

Nurse Faculty Loan Program (NFLP) Administrative Guidelines

Authority: Public Health Service Act Sections 846A (42 U.S.C. 297n-1)

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Program Overview

The legislative authority governing the NFLP seeks to prepare and train qualified nurse educators to fill faculty vacancies and increase the number of trained nurses entering the workforce. This is accomplished by supporting schools of nursing that prepare students to work as nurse faculty and help train the future nursing workforce.

NFLP schools (herein referenced as grantees) are required to recruit, train and retain students committed to completion of select nursing degree programs of study that uniquely qualify them to become nurse faculty; to create, implement, and maintain effective strategies that assist graduate students in obtaining full-time faculty employment in areas of need; and to create and manage a revolving loan fund.

Students who receive NFLP funds (herein referenced as borrowers) can be enrolled full or part-time and can receive annual loan support for up to five years. Following graduation from the program of study, borrowers are expected to obtain full-time faculty employment within 12 months of graduation, and are then eligible for partial loan cancellation over a four year period (see Appendix A). The fiduciary obligation of the schools requires the maintenance of borrower records and management of loan cancellation, and repayment and collections activity, including maintaining an acceptable (<5%) default rate.

Successful NFLP grantees that achieve the intended goals of the program are schools that:

1. Identify and recruit qualified students that are committed to working as nurse faculty;
2. Utilize awarded funds to provide loan support to student borrowers who will graduate from the nursing program: grantees are expected to make loans from the revolving loan fund continually (minimum lending activity of at least one new NFLP participant every 4 years or lending activity according to the documented disbursement plan within the last application for funding, whichever amount is greater, for the duration of the existence of the loan fund);
3. Maintain a high number of student borrowers that obtain employment as full-time nurse faculty following graduation from the nursing program (at least 75% of all graduating students as compared to the grantee annual performance report data);
4. Manage efficient process for borrower repayment and collection of outstanding NFLP loan debt; and
5. Maintain a revolving loan fund default rate of less than or equal to 5%.

The NFLP is comprised of an education and placement component – the recruitment, preparation, graduation and employment of qualified nurse faculty – and a fiduciary component that includes the operation and management of all administrative processes including borrower and loan account records management, tracking and reporting. The expectations of the training component of the NFLP are outlined annually in the Funding Opportunity Announcement. This document serves to outline the expectations of the administrative responsibilities of the NFLP grantee including the key roles of staff and the resources and capacity required to effectively manage and operate the revolving loan fund.

Overview of Institutional Management of NFLP Funds

Institutions are responsible for selecting loan recipients and providing NFLP loans to students.

Program administration activities include:

- Loan Disbursements and Collections
- Repayment Schedules
- Deferment Review and Approval
- Forbearance Review and Approval
- Disability and Write-off Claims for Review by HRSA
- Default Prevention and Management
- Biennial Audits
- Submission of Annual Performance Reports

The NFLP agreement requires institutions to establish and operate the NFLP fund in accordance with HRSA student financial aid guidelines. For additional information on managing the loan fund, see the HRSA Student Financial Aid Guidelines web site for fiscal management and accounting procedures:

- [Accounting Procedures](#)
- [Collections](#)
- [Program Monitoring](#)
- [Audits](#)

You may also access these documents via the following link:

http://bhw.hrsa.gov/dsa/sfag/Financial_Management/financial_management.html.

Institutions should contact the Division of Nursing and Public Health staff for any clarification of program guidelines. Contact information is located on the [NFLP webpage](#).

Role of School Officials

Communication between key personnel must be maintained to properly monitor the status of NFLP borrowers. Key personnel, as described below, must discuss and plan their respective roles in administering the NFLP prior to submitting the application. The school must immediately notify HRSA of any change in key personnel cited in the application. All prior approvals for any changes in the NFLP Project Director must be submitted using HRSA Grants.gov under the “Prior Approvals” section. Awardees should contact the HRSA Contact Center at (877) 464-4772 for assistance.

Role of the School of Nursing Project Director

The school of nursing is the eligible applicant and as such, must prepare and submit the NFLP application, not the financial aid office or other administrative unit. The school of nursing must notify the financial aid office of its intent to apply for an NFLP award and work with the financial aid office on activities such as, but not limited to, advising potential NFLP borrowers and submitting required reports.

Role of the Financial Aid Office Coordinator

The financial aid office generally oversees many of the fiduciary components of the NFLP fund (*i.e.*, issuing the Promissory Note and verifying employment status, repayment/cancellation schedules and collections following graduation). The financial aid office may be responsible for completion and submission of the NFLP annual performance report and may work with a designated office within the

school of nursing, such as a grants office or office of sponsored programs. The financial aid office should work with the school of nursing on activities such as, but not limited to, advising potential NFLP borrowers and submitting required reports.

Role of the Authorized Official

The authorized official of the applicant school is the person legally and financially responsible for the use and disposition of any HHS funds awarded on the basis of this NFLP application; and certifies that the information in the application is correct and the school agrees to comply with the applicable terms and conditions placed on the award. The authorized official must participate in the notification of HRSA of any change in key personnel cited in the application.

