

hearing, termination is still determined to be necessary, the school will be terminated from participation in the program and will be required to return the Federal share of the revolving fund to the Department. A school terminated for failure to comply with the provisions of paragraph (c)(3) of this section must continue to pursue collections and may reapply for participation in the program only when it has attained a default rate of 5 percent or less.

(Approved by the Office of Management and Budget under control number 0915-0047)

[50 FR 34434, Aug. 23, 1985, as amended at 52 FR 10195, Mar. 30, 1987; 53 FR 46555, Nov. 17, 1988; 56 FR 13772, Apr. 4, 1991]

**§ 57.317 Additional conditions.**

The Secretary may, with respect to any agreement entered into with any school under § 57.305, impose additional conditions prior to or at the time of any award when in his or her judgment the conditions are necessary to assure or protect advancement of the purposes of the agreement, the interest of the public health, or the conservation of funds awarded.

**§ 57.318 Noncompliance.**

Whenever the Secretary finds that a participating school has failed to comply with the applicable provisions of the Act or the regulations of this subpart he or she may, on reasonable notice to the school, withhold further payments of Federal capital contributions and take other action, including the termination of any agreement, as he or she finds necessary to enforce the Act and regulations. In such case no further expenditures shall be made from the nursing student loan fund or funds involved until the Secretary determines that there is no longer any failure of compliance.

**Subpart E—Grants for Construction of Nurse Training Facilities**

AUTHORITY: Sec. 215, 58 Stat. 690, as amended; 42 U.S.C. 216.

**§ 57.409 Good cause for other use of completed facility.**

If, within 20 years after completion of construction (or, in the case of interim facilities prior to the time at which teaching in such facilities is moved to a permanent facility, whichever comes first), the facility shall cease to be used for any one or more of the purposes for which it was constructed, the Secretary, in determining whether there is good cause for releasing the applicant or other owner of the facility from the obligation so to use the facility, shall take into consideration the extent to which:

(a) The facility will be devoted by the applicant or other owner to the teaching of other health personnel;

(b) There are reasonable assurances that for the remainder of such period other facilities not previously utilized for nurse training will be so utilized and are substantially the equivalent in nature and extent for such purposes.

[37 FR 20548, Sept. 30, 1972]

**Subparts F–O [Reserved]**

**Subpart P—Loan Guarantees and Interest Subsidies to Assist in Construction of Teaching Facilities for Health Profession Personnel**

AUTHORITY: Sec. 727, Public Health Service Act, 77 Stat. 170, as amended (42 U.S.C. 293g).

SOURCE: 38 FR 31836, Nov. 19, 1973, unless otherwise noted.

**§ 57.1501 Applicability.**

The regulations of this subpart are applicable to loan guarantees and interest subsidy payments made pursuant to section 729 of the Public Health Service Act (42 U.S.C. 293i) to assist nonprofit private entities which are eligible for grants under subpart B of this part in carrying out projects for construction of teaching facilities for health professions personnel.

**§ 57.1502 Definitions.**

As used in this subpart:

**§ 57.1503**

**42 CFR Ch. I (10–1–02 Edition)**

(a) All terms not defined herein shall have the same meanings as given them in section 724 of the Act.

(b) *Act* means the Public Health Service Act, as amended.

(c) *Secretary* means the Secretary of Health and Human Services and any other officer or employee of the Department of Health and Human Services to whom the authority involved may be delegated.

(d) *School* means a school of medicine, dentistry, osteopathy, pharmacy, optometry, podiatry, veterinary medicine, or public health which provides a course of study or a portion thereof which leads respectively to a degree of doctor of medicine, doctor of dental surgery or an equivalent degree, doctor of osteopathy, doctor of optometry or an equivalent degree, doctor of podiatry or an equivalent degree, bachelor of science in pharmacy or an equivalent degree, doctor of veterinary medicine or an equivalent degree, or a graduate degree in public health, and which is accredited as provided in section 721(b)(1) of the Act.

(e) *Affiliated hospital* or *affiliated outpatient facility* means a hospital or outpatient facility (as defined in section 645 of the Act) which, although not owned by such school, has a written agreement with a school of medicine, osteopathy, or dentistry eligible for assistance under subpart B of this part, providing for effective control by the school of the health professions teaching program in the hospital or outpatient facility.

(f) *Nonprofit* as applied to any school, hospital, outpatient facility, or other entity means one which is owned and operated by one or more corporations or associations no part of the net earnings of which inures, or may lawfully inure to the benefit of any private shareholder or individual.

(g) *Council* means the National Advisory Council on Health Professions Education (established pursuant to section 725 of the Act).

**§ 57.1503 Eligibility.**

(a) *Eligible applicants.* In order to be eligible for a loan guarantee or interest subsidy under this subpart, the applicant shall:

(1) Be a nonprofit private school of medicine, dentistry, osteopathy, pharmacy, optometry, podiatry, veterinary medicine, or public health, or any combination of such schools, or a nonprofit private affiliated hospital or affiliated outpatient facility: *Provided, however,* That in the case of an affiliated hospital or affiliated outpatient facility, an application which is approved by the school of medicine, osteopathy or dentistry with which the hospital or outpatient facility is affiliated and which otherwise complies with the requirements of subpart B of this part may be filed by any nonprofit private entity qualified to file an application under section 605 of the Act; and

(2) Otherwise meet the applicable requirements set forth in section 721(b) of the Act and § 57.103 with respect to eligibility for grants for construction of teaching facilities for health professions personnel.

(b) *Eligible loans.* Subject to the provisions of this subpart, the Secretary may guarantee payment, when due, of principal and interest on, or may pay interest subsidies with respect to, or may both guarantee and pay interest subsidies with respect to any loan or portion thereof made to an eligible applicant by a non-Federal lender: *Provided,* That no such guarantee or interest subsidy shall apply to any loan the interest on which is exempt from Federal income taxation.

**§ 57.1504 Application.**

Each applicant desiring to have a loan guaranteed or to have interest subsidies paid on its behalf, or any combination of such loan guarantee or interest subsidies, shall submit an application for such assistance in such form and manner and at such time as the Secretary may require.<sup>1</sup>

(a) The application shall contain or be supported by such information as the Secretary may require to enable him to make the determinations required of him under the Act and this subpart.

<sup>1</sup>Applications and instructions are available from the Division of Facilities Conversion and Utilization, Bureau of Health Maintenance Organizations and Resources Development, Parklawn Building, 5600 Fishers Lane, Rockville, MD 20857.