

AN ACT

RELATING TO EDUCATION; CHANGING THE CALCULATION OF INTEREST CHARGES FOR CERTAIN HIGHER EDUCATION LOAN PAYBACK PROGRAMS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. Section 21-22-6 NMSA 1978 (being Laws 1975, Chapter 244, Section 6, as amended) is amended to read:

"21-22-6. MEDICAL STUDENT LOANS--CONTRACT TERMS--
REPAYMENT.--

A. Each applicant who is approved for a loan by the commission may be granted a loan, in such amounts and for such periods as determined by the commission, with which to defray expenses incurred in obtaining a medical education at any reputable and accredited medical school in the United States if the applicant files with the commission a declaration of his intent to practice his profession as a licensed physician or physician assistant in areas of New Mexico designated as not being adequately served by medical practitioners.

B. The loans shall not exceed the necessary expenses incurred while attending a medical school or college and shall bear interest at the rate of:

(1) eighteen percent per year if the student completes his medical education and no portion of the principal and interest is forgiven pursuant to Subsection F of

this section; and

(2) seven percent per year in all other cases.

C. Loans made pursuant to the Medical Student Loan for Service Act shall not accrue interest until:

(1) the commission determines the loan recipient has terminated the recipient's medical education prior to completion;

(2) the commission determines the loan recipient has failed to fulfill the recipient's obligation to serve in a health professional shortage area; or

(3) the commission cancels a contract between a student and the commission pursuant to Section 21-22-9 NMSA 1978.

D. The loan shall be evidenced by a contract between the student and the commission acting on behalf of the state. The contract shall provide for the payment by the state of a stated sum covering the costs of a medical education and shall be conditioned upon the repayment of the loan to the state over a period established by the commission in consultation with the student after completion of medical school and any period of internship or residency required to complete the student's education.

E. Loans made to students who fail to complete their medical education shall become due immediately upon

termination of their medical education. The commission, in consultation with the student, shall establish terms of repayment, alternate service or cancellation terms.

F. The contract shall provide that the commission shall forgive a portion of the loan for each year that a loan recipient practices his profession as a licensed physician or physician assistant in areas approved by the health profession advisory committee as not being adequately served by medical practitioners. The loan shall be forgiven as follows:

(1) loan terms of one year shall require one year of practice in a designated health professional shortage area. Upon completion of service, one hundred percent of the loan shall be forgiven;

(2) loan terms of two years shall require one year of practice in a designated health professional shortage area for each year of the loan. Upon completion of the first year of service, fifty percent of the loan shall be forgiven. Upon completion of the second year of service, the remainder of the loan shall be forgiven; and

(3) for loan terms of three years or more, forty percent of the loan shall be forgiven upon completion of the first year of service in a designated health professional shortage area, thirty percent of the loan shall be forgiven upon completion of the second year of service and the remainder of the loan shall be forgiven upon completion of the

third year of service.

G. Recipients shall serve a complete year in order to receive credit for that year. The minimum credit for a year shall be established by the commission.

H. If a loan recipient completes his professional education and does not serve in a health professional shortage area, the commission shall assess a penalty of up to three times the principal due, plus eighteen percent interest, unless the commission finds acceptable extenuating circumstances for why the student cannot serve. If the commission does not find acceptable extenuating circumstances for the student's failure to carry out his declared intent to serve in a health professional shortage area in the state, the commission shall require immediate repayment of the loan plus the amount of any interest and penalty assessed pursuant to this subsection.

I. The commission shall adopt regulations to implement the provisions of this section. The regulations may provide for the repayment of medical student loans in annual or other periodic installments."

