

"AN ACT TO AMEND VARIOUS SECTIONS OF THE RURAL MEDICAL PRACTICES LAW [ACT 131 OF 1949, AS AMENDED] TO ESTABLISH THE OBLIGATIONS AND CONDITIONS OF LOANS GRANTED BY THE RURAL MEDICAL PRACTICE STUDENT LOAN AND SCHOLARSHIP BOARD AFTER MAY 1, 1987; AND FOR OTHER PURPOSES."

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

SECTION 1. Section 3 of Act 131 of 1949, as amended, the same being Arkansas Statutes 80-2910, is hereby amended to read as follows:

"Section 3. The members of the Board shall be reimbursed their necessary travel expenses when in attendance at meetings of the Board or otherwise incurred in the execution of their duties, pursuant to the State Travel Regulations. In addition, those members of the Board who are not State employees shall receive per diem of fifty dollars (\$50.00) for each day engaged on duties as Board members."

SECTION 2. Section 6 of Act 131 of 1949, as amended, the same being Arkansas Statutes 80-2913, is hereby amended to read as follows:

"Section 6. When the Board finds that: (1) The applicant is a bona fide resident of Arkansas; (2) that he or she has been accepted for admission to, or is enrolled in good standing in, the College of Medicine of the University of Arkansas for Medical Sciences, in studies leading to the Degree of Doctor of Medicine; (3) that he or she needs financial assistance to complete his or her medical studies; (4) that he or she desires to practice medicine in an eligible qualifying rural community as determined by the Board; and (5) that he or she is a person of good moral character and one who has the talent and capacity to profit by medical studies, it may make a loan, or loans, to the applicant, with each such loan being expressly made subject to the provisions of Sections 7-9, inclusive, of this Act; provided that, subject to the availability of funds, an initial loan for one (1) academic year shall be renewable annually for the number of years required to complete studies leading to the Doctor of Medicine Degree or additional amounts, not to exceed the maximum amounts specified in this Act, but all subsequent loans shall be granted only upon application by the recipient and a finding by the Board that: (a) Applicant has completed successfully the medical studies of the preceding academic year, and remains in good standing as an enrolled student in the College of Medicine, University of Arkansas for Medical Sciences; (b) that he or she continues to be a resident of Arkansas; and (c) his or her financial situation continues to warrant the grant of financial assistance made under the conditions of this Act."

SECTION 3. (A) Each applicant to whom a loan or loans shall be granted by the Rural Medical Practice Student Loan and Scholarship Board after May 1, 1987, shall execute a written loan contract which shall incorporate the following obligations and conditions:

(1) The recipient of a loan or loans shall bindingly contract that upon completion of his or her medical internship of one year undertaken immediately following the earning of the Degree of Doctor of Medicine, or upon completion of three additional years of medical training beyond the internship provided the training is approved in advance by the Board, he or she shall (a) practice medicine full time in a rural community; or (b) practice medicine full time in an area determined by the Board to be

medically underserved due to an unmet need for medical services taking into consideration the ratio of primary care physicians to population, infant mortality rate, percent of population below the poverty level, percent of population and physicians age 60 or over, and accessibility of the area to primary care manpower. For purposes of this Act a rural community is a community having a population of no more than eight thousand (8,000) persons according to the most recent federal census taken prior to the execution of the loan contract.

(2) For each continuous whole calendar year of medical practice in accordance with Section 3(A)(1) of this Act, the Board shall cancel, by converting to a scholarship grant, the full amount of one year's loan plus accrued interest.

(3) In the event that any loan recipient under this subsection (A) does not engage in the practice of medicine in accordance with the terms of this Act and of his or her loan contract in order to have same recognized as a scholarship, the recipient shall remain obligated to repay the loan or loans received, together with interest thereon at the rate of ten percent (10%) per annum, said interest to accrue from the date each payment of funds was received by the recipient; provided, however, that no interest shall accrue, nor obligation to repay the principal sums accrue, (a) during any one period of time that recipient involuntarily serves on active duty in the United States Armed Forces or the Federal Public Health Service, (b) during his or her medical internship continuously after receiving the Degree of Doctor of Medicine, or (c) during not more than three years of specialized medical education continuously following his or her internship, if approved by the Board. Repayment of principal, with interest, shall be due and payable in full at the earlier of the following events: (a) failure to remain in enrollment status continuously to completion of the Degree of Doctor of Medicine for any reason other than temporary personal illness; (b) failure to complete internship; (c) failure to practice medicine on a regularly sustained basis while residing in a rural community in Arkansas, as defined in this Act, and establishing such practice within six months (unless otherwise deferred by approval of the Board) following either internship or three additional years of medical education continuously beyond his or her internship where approved by the Board. In the event of death of the recipient, all loans unpaid shall be due and payable.

(B) Section 3 of Act 131 of 1949, as amended (Ark. Stat. 80-2916) shall not apply to loans made after May 1, 1987 by the Rural Medical Practice Student Loan and Scholarship Board.

SECTION 4. The Rural Medical Practice Student Loan and Scholarship Board is authorized to amend agreements entered into with any student who is currently enrolled as a medical student or an intern or resident who has not completed his or her post doctoral training as approved by the Board pursuant to the provisions of Act 533 of 1971, as amended.

SECTION 5. All laws and parts of laws in conflict with this Act are hereby repealed.

APPROVED: 3/10/87
