

Nurse Faculty Loan Program (NFLP)

Administrative Guidelines

Amended 2022

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



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A. INTRODUCTION

1. Program Purpose:

The purpose of this program is to increase the number of qualified nursing faculty nationwide. Nurse Faculty Loan Program (NFLP) seeks to accomplish this by providing funding to accredited schools of nursing to establish and operate a student loan fund and provide loans to students enrolled in advanced education nursing degree programs who are committed to becoming nurse faculty. In exchange for completion of up to four years of post-graduation full-time nurse faculty employment in an accredited school of nursing, the program authorizes cancelation of up to 85 percent of any such student loan (plus interest thereon).

2. Program Background:

The NFLP is a Health Resources and Services Administration (HRSA) nursing grant program, under the auspices of the Bureau of Health Workforce (BHW), Division of Nursing and Public Health (DNPH). This program is authorized by 42 U.S.C. § 297n-1 (Public Health Service Act Section 846A).

3. Administrative Guidelines Purpose:

This document is intended to provide programmatic guidance to institutions on how to conduct an active training program; and manage and administer the NFLP loan fund, including loan provision, cancellation, collection, tracking, and record keeping. It should be read in conjunction with the most recent Notice of Funding Opportunity (NOFO), Exhibit Forms, and the Notice of Award (NoA) that is in effect at the time of the award. A glossary containing general definitions for terms used throughout the Bureau of Health Workforce can be located at the [Health Workforce Glossary](#).

B. CONDUCTING AN ACTIVE TRAINING PROGRAM

1. Conducting an Active Training Program:

Award recipients are required to conduct an active training program and disburse loan funds to support students pursuing a course of study in an advanced education nursing degree program that prepares them to become nurse faculty. Award recipients are encouraged to incorporate the principles of equity in the recruitment, training, and graduation of students; enhance didactic and experiential training activities to develop competencies of NFLP beneficiaries to address health disparities, social determinants of health, and health equity for populations they serve upon graduation; and support post-graduation employment and connect nurse faculty graduates to communities of need (rural and/or underserved areas) upon graduation

2. Student nurse educator development activities:

The NFLP supports institutions committed to preparing advanced degree nursing students to serve as qualified nurse faculty. For NFLP, student nurse educator development and preparation activities include but are not limited to, nurse educator courses, mentorship, teaching practicum, nurse education focused workshops, and certification. These activities assure attainment of the essential teaching skills, enhance confidence, promote proficiency, facilitate transition into the faculty/preceptor role and promote faculty retention. Such activities are not necessarily offered at the grantee institution or organization. For NFLP, support for student nurse educator development activities within the course of study, can be categorized and financed as a reasonable educational expense.

3. Collaborative academic and academic-practice partnerships:

NFLP award recipients are encouraged to develop collaborative partnerships or engagements to recruit students, provide access to training resources, and connect graduates with post-graduation employment opportunities. Engage and/or partner with community-based entities, including HRSA-supported health centers and other HRSA-funded sites, and connect students and graduates with HRSA training and employment resources. Collaborative partnerships are formal and strategic relationships between entities established to advance their mutual interests related to practice, education, and research.

Academic Partnerships refers to formal collaboration between multiple academic institutions to create innovative opportunities for networking, training, student nurse educator development activities, and nurse faculty employment post-graduation.

Academic Practice Partnerships refers to formal collaboration between academic and clinical practice settings, to support training, student nurse educator development activities, faculty employment, and preceptor appointment. Reference the most recent NFLP NOFO for more details.

C. ESTABLISHMENT AND MAINTENANCE OF A LOAN FUND ACCOUNT

1. Establish and maintain a student loan fund:

The establishment of an NFLP student loan fund by the institution provides for deposit in the fund of the following:

- i. Federal capital contributions/FCC (federal award) awarded,
- ii. Institutional capital contributions/ICC (an additional amount from the school equal to not less than one-ninth of such Federal capital contributions),
- iii. collections of principal and interest on loans made from the loan fund, and
- iv. Any other earnings of the fund.

2. Payment Management System (PMS) Draw Down:

Recipients must draw down the full NFLP award amount from PMS within sixty days of receipt of the award and deposit the funds into an interest-bearing, student loan fund established by the institution. Institutions must conduct all loan activity through the student fund, rather than multiple drawdowns from the PMS account. NFLP schools are permitted to retain unused NFLP loan funds in the revolving institutional NFLP fund account without fiscal year restriction. HRSA performs routine reviews of account inactivity and loan fund use and may require institutions that have not made loan awards to students in the past 2-years to remit unused loan fund balances to HRSA. In addition, HRSA may initiate termination for grants with inactive accounts and unobligated loan funds for a period of two (2) consecutive years or greater.

3. Loan Fund Procedures:

Institutions should follow their internal policies, in compliance with HRSA guidance and HHS grants regulations, when managing the NFLP loan fund. Accounting, auditing, collections, record keeping, and other account-related procedures should be established, well documented, and implemented according to institutional and HRSA guidance and HHS grants regulations. Institutions must ensure that there are financial management and personnel policies and procedures that guide and enable them to adequately administer the NFLP and other federal grants, to properly document all costs and account for the federal funds.

4. NFLP Loan Fund Use:

NFLP loan support is only made to eligible students to cover the cost of tuition, fees, books, lab expenses, and other reasonable education expenses (including student nurse educator development activities) for the duration of their course of study. NFLP funds may only be used for loan support with the exception of covering the costs of collection of loaned principal and accrued interest and/or penalty, and cost of student nurse educator development activities as reasonable expenses.

