Subpart C—Private Startup Loans

§ 23.41 What conditions are applicable to loans under this subpart?

The regulations set out in subpart B of this part are fully applicable to loans awarded under section 338C(e)(1) of the Public Health Service Act, except as noted below:

(a) Eligibility. (1) In lieu of §23.23(a), the following applies to loans made under this subpart:
   (i) Eligibility for loans is limited to NHSC scholarship recipients who plan to enter private practice and have not begun fulfilling their scholarship service obligation or are currently fulfilling their scholarship service obligation under section 338B of the Act and have completed less than 2 years of this obligation.
   (2) In lieu of §23.23(c), the following applies to loans made under this subpart:
      (i) NHSC scholarship recipients who have received loans under either this subpart or subpart B of this part are ineligible for loans under this subpart.

(b) Loan amounts. (1) In lieu of §23.24, the following applies to loans made under this subpart:
   (i) The Secretary may make loans in the amount of $12,500 if the recipient agrees to practice in accordance with the loan agreement for a period of at least 1 year but less than 2 years or the remaining period of the borrower’s NHSC scholarship service obligation, whichever is shorter.
   (ii) The Secretary may make loans in the amount of $25,000 if the recipient agrees to practice in accordance with the loan agreement for a period of at least 2 years or the remaining period of the borrower’s NHSC scholarship service obligation, whichever is shorter.

(c) Use of funds. (1) In lieu of §23.32(a), the following applies to loans made under this subpart:
   (i) The borrower must use the total amount of the loan only to purchase or lease, or both, the equipment and supplies needed for providing health services in his or her private practice. Equipment and supplies purchased and/or leased shall be limited to the items requested in the loan application and approved by the Secretary.

[51 FR 31950, Sept. 8, 1986]