

1 Higher Education Coordinating Board

2

3 Adopted Permanent Rules Relating to Postsecondary Rural

4 Physician Loan Forgiveness Program

5

6 Rules as Adopted

7 4810.3000 SCOPE.

8 Parts 4810.3010 to 4810.3070 apply to the rural physician

9 loan forgiveness program.

10 4810.3010 DEFINITIONS.

11 Subpart 1. **Scope.** The terms defined in Minnesota

12 Statutes, section 136A.1351, are applicable to parts 4810.3010

13 to 4810.3070.

14 Subp. 2. **Emergency circumstances.** "Emergency

15 circumstances" means those conditions that make it impossible

16 for the participant to fulfill the service commitment. The

17 conditions include death, total and permanent disability, or

18 temporary disability lasting more than two years.

19 Subp. 3. **Qualified loans.** "Qualified loans" means:

20 A. Perkins Loans/National Direct Student Loans

21 (NDSLs);

22 B. Stafford Loans/Guaranteed Student Loans (GSLs);

23 C. Health Professions Student Loans (HPSLs);

24 D. Supplemental Loans for Students (SLSs);

25 E. Auxiliary Loans to Assist Students (ALASs);

26 F. Parent Loans for Undergraduate Students (PLUSs);

27 G. Health Education Assistance Loans (HEALs);

28 H. Mayo Foundation Loans;

29 I. MedLoans, Minnesota Medical Association Loans

30 (MMAs);

31 J. Minnesota Medical Foundation Loans (MMFs);

32 K. University of Minnesota Trust Fund Loans (TFLs);

33 L. Minnesota Student Educational Loan Fund (SELF

34 loans); and

35 M. Student Loan Marketing Association Consolidation

1 Loans (SMART).

2 4810.3020 CRITERIA FOR SELECTION.

3 Subpart 1. Classification of applicants. The executive  
4 director shall place applicants in one of the following  
5 classifications:

6 A. Minnesota residents who fulfill residency training  
7 in Minnesota;

8 B. Minnesota residents who fulfill residency training  
9 outside Minnesota;

10 C. applicants who are not Minnesota residents, but  
11 fulfill residency training in Minnesota; or

12 D. applicants who are not Minnesota residents and do  
13 not fulfill residency training in Minnesota.

14 Subp. 2. Insufficient award availability. If more than  
15 eight applicants start to serve as physicians in a designated  
16 rural area, the executive director shall choose participants in  
17 the order specified in subpart 1 for participation. Applicants  
18 not chosen to participate initially must be placed on an  
19 alternate list from which additional participants will be chosen  
20 if a chosen participant declines to participate.

21 4810.3030 APPLICATION PROCESS.

22 Subpart 1. Acknowledgment letter. On receipt of a letter  
23 of interest from a prospective physician, the executive director  
24 shall send the prospective physician more detailed information  
25 about the program.

26 Subp. 2. Application form. During the fourth year of  
27 medical school, the prospective physician must complete and  
28 return the program application form provided by the executive  
29 director.

30 Failure to complete and return the application form by the  
31 specified deadline date will result in the elimination of the  
32 applicant from the classification list.

33 Subp. 3. Contract. During the first year of residency,  
34 the prospective physician must sign a contract with the  
35 executive director agreeing to serve at least three of the first

1 five years following residency in a designated rural area if  
2 chosen as a participant.

3 Subp. 4. **Notification of service.** The prospective  
4 physician must notify the executive director in writing  
5 immediately after starting service as a physician in a  
6 designated rural area.

7 Subp. 5. **Agreement or promissory note.** Before any  
8 payments are made by the executive director on qualified loans  
9 designated by the participant, the participant must sign the  
10 agreement or promissory note provided by the executive director.

11 4810.3040 LOAN PAYMENT.

12 Subpart 1. **Designation of loans.** Each program participant  
13 must designate which eligible loans the executive director must  
14 make payments on. Payments by the executive director cannot  
15 exceed \$10,000 per year for each participant.

16 Subp. 2. **Payment billings.** The participant must provide  
17 necessary information for payment purposes on eligible loans to  
18 the executive director in a timely manner. The participant must  
19 provide the executive director with all payment books for the  
20 designated loans or forward monthly billing statements for the  
21 loans so that the executive director has ample time to make the  
22 monthly payments on time.

23 Subp. 3. **Terms of payments.** The executive director shall  
24 make loan payments according to the terms and conditions of the  
25 designated loans to the lenders or servicers in an amount that,  
26 when annualized, does not exceed \$10,000 per year. The  
27 participant must continue to serve as a physician in a  
28 designated rural area during the period the executive director  
29 is making loan payments for the participant.

30 Subp. 4. **Additional payment amount.** If the amounts paid  
31 by the executive director on the designated loans for a  
32 participant is less than \$10,000 for a 12-month period, during  
33 the 12th month the executive director will pay an additional  
34 amount on the designated loans to equal \$10,000 for the 12-month  
35 period. The total amount paid during the 12-month period cannot

1 exceed the principal and accrued interest of the designated  
2 loans.

3 Subp. 5. **Discontinuation of service.** The participant must  
4 reimburse the executive director for payments made during any  
5 period when the participant is not serving as a physician in a  
6 designated rural area.

7 4810.3050 PENALTY FOR NONFULFILLMENT.

8 Subpart 1. **Payment amount.** If a participant fails to  
9 fulfill the service requirement of this program, the amount paid  
10 on designated loans by the executive director must be repaid  
11 with interest at a rate established according to Minnesota  
12 Statutes, section 270.75, subdivision 5. Interest accrues from  
13 the date the participant ceases to practice as a physician in a  
14 designated rural area.

15 Subp. 2. **Payment plan.** The executive director shall set  
16 up a payment plan after consulting with the participant. The  
17 participant must repay the money within five years.

18 Subp. 3. **Waiver.** A participant may request a waiver from  
19 the repayment obligation from the executive director. The  
20 request must be in writing and must provide written  
21 documentation on the emergency circumstances that support the  
22 need for the waiver. The executive director shall review the  
23 documentation and shall grant a full or partial waiver if the  
24 executive director finds that the emergency circumstances  
25 justify the waiver.

26 Subp. 4. **Release of information.** The following  
27 information about the participant may be released to a consumer  
28 credit reporting agency until the participant has repaid in full  
29 all money owed the board:

- 30 A. the name and address of participant;  
31 B. the date the repayment started;  
32 C. the outstanding balance;  
33 D. the amount past due;  
34 E. the number of payments past due;  
35 F. the number of late payments in the previous 12

1 months; and

2 G. the status or remarks code.

3 4810.3060 PARTICIPANT RESPONSIBILITIES.

4 Subpart 1. **Service status verification.** Annually, the  
5 participant must complete and return to the executive director  
6 by the deadline the service status verification form provided by  
7 the executive director.

8 Subp. 2. **Status change.** The participant must inform the  
9 executive director in writing within 30 days of a change of  
10 address or service location.

11 4810.3070 INFORMATION; FORMS; TERMS.

12 Subpart 1. **Additional information.** The executive director  
13 or the executive director's agent may require additional  
14 information from the participant that is not inconsistent with  
15 law that is helpful in the executive director's judgment to  
16 efficiently administer the program.

17 Subp. 2. **Forms.** The executive director may provide to  
18 participants and require the use of uniform forms in the  
19 administration of the program.