5. NFLP Loan Fund Balance:

NFLP schools are permitted to retain the NFLP loan fund balance in the institutional loan fund account and must continue to disburse funds through the current budget/project period. Program will conduct annual reviews of the operational status of awardees to determine appropriate use of NFLP loan funds. HRSA may initiate and process termination of awards for NFLP grants with inactive accounts and unobligated loan funds for a period of (two) 2 consecutive years or greater.

D. LOAN FUND PROVISION TO STUDENT

1. Provision of Loans:

Institutions are required to provide loans from the fund only to full- time or part- time students pursuing a course of study in an advanced education nursing degree program that prepares the individual to become nurse faculty.

2. Beneficiary Eligibility:

An eligible beneficiary must be a citizen, national, or permanent resident of the United States. Individuals on temporary or student visas are not eligible to receive NFLP support. Award recipients must use this funding to support a beneficiary: (1) Enrolled in a course of study in an advanced education nursing degree program; (2) Who maintains an acceptable level of academic standing; and (3) Is eligible to work in the United States.

3. Loan Disbursements:

Institutions determine the schedule, the number and the amount of loans disbursed to borrowers. Schools should prioritize loans to continuing NFLP borrowers ahead of new NFLP borrowers. Institutions may disburse loan funds according to internal institutional policies; however, disbursements must be clearly documented. Institutions are strongly encouraged to disburse NFLP loans as the students' primary loan. Institutions are required to report NFLP loan disbursements annually when the NFLP annual performance report is completed and submitted to HRSA. Institutions must establish a process to:

- i. Identify prospective student borrowers
- ii. Verify their eligibility per terms of the current NOFO
- iii. Collect borrower information for tracking and reporting purposes
- iv. Provide an entrance interview to borrowers. The school must conduct and document an entrance interview for each academic year the student receives an NFLP loan. This documentation must include:
 1. A student-signed statement of the borrower's rights and responsibilities regarding the NFLP loan, including the service obligation and cancellation; and
 2. Personal information provided by the borrower to assist in loan cancellation and collection. The school must provide the borrower with a repayment schedule.
- v. Make loans consistent with institutional policies and federal laws and regulations,

to include completing the following during disbursement:

1. Signed promissory note (sample **EXHIBIT A**); and
2. Disclosure of terms/conditions (sample **EXHIBIT B**).

4. NFLP Loan Support Duration:

There is no duration limitation for loan support for NFLP borrowers. This includes loan support at multiple institutions or locations, and through multiple programs. Contingent upon eligibility and availability of funds, NFLP borrowers can receive funding to cover their entire course of study to become nurse faculty without any loan support duration limit.

5. NFLP Loan Support:

NFLP loan support is only made to eligible students to cover the cost of tuition, fees, books, lab expenses, and other reasonable education expenses (including student nurse educator development activities) for the duration of their course of study. The determination of part-time or full-time enrollment status is based on institutional policies; the school makes the decision about what constitutes part-time or full-time enrollment status, including semester sequence.

- A. NFLP loan support does not exceed \$40,000 per student for any academic period; and
- B. NFLP funds may only be used for loan support with the exception of covering the costs of collection of loaned principal and accrued interest and/or penalty, and cost of student nurse educator development activities as reasonable expenses.

6. Multiple Program Support to Borrowers:

NFLP borrowers may receive support from other federal programs, in addition to NFLP support, if the funds are not used to cover the same costs during the same academic year.

7. Leave of Absence from Program:

Institutions may approve and grant a temporary leave of absence to borrowers of NFLP loan funds according to their internal student enrollment and leave policies, upon a determination that there is a reasonable expectation that the borrower will return to the institution. Students on an approved leave of absence should not be automatically placed into repayment status by the institution or third-party loan servicer/collection agency during the leave period. Students who do not return from an approved leave of absence will enter repayment status according to institutional policies. An approved leave of absence should not be considered a breach of the NFLP Promissory Note agreement by the borrower. Institutions are required to track students in leave of absence status in order to appropriately report the student status to HRSA during the APR.

8. Ceasing NFLP Loan Disbursements:

Schools must cease disbursements of NFLP Loan Funds to Borrowers in situations including:

- i. Withdrawal from the institution/course of study.
- ii. Failure to meet the academic standards of the institution.
- iii. Request to terminate NFLP participation.

Full guidance on loan repayment by student borrowers and collections by the institution appears in **Section E** below.

9. Exit Process:

Institutions must establish and maintain a process to inform, counsel and track borrowers' employment and repayment statuses after completion or cessation of the course of study. Institutions may document the exit process with NFLP borrowers using an **Exit Interview form (sample EXHIBIT I)**. During this exit process, institutions must provide post-graduation point-of-contact information for NFLP key personnel and obtain borrower information for proper post-graduation tracking and data collection. Institutions must also provide clear and sufficient information to borrowers regarding post-graduation phases and processes, such as grace period, interest rates, employment options and resources, loan cancellation processes and forms, loan repayment, loan collection, third-party loan collection/servicing requirements and expectations, etc.

E. LOAN CANCELLATION

1. Loan Cancellation Provision:

The NFLP is a loan program, which authorizes the lending institution to cancel up to 85 percent of the NFLP loan (plus interest thereon) for borrowers of the loan. Institutions may cancel loans for NFLP borrowers who serve as full-time nurse faculty for up to a four-year period at an accredited school of nursing following graduation. The (lending institution) shall cancel the following for NFLP borrowers:

- i. 20% of the principal and the interest on the amount of the original unpaid loan balance upon completion of each of the first, second, and third year of full-time faculty employment; and
- ii. 25% of the principal and the interest on the amount of the original unpaid loan balance upon completion of the fourth year of full-time faculty employment.
- iii. *Example 1: If the borrower is employed as full-time nurse faculty for 4 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 of the original unpaid balance for the first, second and third years and 25 percent of the original unpaid balance for the fourth. The lending institution must establish a repayment schedule for the borrower to begin repayment of the remaining 15% of unpaid principal, plus interest accrued (at 3% per annum).*
- iv. *Example 2: If a borrower is employed full-time as nurse faculty for 2 years following graduation and ceases employment in the third year, 20 percent of the original unpaid principal and interest will be cancelled at the end of each of the first and second years. 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 according to the institutional collection policies. (See Important Note Below)*

IMPORTANT NOTE: The amount of interest cancelled should be based on the unpaid principal amount on the first day of employment and the number of years of employment.

