with respect to the rate of interest, time of payment of any installment of principal and interest or any portion thereof, or any other provision).

(5) To enforce, pay, compromise, waive, or release any right, title, claim, lien, or demand, however acquired, including any equity or any right or<sup>1</sup> redemption.

**(b) Annual budget; accounts**

The Secretary shall, with respect to the financial operations arising by reason of this subpart—

(1) prepare annually and submit a budget program as provided for wholly owned Government corporations by chapter 91 of title 31; and

(2) maintain with respect to insurance under this subpart an integral set of accounts.

(July 1, 1944, ch. 373, title VII, §711, as added Pub. L. 102-408, title I, §102, Oct. 13, 1992, 106 Stat. 2007.)

CODIFICATION

In subsec. (b)(1), “chapter 91 of title 31” was substituted for “the Government Corporation Control Act” on authority of Pub. L. 97-258, §4(b), Sept. 13, 1982, 96 Stat. 1067, the first section of which enacted Title 31, Money and Finance.

PRIOR PROVISIONS

A prior section 292j, act July 1, 1944, ch. 373, title VII, §709, formerly §710, as added Oct. 12, 1976, Pub. L. 94-484, title II, §208, 90 Stat. 2252; renumbered §709 and amended Aug. 13, 1981, Pub. L. 97-35, title XXVII, §§2720(b), 2721, 95 Stat. 915; Oct. 22, 1985, Pub. L. 99-129, title II, §206, 99 Stat. 527, related to payment under grants, prior to the general revision of this subchapter by Pub. L. 102-408.

<sup>1</sup> So in original. Probably should be “of”.

Another prior section 292j, act July 1, 1944, ch. 373, title VII, §711, as added Sept. 24, 1963, Pub. L. 88-129, §3(b), 77 Stat. 173; amended Nov. 18, 1971, Pub. L. 92-157, title I, §102(k)(2)(A), 85 Stat. 437, provided for technical assistance in connection with grants for construction of health research facilities, prior to repeal by Pub. L. 94-484, title II, §201(a), Oct. 12, 1976, 90 Stat. 2246.

**§ 292k. Participation by Federal credit unions in Federal, State, and private student loan insurance programs**

Notwithstanding any other provision of law, Federal credit unions shall, pursuant to regulations of the Administrator of the National Credit Union Administration, have power to make insured loans to eligible students in accordance with the provisions of this subpart relating to Federal insured loans.

(July 1, 1944, ch. 373, title VII, §712, as added Pub. L. 102-408, title I, §102, Oct. 13, 1992, 106 Stat. 2008.)

PRIOR PROVISIONS

A prior section 292k, act July 1, 1944, ch. 373, title VII, §710, formerly §711, as added Oct. 12, 1976, Pub. L. 94-484, title II, §209, 90 Stat. 2253; renumbered §710 and amended Aug. 13, 1981, Pub. L. 97-35, title XXVII, §§2720(b), 2722, 95 Stat. 915, related to differential tuition and fees, prior to the general revision of this subchapter by Pub. L. 102-408.

TRANSFER OF FUNCTIONS

Functions vested in Administrator of National Credit Union Administration transferred and vested in National Credit Union Administration Board pursuant to section 1752a of Title 12, Banks and Banking.

**§ 292l. Determination of eligible students**

For purposes of determining eligible students under this part, in the case of a public school in a State that offers an accelerated, integrated program of study combining undergraduate pre-medical education and medical education leading to advanced entry, by contractual agreement, into an accredited four-year school of medicine which provides the remaining training leading to a degree of doctor of medicine, whenever in this part a provision refers to a student at a school of medicine, such reference shall include only a student enrolled in any of the last four years of such accelerated, integrated program of study.

(July 1, 1944, ch. 373, title VII, §713, as added Pub. L. 102-408, title I, §102, Oct. 13, 1992, 106 Stat. 2008.)

**§ 292m. Repayment by Secretary of loans of deceased or disabled borrowers**

If a borrower who has received a loan dies or becomes permanently and totally disabled (as determined in accordance with regulations of the Secretary), the Secretary shall discharge the borrower's liability on the loan by repaying the amount owed on the loan from the account established under section 292i of this title.

(July 1, 1944, ch. 373, title VII, §714, as added Pub. L. 102-408, title I, §102, Oct. 13, 1992, 106 Stat. 2008.)

**§ 292n. Additional requirements for institutions and lenders**

**(a) In general**

Notwithstanding any other provision of this subpart, the Secretary is authorized to prescribe such regulations as may be necessary to provide for—

(1) a fiscal audit of an eligible institution with regard to any funds obtained from a borrower who has received a loan insured under this subpart;

(2) the establishment of reasonable standards of financial responsibility and appropriate institutional capability for the administration by an eligible institution of a program of student financial aid with respect to funds obtained from a student who has received a loan insured under this subpart;

(3) the limitation, suspension, or termination of the eligibility under this subpart of any otherwise eligible institution, whenever the Secretary has determined, after notice and affording an opportunity for hearing, that such institution has violated or failed to carry out any regulation prescribed under this subpart;

(4) the collection of information from the borrower, lender, or eligible institution to assure compliance with the provisions of section 292d of this title;

(5) the assessing of tuition or fees to borrowers in amounts that are the same or less than the amount of tuition and fees assessed to nonborrowers;

(6) the submission, by the institution or the lender to the Office of Health Education Assistance Loan Default Reduction, of information concerning each loan made under this subpart, including the date when each such loan was originated, the date when each such loan is sold, the identity of the loan holder and information concerning a change in the borrower's status;

(7) the withholding of services, including academic transcripts, financial aid transcripts, and alumni services, by an institution from a borrower upon the default of such borrower of a loan under this subpart, except in case of a borrower who has filed for bankruptcy; and

(8) the offering, by the lender to the borrower, of a variety of repayment options, including fixed-rate, graduated repayment with negative amortization permitted, and income dependent payments for a limited period followed by level monthly payments.

