

**TITLE 133
LEGISLATIVE RULE
WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION**

**SERIES 34
MEDICAL STUDENT LOAN PROGRAM**

§133-34-1. General.

- 1.1. Scope. -- This rule promulgates policy and procedure regarding the medical student loan program.
- 1.2. Authority. -- W. Va. Code §§18B-1-6 and 18C-3-1.
- 1.3. Filing Date. -- April 14, 2009
- 1.4. Effective Date. -- May 14, 2009
- 1.5. Modification of Existing Rule: Title 133, Series 34, Procedural Rule of the West Virginia Higher Education Policy Commission dated April 27, 2005.

§133-34-2. Purpose.

- 2.1. The legislation addresses three (3) policy issues: The rising cost of medical education, continued access to medical education by West Virginians and those likely to remain in West Virginia after graduation who demonstrate financial need, and the geographic and specialty maldistribution of physicians. The loan program partially offsets the education and general fees paid by medical students to assure continued access to medical school for qualified West Virginians and those likely to remain in West Virginia after graduation who demonstrate financial need. The loan program also provides loan forgiveness incentives to encourage physicians to practice in designated medically underserved areas or in medical specialties in which there is a shortage of physicians.

§133-34-3. Administration.

- 3.1. The Vice Chancellor for Administration shall be responsible for overseeing the Medical Student Loan Program.
- 3.2. The West Virginia University School of Medicine, the Marshall University School of Medicine, and the West Virginia School of Osteopathic Medicine shall be responsible for awarding loans to medical students at their respective institutions and for collecting loan payments.

§133-34-4. Education and General Fees Dedicated to Program.

- 4.1. The Higher Education Policy Commission (Commission) annually, or at such other times as it may desire, shall set minimum amounts of medical students' education and general fees that the state's three (3) medical schools must reserve for providing medical student loans at their respective institutions and shall assess each medical

school a fee to offset the Commission's costs for administration and oversight of the program.

- 4.2. Effective July 1, 2004, the maximum annual amount for an individual loan shall be \$10,000.
- 4.3. Any unused funds, including education and general fees reserved for the benefit of the Medical Student Loan Program remaining at the end of the fiscal year shall not expire or revert but instead shall carry forward for use by the institution to provide medical student loans during the subsequent fiscal year.

§133-34-5. Eligibility.

- 5.1. In order to be eligible for this loan, an applicant must meet the following minimum requirements:
 - 5.1.1. Full-time enrollment in an approved state medical school in a program leading to the degree of Doctor of Medicine (M.D.), or Doctor of Osteopathy (D.O.), provided that the individual has not yet received one of these degrees.
 - 5.1.2. Financial need as determined by the institution's financial aid office.
 - 5.1.3. United States citizenship or legal immigrant status while actively pursuing United States citizenship.
- 5.2. A borrower may be eligible for renewal of the loan if:
 - 5.2.1. The borrower remains in good academic standing and makes satisfactory progress in keeping with the institutional policy for awarding Title IV financial aid funds.
 - 5.2.2. The borrower's financial circumstances warrant continuation under the standards established by the institution.
 - 5.2.3. There are available funds sufficient to make the award.
- 5.3. An applicant may not be in default of any previous student loan.
- 5.4. Priority for loans shall be given to in-state residents.

§133-34-6. Application and Selection Process.

- 6.1. A student must apply for the award utilizing the institution's standard application process. Typically, this will involve an institutional application and a financial statement. An institution may establish a deadline for applying for the loan.
- 6.2. Any student applying for a loan must use his or her social security number when submitting an application. The social security number will be used to verify a student's identity, track applications, authorize loans, verify enrollment and good

student status, and track fund disbursement and loan repayment. A student who fails to provide a social security number will not be eligible for a loan.

- 6.3. Each institution shall select recipients of the award. The number of awards will be determined by the availability of funds in this program at each school in any given academic year. Awards will be processed without regard to age, gender, race, disability, national origin, veteran's status or religion.

§133-34-7. Loan Provisions and Agreement.

- 7.1. Loans may be made and award amounts determined annually for each of the number of years required to complete the course of study. The student-borrower may apply for additional loans for each subsequent academic year of medical school, and the institution may, but shall not be obligated to, make loans to a borrower for such academic year or years.
- 7.2. Before being granted a loan, each applicant shall receive an award notification issued by the institution on behalf of the Higher Education Policy Commission Medical Student Loan Program. Notifications shall include the following common elements:
 - 7.2.1. Budgeted cost of education.
 - 7.2.2. Expected family contribution (where applicable).
 - 7.2.3. Other resources available to meet educational expenses.
 - 7.2.4. Financial need.
 - 7.2.5. Aid awarded reflecting academic periods in which it will be disbursed.
 - 7.2.6. An indication of unmet financial need.
 - 7.2.7. A statement that any and all such loans shall be subject to the terms and conditions specified in a master promissory note.
- 7.3. The master promissory note shall be an open ended note. All subsequent release of funds shall be recorded on this promissory note.

§133-34-8. Loan Repayment.

