

1975—Pub. L. 94-63, title IX, §941(g)(3), July 29, 1975, 89 Stat. 365, inserted subpart II heading.

§ 297a. Student loan fund

(a) Agreements to establish and operate fund authorized

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

(b) Provisions of agreements

Each agreement entered into under this section shall—

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

(2) provide for deposit in the fund, except as provided in section 298d of this title, of (A) the Federal capital contributions paid from allotments under section 297d of this title to the school by the Secretary, (B) an additional amount from other sources equal to not less than one-ninth of such Federal capital contributions, (C) collections of principal and interest on loans made from the fund, (D) collections pursuant to section 297b(f) of this title, and (E) any other earnings of the fund;

(3) provide that the fund, except as provided in section 298d of this title, shall be used only for loans to students of the school in accordance with the agreement and for costs of collection of such loans and interest thereon;

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

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

(c) Regulatory standards applicable to collection of loans

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

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

(3) For purposes of this subsection—

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

(i) make an installment payment when due; or

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

except that a loan made under this part shall not be considered to be in default if the loan

is discharged in bankruptcy or if the school reasonably concludes from written contacts with the borrower that the borrower intends to repay the loan;

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

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

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

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

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

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

(ii) in their grace period.

(July 1, 1944, ch. 373, title VIII, §835, formerly §822, as added Pub. L. 88-581, §2, Sept. 4, 1964, 78 Stat. 913; amended Pub. L. 90-490, title II, §222(a), (c)(2), Aug. 16, 1968, 82 Stat. 783, 784; Pub. L. 92-158, §6(d)(3), (e), Nov. 18, 1971, 85 Stat. 478; Pub. L. 93-385, §3(b), Aug. 23, 1974, 88 Stat. 741; renumbered §835 and amended Pub. L. 94-63, title IX, §§936(a), 941(h)(1)-(3), (i)(1), (2), July 29, 1975, 89 Stat. 362, 365, 366; Pub. L. 96-76, title I, §109(a), Sept. 29, 1979, 93 Stat. 579; Pub. L. 97-35, title XXVII, §2757(a), Aug. 13, 1981, 95 Stat. 931; Pub. L. 99-92, §8(a), Aug. 16, 1985, 99 Stat. 397; Pub. L. 99-129, title II, §209(j)(2), Oct. 22, 1985, 99 Stat. 536; Pub. L. 100-607, title VII, §713(a), Nov. 4, 1988, 102 Stat. 3160; Pub. L. 111-148, title V, §5310(b)(2), (6), Mar. 23, 2010, 124 Stat. 631.)

AMENDMENTS

2010—Subsec. (a). Pub. L. 111-148, §5310(b)(2), substituted "this part" for "this subpart".

Subsec. (b). Pub. L. 111-148, §5310(b)(6), substituted "298d" for "297h" in pars. (2) and (3).

Subsec. (c). Pub. L. 111-148, §5310(b)(2), substituted "this part" for "this subpart" wherever appearing.

1988—Subsec. (c)(1). Pub. L. 100-607 inserted provisions relating to reimbursement of student loan fund for certain uncollectable loans.

1985—Subsec. (c). Pub. L. 99-92 added subsec. (c).

Subsec. (c)(3)(C). Pub. L. 99-129, §209(j)(2)(A), substituted provisions defining "grace period" as the period of nine months beginning on the date on which the borrower ceases to pursue a full-time or half-time course of study at a school of nursing for former provisions defining "grace period" as the period of one year beginning on (i) the date on which the borrower ceased to pursue a full-time or half-time course of study at a school of nursing; or (ii) the date on which ended any period described in clause (A) or (B) of section 297b(b)(2) of this title which was applicable to such borrower, whichever was later.

Subsec. (c)(3)(D)(ii). Pub. L. 99-129, §209(j)(2)(B), struck out "first" before "grace period."

1981—Subsec. (b)(4). Pub. L. 97-35 struck out provisions respecting prohibition on loans to students attending school before Oct. 1, 1980.

1979—Subsec. (b)(4). Pub. L. 96-76 substituted "1980" for "1978".

1975—Subsec. (a). Pub. L. 94-63, §941(h)(1), (2), substituted “subpart” for “part” and struck out “of Health, Education, and Welfare” after “Secretary”.

Subsec. (b). Pub. L. 94-63, §§936(a), 941(h)(3), (i)(2), in cl. (2) substituted “from allotments under section 297d of this title” for “under this part”, in cl. (4) substituted “October 1, 1978” for “July 1, 1975”, and in cls. (2) and (3) substituted references to sections 836 and 841 of the Act for references to sections 823 and 829, which had previously been translated as sections 297b and 297h of this title, respectively, requiring no further translations in the text as a result of the renumbering of the Public Health Service Act.

1974—Subsec. (b)(4). Pub. L. 93-385 substituted “1975” for “1974”.

1971—Subsec. (b)(4). Pub. L. 92-158 substituted “full-time or half-time course of study” for “full-time course of study” and “1974” for “1971”.

1968—Subsec. (b)(2). Pub. L. 90-490, §222(a)(1), (c)(2), inserted “, except as provided in section 297h of this title,” after “fund” where first appearing and added cl. (D) and redesignated former cl. (D) as (E), respectively.

