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HOUSE BILL 774

47TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2005

INTRODUCED BY

Luciano "Lucky" Varela

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

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1 physician assistant in areas of New Mexico designated as not
2 being adequately served by medical practitioners.

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

6 (1) eighteen percent per year if the student
7 completes his medical education and no portion of the principal
8 and interest is forgiven pursuant to Subsection [E] F of this
9 section; and

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

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

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

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

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

22 [~~C.~~] D. The loan shall be evidenced by a contract
23 between the student and the commission acting on behalf of the
24 state. The contract shall provide for the payment by the state
25 of a stated sum covering the costs of a medical education and

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1 shall be conditioned upon the repayment of the loan to the
2 state [~~together with interest~~] over a period established by the
3 commission in consultation with the student after completion of
4 medical school and any period of internship or residency
5 required to complete the student's education. [~~The contract~~
6 ~~shall further provide that immediately upon completion or~~
7 ~~termination of the student's medical education, all interest~~
8 ~~then accrued shall be capitalized.~~

9 ~~D.]~~ E. Loans made to students who fail to complete
10 their medical education shall become due [~~together with~~
11 ~~interest~~] immediately upon termination of their medical
12 education. The commission, in consultation with the student,
13 shall establish terms of repayment, alternate service or
14 cancellation terms.

15 [~~E.]~~ F. The contract shall provide that the
16 commission shall forgive a portion of the loan [~~principal and~~
17 ~~interest~~] for each year that a loan recipient practices his
18 profession as a licensed physician or physician assistant in
19 areas approved by the health profession advisory committee as
20 not being adequately served by medical practitioners. [~~Loan~~
21 ~~principal and interest~~] The loan shall be forgiven as follows:

22 (1) loan terms of one year shall require one
23 year of practice in a designated health professional shortage
24 area. Upon completion of service, one hundred percent of the
25 [~~principal plus accrued interest~~] loan shall be forgiven;

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1 (2) loan terms of two years shall require one
2 year of practice in a designated health professional shortage
3 area for each year of the loan. Upon completion of the first
4 year of service, fifty percent of the [~~principal plus accrued~~
5 ~~interest~~] loan shall be forgiven. Upon completion of the
6 second year of service, the remainder of the [~~principal plus~~
7 ~~accrued interest~~] loan shall be forgiven; and

8 (3) for loan terms of three years or more,
9 forty percent of the [~~principal plus accrued interest~~] loan
10 shall be forgiven upon completion of the first year of service
11 in a designated health professional shortage area, thirty
12 percent of the [~~principal plus accrued interest~~] loan shall be
13 forgiven upon completion of the second year of service and the
14 remainder of the [~~principal plus accrued interest~~] loan shall
15 be forgiven upon completion of the third year of service.

16 [~~F.~~] G. Recipients shall serve a complete year in
17 order to receive credit for that year. The minimum credit for
18 a year shall be established by the commission.

19 [~~G.~~] H. If a loan recipient completes his
20 professional education and does not serve in a health
21 professional shortage area, the commission shall assess a
22 penalty of up to three times the principal due, plus eighteen
23 percent interest, unless the commission finds acceptable
24 extenuating circumstances for why the student cannot serve. If
25 the commission does not find acceptable extenuating

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1 circumstances for the student's failure to carry out his
2 declared intent to serve in a health professional shortage area
3 in the state, the commission shall require immediate repayment
4 of the [~~unpaid principal amount of the loan plus accrued~~
5 ~~interest owed the state~~] loan plus the amount of any interest
6 and penalty assessed pursuant to this subsection.

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

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

13 "21-22A-6. OSTEOPATHIC MEDICAL STUDENT LOANS-- CONTRACT
14 TERMS-- REPAYMENT. --

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

25 B. The loan shall not exceed the necessary expenses

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1 incurred while attending an osteopathic medical school or
2 college or osteopathic physician's assistant program and shall
3 bear interest at the rate of:

4 (1) eighteen percent per year if the student
5 completes his osteopathic medical education and no portion of
6 the principal and interest is forgiven pursuant to Subsection
7 ~~[E]~~ F of this section; and

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

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

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

14 (2) the commission determines the loan
15 recipient has failed to fulfill the recipient's obligation to
16 serve in an area of New Mexico designated as not being
17 adequately served by osteopathic medical practitioners; or

18 (3) the commission cancels a contract between
19 a student and the commission pursuant to Section 21-22A-9 NMSA
20 1978.

