

**Chapter 618: MAINE VETERINARY MEDICINE LOAN PROGRAM**

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**SUMMARY:** This rule establishes the criteria to be met by students commencing veterinary medical education after December 31, 2010 who seek forgivable loans to defray the costs of studying veterinary medicine.

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**SECTION I. DEFINITIONS**

1. Certain terms used in this rule, which are defined in the Finance Authority of Maine Act, 10 M.R.S.A. § 961 and following and in 20-A M.R.S.A. Chapter 424-A shall have the meanings set forth therein, unless clearly specified otherwise or unless the context clearly indicates otherwise.
2. Defined Terms
  - A. "Annual report" means a report provided annually by the Authority to the loan recipient, requiring the loan recipient to provide a current address and status of the loan recipient's professional education, training or practice and such other information the Authority deems useful or necessary for the efficient administration of the Program.
  - B. "Chief executive officer" means the chief executive officer of the Authority or a person acting under the supervisory control of the chief executive officer.
  - C. "Clinical experiences" means any on-location teaching environment ranging from one-to-one training with a veterinarian to training in a veterinary clinic or hospital.
  - D. "Completion of professional education" means completion of veterinary school, post-graduate medical training, and obligated public health and/or national service, if any.
  - E. "Financial need" means the financial cost of attendance as published by the institution of veterinary medicine minus the student's expected family contribution as calculated under Title IV of the Higher Education Act of 1965, as amended.
  - F. "Forgiveness" means the satisfaction of all or a portion of the loan obligation by the loan recipient through an eligible practice as set forth herein.

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- G. “Insufficient veterinary services” means an insufficient number of practitioners of veterinary medicine in a veterinary specialty related to livestock, as determined by the Maine Commissioner of Agriculture, Food and Rural Resources.
- H. “Livestock” means such animals as determined by the Maine Commissioner of Agriculture, Food and Rural Resources.
- I. "Maine resident" means a person who has been a resident of the Maine for a minimum of two years for other than educational purposes at the time of entry to a school of veterinary medicine. In determining whether an applicant is a Maine resident, the Authority shall consider (a) length of residence in Maine for other than tuition purposes; (b) the secondary school the applicant attended; (c) the legal residence of the applicant's parents; (d) the location where the applicant is registered to vote, if any; (e) the jurisdiction(s) in which the applicant files income tax forms; (f) the jurisdiction where the applicant is licensed to drive, if any; (g) such other documents and information as determined necessary or relevant in the opinion of the chief executive officer.
- J. "Postgraduate training" includes one-year internships with a practicing veterinarian and/or internships, residencies, and fellowships that prepare practitioners for certification(s) by the corresponding Council Board of veterinary medicine in the specialty.
- K. “Program” means the Maine Veterinary Medicine Loan Program.
- L. "Repayment period" means the period of time beginning six months following completion of professional education or withdrawal from school and continuing for ten years.
- M. “Return service” means employment in a practice that qualifies the loan recipient for forgiveness of any portion of the indebtedness.
- N. “Selection Committee” means the committee convened by the chief executive officer pursuant to Section IV herein.

## **SECTION II. ELIGIBILITY**

1. The applicant must be a Maine resident admitted to an institution of veterinary medicine in a program of study leading to a Doctor of Veterinary Medicine degree.
2. The applicant must have provided all financial and other application information requested by the Authority, in a timely manner.

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3. All applicants must show evidence of a desire to practice veterinary medicine related to livestock in an area of Maine with insufficient veterinary services.
4. Applicants must not have commenced veterinary medical education prior to January 1, 2011.
5. Awards of loans shall be made according to the following order of priority:
  - A. First priority is for students who are seeking loan renewal and who continue to demonstrate financial need as certified by the institution of veterinary medicine.
  - B. Second priority is for incoming students who demonstrate financial need as certified by the institution of veterinary medicine.
  - C. After prioritizing applicants in accordance with the first and second priorities, the Selection Committee shall consider:
    - (1) The applicant's background including past or current residence and/or employment on a farm;
    - (2) The applicant's involvement, if any, with farm or livestock related organizations;
    - (3) The applicant's undergraduate degree and farm or livestock related experiences as an undergraduate;
    - (4) The applicant's employment or any internships or related experiences with a licensed veterinarian; and
    - (5) Such other factors as the Authority and the Selection Committee deem relevant to assessing the likelihood that the applicant will practice veterinary medicine related to livestock in underserved areas of Maine.