Example: For a borrower who completes 2 years of employment as nurse faculty, 40% of the entire interest accrued since graduation must be cancelled by the end of year 2 of employment.

If the borrower completes four full years of employment, the total interest cancellation should equal to 85% of all interest accrued at the end of the fourth year of employment. If the lending institution cancels the borrower's NFLP loan for the maximum portion (up to 85 percent) of the principal amount of the loan and interest, the remaining amount (15 percent) of the unpaid loan balance continues to bear a per annum 3% interest and is repayable in equal or graduated periodic installments over the remaining repayment period (the 10-year period that begins 9 months after the course of study ends). If the borrower is only able to receive partial cancellation for 1, 2 or 3 years of employment (i.e., a total cancellation of 20%, 40%, or 60%) of the principal amount of the loan and interest, the remaining amount of the unpaid loan balance will continue to accrue per annum interest at 3% to account for partial service, and repayment will be initiated according to the institutional collection policies.

Such a balance is repayable in equal or graduated periodic installments over the remaining repayment period. The Promissory Note, which specifies the terms and conditions of the NFLP loan, binds the borrower to their repayment obligation and states the provisions for loan cancellation and collection. NFLP borrowers are responsible for requesting loan cancellation and postponement of loan repayment, which postpones their requirement for payment installments.

Example NFLP loan process for \$100,000 Original Loan Borrowed:

Years & Principal Cancellation	Cancellation Amount	Principal Balance (beginning balance \$100,000.00)	Interest Cancellation
Year 1, 20% (of \$100,000)	\$20,000.00	\$80,000.00	If the borrower completes 1 full year of employment, the total interest cancellation should equal to 20% of ALL Interest accrued.
Year 2, 20% (of \$100,000)	\$20,000.00	\$60,000.00	If the borrower completes 2 full years of employment, the total interest cancellation should equal to 40% of ALL Interest accrued.
Year 3, 20% (of \$100,000)	\$20,000.00	\$40,000.00	If the borrower completes 3 full years of employment, the total interest cancellation should equal to 60% of ALL interest accrued.
Year 4, 25% (of \$100,000)	\$25,000.00	\$15,000.00	If the borrower completes 4 full years of employment, the total interest cancellation should equal to 85% of ALL interest accrued.

2. Grace Period to Obtain Employment:

NFLP borrowers who complete the course of study are allowed up to a 12-month grace¹ period to gain employment following graduation from their course of study. This allowance period goes beyond the grace period for repayment (9 months) and provides the borrowers additional time to meet their service obligation and receive loan cancellation. The grace period begins at the completion of a course of study, or termination of student status. Loan repayment must officially

¹ Please note that as part of the COVID-19 emergency relief measures, the requirement to obtain full-time nurse faculty employment within 12 months of graduation has been extended from 12 months to 24 months for NFLP beneficiaries with graduation dates during the 2019-2022 academic years.

start 9 months after the individual ceases to pursue a course of study, but the institutions should administer the repayment during the grace period for the (10th, 11th, & 12th months after completion of course of study or termination of student status) according to internal policies developed for this purpose. The loan interest of 3 percent per annum continues to accrue after 3 months during the grace period. If the borrower pursues additional post-graduation training during the grace period, the interrupted grace period is treated as if it did not begin. If at the same school, the borrower will be placed back in student status, but if at a different school, borrower is required to provide enrollment status documentation to former school in order to be placed in deferment at that school, until the completion of the second course of study. Upon completion of the second course of study, the student will then restart the grace period allowed for employment and commence loan cancelation/repayment (sequentially for both institutions if applicable).

3. Nurse Faculty Full-Time Employment:

Refers to the status of a student borrower who has graduated and is employed and serving in a nurse faculty capacity that qualifies for loan cancelation. For the purpose of the Nurse Faculty Loan Program, the institution, which provided NFLP support to a borrower, makes the determination about meeting the full-time employment requirement. This may include one of the following criteria: (1) employment as a full-time faculty member at an accredited school of nursing; (2) employment 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/educator position affiliated with an accredited school of nursing that together equates to full-time employment; or 3) designation of nurse faculty in a joint nurse faculty appointment serving as full-time advanced practice registered nurse (APRN) preceptor for an accredited school of nursing, within an academic-practice partnership framework. See examples below:

- i. *1 Full-time Faculty position (tenure or non-tenure track) = 1 Full-time employment status.*
- ii. *1 Part-time faculty position (adjunct faculty/clinical instructor/part-time faculty) + 1 Part-time faculty position = 1 Full-time employment status.*
- iii. *1 Part-time faculty position + 1 Clinical educator position (clinical educator, clinical preceptor) = 1 Full-time employment status.*
- iv. *1 Full-time APRN preceptor designated as (joint) faculty (within an academic-practice partnership framework) = 1 Full-time employment status.*

4. Joint Nurse Faculty Appointment

Joint nurse faculty appointments are appointments that involve practicing as both clinician and nurse faculty with mutually established responsibilities in both the academic institution and practice entity. APRNs may be assigned a joint nurse faculty appointment for serving as preceptors for APRN students in an affiliated school of nursing, while maintaining their primary staff appointment.