**(b) Recording by institution of information on students**

The Secretary shall require an eligible institution to record, and make available to the lender and to the Secretary upon request, the name, address, postgraduate destination, and other reasonable identifying information for each student of such institution who has a loan insured under this subpart.

**(c) Workshop for student borrowers**

Each participating eligible institution must have, at the beginning of each academic year, a workshop concerning the provisions of this sub-

part that all student borrowers shall be required to attend.

(July 1, 1944, ch. 373, title VII, §715, as added Pub. L. 102-408, title I, §102, Oct. 13, 1992, 106 Stat. 2009.)

#### § 292o. Definitions

For purposes of this subpart:

(1) The term “eligible institution” means, with respect to a fiscal year, a school of medicine, osteopathic medicine, dentistry, veterinary medicine, optometry, podiatric medicine, pharmacy, public health, allied health, or chiropractic, or a graduate program in health administration or behavioral and mental health practice, including clinical psychology.

(2) The term “eligible lender” means an eligible institution that became a lender under this subpart prior to September 15, 1992, an agency or instrumentality of a State, a financial or credit institution (including an insurance company) which is subject to examination and supervision by an agency of the United States or of any State, a pension fund approved by the Secretary for this purpose, or a nonprofit private entity designated by the State, regulated by the State, and approved by the Secretary.

(3) The term “line of credit” means an arrangement or agreement between the lender and the borrower whereby a loan is paid out by the lender to the borrower in annual installments, or whereby the lender agrees to make, in addition to the initial loan, additional loans in subsequent years.

(4) The term “school of allied health” means a program in a school of allied health (as defined in section 295p of this title) which leads to a masters’ degree or a doctoral degree.

(5)(A) The term “default rate”, in the case of an eligible entity, means the percentage constituted by the ratio of—

(i) the principal amount of loans insured under this subpart—

(I) that are made with respect to the entity and that enter repayment status after April 7, 1987; and

(II) for which amounts have been paid under section 292f(a) of this title to insurance beneficiaries, exclusive of any loan for which amounts have been so paid as a result of the death or total and permanent disability of the borrower; exclusive of any loan for which the borrower begins payments to the Secretary on the loan pursuant to section 292f(b) of this title and maintains payments for 12 consecutive months in accordance with the agreement involved (with the loan subsequently being included or excluded, as the case may be, as amounts paid under section 292f(a) of this title according to whether further defaults occur and whether with respect to the default involved compliance with such requirement regarding 12 consecutive months occurs); and exclusive of any loan on which payments may not be recovered by reason of the obligation under the loan being discharged in bankruptcy under title 11; to

(ii) the total principal amount of loans insured under this subpart that are made with respect to the entity and that enter repayment status after April 7, 1987.

(B) For purposes of subparagraph (A), a loan insured under this subpart shall be considered to have entered repayment status if the applicable period described in subparagraph (B) of section 292d(a)(2) of this title regarding the loan has expired (without regard to whether any period described in subparagraph (C) of such section is applicable regarding the loan).

(C) For purposes of subparagraph (A), the term “eligible entity” means an eligible institution, an eligible lender, or a holder, as the case may be.

(D) For purposes of subparagraph (A), a loan is made with respect to an eligible entity if—

(i) in the case of an eligible institution, the loan was made to students of the institution;

(ii) in the case of an eligible lender, the loan was made by the lender; and

(iii) in the case of a holder, the loan was purchased by the holder.

(July 1, 1944, ch. 373, title VII, §719, as added Pub. L. 102-408, title I, §102, Oct. 13, 1992, 106 Stat. 2009; amended Pub. L. 105-392, title I, §141(c)(2), Nov. 13, 1998, 112 Stat. 3579.)

#### AMENDMENTS

1998—Par. (1). Pub. L. 105-392 substituted “or behavioral and mental health practice, including clinical psychology” for “or clinical psychology”.

#### § 292p. Authorization of appropriations

##### (a) In general

For fiscal year 1993 and subsequent fiscal years, there are authorized to be appropriated such sums as may be necessary for the adequacy of the student loan insurance account under this subpart and for the purpose of administering this subpart.

##### (b) Availability of sums

Sums appropriated under subsection (a) of this section shall remain available until expended.

(July 1, 1944, ch. 373, title VII, §720, as added Pub. L. 102-408, title I, §102, Oct. 13, 1992, 106 Stat. 2011.)

#### PRIOR PROVISIONS

A prior section 720 of act July 1, 1944, was classified to section 293 of this title prior to the general revision of this subchapter by Pub. L. 102-408.

#### SUBPART II—FEDERALLY-SUPPORTED STUDENT LOAN FUNDS

#### § 292q. Agreements for operation of school loan funds

##### (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—