**Section 590.300 Limitations on Use of Loan Repayment Funds**

a) Funds shall be used for the initial grant term *for the repayment of the educational loans of eligible health care providers who agree to serve in* designated shortage areas *for a specified period of time, no less than 2 years.* (Section 4.10 of the Act)

b) *Payments under this program may be made for the principal, interest, and related expenses of government and commercial loans received by the individual for tuition expenses, and all other reasonable educational expenses incurred by the individual.* (Section 4.10 of the Act)

c) *Payments made under this* Section *shall be exempt from Illinois State income tax.* (Section 4.10 of the Act)

d) Loan repayment funds shall be used:

1) To repay qualifying educational loans of eligible health care providers who agree to serve in a medical facility in a designated shortage area in Illinois for a specified period of time;

2) For educational loans that were obtained prior to the date the recipient applies for loan repayment assistance;

3) To retire qualifying educational loans if the loans are the result of consolidated or refinanced debt. To qualify, the consolidated or refinanced loans shall:

A) Originate from a government (federal, State or local) or commercial lender; and

B) Include only the qualifying educational loans of the eligible health care provider.

e) Loan repayment funds shall not be used:

1) To repay a practice obligation resulting from educational loans or scholarships, whether from Illinois-based institutions or governments or those in other states;

2) To fulfill practice obligations to the federal government, the State or other entity (such as a local government or the U.S. military), under an agreement with the federal government, State or other entity; or

3) To retire qualifying educational loans if the consolidated or refinanced debt is:

A) Commingled with non-qualifying debt; or

B) Consolidated with loans owed by another person, such as a spouse or child.

f) The following types of debt are ineligible for loan repayment assistance through this Part:

1) Loans for which the associated documentation does not identify the loan as applicable to undergraduate or graduate education;

2) Loans not obtained from a government entity or licensed commercial lending institution in the United States;

3) Parent PLUS loans;

4) Co-signed loans;

5) Loans currently in default;

6) Loans currently in forbearance;

7) Personal lines of credit or personal loans;

8) Residency relocation loans; and

9) Credit card debt.

g) Loan repayment funds cannot be used by recipients to reimburse themselves for loans that have been repaid.

h) Under the provisions of the federal Treasury Offset Program (https://fiscal.treasury.gov/top) and the State Comptroller Act, recipients will have their loan repayment funds offset to fulfill a delinquent federal or State debt. The offset of loan repayment assistance funds shall not in any way reduce, waive, defer or suspend a recipient's service obligation under this Part.

(Source: Amended at 47 Ill. Reg. 6528, effective April 27, 2023)