For the purpose of NFLP, an NFLP graduate who is designated as nurse faculty (a joint nurse faculty appointment) serving as an APRN student preceptor in a full-time capacity, qualifies for loan cancellation. The joint nurse faculty appointment can be designated to the NFLP graduate who holds a primary appointment as a practicing APRN for a health care entity, and who agrees to, and is qualified to precept APRN students. APRNs may be assigned a joint nurse faculty appointment for serving as

preceptors for APRN students in an affiliated school of nursing, while maintaining their primary staff appointment. In this role, the APRN nurse faculty preceptor serves as faculty to teach APRN students and provide the students with quality real-life learning experiences, role development in the clinical setting, and the opportunity to be mentored in a collaborative interprofessional clinical environment.

5. Employment Status:

Institutions should track NFLP Borrowers in cancellation status to identify any changes in employment status which affect the cancellation determination such as:

- i. Leave during Employment (Paid or unpaid leave needs to be consistent with the lending institution's policy).
- ii. Change in Employment (A reasonable period, as determined by institution, to change from one place of employment to another may not constitute a break in employment).
- iii. Termination of full-time Employment as nurse faculty.

6. Service Obligation:

“Service Obligation” refers to any faculty or work service requirement set out in the agreements with HRSA and any other federal program. For NFLP, borrowers are required to serve as full-time nurse faculty for up to a four-year period at an accredited school of nursing following graduation in order to receive loan cancellation. Borrowers are required to provide employment certification on an annual basis, and up to four years of service as nurse faculty to obtain loan cancellation and loan repayment postponement. Borrowers who receive NFLP loans at two different academic institutions must be notified that two separate and distinct service obligations will be required for loan cancellation eligibility. Borrowers are also required to fulfill the service obligation for each distinct course of study. However, if further advanced education training is a joint degree (e.g., MSN/MPH), a direct entry program (e.g., MSN to PhD), is started immediately following graduation or during the grace period at the same institution, then the entire course of study is considered one distinct course with one service obligation required. NFLP awardees should contact their Project Officers should this situation occur.

7. Multiple Service Obligations:

Multiple service obligations occur when the borrower has incurred more than one service obligation under more than one federal program for educational support. Institutions should notify NFLP borrowers that a service requirement/obligation incurred under another federal program for educational support must remain separate and distinct from the service obligation for NFLP loan cancellation. For example, a borrower cannot use their service obligation for NFLP to count toward the Nurse Corps Scholarship program service obligation.

8. Break in Service:

An NFLP borrower is required to maintain active employment status unless:

(1) he or she is in an allowable deferment; or (2) there are extenuating circumstances for which the school determines that a break in service is appropriate, such as extended illness, maternity/family leave, or time to establish a practice or secure employment. The school/lending institution should administer the break in service process according to their institutional policies, and must obtain documentation, which supports the recipient's request for a break in service (e.g., a signed statement from the recipient stating the reason for the break in service). The school has the discretion to approve a break in service that does not exceed a total of 12 months during the 10-year repayment period. Any break in service exceeding 12 months must

be approved by the institution and cleared by HRSA.

For NFLP, a break in service is not a deferment, but merely allows the borrower to avoid default on the service obligation in the event of extenuating circumstances approved by the school. The repayment period continues to be counted, interest continues to accrue at 3% per annum, and payments continue to be postponed if applicable. If a break in service needs to be extended, then the lending institution needs to assess the case and grant forbearance or initiate repayment as applicable. Institutions are responsible for informing borrowers of the break in service option and tracking borrowers who are approved for a break.

9. Loan Cancellation Due to Employment:

Institutions must cancel loan funds for borrowers who obtain full-time nurse faculty employment within 12 months post-graduation, consistent with the legislative authority, Agency policies, and internal institutional policies. Institutions must clearly document cancellations, maintain accurate records, and report cancellations annually when the NFLP annual performance report is completed and submitted to HRSA. Institutions are responsible for establishing a loan cancellation process for NFLP borrowers and that process must be communicated to borrowers during the exit process, to include:

- i. **Certification of Employment (sample form EXHIBIT D)**
Following graduation, the Borrower must submit certification of employment within a reasonable timeframe to be determined by the school. NFLP borrowers are limited to a 12-month timeframe to establish employment as full time nurse faculty according to NFLP policies following graduation from the program. If employment verification is not submitted within the 12-month period, the borrower will NOT be eligible for the loan cancellation provision.
- ii. **Request for Postponement of Installment Payments (sample form EXHIBIT G)**
The beginning of the Borrower's repayment period may be postponed only if the Borrower is employed full-time as nurse faculty according to NFLP policies and will request loan cancellation at the end of each complete year of such employment. To receive postponement of the repayment period, the Borrower must submit a Request for Postponement of Installment Payment form to the lending school 30 days before the end of the 9-month repayment grace period (or 12-month employment grace period), and annually thereafter. Subsequent requests for postponement must be filed 30 days before the expiration date of the initial request for postponement for each year of employment. If the Borrower ceases to be employed full-time as nurse faculty prior to completion of a year, the postponement ends, and the repayment period begins immediately.
- iii. **Request for Partial Loan Cancellation (sample form EXHIBIT E)**
To receive loan cancellation, the Borrower must submit the Request for Partial Cancellation of Loan form to the lending school at the end of each complete year of full-time employment as faculty at a school of nursing. Subsequent requests for partial loan cancellation must be filed 30 days before the expiration date of the initial and prior requests for cancellation for each year of employment. If the Borrower ceases to be employed full-time as nurse faculty prior to completion of a year, the partial cancellation ends, and the repayment period begins immediately.