Student Eligibility

Institutions must ensure that NFLP borrowers meet the eligibility criteria to receive NFLP loans and verify the accuracy of the applicant's information to determine eligibility.

To determine student eligibility, institutions must:

- Assess the student's level of commitment to complete the program of study and whether they plan to complete the 4-year period of employment in order to receive partial loan cancellation,
- Assess whether the student will attend full-time or part-time during the academic year.
- Monitor the borrower's enrollment during the academic year(s) of the program to ensure that the required "educator" coursework is completed prior to graduation from the program.

Citizenship Status

NFLP borrowers must be a citizen or national of the United States, or a lawful permanent resident of the 50 States, the District of Columbia, Guam, the Commonwealth of Puerto Rico, the Northern Mariana Islands, American Samoa, the U.S. Virgin Islands, the Federated States of Micronesia, the Republic of the Marshall Islands, and the Republic of Palau. NFLP borrowers in the United States on a student or visitor's visa are **not** eligible for an NFLP loan.

Enrollment Status

NFLP borrowers must be enrolled full-time or part-time in an eligible advanced education nursing degree program (Master's or Doctoral) that offers an education component(s) to prepare them as qualified nurse faculty. Institutions must define the minimum for "full-time" or "part-time" status for the program as recorded by the Registrar's office.

NFLP borrowers must enroll in and complete the specified educator course(s) for the degree program prior to graduating from the program.

NFLP borrowers must maintain enrollment for a minimum of **two consecutive terms/semesters** (either full-time or part-time) during an academic year that NFLP loan supported is awarded.

There are limited situations where exceptions are permitted related to some of the aforementioned enrollment status requirements:

Exceptions to Enrollment Status

Enrollment/Support During Dissertation

NFLP borrowers enrolled during the dissertation phase of the nursing degree program must have received prior NFLP loan support to receive support during the dissertation phase and must have completed the specified education course(s) before graduation from the program of study.

Enrollment During Last Year of Program

NFLP borrowers enrolled in the last year of the nursing degree program are not required to enroll for 2 consecutive terms if the program requirements are met during one term/semester in the last year of the program to complete the degree.

Enrollment Beyond Five Years of NFLP Support

NFLP borrowers enrolled beyond five years to complete the master's or doctoral nursing degree program are not eligible to receive NFLP loan support beyond the maximum five years allowed. NFLP borrowers do not enter repayment status until 9 months following graduation.

Enrollment in Post-doctorate Research Program

NFLP borrowers who graduate from a doctoral degree program and participate in a post-doctorate research program are eligible for extended NFLP enrollment status for a maximum period of 18 months. This extended enrollment effectively postpones the NFLP service obligation, faculty employment requirement, and limits accrual of interest. After completion of the post-doctoral program, borrowers remain obligated to complete the faculty service requirement. Evidence of participation in the post-doctoral fellowship and the length of time expected for completion of the program must be documented by both the borrower and the school.

Leave of Absence from Program

Temporary leave of absence from the nurse education program:

- Must be approved by the school,
- Must be in accordance with the institution's student enrollment and leave policy, and
- Must not be considered a breach of the NFLP Promissory Note by the borrower.

Institutions are required to make a determination that there is a reasonable expectation that the borrower will return to the school.

Institutions must require NFLP borrowers seeking a leave of absence from the NFLP to provide a written, signed, and dated request that includes the reason for the request prior to the leave of absence. However, if unforeseen circumstances prevent a borrower from providing a prior written request, institutions may grant the borrower's request for a leave of absence if the institution documents its decision and collects the written request at a later date. Students who do not return from a leave of absence will enter repayment status.

Active Military Duty

Temporary leave under the NFLP for members of a uniformed service of the United States (Army, Navy, Marine Corps, Air Force, Coast Guard, the National Oceanic and Atmospheric Administration, or the U.S. Public Health Service Commissioned Corps) includes a period of up to 3 years for those who are either ordered to active duty or to deploy. This does NOT include a borrower who either voluntarily joins a uniformed service or is employed by one of the uniformed services in a civilian capacity.

Academic Standing

NFLP borrowers must be in good academic standing, as defined by the lending institution, and capable of maintaining good academic standing in the course of study. Institutions may choose to apply the satisfactory academic progress guidelines for programs under Title IV of the Higher Education Act. If a borrower ceases to be a student in good academic standing, the lending institution must stop disbursement of the NFLP loan.

Default on Other Federal Loans

According to federal law 28 U.S.C. 3201(e), NFLP borrowers are ineligible to receive a NFLP loan if a judgment lien has been entered against him/her based on the default on a federal debt.

Multiple Program Support to Students

NFLP borrowers may receive support from other federal programs, in addition to NFLP support, provided that the funds are not used to cover the same costs during the academic year. NFLP borrowers may already receive other federal support that does not cover all costs (tuition, fees and other expenses) for the academic period; in this case, the student may receive NFLP support to cover the remaining costs, excluding stipend support.

