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Bureau of Health Professions

Health Resources and  
Services Administration  
Rockville MD 20857

**FEB 24 04**

TO: Schools, Lenders, and Holders Participating  
in Health Professions Student Assistance  
Programs

SUBJECT: Revised Deferment Procedures and Forms; HEAL  
Extended Forbearance  
School Policy Memorandum S-94-7  
Lender Policy Memorandum L-94-7 Campus-  
Based Programs Policy Memorandum 22

### Introduction

This memorandum: (1) Provides guidance on implementing revised self-certification procedures for processing deferment requests from borrowers in internship or residency training; (2) provides copies of revised deferment forms which incorporate statutory and policy changes affecting deferment; and (3) explains extended forbearance procedures which have been developed to facilitate repayment by delinquent HEAL borrowers.

### Deferment Provisions

Changes to the HEAL and Campus-Based Deferment Forms (attached) have been made to reflect legislative amendments made by Public Law 102-408, enacted October 13, 1992, and to make the forms easier for the borrower to understand and complete. It is the Department's intention to reduce the number of technical defaults that occur because borrowers do not properly complete the deferment form.

The revised deferment forms for both HEAL and the campus-based programs allow borrowers in internship and residency programs to self-certify their eligibility for deferment; the signature of an authorized program official (e.g., residency director) is no longer required. Adequate information is requested from the borrower to allow schools and lenders to verify the accuracy of the information at their discretion, as appropriate. Schools and lenders may implement this revised procedure immediately. Other deferment activities (e.g., uniformed services, Peace Corps, etc.) continue to require the signature of an authorizing official of the school, institution, agency or organization in which the borrower is participating or employed.

HEAL: The revised HEAL deferment form includes the following recently-enacted deferment provisions, which are available for HEAL loans made on or after October 13, 1992:

- ( 1) A primary care deferment for any borrower who has completed an approved internship or residency training program in osteopathic general practice, family medicine, general internal medicine, preventive medicine, or general pediatrics and is practicing primary care (3 year limit). Eligibility for this type of deferment is to be self-certified by the HEAL borrower; and
- (2) A 1-year deferment for graduates of a chiropractic school. A graduate of a chiropractic school will automatically receive the 1-year chiropractic deferment without submitting a deferment form, provided that the chiropractic school sends enrollment changes and graduation rosters to the lenders as required by section 60.53 of the HEAL regulations. The deferment form is to be used by a borrower to request the 1-year chiropractic deferment only if the lender has not received enrollment changes from the school verifying the borrower's graduation.

In addition, the HEAL deferment form has been redesigned to make it easier for the borrower to understand and accurately complete. The instructions are easier to read. A section has been added to allow the borrower to include an address for the lender that is to receive the completed form. This should facilitate getting the form to the proper place in a timely manner.

Campus-based programs: The revised deferment form for campusbased programs includes a new section for Primary Care Loan (PCL) borrowers and Exceptional Financial Need (EFN) and FADHPS Financial Assistance for Disadvantaged Health Professions Students (FADHPS) recipients to indicate that they are pursuing internship/residency training in primary care.

#### HEAL Extended Forbearance Provisions

In an effort to reduce defaults, the Department is authorizing HEAL extended forbearance (e.g., more than the normal 24 months of forbearance allowed without specific DHHS approval) to borrowers in litigation who want to bring themselves current, but are unable to cure their past delinquency.

Under this option, the lender may recalculate the borrower's repayment schedule based on the outstanding balance of the loan and time remaining in the repayment period. The new repayment agreement does not allow repayment to be extended beyond the original 25-year repayment period. Repayment must still be

completed within the time period provided for in the HEAL promissory note. The lender may grant an extended forbearance for the period of delinquency without requesting approval from DHHS, using a single forbearance form regardless of the length of the forbearance period.

To qualify for this option, the borrower must sign (1) a letter of agreement (suggested agreement is attached) outlining the steps to secure the extended forbearance, (2) a new forbearance form, and (3) a new repayment agreement/schedule. The borrower must also make a "good faith" payment covering late fees, litigation fees, court costs, and other related collection costs, if any. The necessary paperwork and required payment should be completed and returned to the lender/holder within 30 days or the account will be returned to the appropriate phase of the litigation process.

If you have any questions regarding these new procedures please contact Ms. Terri Ehrenfeld of the HEAL Branch at (301) 443-1540, or Mr. Bruce Baggett of the Student and Institutional Support Branch at (301) 443-4776.



Michael Heningburg  
Director  
Division of Student Assistance

Attachments:  
HEAL deferment form  
Campus-based deferment form  
Agreement for Litigation Resolution

## BORROWER DEFERMENT REQUEST

### FOR THE HEALTH EDUCATION ASSISTANCE LOAN PROGRAM

Under Title VII, Part A, Subpart I, Public Health Service Act as amended (42 U.S.C. 292-292p)  
 This form is authorized by Section 705(a)(2)(C) of the Public Health Service Act as amended.

