

solidated 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.)

Editorial Notes

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, which is classified generally 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.)

Editorial Notes

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, 1994, 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.)

Editorial Notes

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 labora-

tory expenses, and reasonable living expenses, incurred by such students; and

(iv) 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; and

(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;

(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 residency 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 in-