More Than One Service Obligation (Employment as Nurse Faculty)

“Service obligation” refers to any faculty or work service requirement set out in the agreements with HRSA and any other federal program. Institutions must inquire, when awarding an NFLP loan, if the NFLP loan recipient has incurred any other service obligation under another federal program for educational support. NFLP borrowers must understand that a service requirement/obligation incurred under another federal program for educational support must remain separate and distinct and cannot be combined with employment as nurse faculty during the four year loan cancellation period. NFLP borrowers who have more than one service requirement/obligation must meet those requirements in addition to NFLP.

Making Loans to NFLP Borrowers

The NFLP is not a need-based program. The Free Application for Federal Student Aid (FAFSA) and other financial records are not required to determine eligibility for the NFLP borrower. However, FAFSA data may be used to confirm U.S. citizenship and non-default status on federal loans.

Institutions must offer full support for the amount requested by the borrower to cover the full or partial tuition/fees for the academic year, not to exceed \$35,500 during academic year. Full support includes the cost of tuition, fees, books, laboratory expenses and other reasonable education expenses. Institutions must make loans to continuing NFLP borrowers ahead of new NFLP borrowers.

IMPORTANT NOTE: NFLP loans **do not** include stipend support (*i.e.*, living expenses, student transportation cost, room/board, personal expenses).

Maximum Amount of NFLP Loan(s) to NFLP Borrowers

NFLP loans to a student borrower must not exceed \$35,500 for an academic year. Institutions must inform NFLP borrowers that, subject to the availability of funds and the borrower maintaining good academic standing, the NFLP loan will be made annually for the period required to complete the

course of study. Total support may not exceed 5 years: The borrower may remain enrolled in the degree program beyond 5 years, but the borrower must not receive additional loan support.

The NFLP loan(s) made to a student borrower is not transferable to another institution. NFLP borrowers may transfer to another participating NFLP school and request NFLP loan support; however, the cumulative total must not exceed the maximum of \$35,500 per academic year, and not to exceed 5 years of support. Additionally, any portion of repayments of NFLP loan support must be made by the borrower to the original lending institution granting the loan.

Entrance Interview

Institutions must conduct and document an entrance interview for each academic year during which the borrower receives the NFLP loan. Institutions are not required to conduct an entrance interview each time a borrower receives a disbursement within a single academic year; however, many institutions have found requiring a borrower to complete a new "borrower information" form at the time of each disbursement to be useful in the collections process.

Documentation

Institutions are responsible for maintaining NFLP records. Institutions may be required to provide documentation to HRSA, if requested.

Institutions are responsible for distributing NFLP applications to NFLP borrowers. [EXHIBIT C](#) is the NFLP Loan Application that is completed during the entrance interview. The NFLP loan application must contain sufficient information for the institution to determine if the borrower meets the eligibility criteria for the program and to assist the institution in the loan collection process, if necessary, after the borrower leaves.

Institutions must document that the borrower has been informed of these service obligations associated with receiving loan cancellation. See [Collections](#) under the HRSA Student Financial Aid Guidelines web site or visit http://bhw.hrsa.gov/dsa/sfag/Financial_Management/financial_management.html. Regardless of the format or method the institution uses to conduct an entrance interview, the institution must document that the borrower is aware of the rights and responsibilities associated with the NFLP loan.

Institutions may use a:

- separate statement listing the borrower's rights and responsibilities ([EXHIBIT B](#)) which the borrower must sign and date to acknowledge that he or she has been provided the information; or
- Statement of the borrower's rights and responsibilities that is incorporated into a disclosure document

Institutions must document truth-in-lending disclosure to the borrower. As required by the provisions in the Truth-in-Lending, Regulation Z, published August 14, 2009, institutions are responsible for providing the appropriate required disclosures to NFLP borrowers.

The responsibility for compliance with Regulation Z rests with the NFLP institution, and it is recommended that the institution consults with its legal counsel for specific guidance on its applicability.

Institutions must complete the following and document that the following were completed:

- disclose terms and conditions of the loan with the borrower;
- allow NFLP borrowers to accept the loan at any time within thirty days after receiving the approval disclosures;
- allow NFLP borrowers the right to cancel the loan without penalty within three business days after receiving the final disclosures; and
- obtain a signed “self-certification form” from the graduate before consummating the loan.

Institutions must document entrance interviews by maintaining the papers signed by the borrower in his/her file. Documentation consists of evidence that the borrower:

- is aware of his/her rights and responsibilities; and
- has provided information to aid in skip tracing, if needed.

Institutions have the discretion in deciding which office (e.g., financial aid, fiscal, loan collection, Dean's) will be responsible for entrance interviews.

Borrower Records

Institutions must maintain an individual file for each NFLP loan recipient and maintain these records for at least three years after the loan is retired (i.e., when any repayment and service obligations are fulfilled). This file should contain clear evidence of how the institution evaluated each application for financial assistance. The institution must retain evidence of those applications that are approved as well as rejections, cancellations, or declinations for the same period of time.