21 ~~[C.]~~ D. The loan shall be evidenced by a contract
22 between the student and the commission acting on behalf of the
23 state. The contract shall provide for the payment by the state
24 of a stated sum covering the costs of an osteopathic medical
25 education and shall be conditioned upon the repayment of the

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1 loan to the state [~~together with interest~~] over a period
2 established by the commission in consultation with the student
3 after the completion of osteopathic medical school or an
4 osteopathic physician's assistant program and any period of
5 internship or residency required to complete the student's
6 education. [~~The contract shall further provide that~~
7 ~~immediately upon completion or termination of the student's~~
8 ~~osteopathic medical education, all interest then accrued shall~~
9 ~~be capitalized.~~

10 ~~D.]~~ E. Loans made to students who fail to complete
11 their osteopathic medical education shall become due [~~together~~
12 ~~with interest~~] immediately upon termination of their
13 osteopathic medical education. The commission, in consultation
14 with the student, shall establish terms of repayment, alternate
15 service or cancellation terms.

16 [~~E.]~~ F. The contract shall provide that the
17 commission shall forgive a portion of the loan [~~principal and~~
18 ~~interest~~] for each year that a loan recipient practices his
19 profession as a licensed osteopathic physician or osteopathic
20 physician's assistant in areas approved by the health
21 profession advisory committee as not being adequately served by
22 osteopathic medical practitioners. [~~Loan principal and~~
23 ~~interest~~] The loan shall be forgiven as follows:

24 (1) loan terms of one year shall require one
25 year of practice in a designated health professional shortage

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1 area. Upon completion of service, one hundred percent of the
2 [~~principal plus accrued interest~~] loan shall be forgiven;

3 (2) loan terms of two years shall require one
4 year of practice in a designated health professional shortage
5 area for each year of the loan. Upon completion of the first
6 year of service, fifty percent of the [~~principal plus accrued~~
7 ~~interest~~] loan shall be forgiven. Upon completion of the
8 second year of service, the remainder of the [~~principal plus~~
9 ~~accrued interest~~] loan shall be forgiven; and

10 (3) for loan terms of three years or more,
11 forty percent of the [~~principal plus accrued interest~~] loan
12 shall be forgiven upon completion of the first year of service
13 in a designated health professional shortage area, thirty
14 percent of the [~~principal plus accrued interest~~] loan shall be
15 forgiven upon completion of the second year of service and the
16 remainder of the [~~principal plus accrued interest~~] loan shall
17 be forgiven upon completion of the third year of service.

18 [F.] G. Recipients shall serve a complete year in
19 order to receive credit for that year. The minimum credit for
20 a year shall be established by the commission.

21 [G.] H. If a loan recipient completes his
22 professional education and does not serve in a health
23 professional shortage area, the commission shall assess a
24 penalty of up to three times the principal due, plus eighteen
25 percent interest, unless the commission finds acceptable

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1 extenuating circumstances for why the student cannot serve. If
2 the commission does not find acceptable extenuating
3 circumstances for the student's failure to carry out his
4 declared intent to serve in a health professional shortage area
5 in the state, the commission shall require immediate repayment
6 of the ~~[unpaid principal amount of the loan plus accrued~~
7 ~~interest owed the state]~~ loan plus the amount of any interest
8 and penalty assessed pursuant to this section.

9 ~~[H.]~~ I. The commission shall adopt regulations to
10 implement the provisions of this section. The regulations may
11 provide for the repayment of osteopathic medical student loans
12 in annual or other periodic installments."

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

15 "21-22B-6. NURSING STUDENT LOANS-- CONTRACT TERMS--
16 REPAYMENT.--

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

24 B. The loans shall not exceed the necessary
25 expenses incurred while attending a program of nursing and

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1 shall bear interest at the rate of:

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

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

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

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

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

16 (3) the commission cancels a contract between
17 a student and the commission pursuant to Section 21-22B-9 NMSA
18 1978.

19 [~~C.~~] D. The loan shall be evidenced by a contract
20 between the student and the commission acting on behalf of the
21 state. The contract shall provide for the payment by the state
22 of a stated sum covering the costs of a nursing education and
23 shall be conditioned upon the repayment of the loan to the
24 state [~~together with interest~~] over a period negotiated between
25 the student and the commission after completion of a nursing

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1 program. ~~[The contract shall further provide that immediately~~
2 ~~upon completion or termination of the student's nursing~~
3 ~~education, all interest then accrued shall be capitalized.~~

4 ~~D.]~~ E. Loans made to students who fail to complete
5 their nursing education shall become due ~~[together with~~
6 ~~interest]~~ immediately upon termination of nursing education.
7 The commission, in consultation with the student, shall
8 establish terms of repayment, alternate service or cancellation
9 terms with the commission.

