

**DEPARTMENT OF HEALTH & HUMAN SERVICES**  
**Public Health Service**

**Health Resources and**  
**Bureau of Health Professions**  
**Services Administration**  
**NOV 2 1992....**  
**Rockville MD 20857**

TO: Lenders/ Holders Participating in the Health  
Education Assistance Loan (HEAL) Program

SUBJECT: Payment of "Low Balance" Claims  
HEAL Lender Policy Memorandum #93-2

We have recently reviewed and changed the policy to pay low balance default claims without requiring litigation. These claims result when a borrower does not completely pay-in-full his or her account in a lump sum payment and an outstanding balance less than \$300 remains on the account, due to interest accrual of a few days.

The Department will pay default claims without a judgment where an outstanding balance of less than \$300 remains on an account. However, the Department will require that documentation be provided indicating that the lender/holder has made a "good faith" effort to collect these remaining balances from the borrower. In this case, a "good faith" effort is a complete, clearly documented, due diligence cycle.

On accounts with balances less than \$1,000 where borrowers have made regular payments but did not completely pay the account in-full, the Department will review each account on a case-by-case basis. The lenders/holders will be informed of the Department's review and decision. As above, documentation must be provided showing a "good faith" effort to collect these balances.

If you have questions concerning this policy, please call  
Mr. John Haczewski on (301) 443-0603. Thank you.

Sincerely,

Michael Heningburg  
Director  
Division of Student Assistance