

**DEPARTMENT OF HEALTH & HUMAN SERVICES**

Health Resources and Services Administration

**Public Health Service**

**Health Resources and  
Services Administration  
Rockville MD 20857**

Bureau of Health Professions

**JUN 12 1989**

To: Lenders Participating in the Health Education  
Assistance Loan (HEAL) Program

Subject: Late Fee Charges - HEAL Policy Memorandum # 89-9

Section 60.14(a)(3) of the HEAL regulations states:

"If the lender does not pay the insurance premium on or before 30 days after disbursement of the loan, a late fee will be charged on a daily basis at the same rate as the interest rate that the lender charges for the HEAL loan for which the insurance premium is past due. The lender may not pass on the late fee to the borrower."

We have developed computerized procedures to review all disbursements for compliance with this provision. These new procedures will enable us to manage the HEAL program in a more efficient and effective manner, and to honor your many requests for an acknowledgement of receipt of applications, manifests and insurance premium checks. The new procedures will work as follows:

For every batch of applications and/or manifests that lenders submit, the HEAL Branch will return a listing signifying receipt of the material. This listing will display:

- \*\* Lender's name.
- \*\* Manifest number.
- \*\* Date of premium receipt.
- \*\* Each borrower's name and social security number.
- \*\* Disbursement sequence number.
- \*\* Loan disbursement date.
- \*\* Total number of days counted from the date of loan disbursement to  
the date of insurance premium receipt by PHS.
- \*\* Loan disbursement amount.
- \*\* Amount of insurance premium due per lender's calculation.
- \*\* Additional insurance premium due as calculated by the Public Health  
Service (PHS).
- \*\* Amount of late fees due the PHS based on the number of days late  
(days over the 30-day period).
- \*\* Net amount due the PHS (includes overpayments or underpayments of the  
8% insurance premium and late fees).

If our computer edits disclose errors that we cannot correct, error messages will appear at the bottom of the computer listing on those individual loans we consider uninsurable or questionable. In order to minimize these inaccuracies and the time spent on them, lenders should make every effort to review all documents and correct these types of errors before the documents are submitted to us.

The last column of each manifest listing represents the reconciliation of the manifest to the insurance premium check received by PHS. This column will show the net amount due the PHS including amounts overpaid or underpaid on the subject manifest (the 8% insurance premium and late fees) for every loan transaction listed. Insurance premium amounts received by the PHS for loans which have been determined to be uninsurable or questionable will be held by the PHS until receipt of corrected documentation, but no longer than 60 days from the original disbursement date of the loan. Upon expiration of this 60-day period the PHS will issue a refund check to the lender.

A billing/transmittal letter will be issued based on this computer listing for all amounts due the PHS. This letter will reference the manifest number (ex. F9543) shown at the top of the computer listing, specify any funds due, and state any special instructions you may need to pursue.

A separate check to pay these additional fees should be written and made payable to "DHHS/PHS/HRSA/HEAL". Please reference on your check the manifest number the late fee payment pertains to. Send the check to:

Debt Management Branch  
Parklawn Building, Room 16A-09  
5600 Fishers Lane  
Rockville, Maryland 20857

Also, please send a copy of the check to the HEAL Branch, Parklawn Building, room 8-39, 5600 Fishers Lane, Rockville, Maryland 20857. As stated above, a separate check to pay these late fees referencing the appropriate manifest number is required to assure it is applied to the correct lender account to eliminate the outstanding balance owed.

The computer printout provided to each lender will show the total average days taken by their institution from loan disbursement date to receipt of the insurance premium check in the Debt Management Branch. We hope that this information will assist you in reducing the processing time of HEAL disbursement insurance premiums and avoid any future late fees.

Michael Heningburg  
Director  
Division of Student Assistance