Borrower files must contain documents relating to each academic year application so that each application cycle is complete and auditable. Borrower files must, at a minimum, include the following:

- Approved borrower applications.
- Loan notification letter (institutional copy).
- Copy of signed Promissory Note(s).
- Signed disclosure Statement of Borrower's Rights and Responsibilities, [Exhibit B](#).
- Signed disclosure of Truth in Lending.
- Records of enrollment status for each academic year of NFLP support.
- Records of payments and cancellation.
- Records of approved leave of absence, deferment, forbearance, or default. (as applicable)

HRSA permits institutions the option to maintain their records in a variety of formats. Record keeping formats include:

- Electronic
- Microfiche/microfilm
- Paper

For information on maintenance of records, see the HRSA Student Financial Aid Guidelines web site for applicable procedures:

- [Accounting Procedures](#)
- [Collections](#)
- [Program Monitoring](#)
- [Audits](#)

You may also access these documents via the following link:
http://bhw.hrsa.gov/dsa/sfag/Financial_Management/financial_management.html.

Terms and Conditions of NFLP Loans

Completion of Nursing Education Program

The NFLP recipient must agree to the terms and conditions of the NFLP loan as specified in the Promissory Note ([EXHIBIT A](#)) signed by the borrower. NFLP borrowers must enroll full-time or part-time for two consecutive terms/semesters during the academic year and complete the nursing education program(s) that prepares the borrower to become nurse faculty.

IMPORTANT NOTE: The education course/component(s) offered must be completed while receiving NFLP support and prior to graduating from the program. Institutions must inform NFLP borrowers of the employment and repayment guidelines for NFLP borrowers.

Nurse Faculty Employment

NFLP borrowers may be employed as nurse faculty (i.e., teaching capacity) at a post-secondary college or university of higher education to teach nursing programs at any program level. This includes licensed practical or vocational nursing programs, associate degree nursing programs, master's degree nursing programs, and doctoral degree nursing programs.

Following graduation from the nursing education program, NFLP borrowers may receive partial loan cancellation upon establishing employment as full-time nurse faculty at an accredited school of nursing, and providing documentation attesting to such employment.

“Nurse Faculty” is defined as an academic educator or academic/clinical educator role.

Prior to FY2017, under NFLP, a part-time faculty role, part-time clinical instructor role or non-academic role does not meet the faculty employment requirement, and “Full-time” nurse faculty employment is defined by the employer of the borrower.

Starting with FY2017, under NFLP, “Full-time” nurse faculty employment is defined by the employer of the borrower and may include being employed as a full-time faculty member position in an accredited school of nursing or being employed as a part-time faculty member at an accredited school of nursing in combination with another part-time faculty position or part-time clinical preceptor position affiliated with an accredited school of nursing that together equates to full-time employment.

NFLP borrowers, following graduation, must submit certification of employment to the lending institution within a reasonable timeframe as determined by the lending institution. A sample certification of employment form is provided as [EXHIBIT D](#). At a minimum, the certification of employment must state the date the borrower began full-time employment as nurse faculty in accordance with the terms of the NFLP Promissory Note and must be signed and dated by the borrower.

IMPORTANT NOTE: NFLP borrowers are responsible for submitting the certification of employment forms to the institution (the lending school) in order to determine the interest rate

applicable to the unpaid loan balance. Institutions must advise the borrower of this instruction during the exit interview process.

- **Leave During Employment** – Paid or unpaid leave needs to be consistent with the institution's policy and is subject to supervisory approval.
- **Changing Employment** – A reasonable period of time to change from one place of employment to another does not constitute a break in employment.

NFLP borrowers must notify the lending institution of termination of full-time employment as faculty within 30 days after the last day of such employment, and the lending institution must then place the borrower back into repayment with installment payment(s) payable to the lending institution according to the borrower's repayment schedule.

Change of Name or Address

NFLP borrowers are required to inform the lending institution of any change of name or address after ceasing to be a graduate student during the repayment and loan forgiveness period.

Management of NFLP Loan Fund

Cash Balances

Institutions are encouraged to review the cash balance in their NFLP loan fund on an annual basis. Refer to [Collections](#) under the HRSA Student Financial Aid Guidelines web site at http://bhw.hrsa.gov/dsa/sfag/financial_management/bk3prt2.htm for information about cash balances.

Retaining the NFLP Loan Fund Balance

Grantee institutions are permitted to retain the NFLP loan fund balance in the revolving institutional loan fund account and must continue to disburse funds through the current budget/project period. Grantee institutions are required to use funds no later than 18 months of the budget year period when the funds were initially disbursed. When the NFLP performance report is approved by the Program office for the reporting period, institutions will be permitted to retain the loan fund balance as reported. If the Program Office determines that there is an excessive loan fund balance, your institution will be notified.

Reporting of NFLP Loan Disbursements

Institutions are required to report NFLP loan disbursements annually when the NFLP annual performance report is completed and submitted to HSRA.

Cancellation Payments by HHS

When cancelling all or any part of a loan or interest, the Secretary of HHS will pay to the institution an amount equal to the institution's proportionate share of the cancelled portion, as determined by the Secretary.

Loan Fund Default Rate

The NFLP loan default rate is implemented as a performance standard to actively monitor the collection of outstanding loan debt associated with the NFLP loan fund account. Institutions must have a default rate (as calculated under paragraph (a) of this section) of not more than 5 percent.

