**Section 577.300 Limitations on Use of Loan Repayment Funds**

a) Funds shall be used for the repayment of educational loans of psychiatric physicians who agree to serve in designated shortage areas for a specified period of time.

b) Payments may be made for the principal, interest and related expenses of government and commercial loans and used for tuition expenses and other reasonable educational expenses incurred by the psychiatric physician.

c) The maximum annual payment that may be made to an individual is $25,000.

d) *Payments* made under this Section shall be *exempt from Illinois State income tax*. (Section 15(7) of the Act)

e) Funds shall not be used to monetarily repay a practice obligation resulting from educational loans or scholarships, whether from Illinois-based institutions or governments or those in other states.

f) Physicians having practice obligations to the National Health Service Corps' Student Loan Repayment Program, the Illinois Medical Student Scholarship program (see 77 Ill. Adm. Code 594), or other federal, state or local programs may apply for educational loan repayment after completion of all required practice obligations from those programs.