10 ~~[E.]~~ F. The contract shall provide that the
11 commission may forgive a portion of the loan ~~[principal and~~
12 ~~interest]~~ for each year that a loan recipient practices nursing
13 in areas approved by the health profession advisory committee.
14 ~~[Loan principal and interest]~~ The loan shall be forgiven as
15 follows:

16 (1) loan terms of one year shall require one
17 year of practice in a designated health professional shortage
18 area. Upon completion of service, one hundred percent of the
19 ~~[principal plus accrued interest]~~ loan shall be forgiven;

20 (2) loan terms of two years shall require one
21 year of practice in a designated health professional shortage
22 area for each year of the loan. Upon completion of the first
23 year of service, fifty percent of the ~~[principal plus accrued~~
24 ~~interest]~~ loan shall be forgiven. Upon completion of the
25 second year of service, the remainder of the ~~[principal plus~~

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1 ~~accrued interest~~] loan shall be forgiven; and

2 (3) for loan terms of three years or more,
3 forty percent of the [~~principal plus accrued interest~~] loan
4 shall be forgiven upon completion of the first year of service
5 in a designated health professional shortage area, thirty
6 percent of the [~~principal plus accrued interest~~] loan shall be
7 forgiven upon completion of the second year of service and the
8 remainder of the [~~principal plus accrued interest~~] loan shall
9 be forgiven upon completion of the third year of service.

10 [~~F.~~] G. Recipients shall serve a complete year in
11 order to receive credit for that year. The minimum credit for
12 a year shall be established by the commission.

13 [~~G.~~] H. The commission shall adopt regulations to
14 implement the provisions of this section. The regulations may
15 provide for the repayment of nursing student loans in annual or
16 other periodic installments. "

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

19 "21-22C-6. ALLIED HEALTH STUDENT LOANS-- CONTRACT
20 TERMS-- REPAYMENT. --

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

25 B. The loans shall not exceed the necessary

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1 expenses incurred while attending an allied health profession
2 program and shall bear interest at the rate of:

3 (1) eighteen percent per year if the student
4 completes his allied health profession education and no portion
5 of the principal and interest is forgiven pursuant to
6 Subsection ~~[E]~~ F of this section; and

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

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

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

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

17 (3) the commission cancels a contract between
18 a student and the commission pursuant to Section 21-22C-9 NMSA
19 1978.

20 ~~[C.]~~ D. The loan shall be evidenced by a contract
21 between the student and the commission acting on behalf of the
22 state. The contract shall provide for the payment by the state
23 of a stated sum covering the costs of an allied health
24 profession education and shall be conditioned on the repayment
25 of the loan to the state ~~[together with interest]~~ over a period

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1 negotiated between the student and the commission after
2 completion of an allied health profession education. [The
3 contract shall further provide that immediately upon completion
4 or termination of the student's allied health profession
5 education, all interest then accrued shall be capitalized.]

6 ~~D.~~ E. Loans made to students who fail to complete
7 their allied health profession education shall become due
8 [together with interest] immediately upon termination of that
9 education. The commission, in consultation with the student,
10 shall establish repayment terms, alternate service or
11 cancellation terms.

12 ~~E.~~ F. The contract shall provide that the
13 commission shall forgive a portion of the loan [principal and
14 interest] for each year that a loan recipient practices an
15 allied health profession in areas approved by the health
16 profession advisory committee. [Loan principal and interest]
17 The loan shall be forgiven as follows:

18 (1) loan terms of one year shall require one
19 year of practice in a designated health professional shortage
20 area. Upon completion of service, one hundred percent of the
21 [principal plus accrued interest] loan shall be forgiven;

22 (2) loan terms of two years shall require one
23 year of practice in a designated health professional shortage
24 area for each year of the loan. Upon completion of the first
25 year of service, fifty percent of the [principal plus accrued

underscored material = new
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1 ~~interest]~~ loan shall be forgiven. Upon completion of the
2 second year of service, the remainder of the [~~principal plus~~
3 ~~accrued interest]~~ loan shall be forgiven; and

4 (3) for loan terms of three years or more,
5 forty percent of the [~~principal plus accrued interest]~~ loan
6 shall be forgiven upon completion of the first year of service,
7 thirty percent of the [~~principal plus accrued interest]~~ loan
8 shall be forgiven upon completion of the second year of service
9 and the remainder of the [~~principal plus accrued interest]~~ loan
10 shall be forgiven upon completion of the third year of service.