10. Loan Cancellation Due to Permanent/Total Disability or Death:

Institutions may cancel all or any remaining payment of the NFLP loan for NFLP borrowers in the event of permanent/total disability or death. The process for NFLP loan cancellation due to permanent/total disability or death should be consistent with HHS grant regulations, NFLP

policies and internal institutional policies. Institutions should employ due diligence to certify a case of permanent/total disability or death of an NFLP borrower. Once due diligence has been exercised, the cancellation due to permanent/total disability or death process can be initiated. The cancellation allows the institution to reduce its accounts receivable for the fund by the full amount of principal, interest, and penalty charges that remains uncollected on the loans due to permanent/total disability or death, and the institution will not be required to return the Federal share of the loss to the Agency. Institutions will formally notify the Agency of such a case by submitting through the electronic handbook (EHB) an official (with institutional letterhead) signed letter of notification including the borrower's unique ID, amount cancelled, and reason for cancellation. This submission must also be accompanied by the Due Diligence Form (sample form **EXHIBIT F**), indicating that all established due diligence procedures have been followed. Institutions should clearly document cancellations, maintain accurate records, and report cancellations annually when the NFLP annual performance report (APR) is completed and submitted to HRSA. Institutions should report the cancellation in the appropriate APR section (providing the borrower's unique ID, amount cancelled, and reason for cancellation), once the prior approval submission is reviewed and processed in EHB.

11. Uncollectible Debt/Write-Off Process:

In extreme circumstances, institutions may write-off all or any remaining payment of the NFLP loan as uncollectible/bad debt. The process for NFLP loan write-offs for uncollectible/bad debt should be consistent with HHS grant regulations and NFLP policies, and internal institutional policies. Institutions should first exercise due diligence with all loans borrowed by students before implementing write-offs for uncollectible/bad debt. Due diligence for uncollectible/bad debt is the process by which sound collection procedures are exercised. Such procedures usually result in a low rate of student loan delinquency. Once due diligence has been exercised, the write-off process can be initiated. The write-off allows the institution to reduce its accounts receivable for the fund by the full amount of principal, interest, and penalty charges that remains uncollected on the loans and will not be required to return the Federal share of the loss to the Agency. After completing all the procedures required for attempting to collect on uncollectible loans (due diligence), the institution through the Project Director will formally notify the Agency of such a case by submitting through the electronic handbook (EHB), an official (on institutional letterhead) signed letter of notification including the borrower's unique ID, amount requested to be written-off, reason for write-off, and institutional write-off process implemented.

This submission must also be accompanied by the Due Diligence Form (sample form **EXHIBIT F**), indicating that all established due diligence procedures have been followed. Institutions should clearly document write-offs, maintain accurate records for audit purposes, and report write-offs annually when the NFLP annual performance report (APR) is completed and submitted to HRSA. Institutions should report the write-off in the appropriate APR section (providing the borrower's unique ID, amount written-off, and reason for write-off), once the prior approval submission is reviewed and processed in EHB. It is important to emphasize that the write-off process should happen sparingly and should only take place as a means of last resort for uncollectible/bad debt.

F. COLLECTIONS

1. Collection Process:

Institutions must have in place structures and policies that enable collection on principal and interest on all loans made from the NFLP student loan fund (and any other earnings of the fund). NFLP loan funds may be used to cover costs of collection of such loans and interest. The institution agrees to establish and operate the NFLP loan fund, and therefore, has an obligation to oversee the loan cancellation and collection activities. The use of a third-party loan servicing agency or loan collection agency does not replace the institution's responsibility to ensure that all loan cancellation and collection activities are handled according to HRSA guidelines. All loan collection activities including servicing, tracking, and reporting, must comply with NFLP policies and requirements.

2. Loan Repayment:

NFLP loan shall be repayable in equal or graduated periodic installments (with the right of the borrower to accelerate repayment) over the 10-year period that begins 9 months after the individual ceases to pursue a course of study at a school of nursing.

3. Interest Rate on NFLP Loans:

Loans from any NFLP student loan fund shall—beginning on the date that is 3 months after the individual ceases to pursue a course of study at a school of nursing—bear interest on the unpaid balance of the loan at the rate of 3 percent per annum. If an NFLP borrower is only able to receive a partial cancellation due to a failure to be employed for a total of 4 years, i.e., they are only employed as faculty for two years, the remaining amount of the unpaid loan balance will continue to accrue interest at 3% per annum to account for partial service, and repayment will be initiated according to the NFLP and institutional collection policies.

At such a time that the institution determines that the individual will not

- A. Complete such course of study (e.g., borrower discontinues the course of study); or
- B. Serve as a faculty member as required under the loan agreement (e.g., does not obtain employment and serve as full-time nurse faculty, within 12-months post-graduation at an accredited school of nursing);

The loan shall bear interest on the unpaid balance of the loan at the prevailing market rate. For borrowers who obtain and serve as full-time nurse faculty at an accredited school of nursing for at least a full academic year, their loans will bear interest at the rate of 3 percent for the number of years of service as full-time nurse faculty, and the remaining years of the "repayment period".

If the borrower does not complete the course of study or does not obtain full-time employment as nurse faculty at an accredited school of nursing within the required timeframe, the NFLP loan will bear interest at the prevailing market rate. In the event that such a determination is made and the institution applies the prevailing market interest rate, the institution shall notify the borrower accordingly.

The institution should employ a loan repayment process according to internal policies, which may include provision of an individual repayment schedule/plan at the time a borrower becomes eligible for repayment, and provision of information on principal and interest owed.

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 [Interest Rates on Overdue and Delinquent Debts | HHS.gov](https://www.hhs.gov/finance/interest-rates) for information on the "consumer interest" rates.