### **SECTION III. LOAN AMOUNTS AND CONSOLIDATION**

The maximum loan amount available under the Program to each loan recipient is \$25,000 per year for a period of up to four years. In no event may a student receive loan funds which, when combined with other financial assistance, will exceed the student's cost of attendance at the institution. For purposes of determining terms of repayment and forgiveness, all loans under the Program will be consolidated.

**SECTION IV. SELECTION OF LOAN RECIPIENTS**

A Selection Committee convened by the chief executive officer of not fewer than three members, one of whom shall be the State of Maine veterinarian and one of whom shall be a representative of a state-wide Maine association of veterinarians, shall meet annually to advise the Authority in prioritizing the eligible applicants in accordance with the factors identified in Section II.5(C).

**SECTION V. LOAN AGREEMENT REQUIREMENTS**

Each loan recipient must sign a Loan Agreement with the Authority including at minimum the following provisions:

1. The loan recipient must provide the annual report to the Authority on forms supplied annually on or before the date indicated by the Authority as the due date.
2. Until the loan is satisfied, the loan recipient must report any change of address to the Authority within four weeks of any address change.
3. A loan recipient must make a commitment to undertake specific training, including clinical experiences in livestock medicine, and report such experiences annually to the Authority in the annual report.
4. Forgiveness
  - A. Upon compliance with all necessary procedures, practitioners who practice veterinary medicine full time in an area of Maine with insufficient veterinary services and whose practice is devoted to livestock at least 20 hours per week will be forgiven 25% of their original outstanding indebtedness under this Program for each full year of practice during the repayment period.
  - B. Upon compliance with all necessary procedures, practitioners who practice veterinary medicine full time in an area of Maine with insufficient veterinary services and whose practice is devoted to livestock less than 20 hours per week, but not less than 10 hours per week, will be forgiven 12.5% of their original outstanding indebtedness under this Program for each full year of practice during the repayment period.
  - C. Upon compliance with all necessary procedures, practitioners who practice veterinary medicine less than full time in an area of Maine with insufficient veterinary services, but devote at least 10 hours per week to the care of livestock, will be forgiven 12.5% of their original outstanding indebtedness under this Program for each full year of practice during the repayment period.

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- D. Loan recipients may receive partial loan forgiveness on a pro rata basis if they fulfill all the criteria but maintain the appropriate practice for less than a full calendar year. Loan recipients must notify the Authority as soon as practicable of the cessation of a practice allowing for loan forgiveness. The accrual of interest will commence one day after cessation of such a practice regardless of when notice is received. Cash payments will be due the earlier of one month after cessation of the practice or one month after the Authority has received notice.
  - E. Loan recipients who practice in a situation which does not qualify them to receive forgiveness of their loan and later establish a practice which qualifies them to receive forgiveness during the ten year repayment period may reduce the balance due through return service. Any monies due and payable for the time spent in the practice ineligible for forgiveness must be paid in cash and will not be forgiven for return service in Maine. Each year of return service will reduce the remaining balance including accrued interest by the applicable amount of the total original indebtedness.
  - F. The Authority may, in the discretion of the chief executive officer, refuse to credit all or any part of forgiveness of any loan if the loan recipient fails to return the annual report within 30 days of the due date of such report or fails to provide any information requested by the Maine Department of Agriculture, Food and Rural Resources within 30 days of any such request.
  - G. The Maine Department of Agriculture, Food and Rural Resources shall assist the Authority in determining whether the level of service provided by the loan recipient to livestock was reasonable. If the Maine Department of Agriculture, Food and Rural Resources determines that the level of service provided was not reasonable, the Authority may refuse to grant any loan forgiveness for the period of the loan.
5. Repayment. All loan recipients who do not qualify for loan forgiveness must repay their indebtedness plus 5% annual interest on the following terms:
- A. The repayment period will begin six months following completion of professional education or upon withdrawal from school for whatever reason. The loan recipient is responsible for notifying the Authority of such completion of professional education or withdrawal from school.
  - B. Payments must be made in monthly installments on a repayment schedule established by the Authority.
  - C. Interest will begin to accrue at the beginning of the repayment period. The first monthly installment will be due one month following the date determined as the beginning of the repayment period.