11 [~~F.~~] G. Recipients shall serve a complete year in
12 order to receive credit for that year. The minimum credit for
13 a year shall be established by the commission.

14 [~~G.~~] H. If a loan recipient completes his
15 professional education and does not serve the required number
16 of years in a health professional shortage area, the commission
17 shall assess a penalty of up to three times the principal due,
18 plus eighteen percent interest, unless the commission finds
19 acceptable extenuating circumstances for why the student cannot
20 serve. If the commission does not find acceptable extenuating
21 circumstances for the student's failure to carry out his
22 declared intent to serve in a health professional shortage area
23 in the state, the commission shall require immediate repayment
24 of the [~~unpaid principal amount of the loan plus accrued~~
25 ~~interest owed the state]~~ loan plus the amount of any interest

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1 and penalty assessed pursuant to this subsection.

2 ~~[H-]~~ I. The commission shall adopt regulations to
3 implement the provisions of this section. The regulations may
4 provide for the repayment of allied health student loans in
5 annual or other periodic installments. "

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

8 "21-22E-6. ~~TEACHER LOANS--CONTRACT TERMS--REPAYMENT.~~ --

9 A. Each applicant who is approved for a loan by the
10 commission may be granted a loan in such amounts and for such
11 periods as the commission determines. The loan shall not
12 exceed the necessary expenses incurred while attending a
13 teacher preparation program.

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

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

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

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

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

25 (2) the commission determines the loan

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1 recipient has failed to fulfill the recipient's obligation to
2 practice as a licensed teacher in New Mexico; or

3 (3) the commission cancels a contract between
4 a student and the commission pursuant to Section 21-22E-9 NMSA
5 1978.

6 ~~[C.]~~ D. The loan shall be evidenced by a contract
7 between the loan recipient and the commission acting on behalf
8 of the state. The contract shall provide for the payment by
9 the state of a stated sum covering the costs of a teacher
10 preparation program and shall be conditioned on the repayment
11 of the loan to the state ~~[together with interest]~~ over a period
12 established by the commission after the completion of the
13 teacher preparation program and any postgraduate study or
14 internship required to complete the loan recipient's education.
15 ~~[The contract shall further provide that immediately upon~~
16 ~~completion or termination of the loan recipient's education,~~
17 ~~all interest then accrued shall be capitalized.]~~

18 ~~D.]~~ E. A loan made to a recipient who fails to
19 complete his teacher preparation program shall become due
20 ~~together with interest]~~ immediately upon termination of his
21 teacher preparation program. The commission, in consultation
22 with the loan recipient, shall establish terms of repayment,
23 alternate service or cancellation terms.

24 ~~[E.]~~ F. The contract shall provide that the
25 commission shall forgive a portion of the loan ~~[principal and~~

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1 ~~interest]~~ for each year that the loan recipient practices his
2 profession as a licensed teacher in New Mexico. [~~Loan~~

3 ~~principal and interest]~~ The loan shall be forgiven as follows:

4 (1) loan terms of one year shall require one
5 year of practice. Upon completion of service, one hundred
6 percent of the [~~principal plus accrued interest]~~ loan shall be
7 forgiven;

8 (2) loan terms of two years shall require one
9 year of practice for each year of the loan. Upon completion of
10 the first year of service, fifty percent of the [~~principal plus~~
11 ~~accrued interest]~~ loan shall be forgiven. Upon completion of
12 the second year of service, the remainder of the [~~principal~~
13 ~~plus accrued interest]~~ loan shall be forgiven; and

14 (3) for loan terms of three years or more,
15 forty percent of the [~~principal plus accrued interest]~~ loan
16 shall be forgiven upon completion of the first year of service,
17 thirty percent of the [~~principal plus accrued interest]~~ loan
18 shall be forgiven upon completion of the second year of service
19 and the remainder of the [~~principal plus accrued interest]~~ loan
20 shall be forgiven upon completion of the third year of service.

21 [~~F.~~] G. A loan recipient shall serve a complete
22 contract year in order to receive credit for that year. The
23 minimum credit for a year shall be established by the
24 commission.