4. Loan Repayment Schedule:

The lending institution should establish a loan repayment schedule for NFLP borrowers. The institution should provide each borrower with an individual repayment schedule or plan at the time the borrower becomes eligible for repayment. Consistent with internal institutional policies, lending institutions will require borrowers to start repayment of the NFLP loans (and start collecting on any part/all loans borrowed) for the following reasons:

- i. If borrower does not obtain full-time faculty employment within the 12-month grace period to obtain employment. Loan repayment must officially start after the 9th month, but the institutions should administer the repayment for the grace period (10, 11, & 12 months) according to their internal policies.
- ii. If the borrower initially obtains a full-time faculty employment but fails to maintain full time faculty employment for the full four consecutive years (e.g., only works as full-time faculty for 1, 2 or 3 years).
- iii. After the borrower completes the 4 years of service obligation, loan repayment of the remaining 15% principal plus interest balance of the loan.

5. Deferment of Loan Repayment:

A lending institution may, based on its policies and determination, and in compliance with HRSA guidance and HHS grants regulations, place a borrower's NFLP loan service obligation in deferment. Example, a NFLP borrower who graduated and decided to return to a graduate nursing education program to further their preparation as nurse faculty can be placed in a deferment status. Deferment periods are not included in the 10-year repayment period. Institutions must have a borrower submit a Deferment Request form (sample **EXHIBIT H**) in order to be placed in deferment status. For NFLP, a deferment status may be granted under the following conditions:

(A) periods (up to three years) of

- i. active duty performed by the borrower as a member of a uniformed service (Army, Navy, Marine Corps, Air Force, Coast Guard, the National Oceanic and Atmospheric Administration, or the U.S. Public Health Service Commissioned Corps), or
- ii. service as a volunteer under the Peace Corps Act,

(B) periods (up to ten years) during which the borrower is pursuing a full-time or half-time course of study at a school of nursing leading to an additional graduate degree in nursing, another degree or is otherwise pursuing advanced professional training in Nursing (e.g., post-doctoral program/fellowship).

6. Forbearance:

A lending institution may, based on its policies and determination, and in compliance with HRSA guidance and HHS grants regulations, place a borrower's NFLP loan in forbearance when extraordinary circumstances affect loan repayment. Forbearance is limited to situations in which the borrower clearly intends to repay the NFLP loan but is temporarily unable to comply with the existing repayment schedule. 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 would not have an additional year to repay the loan.

G. RECORD KEEPING & REPORTING

1. Record Keeping and Tracking:

The Project Director is the official Point-of-Contact for the NFLP grant and it is his or her responsibility to coordinate effectively with other institutional offices to ensure that all individual borrowers are properly tracked, loans properly managed, and all documents and data are properly collected, securely stored with limited access by qualified personnel and reported upon as required in the NOFO.

2. Documentation and Maintenance:

Institutions are responsible for documenting NFLP related transactions and maintaining NFLP records. Institutions may be required to provide documentation to HRSA, if requested. Institutions should maintain an individual file for each NFLP loan borrower from disbursement to repayment, these records must also be maintained for at least three years after the loan is retired (i.e., when all service obligations and repayments have been fulfilled).

3. Records:

All records associated with NFLP awards, including Borrower Records, must be maintained in accordance with the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for HHS Awards 45 CFR 75.361. Borrower files should at a minimum include the following:

- i. Copy of signed Promissory Note(s).
- ii. Signed disclosure Statement of Borrower's Rights and Responsibilities.
- iii. Records of enrollment status for each academic year of NFLP support.
- iv. Records of payments and cancellations (including employment certification and borrower requests for postponement).
- v. Records of approved leave of absence, deferment, forbearance, or default (as applicable).

4. Performance and Tracking:

Institutions should implement and maintain a plan for program performance evaluation that will contribute to continuous quality improvement in the areas of producing qualified nurse faculty and efficiently managing the loan fund. In addition, institutions should effectively track performance outcomes by collecting and managing data, including timely and accurately reporting performance outcomes to HRSA. Institutions should monitor and track the progression of NFLP-supported students and graduates from commitment through loan cancellation and final payments.

This means that tracking must continue until the end of the loan period for all borrowers, including those who receive no cancellation, partial cancellation, or cancellation for all 4 years (which after 85% cancellation would include the payment of the remaining 15%). The use of a third-party loan servicing agency or loan collection agency does not replace the institution's responsibility to ensure that all loan cancellation and collection activities are handled according to HRSA requirements and guidelines.

5. Annual Performance Reports (APRs):

The recipient must submit Performance Reports to HRSA via the EHBs on an annual basis. All HRSA recipients are required to collect and report performance data so that HRSA can meet its obligations under the Government Performance and Results Modernization Act of 2010 (GPRM) and the GPRM Modernization Act of 2010 (GPRMA). Financial data submitted by award recipients via the NFLP APR (program specific NFLP Financial Forms 1-4) must cover all fiscal activities that took place between July 1 and June 30. Trainee data submitted by award recipients via the BHW APRHHS 2022 Records Management must address all academic year activities that took place between July 1 and June 30. Failure to submit the BHW APR and the NFLP APR by the due dates may place the grant in a noncompliant status. Institutions are required to utilize the instruction manual designed and provided to assist in completing the required Performance Report for HRSA 'NFLP Grants. Officials at HRSA will review and approve all NFLP APRs submitted by award recipients.

6. Performance Measures:

Performance measures for NFLP include amount of funds disbursed to students, default rate percentage, number of students supported with the loan fund, number of students who do not complete the program, number of students who graduate, and numbers of students who receive 1st, 2nd, 3rd, and 4th year loan cancellations. Additional compliance requirements impact program performance, such as, timely submission of reports, timely draw down of funds from PMS, etc. Institutions that remain non-compliant may be deemed ineligible for future funding and may be subject to additional penalties, up to and including involuntary termination of the NFLP award.

Institutions must collect and report data such as (but not limited to) the following examples on an annual basis: amount of loans disbursed to students, number of students enrolled full-time and part-time, by program type, and the type of training platforms available to students. Reference the most recent NFLP NOFO for more details.