Section 2. Section 21-22A-6 NMSA 1978 (being Laws 1978, Chapter 109, Section 6, as amended) is amended to read:

"21-22A-6. OSTEOPATHIC MEDICAL STUDENT LOANS--CONTRACT TERMS--REPAYMENT.--

A. Each applicant who is approved for a loan by

the commission may be granted a loan, in such amounts and for such periods as determined by the commission, with which to defray expenses incurred in obtaining an osteopathic medical education at any reputable and accredited osteopathic medical school in the United States if the applicant files with the commission a declaration of his intent to practice his profession as a licensed osteopathic physician or osteopathic physician's assistant in areas of New Mexico designated as not being adequately served by osteopathic medical practitioners.

B. The loan shall not exceed the necessary expenses incurred while attending an osteopathic medical school or college or osteopathic physician's assistant program and shall bear interest at the rate of:

(1) eighteen percent per year if the student completes his osteopathic medical education and no portion of the principal and interest is forgiven pursuant to Subsection F of this section; and

(2) seven percent per year in all other cases.

C. Loans made pursuant to the Osteopathic Medical Student Loan for Service Act shall not accrue interest until:

(1) the commission determines the loan recipient has terminated the recipient's osteopathic medical education prior to completion;

(2) the commission determines the loan

recipient has failed to fulfill the recipient's obligation to serve in an area of New Mexico designated as not being adequately served by osteopathic medical practitioners; or

(3) the commission cancels a contract between a student and the commission pursuant to Section 21-22A-9 NMSA 1978.

D. The loan shall be evidenced by a contract between the student and the commission acting on behalf of the state. The contract shall provide for the payment by the state of a stated sum covering the costs of an osteopathic medical education and shall be conditioned upon the repayment of the loan to the state over a period established by the commission in consultation with the student after the completion of osteopathic medical school or an osteopathic physician's assistant program and any period of internship or residency required to complete the student's education.

E. Loans made to students who fail to complete their osteopathic medical education shall become due immediately upon termination of their osteopathic medical education. The commission, in consultation with the student, shall establish terms of repayment, alternate service or cancellation terms.

F. The contract shall provide that the commission shall forgive a portion of the loan for each year that a loan recipient practices his profession as a licensed osteopathic

physician or osteopathic physician's assistant in areas approved by the health profession advisory committee as not being adequately served by osteopathic medical practitioners. The loan shall be forgiven as follows:

(1) loan terms of one year shall require one year of practice in a designated health professional shortage area. Upon completion of service, one hundred percent of the loan shall be forgiven;

(2) loan terms of two years shall require one year of practice in a designated health professional shortage area for each year of the loan. Upon completion of the first year of service, fifty percent of the loan shall be forgiven. Upon completion of the second year of service, the remainder of the loan shall be forgiven; and

(3) for loan terms of three years or more, forty percent of the loan shall be forgiven upon completion of the first year of service in a designated health professional shortage area, thirty percent of the loan shall be forgiven upon completion of the second year of service and the remainder of the loan shall be forgiven upon completion of the third year of service.

G. Recipients shall serve a complete year in order to receive credit for that year. The minimum credit for a year shall be established by the commission.

H. If a loan recipient completes his professional

education and does not serve in a health professional shortage area, the commission shall assess a penalty of up to three times the principal due, plus eighteen percent interest, unless the commission finds acceptable extenuating circumstances for why the student cannot serve. If the commission does not find acceptable extenuating circumstances for the student's failure to carry out his declared intent to serve in a health professional shortage area in the state, the commission shall require immediate repayment of the loan plus the amount of any interest and penalty assessed pursuant to this section.

I. The commission shall adopt regulations to implement the provisions of this section. The regulations may provide for the repayment of osteopathic medical student loans in annual or other periodic installments."

Section 3. Section 21-22B-6 NMSA 1978 (being Laws 1987, Chapter 299, Section 6, as amended) is amended to read:

"21-22B-6. NURSING STUDENT LOANS--CONTRACT TERMS--REPAYMENT.--

A. Each applicant who is approved for a loan by the commission may be granted a loan, in such amounts for such periods as determined by the commission, with which to defray expenses incurred in obtaining a nursing education; provided that the applicant files with the commission a declaration of intent to practice as a licensed nurse in areas of New Mexico

designated as underserved.