Subsec. (b)(3). Pub. L. 90-490, §222(a)(1), inserted “, except as provided in section 297h of this title” after “fund” where first appearing and authorized the cancellation of an additional 50 per centum of a nursery student loan.

Subsec. (b)(4). Pub. L. 90-490, §222(a)(2), substituted “1971” for “1969”.

EFFECTIVE DATE OF 1985 AMENDMENTS

Amendment by Pub. L. 99-129 effective June 30, 1984, see section 228(b)(5) of Pub. L. 99-129, set out as a note under section 254l of this title.

Pub. L. 99-92, §10, Aug. 16, 1985, 99 Stat. 402, provided that:

“(a) Except as provided in subsection (b), this Act [enacting section 297i of this title, transferring section 296c to section 298b-5 of this title, amending this section, sections 296k, 296l, 296m, 297, 297-1, 297b, 297d, 297e, 298, 298b, and 298b-5 of this title, sections 1332, 1333, 1336, and 1341 of Title 15, Commerce and Trade, and section 6103 of Title 26, Internal Revenue Code, repealing sections 296 to 296b, 296d to 296f, 296j, 297h, and 297j of this title, and enacting provisions set out as notes under sections 201 and 298b-5 of this title and section 1333 of Title 15] and the amendments and repeals made by this Act shall take effect on October 1, 1985.

“(b)(1) The provisions of section 9(c) of this Act [transferring section 296c of this title to section 298b-5 of this title, amending section 298b-5 of this title, and enacting provisions set out as notes under section 298b-5 of this title] and the amendment made by paragraph (1) of such section shall take effect on the date of enactment of this Act [Aug. 16, 1985].

“(2) The amendment made by section 8(a) of this Act [amending section 297a of this title] shall take effect June 30, 1984.”

EFFECTIVE DATE OF 1975 AMENDMENT

Pub. L. 94-63, title IX, §905, July 29, 1975, 89 Stat. 355, provided that: “Except as may otherwise be specifically provided, the amendments made by this part [part B (§§905-937) of title IX of Pub. L. 94-63, enacting sections 296j to 296m of this title, amending sections 296, 296a, 296d, 296e, 297 to 297c, 297e, and 297j of this title, repealing sections 296d, 296g, 296i, 297f, and 298c-7 of this title, and enacting provisions set out as notes under sections 296, 296a, 296d, 296e, 296m, 297, 297b, and 297f of this title] shall take effect July 1, 1975. The amendments made by this part to provisions of title VIII of the Public Health Service Act [42 U.S.C. 296 et seq.] (hereinafter in this part referred to as the ‘Act’) are made to such provisions as amended by part A of this title [amending sections 296, 296d, 296e, 296g, 296i, 297j, and 298c-7 of this title].”

Pub. L. 94-63, title IX, §942, July 29, 1975, 89 Stat. 367, provided that: “The amendments made by section 941 [enacting section 298b-3 of this title, amending sections

296a to 296d, 296f, 297a to 297e, 297g to 297k, 298, and 298b of this title, and repealing section 298c-8 of this title] shall take effect July 1, 1975. Except as otherwise specifically provided, the amendments made by section 941 to provisions of title VIII of the Act [42 U.S.C. 296 et seq.] are made to such provisions as in effect July 1, 1975, and as amended by part B of this title [see note set out above].”

EFFECTIVE DATE OF 1968 AMENDMENT

Amendment by section 222(c)(2) of Pub. L. 90-490 applicable with respect to loans made after June 30, 1969, see section 222(i) of Pub. L. 90-490, set out as a note under section 297b of this title.

§ 297b. Loan provisions

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

The total of the loans for any academic year (or its equivalent, as determined under regulations of the Secretary) made by schools of nursing from loan funds established pursuant to agreements under this part may not exceed \$3,300 in the case of any student, except that for the final two academic years of the program involved, such total may not exceed \$5,200. The aggregate of the loans for all years from such funds may not exceed \$17,000 in the case of any student during fiscal years 2010 and 2011. After fiscal year 2011, such amounts shall be adjusted to provide for a cost-of-attendance increase for the yearly loan rate and the aggregate of the loans. In the granting of such loans, a school shall give preference to licensed practical nurses, to persons with exceptional financial need, and to persons who enter as first-year students after enactment of this subchapter.

(b) Terms and conditions

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

(1) such a loan may be made only to a student who (A) is in need of the amount of the loan to pursue a full-time or half-time course of study at the school leading to a baccalaureate or associate degree in nursing or an equivalent degree, or a diploma in nursing, or a graduate degree in nursing, (B) is capable, in the opinion of the school, of maintaining good standing in such course of study, and (C) with respect to any student enrolling in the school after June 30, 2000, is of financial need (as defined in regulations issued by the Secretary);¹

(2) such a loan shall be repayable in equal or graduated periodic installments (with the right of the borrower to accelerate repayment) over the ten-year period which begins nine months after the student ceases to pursue a full-time or half-time course of study at a school of nursing, excluding from such 10-year period all (A) periods (up to three years) of (i)

¹ So in original.