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- D. Loans must be repaid over a term no greater than ten years. The term may be extended upon a finding by the chief executive officer that such an extension is necessary to assure the repayment of the loan.
- E. Default. If a payment is not made within 30 days following the due date the Authority may declare the loan in default and give the loan recipient 30 days to cure the default. If the loan recipient fails to cure the default after 30 days notice, the Authority may declare the entire amount due and payable including attorney's fees.
- F. Deferment. Deferments during the repayment period may be granted by the chief executive officer upon written request by a student. The request must state the reason for the deferment and must include all supporting information and documentation. Deferments will be decided on a case by case basis. The decision of the chief executive officer is final. Deferments may be granted for each of the following reasons:
  - (1) The temporary disability of the borrower;
  - (2) The borrower's temporary inability to meet the requirements necessary to obtain forgiveness of the loan, if the borrower evidences the intent to pursue one of the forgiveness provisions;
  - (3) The demonstration by the borrower that immediate repayment of the loan will cause an undue hardship, as determined by the chief executive officer;
  - (4) Such other reasons as the chief executive officer may approve.

### **SECTION VI.**

In the event that an application for a loan is denied by the chief executive officer, the applicant shall have the right to appeal the decision of the chief executive officer to the members. An appeal shall not affect the processing or priority of other applications. Notice of the appeal, together with a statement of the reasons why the decision of the chief executive officer should be reversed or modified must be given to the chief executive officer in writing within 20 days after the date the chief executive officer mailed the notice of denial to the applicant. The appeal shall be heard at a meeting of the members, and the applicant must be present to support the appeal. The appeal shall be based on the record before the chief executive officer on the date of the denial. The decision of the chief executive officer shall be final unless the members determine that the denial by the chief executive officer was arbitrary, capricious or an abuse of discretion, in which event the members may overturn or modify the decision of the chief executive officer and may direct the chief executive officer to take further action with respect to the application.

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**SECTION VII.** The chief executive officer may waive any requirement of this rule, except to the extent that the requirement is mandated by the Act, in cases where the deviation from the rule is insubstantial and is not contrary to the purposes of the Program.

### BASIS STATEMENT

The rule implements the Maine Veterinary Medicine Loan Program as enacted by P.L. 2009, Ch. 488. The rule sets forth the standards for eligibility, prioritization of applicants, loan repayment and loan forgiveness requirements. The rule provides for loans to veterinary students commencing professional education after December 31, 2010 which may be forgiven upon completion of professional education if the borrower provides a certain level of services to livestock in areas of Maine with insufficient veterinary services related to livestock.

**FISCAL IMPACT NOTE:** The proposed rule will not impose any cost on municipalities or counties or have any impact on small businesses.

The rule will provide benefits to the citizens of Maine by making loans available to students of veterinary medicine which may be forgiven if the borrower becomes a practitioner providing services to livestock in areas of Maine with insufficient veterinary services related to livestock. The rule is not expected to have the effect of any economic benefit except to students who are able to have their Program loans forgiven. The rule is not expected to cause any increased costs to the State of Maine.

**AUTHORITY:** P.L. 2009, Ch. 488; 20-A M.R.S.A. Section 12124

**EFFECTIVE DATE:** January 1, 2011 (original rule)