- 8.1. A borrower shall be allowed a maximum of ten (10) years to repay the loan (principal and interest). Periods of authorized deferment (approved additional medical training, including internships, residencies, and fellowships, or required military service, not to exceed five years) are not included as part of the ten-year repayment period. However, the minimum repayment amount shall be no less than fifty dollars (\$50.00) per month.
- 8.2. The first payment shall not be due and payable until one (1) year following the date that the borrower ceases to be a full-time student at a school of medicine eligible to

participate in the Medical Student Loan Program. Payments are not due for periods of authorized deferment.

- 8.3. There shall be no penalty for early repayment of the loan.
- 8.4. The rate of interest charged on outstanding loans not in repayment shall be the prevailing rate for graduate subsidized Federal Stafford Loans in effect at the beginning of the repayment period and such rate shall be in force for the duration of the repayment period. Interest shall not accrue during the grace period or authorized periods of deferment as described within the promissory note.
- 8.5. In the event of the borrower's death or permanent and total disability, the unpaid balance remaining on the note (principal and interest) shall be cancelled.

§133-34-9. Loan Forgiveness.

- 9.1. A borrower may receive cancellation and forgiveness of the outstanding principal and accumulated interest on the loan in return for the actual performance of full-time service in West Virginia as a physician (M.D. or D.O.) in an approved designated medically underserved area or in an approved designated medical specialty in which there is a shortage of physicians.
- 9.2. The Commission, after consultation with the Bureau for Public Health, shall determine qualifying medically underserved geographic areas and medical specialties in which there is a shortage of physicians. An approved listing of underserved areas and qualifying medical specialties shall be published and distributed to the financial aid offices of each participating state school of medicine. At the borrower's request, additional geographic areas and medical specialties may be considered by the Commission after consultation with the Bureau for Public Health. Among the criteria are such factors as: locations where a physician currently in practice will retire creating a shortage or a population shift which will justify additional physicians.
- 9.3. To be eligible for loan forgiveness, the applicant must apply annually for and receive Commission approval for practice in a specific designated underserved area or designated medical specialty. Such approval shall include deferral of loan repayment during the period the practitioner is performing in service authorized for loan forgiveness. The practitioner must notify the lending institution of the date that such practice commences and terminates.
- 9.4. To be eligible for loan forgiveness, the applicant must have Commission approval to practice in a specific designated underserved area or designated medical specialty. In addition, the applicant must subsequently provide evidence to support the fact that full-time physician services were rendered. Such evidence shall be presented on a form provided by the Commission for that purpose. The Commission shall be the authority that grants loan forgiveness. The Commission shall notify the appropriate lending institution of all loan forgiveness which is granted.
- 9.5. The borrower shall be eligible for loan forgiveness only upon application and upon acceptance of duly certified evidence of full-time medical or osteopathic practice in one of the designated medically underserved areas or medical specialties.

- 9.6. The borrower shall receive cancellation of the outstanding principal for sums not to exceed \$10,000 per year plus accumulated interest during each period of twelve (12) consecutive months of full-time practice. No forgiveness shall be granted for less than twelve (12) consecutive months of full-time practice.
- 9.7. It shall be the responsibility of the borrower to secure a current list of approved underserved areas and medical specialties. A current list may be obtained from the institution's financial aid office or from the Commission.

§133-34-10. Forbearance.

- 10.1. To be eligible for forbearance, a borrower must apply for and receive approval from the institutional financial aid officer or designated representative. The financial aid officer or designated representative may grant forbearance for periods of documented disability, unemployment or other economic hardship.
- 10.2. The Vice Chancellor for Administration must be notified by the financial aid officer or designated representative of all forbearance approvals related to this program.
- 10.3. A borrower is eligible for forbearance for a period not to exceed twelve (12) months at one time.
- 10.4. A borrower may be held responsible for paying a portion of the accrued interest on the loan as a condition for granting forbearance.
- 10.5. During any period of forbearance, interest shall continue to accrue on the loan. If a borrower does not pay interest during the forbearance period, it will be capitalized at the end of the forbearance period.
- 10.6. Loan payments shall resume within sixty days of the forbearance end date. The exact amount of monthly payments shall be calculated in accordance with the original loan agreement.

§133-34-11. Loan Management.

- 11.1. The institution shall be responsible for notifying students selected to receive loans and for ensuring that borrowers receive the loan award notification and complete the promissory note before disbursement of funds. The institution also shall be responsible for disbursement of any and all funds to students. Disbursements shall usually be made at the beginning of each semester in an amount equal to one-half (1/2) the annual award.
- 11.2. An exit interview shall be required by the institution at the time the borrower graduates or otherwise terminates enrollment. At that time, the borrower's rights and responsibilities under the loan fund shall be discussed. Borrowers shall be obligated during the period the loan is active to maintain a current address record with the student loan office of the medical school which provided the loan.

- 11.3. The institution shall exercise due diligence in the collection of all loan amounts owed by borrowers.

§133-34-12. Financial Management.

- 12.1. Each institution shall maintain complete and accurate accounting records for all funds received and disbursed under the Medical Student Loan Program, and, upon request, shall make such records available to Commission staff, the Legislative Auditor, or any other independent auditor that the Commission may designate.
- 12.2. Receipt and disbursement of funds shall be governed by all applicable state practices and procedures.
- 12.3. Each institution shall submit an annual report summarizing all receipts and disbursements of the Medical Student Loan Program. This report will be in such format and contain such detail as the Commission may prescribe, and shall be due no later than July 31 each year.