Failure to meet NFLP requirements may impact NFLP grant funding per Uniform Guidance 2 CFR Part 200 as codified by HHS at 45 CFR Part 75. Institutions that exceed a default rate of greater than 5% will be considered noncompliant with NFLP requirements. The default rate is calculated as the percent of that institution's total outstanding student loan principal subject to repayment which is past due for a period of greater than 120 days.

HRSA will assess award recipients for program compliance including to determine whether an institution has a default rate greater than 5%, on June 30 of each year. When non-compliance is determined (e.g., a NFLP grantee has a default rate greater than 5%), HRSA will notify the institution of its non-compliant status, as well as any required steps to come into compliance, including any necessary action on the part of the grantee. Grantees will be provided with a time-phased approach to resolve compliance issues. Failure to comply with the grant requirement within the specified time frame may result in administrative actions up to and including, withholding further Federal awards for the project, as well as the suspension and/or termination of the NFLP grant.

Institutional Termination and Withdrawal

Upon withdrawal or termination of institutional participation in the program, the balance in the NFLP fund will be distributed between the HHS and the institution in proportion to the amounts contributed by each. Institutions having active loan repayments or collections to the loan fund must remit the Federal Government's proportionate share of amounts received thereafter in payment of loan collections and any other earnings on a quarterly basis. Institutions having no loan fund activity (i.e., no loan disbursements from the loan fund) must remit the Federal Government's proportionate share of amounts received.

At the time of each quarterly remittance, institutions must withdraw their proportionate share of the quarterly cash accumulation from the fund. See [Collections](#) under the HRSA Student Financial Aid Guidelines web site at http://bhw.hrsa.gov/dsa/sfag/Financial_Management/financial_management.html for a description of procedures for remittance of collections.

Remittance checks must:

- be made payable to the U.S. Department of Health and Human Services;
- include the regular NFLP CAN# 3720333, the school's entity identification number, the grant number, and the PMS Payee Account Number; and be mailed to:

U.S. Department of Health and Human Services PSC/FMS/Division of Payment Management
P.O. Box 6021
Rockville, Maryland 20852

You may access the Division of Payment Management's contact information via <https://www.dpm.psc.gov/contacts/contacts.aspx?explorer.event=true>.

NFLP Promissory Note

Each NFLP loan made to NFLP borrowers must be documented by a Promissory Note ([EXHIBIT A](#)) which describes the terms and conditions of the loan. NFLP borrowers must sign the Promissory Note prior to disbursement of loan funds for the academic year. [EXHIBIT A](#) is a sample copy of the **open-end** Promissory Note that the institution may use to maintain a “single” Note signed each time a borrower receives a loan amount in advance of the first day of an academic period. However, institutions are permitted to use a **closed-end** Promissory Note (a separate Note for a specific period each time a borrower receives a loan amount in advance of the first day of an academic period). The loan amounts provided in advance to the borrower for combined academic period(s) of NFLP support should be combined for repayment of the total of loans made to the borrower. Institutions must give NFLP borrowers an updated copy of the Promissory Note. Institutions may establish an “electronic” Promissory Note for the NFLP at their institution. For information about the standards to be followed when using electronic promissory notes with electronic signatures, please reference the document at <http://bhw.hrsa.gov/scholarshipsloans/forms/mpromnsl.pdf>.

IMPORTANT NOTE: Modification of the terms specified in the Promissory Note ([EXHIBIT A](#)) is not permitted. However, the text may be placed on the institutions letterhead.

The Promissory Note is the legal document that binds NFLP borrowers to his/her repayment obligations. Institutions must ensure that the Promissory Note is complete, legible and signed. Any change in the NFLP authorizing statute that affects the terms of the Promissory Note requires that a new Promissory Note be signed for future loans. The Promissory Note is a major asset and institutions must adequately safeguard it against fire, theft, and tampering. The particular method of insuring this protection is the institutions responsibility.

Payments to NFLP borrowers

Institutions determine the number and the amount of loans disbursed to borrowers. However, NFLP loans may not exceed what the institution determines is necessary for the borrower to pay for any academic year (e.g., semesters, terms, or quarters). Institutions may advance payments directly to the borrower or may credit the disbursement to the borrower’s tuition account. In either case, payments must be clearly documented.

Institutions must stop disbursement to the NFLP borrower if he or she:

- Withdraws from the institution;
- Fails to meet the academic standards of the institution;
- Requests to terminate NFLP participation; or
- Has received five years of NFLP loan support.

Loan Notification Letter to NFLP borrowers

After the institution has determined which individuals will receive NFLP loans, it must send a loan notification letter to each borrower. The letter must provide a space for the borrower to accept or reject the NFLP loan. Duplicate copies of the letter must be provided so that the borrower can retain one copy and return the original copy to the institution.

Cancellation Provision

The NFLP is a direct loan program with a cancellation provision for recipients of the loan.

Section 846A(c)(3) of the Public Health Service Act authorizes the lending institution to cancel up to 85 percent of the NFLP loan. NFLP borrowers must serve as full-time nurse faculty for a consecutive four-year period at an accredited school of nursing following graduation from the program to cancel the maximum amount of the loan.