H. PROGRAM ADMINISTRATION

1. Prior Approvals:

When an Awardee needs to change certain aspects of the approved application (such as budget revision or change of scope), HRSA approval is required. Awardees are required to reach out to the HRSA Program staff for instructions on how to complete the Prior Approval request. All Prior Approval Requests must be formally submitted through the electronic handbook system (EHB). NFLP Awardees must ensure that the key personnel registered in EHB are active and up-to-date, and must complete a prior approval request prior to the change of any key personnel due to retirement, role change, employment change, etc. For NFLP, Prior Approval Requests are required for the following:

- Key personnel change – change in Program Director (PD) or Authorizing Official (AO).
- Relinquishment of Grant/Close-Out.
- Loan Cancellation for Disability/Death.
- Write-Off for Uncollectible Debt.

- Addition of New Educational Program.

2. Risk Based Assessment:

HRSA conducts ongoing risk assessment and risk-based monitoring for all current NFLP award recipients. NFLP risk assessment and monitoring includes assessing established risk factors, providing technical assistance to mitigate the risks, and initiating and implementing focused monitoring to support award recipients in maintaining compliance and improving performance. Risk assessment for NFLP award recipients is conducted at minimum annually and involves assessing program performance and compliance factors using the annual performance report and other program monitoring tools. The NFLP risk-based assessment and monitoring process classifies award recipients as **compliant** or **non-compliant**. Award recipients in the non-compliant status will be placed into the following categories: **Frequent Monitoring**, **Probation**, **Suspension**, and **Termination**. Award recipients who fail to take necessary action to correct their non-compliant status will be subject to penalties, up to and including termination of the NFLP award.

3. Remedies for Non-Compliance

Institutions will be considered non-compliant with NFLP requirements for the following reasons:

- Failure to draw down funds from the PMS within 60 days.
- Failure to disburse funds and make loans to students for 2 consecutive years or greater.
- Use of NFLP loan funds for purposes other than the allowable expenses outlined in the program requirements.

Institutions deemed noncompliant will be considered ineligible for future funding or be subject to additional penalties, up to and including, remittance of unobligated funds as well as suspension and/or termination of the NFLP award. HRSA will initiate termination for grants with inactive accounts and unused/unobligated loan funds for a period of 2 consecutive years or greater. If a non-Federal entity fails to comply with Federal statutes, regulations, or the terms and conditions of a Federal award, the HHS awarding agency or pass-through entity may impose additional conditions, as described in § 75.207. If the HHS awarding agency or pass-through entity determines that noncompliance cannot be remedied by imposing additional conditions, the HHS awarding agency or pass-through entity may take one or more of the following actions, as appropriate in the circumstances:

- (a) Temporarily withhold cash payments pending correction of the deficiency by the non-Federal entity or more severe enforcement action by the HHS awarding agency or pass-through entity.
- (b) Disallow (that is, deny both use of funds and any applicable matching credit for) all or part of the cost of the activity or action not in compliance.
- (c) Wholly or partly suspend (suspension of award activities) or terminate the Federal award.
- (d) Initiate suspension or debarment proceedings as authorized under 2 CFR part 180 and HHS awarding agency regulations at 2 CFR part 376 (or in the case of a pass-through entity, recommend such a proceeding be initiated by an HHS awarding agency).
- (e) Withhold further Federal awards for the project or program.

4. Default Rate Prevention and Management:

The default rate is calculated as the percent of the institution's total outstanding student loan

principal subject to repayment that is past due for a period of greater than 120 days. The measurement of an institution's failure to collect loans made under this part shall be the ratio (stated as a percentage) that the defaulted principal amount outstanding of such institution bears to the matured loans of such institution. The term "default" means the failure of a borrower of a loan made under this part to— (i) make an installment payment when due; or (ii) comply with any other term of the promissory note for such loan, except that a loan made under this part shall not be considered to be in default if the loan is discharged in bankruptcy or if the institution reasonably concludes from written contacts with the borrower that the borrower intends to repay the loan. The term "defaulted principal amount outstanding" means the total amount borrowed from the loan fund of an institution that has reached the repayment stage (minus any principal amount repaid or cancelled) on loans— (i) repayable monthly and in default for at least 120 days; and (ii) repayable less frequently than monthly and in default for at least 180 days.

The NFLP loan default rate is implemented as a performance measure, to actively monitor the collection of outstanding loan debt associated with the NFLP loan fund account. Institutions must have a default rate not greater than 5%. Failure to meet NFLP requirements may impact NFLP grant funding per 45 CFR Part 75. HRSA will assess award recipients for program compliance, including determining whether an institution has a default rate greater than 5%, on June 30 of each year. HRSA will notify the institution of its non-compliant status, as well as required steps to come into compliance, including any necessary action on the part of the award recipient.

Institutions that exceed a default rate of greater than 5% will be considered noncompliant with NFLP requirements and must submit a corrective action plan (CAP) to reduce the default rate. The applicant must implement a CAP during the budget year, with the understanding that failure to do so may result in becoming ineligible for future funding or becoming subject to additional penalties, up to and including, award termination. The default rate CAP must be signed by the NFLP Project Director, the Authorizing Official, or both, and include:

- A. A description of the factors that have contributed to the default rate exceeding the 5 percent threshold; and
- B. A work plan with specific activities and associated timelines to reduce the default rate to either (1) under 5 percent or (2) half the current default rate (whichever is greater) during the period of performance.

Award recipients will be provided with a time- phased approach to resolve compliance issues. Failure to comply with the grant requirement within the specified period may result in administrative actions up to and including withholding future Federal awards for the project, as well as the suspension and/or termination of the NFLP grant.