B. The loans shall not exceed the necessary expenses incurred while attending a program of nursing and shall bear interest at the rate of:

(1) eighteen percent per year if the student completes his nursing education and no portion of the principal and interest is forgiven pursuant to Subsection F of this section; and

(2) seven percent per year in all other cases.

C. Loans made pursuant to the Nursing Student Loan for Service Act shall not accrue interest until:

(1) the commission determines the loan recipient has terminated the recipient's nursing education prior to completion;

(2) the commission determines the loan recipient has failed to fulfill the recipient's obligation to practice nursing in areas approved by the health profession advisory committee; or

(3) the commission cancels a contract between a student and the commission pursuant to Section 21-22B-9 NMSA 1978.

D. The loan shall be evidenced by a contract between the student and the commission acting on behalf of the state. The contract shall provide for the payment by the

state of a stated sum covering the costs of a nursing education and shall be conditioned upon the repayment of the loan to the state over a period negotiated between the student and the commission after completion of a nursing program.

E. Loans made to students who fail to complete their nursing education shall become due immediately upon termination of nursing education. The commission, in consultation with the student, shall establish terms of repayment, alternate service or cancellation terms with the commission.

F. The contract shall provide that the commission may forgive a portion of the loan for each year that a loan recipient practices nursing in areas approved by the health profession advisory committee. The loan shall be forgiven as follows:

(1) loan terms of one year shall require one year of practice in a designated health professional shortage area. Upon completion of service, one hundred percent of the loan shall be forgiven;

(2) loan terms of two years shall require one year of practice in a designated health professional shortage area for each year of the loan. Upon completion of the first year of service, fifty percent of the loan shall be forgiven. Upon completion of the second year of service, the remainder of the loan shall be forgiven; and

(3) for loan terms of three years or more, forty percent of the loan shall be forgiven upon completion of the first year of service in a designated health professional shortage area, thirty percent of the loan shall be forgiven upon completion of the second year of service and the remainder of the loan shall be forgiven upon completion of the third year of service.

G. Recipients shall serve a complete year in order to receive credit for that year. The minimum credit for a year shall be established by the commission.

H. The commission shall adopt regulations to implement the provisions of this section. The regulations may provide for the repayment of nursing student loans in annual or other periodic installments."

Section 4. Section 21-22C-6 NMSA 1978 (being Laws 1994, Chapter 57, Section 8, as amended) is amended to read:

"21-22C-6. ALLIED HEALTH STUDENT LOANS--CONTRACT TERMS--REPAYMENT.--

A. Prior to receiving a loan, each applicant approved for a loan shall file with the commission a declaration of intent to practice as a licensed allied health professional in areas of New Mexico designated as underserved.

B. The loans shall not exceed the necessary expenses incurred while attending an allied health profession program and shall bear interest at the rate of:

(1) eighteen percent per year if the student completes his allied health profession education and no portion of the principal and interest is forgiven pursuant to Subsection F of this section; and

(2) seven percent per year in all other cases.

C. Loans made pursuant to the Allied Health Student Loan for Service Act shall not accrue interest until:

(1) the commission determines the loan recipient has terminated the recipient's allied health profession education prior to completion;

(2) the commission determines the loan recipient has failed to fulfill the recipient's obligation to practice as a licensed allied health professional in areas of New Mexico designated as underserved; or

(3) the commission cancels a contract between a student and the commission pursuant to Section 21-22C-9 NMSA 1978.

D. The loan shall be evidenced by a contract between the student and the commission acting on behalf of the state. The contract shall provide for the payment by the state of a stated sum covering the costs of an allied health profession education and shall be conditioned on the repayment of the loan to the state over a period negotiated between the student and the commission after completion of an allied

health profession education.