The school of Nursing shall cancel the following for NFLP borrowers:

- 20 percent of the principal and the interest on the amount of the unpaid loan balance upon completion of each of the first, second, and third year of full-time employment; and
- 25 percent of the principal of and the interest on the amount of the unpaid loan balance upon completion of the fourth year of full-time employment.

Example 1:

If the borrower is employed as full-time nurse faculty for 4 consecutive years following graduation from the program, the principal and interest on the unpaid balance of the loan will be cancelled at the end of each year; 20 percent for the first, second and third year and 25 percent for the fourth. The lending institution must establish a repayment schedule for the borrower to begin repayment of remaining unpaid principal and interest.

Example 2:

If a borrower is employed full-time as nurse faculty for 2 consecutive years following graduation and ceases employment in the third year, 20 percent of the unpaid principal and interest will be cancelled at the end of the first and second year; however, the borrower may NOT request cancellation of unpaid principal and interest in the third year. The lending institution must establish a repayment schedule and the borrower must begin repayment of the remaining unpaid principal and interest on the first day after the last date of employment at the prevailing market rate.

The Promissory Note, which specifies the terms and conditions of the NFLP loan, binds the borrower to his/her repayment obligation and states the provisions for loan cancellation.

NFLP borrowers are responsible for requesting loan cancellation. After the end of each complete year of employment, the borrower must submit a *NFLP Request for Partial Cancellation Form* (See below).

NFLP Request for Postponement of Installment Payments Form

When a borrower is employed as full-time faculty at an accredited school of nursing and requests partial cancellation of the loan at the end of each complete year of employment, the borrower may obtain a postponement of installment payments on the loan.

NFLP borrowers may submit the ***Request for Postponement of Installment Payment Form*** ([**EXHIBIT G**](#)) for each period of cancellation.

IMPORTANT NOTE: NFLP borrowers are responsible for submitting the *Request for Postponement of Installment Payment* form to the applicable institution (the lending school). Institutions must advise the borrower of this requirement during the exit interview process.

This form is intended to notify the lending institution that repayment is not expected from the NFLP borrower. The form requires the borrower to:

- Complete Part I: Certification of Employment;
- Obtain certification by the employing school of nursing, and
- Forward the original and one copy to the lending institution.

Institutions must notify the borrower of the approval of the Request for Postponement of Installment Payment and retain the form in the borrower's file. The lending institution must maintain current loan accounts for the borrower and document any periods of postponement of payments.

NFLP Request for Partial Loan Cancellation Form

NFLP borrowers qualify for partial loan cancellation each year while employed as full-time nurse faculty at an accredited school of nursing over a consecutive 4-year period. To receive loan cancellation, the borrower must submit the *Request for Partial Cancellation of Loan Form* ([EXHIBIT E](#)) to the lending institution at the end of each complete year of full-time employment as faculty at a school of nursing.

IMPORTANT NOTE: NFLP borrowers are responsible for submitting the *Request for Partial Loan Cancellation* form to the applicable institution (the lending school). Institutions must advise the borrower of this requirement during the exit interview process.

This form requires the borrower to:

- Complete Part I (Completed By Borrower);
- Obtain certification by the employing school of nursing (Part II); and
- Forward the original and one copy to the lending institution for cancellation of loan at the appropriate rate in lieu of payment.

Once submitted, Institutions will then complete Part III (Partial Loan Cancellation (To be completed by Lending School)) indicating the amount of cancellation (and interest) and return a copy to the borrower as the receipt that it approved the loan cancellation. If the borrower takes a break from full-time employment as nurse faculty during the year, the borrower is not eligible for loan cancellation and must begin repayment of the NFLP loan, unless the borrower is approved and eligible for NFLP loan deferment or forbearance.

Repayment Provision

Grace Period

The grace period for NFLP loan repayment is 9 months and begins immediately after the borrower ceases to pursue a course of study at the school of nursing. While the NFLP loan bears interest on the unpaid balance at the rate of 3 percent per annum beginning 3 months after graduation from the program, neither interest nor principal is required to be paid during the 9-month grace period. During the grace period, NFLP borrowers may repay the loan but are not required to do so.

Repayment Period

The 10-year repayment period for an NFLP loan begins following a 9-month grace period after the borrower ceases to be enrolled as a student in the advanced nurse education program.

Following graduation from the program, NFLP borrowers who fail to establish employment as full-time nurse faculty at a school of nursing must begin repayment of the NFLP loan following the 9-month grace period at the prevailing market rate.

The unpaid loan balance is repayable in equal or graduated periodic installments over a 10-year repayment period. Installment payments must be made no less often than quarterly, in equal or graduated installments, in accordance with the terms of the schedule provided by the lending institution and agreed to by the borrower. Refer to [Collections](#) under the HRSA Student Financial Aid Guidelines web site at http://bhw.hrsa.gov/dsa/sfag/Financial_Management/financial_management.html as a resource for establishing repayment schedules.