5. Remittance of Unobligated Funds.

Institutions, who maintain an NFLP loan fund account with a record of non-disbursement of loans to students for two consecutive years or greater (based on the Risk-Based Assessment non-compliant status of not meeting the legislative intent of the program) will be required to remit/return the unobligated loan fund balance to HRSA. Award recipients who fail to correct their non-compliant status will be placed in a termination status.

6. Standard Operating Procedure:

The NFLP Award recipient must have a standard operating procedure (SOP) in place to guide project activities, and support accomplishment of program goals, program/project objectives and program requirements. The SOP serves as a centralized and standardized guide on how to accomplish project activities, including the methodology, work plan, evaluation, capacity,

sustainability, accounts, and tracking information. You are required to have the necessary policies, procedures, and financial controls in place to ensure that your organization complies with all legal requirements and restrictions applicable to the receipt of federal funding including statutory restrictions on use of funds for lobbying, executive salaries, gun control, abortion, etc. Like those for all other applicable grants requirements, the effectiveness of these policies, procedures, and controls is subject to audit.

7. NFLP Standard Operating Procedures Template:

Standard Operating Procedures (SOP) for the Nurse Faculty Loan Program (NFLP) may be most effective when developed by and tailored to each individual institution. The institution's SOP can be developed utilizing a binder format or digital format housed electronically and should be made available to individual personnel responsible for the NFLP at that particular institution. The SOP should also include the information about the personnel at the institution responsible for specific grant related activities and frequency for activity completion. For example, the NFLP SOP binder may include the following documents:

- NFLP HRSA Project Officer: Name and Contact Information
- Copy of Last NFLP Application
- NFLP Grant Application Work plan
- NFLP most current Notice of Funding Opportunity (NOFO)
- NFLP Administrative Guidelines
- NFLP Exhibit Forms
- The institutions most current NFLP Notice of Award (NoA)
- Any Prior Approval Requests with outcome
- Up to date contact information for the institution's NFLP Relevant Departments (such as school of nursing, business office, sponsored programs, etc.), Point of Contact, Project Director, and Authorizing Official for the Institution
- Copies of Power Point Presentations and other Program resource documents
- Copy of site visit reports as applicable
- NFLP fund accounting procedures:
 - Loan disbursement, borrower tracking, loan collection, loan cancellation and
 - Any other NFLP fund related administrative, loan management, and reporting activities.
- Internal NFLP auditing process
- NFLP Report completion and submission procedures:
 - Document with information about data collection, who is responsible for the report completion, frequency/timeline for report completion, etc.
 - NFLP APR Manual
 - NFLP APR Performance Measures available for download via the Electronic Handbook (EHB)
 - NFLP Program Specific Financial Forms 1-4
 - Document with Links to relevant HRSA sites including EHB Program Management HRSAtube (YouTube) "How to" Videos
 - Other relevant documents

I. GRANT CLOSE-OUT

1. Closeout or Termination:

An award recipient can elect to relinquish or close-out their NFLP grant. Once the award recipient makes the decision to close-out the NFLP grant, they are required to contact the HRSA

Project Officer who will provide them the guidance for the NFLP grant relinquishment/close-out process. HRSA can elect to terminate an award recipient's NFLP grants due to performance or compliance issues. HRSA will initiate and process termination of awards for NFLP grants with inactive accounts and unobligated loan funds for a period of 2 consecutive years or greater; and for NFLP grants in Termination Status under the Risk-based assessment and monitoring process. In any case in which the HRSA intends to terminate an agreement with an institution, the HRSA shall provide the institution with a written notice complying with the requirements outlined in 45 CFR 75.372.

2. NFLP Grant Closeout Process:

The closeout process for the NFLP grant requires the completion of a final Performance Report. The closeout process for the NFLP grant indicates a termination of institutional participation in the grant, and a termination of the agreement between HRSA and the institution (including the terms and conditions of the grant) initiated by the NFLP awardee. Institutions will initiate the NFLP closeout with a prior approval request and an official letter requesting closeout of the grant. Institutions should ensure that all applicable reports are complete prior to initiating the closeout process.

Institutions interested in closeout of their NFLP grant should contact the Project Officer to initiate the closeout process. The closeout process includes submission of a Prior Approval Request through EHB, payment of the liability amount (proportionate share of the federal capital contribution not cancelled or written off), receipt and submission of the paid-in-full letter, and receipt of a final Notice of Award. The completion of the closeout process indicates that the institution has satisfied all monetary obligation to HRSA, closed their grant account, and are no longer bound by the terms and conditions of the NFLP award. Eligible institutions that closeout their NFLP grants, can reapply for NFLP funding in the future.

J. EXHIBIT FORMS

Text within the sample exhibit forms should not be altered; however, it may be placed on institutional letterhead. Institutions may use the exhibit forms in an electronic format. The forms are available for institutional use at <https://bhw.hrsa.gov/sites/default/files/bureau-health-workforce/funding/nflp-exhibit-forms.pdf>

- EXHIBIT A – **Sample** NFLP Promissory Note (Amended 2022)
- EXHIBIT B – **Sample** Statement of Rights and Responsibilities
- EXHIBIT C – **Sample** NFLP Loan Application
- EXHIBIT D – **Sample** Certification of Employment Form
- EXHIBIT E – **Sample** NFLP Request for Partial Cancellation
- EXHIBIT F – **Sample** NFLP Due-Diligence Form
- EXHIBIT G – **Sample** NFLP Request for Postponement of Installment Payment
- EXHIBIT H – **Sample** NFLP Deferment Form
- EXHIBIT I – **Sample** Exit Interview – Questionnaire
- EXHIBIT J – **Sample** Forbearance Request Form
- EXHIBIT K – **Sample** Truth in Lending Act, Regulation Z