E. Loans made to students who fail to complete their allied health profession education shall become due immediately upon termination of that education. The commission, in consultation with the student, shall establish repayment terms, alternate service or cancellation terms.

F. The contract shall provide that the commission shall forgive a portion of the loan for each year that a loan recipient practices an allied health profession in areas approved by the health profession advisory committee. The loan shall be forgiven as follows:

(1) loan terms of one year shall require one year of practice in a designated health professional shortage area. Upon completion of service, one hundred percent of the loan shall be forgiven;

(2) loan terms of two years shall require one year of practice in a designated health professional shortage area for each year of the loan. Upon completion of the first year of service, fifty percent of the loan shall be forgiven. Upon completion of the second year of service, the remainder of the loan shall be forgiven; and

(3) for loan terms of three years or more, forty percent of the loan shall be forgiven upon completion of the first year of service, thirty percent of the loan shall be forgiven upon completion of the second year of service and the

remainder of the loan shall be forgiven upon completion of the third year of service.

G. Recipients shall serve a complete year in order to receive credit for that year. The minimum credit for a year shall be established by the commission.

H. If a loan recipient completes his professional education and does not serve the required number of years in a health professional shortage area, the commission shall assess a penalty of up to three times the principal due, plus eighteen percent interest, unless the commission finds acceptable extenuating circumstances for why the student cannot serve. If the commission does not find acceptable extenuating circumstances for the student's failure to carry out his declared intent to serve in a health professional shortage area in the state, the commission shall require immediate repayment of the loan plus the amount of any interest and penalty assessed pursuant to this subsection.

I. The commission shall adopt regulations to implement the provisions of this section. The regulations may provide for the repayment of allied health student loans in annual or other periodic installments."

Section 5. Section 21-22E-6 NMSA 1978 (being Laws 2001, Chapter 288, Section 6) is amended to read:

"21-22E-6. TEACHER LOANS--CONTRACT TERMS--REPAYMENT.--

A. Each applicant who is approved for a loan by

the commission may be granted a loan in such amounts and for such periods as the commission determines. The loan shall not exceed the necessary expenses incurred while attending a teacher preparation program.

B. A loan shall bear interest at the rate of:

(1) eighteen percent per year if the loan recipient completes his teacher preparation program and no portion of the principal and interest is forgiven pursuant to Subsection F of this section; or

(2) seven percent per year in all other cases.

C. Loans made pursuant to the Teacher Loan for Service Act shall not accrue interest until:

(1) the commission determines the loan recipient has terminated the recipient's teacher preparation program prior to completion;

(2) the commission determines the loan recipient has failed to fulfill the recipient's obligation to practice as a licensed teacher in New Mexico; or

(3) the commission cancels a contract between a student and the commission pursuant to Section 21-22E-9 NMSA 1978.

D. The loan shall be evidenced by a contract between the loan recipient and the commission acting on behalf of the state. The contract shall provide for the payment by

the state of a stated sum covering the costs of a teacher preparation program and shall be conditioned on the repayment of the loan to the state over a period established by the commission after the completion of the teacher preparation program and any postgraduate study or internship required to complete the loan recipient's education.

E. A loan made to a recipient who fails to complete his teacher preparation program shall become due immediately upon termination of his teacher preparation program. The commission, in consultation with the loan recipient, shall establish terms of repayment, alternate service or cancellation terms.

F. The contract shall provide that the commission shall forgive a portion of the loan for each year that the loan recipient practices his profession as a licensed teacher in New Mexico. The loan shall be forgiven as follows:

(1) loan terms of one year shall require one year of practice. Upon completion of service, one hundred percent of the loan shall be forgiven;

(2) loan terms of two years shall require one year of practice for each year of the loan. Upon completion of the first year of service, fifty percent of the loan shall be forgiven. Upon completion of the second year of service, the remainder of the loan shall be forgiven; and

(3) for loan terms of three years or more,

forty percent of the loan shall be forgiven upon completion of the first year of service, thirty percent of the loan shall be forgiven upon completion of the second year of service and the remainder of the loan shall be forgiven upon completion of the third year of service.