25 [~~G.~~] H. If a loan recipient completes his teacher

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1 preparation program and does not serve in a New Mexico public
2 school, the commission shall assess a penalty of up to three
3 times the principal due, plus eighteen percent interest, unless
4 the commission finds acceptable extenuating circumstances that
5 prevent the loan recipient from serving. If the commission
6 does not find acceptable extenuating circumstances for the loan
7 recipient's failure to carry out his declared intent to serve,
8 the commission shall require immediate repayment of the ~~[unpaid~~
9 ~~principal amount of the loan plus accrued interest owed the~~
10 ~~state]~~ loan plus the amount of any interest and penalty
11 assessed pursuant to this section.

12 ~~[H.]~~ I. The commission shall adopt and promulgate
13 rules to implement the provisions of this section. The rules
14 may provide for the repayment of loans in annual or other
15 periodic installments. "

16 Section 6. Section 21-29-3 NMSA 1978 (being Laws 1997,
17 Chapter 126, Section 3) is amended to read:

18 "21-29-3. STUDENT EXCHANGE PROGRAM - TERMS OF STUDENT
19 LOANS - - PAYBACK REQUIREMENTS. - -

20 A. Financial assistance by the state for the
21 student exchange program of the western interstate commission
22 ~~[on]~~ for higher education shall be through a loan program
23 established pursuant to this section.

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

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

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

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

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

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

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

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

20 (3) the commission cancels a contract between
21 a student and the commission pursuant to Section 21-29-6 NMSA
22 1978.

23 [~~C.~~] D. The loan shall be evidenced by a contract
24 between the student and the commission acting on behalf of the
25 state. The contract shall provide for the payment by the state

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1 of a stated sum covering the cost of tuition assistance and
2 shall be conditioned on the repayment of the loan to the state
3 [~~together with interest~~] over a period established by the
4 commission. [~~The contract shall provide further that~~
5 ~~immediately upon completion or termination of the student's~~
6 ~~education, all interest then accrued shall be capitalized.~~

7 ~~D.]~~ E. Loans made to a student who fails to
8 complete his education shall become due [~~together with~~
9 ~~interest~~] immediately upon termination of his education. The
10 commission shall establish terms of repayment, alternate
11 service or cancellation terms.

12 ~~[E.]~~ F. The contract shall provide that the
13 commission shall forgive a portion of the loan [~~principal and~~
14 ~~interest~~] for each year that a loan recipient practices his
15 profession in New Mexico. [~~Loan principal and interest~~] The
16 loan shall be forgiven as follows:

17 (1) loan terms of one year shall require one
18 year of practice for each year of the loan. Upon completion of
19 service, one hundred percent of the [~~principal plus accrued~~
20 ~~interest~~] loan shall be forgiven;

21 (2) loan terms of two years shall require one
22 year of practice for each year of the loan. Upon completion of
23 the first year of service, fifty percent of the [~~principal plus~~
24 ~~accrued interest~~] loan shall be forgiven; upon completion of
25 the second year of service, the remainder of the [~~principal~~

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1 ~~plus accrued interest~~ loan shall be forgiven;

2 (3) for loan terms of three years or more,
3 forty percent of the [~~principal plus accrued interest~~] loan
4 shall be forgiven upon completion of the first year of service,
5 thirty percent of the [~~principal plus accrued interest~~] loan
6 shall be forgiven upon completion of the second year of service
7 and the remainder of the [~~principal plus accrued interest~~] loan
8 shall be forgiven upon completion of the third year of service;
9 and

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

13 [~~F.~~] G. Loan recipients shall serve a complete year
14 in order to receive credit for that year. The minimum credit
15 for a year shall be established by the commission.

16 [~~G.~~] H. If a student completes his professional
17 education and does not return to New Mexico to practice his
18 profession, the commission shall assess a penalty of up to
19 three times the principal due, plus eighteen percent interest,
20 unless the commission finds acceptable extenuating
21 circumstances for why the student cannot serve. If the
22 commission does not find acceptable extenuating circumstances
23 for the student's failure to carry out his declared intent to
24 practice his profession in New Mexico, the commission shall
25 require immediate repayment of the [~~unpaid principal amount of~~

. 154533. 2

underscored material = new
[bracketed material] = delete

1 ~~the loan plus accrued interest owed the state]~~ loan plus the
2 amount of any interest and penalty assessed pursuant to this
3 subsection.

4 ~~[H.]~~ I. The commission may provide by regulation
5 for the repayment of student exchange program loans in annual
6 or other periodic installments. "

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