Repayment Schedule

If the borrower ceases to be enrolled in the advanced education nursing program, the NFLP loan is repayable in equal or graduated periodic installments a 10-year period that begins 9 months after the date the borrower was no longer enrolled in the nursing program.

For NFLP borrowers not employed full-time as nurse faculty at a school of nursing following the 9-month grace period, the NFLP loan is repayable in equal or graduated periodic installments over a 10-year period.

If the borrower's NFLP loan has been cancelled for the maximum portion (up to 85 percent) of the principal amount of the loan and interest, the remaining amount (15 percent or more depending upon years of employment) of the unpaid loan balance is repayable in equal or graduated periodic installments over the remaining repayment period.

Combining NFLP Loans

When NFLP borrowers have more than one NFLP loan outstanding, the sum of the amounts loaned must be combined for repayment purposes (*i.e.*, multiple loans disbursed to a borrower during the academic year or years of support).

NFLP loan disbursements from more than one NFLP institution cannot be combined for repayment purposes.

Prepayment

NFLP borrowers may, at his or her option and without penalty, prepay all or any part of the principal and accrued interest at any time. If an accelerated payment is made, that prepayment must first be applied to any accrued interest and then to the principal balance.

Interest

The NFLP loan bears interest on the unpaid balance at the rate of 3 percent per annum beginning 3 months after graduation from the program. NFLP borrowers employed as full-time nurse faculty at an accredited school of nursing for a consecutive four-year period will bear interest at the rate of 3 percent for the four-year period and the remaining years of the repayment period.

If the lending institution determines that the borrower will either fail to complete the course of study or fail to establish full-time employment as faculty following graduation from the program, the loan will bear interest on the unpaid balance at the prevailing market rate.

The prevailing market rate is determined by the Treasury Department and is published quarterly in the Federal Register. The rates are fixed. Refer to the HHS Office of Finance web site at <http://dhhs.gov/asfr/of/finpollibrary/chronorates.html> for information on the "consumer interest" rates.

Disability and Death

Institutions must immediately notify the Program Office at HRSA of any NFLP loan cancellation due the disability or death of the borrower.

Cancellation Due to Permanent and Total Disability

NFLP borrowers are entitled to cancellation of any remaining payment of the NFLP loan in the event of permanent and total disability. Permanent and total disability is defined as the inability to engage in gainful employment of any kind because of a medically determined impairment that is expected to continue for a long and indefinite period of time or to result in death. The Secretary of HHS or a designee will make this determination based on medical certification submitted by the borrower supporting his or her disability and will cancel the NFLP loan upon certification that the borrower is in fact permanently and totally disabled.

To claim cancellation for disability, a borrower must submit a formal request to the lending institution that awarded the loan along with the following documentation:

- Date entered and date graduated or date studies terminated;
- Total amount of loans obtained;
- Amount of unpaid balance;
- Nature and date of onset of the disability;
- Employment history prior to disability;
- Statement of financial support; and
- Current medical examination and/or treatment.

The medical report must be sufficiently detailed to provide for a comprehensive review to determine the nature, duration, and extent of the impairment and prognosis. Supporting documentation must include history of illness, medical examination(s), inpatient and outpatient treatments, current medications, and copies of all pertinent past medical records and a prognosis and rehabilitation plan.

A signed and dated statement must accompany the medical documentation from the borrower's physician documenting permanent and total disability according to the definition above. The lending institution must obtain the borrower's consent for release of information allowing the release of any required information on the disability to HHS. Institutions will be formally notified of the Secretary's decision and must retain the written notification of the decision on file for audit and other review purposes. An institution must report the amount of the loan cancelled on its Annual Performance (Operating) Report.

A disability checklist is provided as [EXHIBIT F](#) for the institution to use in obtaining the required documentation to submit claims for permanent and total disability. Institutions must report the amount of the loan cancelled on its Annual Performance (Operating) Report.

Cancellation Due to Death

The Secretary of HHS or a designee will cancel the unpaid balance of any NFLP loan and accrued interest of the loan when the institution submits a death certificate or other official proof of death of the borrower. Institutions must retain the documentation in the borrower's file for audit purposes. Institutions must report the amount of the loan cancelled on its Annual Performance (Operating) Report. Institutions will be formally notified of the Secretary's decision and must retain the written notification of the decision on file for audit and other review purposes.

Deferment of Loan Repayment

Deferment of Repayment After Graduation

After graduation, deferment options under the NFLP are limited. NFLP borrowers are eligible for deferment for up to 3 years –

- When the borrower is ordered to active duty as a member of a uniformed service of the United States (Army, Navy, Marine Corps, Air Force, Coast Guard, the National Oceanic and Atmospheric Administration Commissioned Corps, or the U.S. Public Health Service Commissioned Corps);
- When the borrower has graduated and been employed, and then decides to return to a graduate nursing education program to pursue a doctoral degree to further his or her preparation as nurse faculty; and
- When the NFLP borrower participates in a post-doctorate research program.