G. A loan recipient shall serve a complete contract year in order to receive credit for that year. The minimum credit for a year shall be established by the commission.

H. If a loan recipient completes his teacher preparation program and does not serve in a New Mexico public school, the commission shall assess a penalty of up to three times the principal due, plus eighteen percent interest, unless the commission finds acceptable extenuating circumstances that prevent the loan recipient from serving. If the commission does not find acceptable extenuating circumstances for the loan recipient's failure to carry out his declared intent to serve, the commission shall require immediate repayment of the loan plus the amount of any interest and penalty assessed pursuant to this section.

I. The commission shall adopt and promulgate rules to implement the provisions of this section. The rules may provide for the repayment of loans in annual or other periodic installments."

Chapter 126, Section 3) is amended to read:

"21-29-3. STUDENT EXCHANGE PROGRAM--TERMS OF STUDENT LOANS--PAYBACK REQUIREMENTS.--

A. Financial assistance by the state for the student exchange program of the western interstate commission for higher education shall be through a loan program established pursuant to this section.

B. A student may receive a loan of tuition assistance on the following terms:

(1) the loan shall not exceed an amount equivalent to the negotiated support fee for the graduate or professional program; and

(2) the loan shall bear interest at the rate of:

(a) eighteen percent per year if the student completes his education and no portion of the principal and interest is forgiven pursuant to Subsection F of this section; and

(b) seven percent per year in all other cases.

C. Loans made pursuant to the WICHE Loan for Service Act shall not accrue interest until:

(1) the commission determines the loan recipient has terminated the recipient's professional education program prior to completion;

(2) the commission determines the loan recipient has failed to fulfill the recipient's obligation to practice the recipient's profession in New Mexico; or

(3) the commission cancels a contract between a student and the commission pursuant to Section 21-29-6 NMSA 1978.

D. The loan shall be evidenced by a contract between the student and the commission acting on behalf of the state. The contract shall provide for the payment by the state of a stated sum covering the cost of tuition assistance and shall be conditioned on the repayment of the loan to the state over a period established by the commission.

E. Loans made to a student who fails to complete his education shall become due immediately upon termination of his education. The commission shall establish terms of repayment, alternate service or cancellation terms.

F. The contract shall provide that the commission shall forgive a portion of the loan for each year that a loan recipient practices his profession in New Mexico. The loan shall be forgiven as follows:

(1) loan terms of one year shall require one year of practice for each year of the loan. Upon completion of service, one hundred percent of the loan shall be forgiven;

(2) loan terms of two years shall require one year of practice for each year of the loan. Upon

completion of the first year of service, fifty percent of the loan shall be forgiven; upon completion of the second year of service, the remainder of the loan shall be forgiven;

(3) for loan terms of three years or more, forty percent of the loan shall be forgiven upon completion of the first year of service, thirty percent of the loan shall be forgiven upon completion of the second year of service and the remainder of the loan shall be forgiven upon completion of the third year of service; and

(4) the commission may establish other forgiveness terms for professionals providing service in serious shortage areas.

G. Loan recipients shall serve a complete year in order to receive credit for that year. The minimum credit for a year shall be established by the commission.

H. If a student completes his professional education and does not return to New Mexico to practice his profession, the commission shall assess a penalty of up to three times the principal due, plus eighteen percent interest, unless the commission finds acceptable extenuating circumstances for why the student cannot serve. If the commission does not find acceptable extenuating circumstances for the student's failure to carry out his declared intent to practice his profession in New Mexico, the commission shall require immediate repayment of the loan plus the amount of any

interest and penalty assessed pursuant to this subsection.

I. The commission may provide by regulation for the repayment of student exchange program loans in annual or other periodic installments." _____