Institutions must not put a borrower into deferment status unless the borrower submits a deferment request form ([EXHIBIT H](#)). Deferments are not automatic and will only be granted for qualifying activities listed under “Deferment of Loan Repayment” within this document. NFLP borrowers must file deferment forms for each period of deferment and request deferments at least 30 calendar days before the beginning of:

- The activity that makes the borrower eligible for deferment, or
- The repayment period (i.e., the due date of the first payment) if the borrower is beginning the activity during the grace period.

Deferment of repayments after graduation does not postpone or “freeze” the borrower's NFLP loan: During periods of deferment, interest on the loan continues to accrue at the prevailing market rate but is not required to be paid during this period.

Deferment periods are excluded from the 10-year repayment period. For example, a borrower who has used three years of deferments still has a total of 10 years-- not 7 years to repay the NFLP loan. NFLP borrowers are responsible for informing the lending institution of the end of the deferment period, and the institution is responsible for placing the borrower back in repayment status following the end of the deferment.

Extended Enrollment and Postponement of NFLP Obligation

There are limited situations where borrowers *may* postpone, or “freeze” NFLP obligations related to full-time faculty employment while still enrolled in a program of study at an institution:

- A student with a Master’s degree in nursing is seeking to return to school to obtain a doctorate in nursing
- A student is pursuing a post-doctoral program immediately post-graduation.

This postponement of the NFLP obligation is not a deferment, but it is identical to the extended enrollment status described under “Exceptions to Enrollment Status” item “Enrollment in a Post-Doctorate Research Program” described earlier in this document.

Forbearance

A lending institution may, based on its discretion, place a borrower’s NFLP loan in forbearance when extraordinary circumstances such as poor health or hardships temporarily affect the borrower’s ability to make scheduled loan repayments. Forbearance is limited to situations in which the borrower clearly intends to repay the NFLP loan obligation but is temporarily unable to comply with the existing repayment schedule. See [Collections](#) under the HRSA Student Financial Aid Guidelines web site at http://bhw.hrsa.gov/dsa/sfag/Financial_Management/financial_management.html for additional information.

During periods of forbearance, the borrower’s obligation to make payments on interest and principal may be either reduced or eliminated. Interest on the loan continues to accrue at whatever rate applied prior to forbearance.

A borrower must request forbearance by submitting a completed Request for Forbearance form ([EXHIBIT J](#)) to the institution. Institutions must notify NFLP borrowers in writing of their approval or denial of the forbearance request and document that decision in the borrower’s file.

Forbearance periods may be up to 6 months each. Institutions may grant a borrower no more than 2 forbearance periods without seeking the prior approval of HHS. Periods of forbearance are not excluded from the borrower’s 10-year repayment period. For example, if a borrower goes into forbearance for 6 months twice during the 10-year repayment period (for a total of a year of forbearance), the borrower has only 9 years remaining to repay the loan.

Institutional Responsibility in Repayment Process

See [Collections](#) under the Fiscal Management web site (<http://bhw.hrsa.gov/scholarshipsloans/tools/guidelines/>) for information on accounting requirements, debt collection requirements (e.g., due diligence), cash management requirements, program monitoring and audits.

Exit Interview

Institutions must conduct and document exit interviews with NFLP borrowers (individually or in groups). Institutions have the discretion to decide which office (e.g., financial aid or dean's) will be responsible for the exit interview, and to determine the specific format of the exit interview as long as the Institution obtains the following documentation:

- Evidence that the borrower was reminded of his or her rights and responsibilities concerning the terms and conditions of the loan.
- The borrower's current address, telephone number, and other information needed for loan collection. (See [EXHIBIT I](#))

If a borrower fails to appear for an exit interview the institution must attempt to conduct the exit interview by mailing or emailing the exit interview information to the borrower and requesting that a copy of the repayment terms and the rights and responsibilities form or statement be signed and dated, the personal information form be completed and dated, and these items be returned to the institution (see Exhibit Forms: [Exhibit B](#) – Statement of Rights and Responsibilities, [Exhibit I](#) – Exit Interview – Questionnaire).

If the borrower returns the information as requested, this will serve as documentation that the exit interview was conducted. See [Collections](#) under the Fiscal Management web site for more information on exit interviews.

Exhibit Forms

Text within the exhibit forms should not be altered, however it may be placed on institutional letterhead. The forms are available for institutional use at <http://bhw.hrsa.gov/nursing/grants/nflp.html>. Institutions may use the exhibit forms in an electronic format. You may also click on the any of the documents below to be directed to the forms on the NFLP webpage.

[EXHIBIT A - NFLP Promissory Note \(Amended 2012\)](#)

[EXHIBIT B - Statement of Rights and Responsibilities](#)

[EXHIBIT C - NFLP Loan Application](#)

[EXHIBIT D - Certification of Employment Form](#)

[EXHIBIT E - NFLP Request for Partial Cancellation](#)

[EXHIBIT F - Disability Checklist](#)

[EXHIBIT G - NFLP Request for Postponement of Installment Payment](#)

[EXHIBIT H - NFLP Deferment Form](#)

[EXHIBIT I - Exit Interview – Questionnaire](#)

Appendix A. Nurse Faculty Loan Program (Student Borrower's Perspective)

Nurse Faculty Loan Program (student's perspective)