**WARNING:** Any person who knowingly makes a false statement or misrepresentation in a HEAL transaction, bribes, or attempts to bribe a Federal official, fraudulently obtains a Federal HEAL loan or commits any other illegal action in connection with a Federal HEAL loan is subject to a fine or imprisonment under Federal statute.

### INSTRUCTIONS

1. Provide the address of your lender.
2. Complete, sign and date Section 1.
3. Select a deferment type in Section 2.
4. For an internship, residency, fellowship or primary care deferment, complete Section 3a. For a school, Peace Corps, voluntary service, National Health Service Corps, or military deferment, have an appropriate official (listed in Section 3b) complete Section 3b.
5. Return the form to the lender/service listed in Section 1.

### SECTION 1: BORROWER SIGNATURE

NAME OF BORROWER <i>(Type or Print)</i>	ADDRESS <i>(Number and Street)</i>		
SOCIAL SECURITY NUMBER	CITY	STATE	ZIP CODE

I request exemption from payment of principal and interest on my Federal HEAL loans. I agree to notify the lender of my deferment (or attendance) status annually, or more frequently if changes occur. I understand that installments of principal and interest need not be paid, but interest shall accrue and may, at the lender's option, be compounded according to the terms of my promissory note.

BORROWER SIGNATURE <i>(Required for all deferment types)</i>	DATE
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*Borrower must provide name and address of lender/servicer:*

**RETURN DEFERMENT  
 FORM TO LENDER  
 OR SERVICER**



NAME \_\_\_\_\_

ADDRESS \_\_\_\_\_

\_\_\_\_\_

### SECTION 2: SELECT DEFERMENT TYPE

Please make sure you are eligible for the deferment type you select. **CHOOSE ONE ONLY.**

I wish to postpone my Federal HEAL loan payments because of:

- |  |  |
|--|--|
| <input type="checkbox"/> 1. Full time attendance at a HEAL school or a school participating in the Federal Family Education Loan Program                                       | <input type="checkbox"/> 6. Service as a member of the National Health Service Corps (3 year limit)  |
| <input type="checkbox"/> 2. Participation in an approved internship or residency (4 year limit if you got your Federal HEAL loan on or after 10/22/85 or if grace has expired) | <input type="checkbox"/> 7. Full time active duty in the Armed Forces (3 year limit)   |
| <input type="checkbox"/> 3. Full time participation in an approved fellowship training program or educational activity (2 year limit)*   | <input type="checkbox"/> 8. Completed approved internship or residency training in osteopathic general practice, family medicine, general internal medicine, preventive medicine, or general pediatrics and practicing primary care (3 year limit) |
| <input type="checkbox"/> 4. Full time voluntary service in the Peace Corps (3 year limit)  | <input type="checkbox"/> 9. Graduate of Chiropractic school (1 year limit)   |
| <input type="checkbox"/> 5. Full time voluntary service under the Title I Domestic Volunteer Service Act of 1973 (VISTA/ACTION) (3 year limit)                                 |  |

\* A FELLOWSHIP TRAINING or EDUCATIONAL ACTIVITY must be directly related to the discipline for which you received your Federal HEAL loan, and must begin within 12 months from the time you left your accredited internship or residency program. It must NOT be part of, an extension of, or associated with your internship or residency. In addition, the FELLOWSHIP TRAINING must be a formally established fellowship program. You must participate full time in research training or health care policy, and receive either no stipend, or a stipend not greater than that for graduate and professional training under Public Health Service grants.

### SECTION 3: DEFERMENT CERTIFICATION

A. Required for Deferment Types 2, 3 and 8 only. (For deferment type 8, indicate when and where primary care residency was completed.)

PROGRAM BEGIN DATE (Month-Day-Year) _____	PROGRAM END DATE (Month-Day-Year) _____	PROGRAM NAME
HOSPITAL/INSTITUTION NAME		PHONE NUMBER ( )
ADDRESS		ACCREDITING AGENCY
CITY	STATE	ZIP CODE

B. Required for Deferment Types 1, 4, 5, 6, 7 and 9 only.

<p>Authorized officials for each deferment type above are: 1 - school registrar; 4 and 5 - a certifying officer in the Division of Volunteer Support ACTION (Washington, DC); 6 - Public Health Service Regional Office Project Officer for the National Health Service Corps; or 7 - Military Commanding Officer.</p> <p>I certify that the information stated on this form reflects the current status of the borrower or that the borrower graduated _____ (month/year). I also verify that I am qualified to certify this document. The borrower's deferment period begins on _____ (month/day/year) and ends on _____.</p>				
SIGNATURE OF AUTHORIZED OFFICIAL			DATE	PHONE NUMBER ( )
NAME OF AUTHORIZED OFFICIAL (Please print)		TITLE	HEAL SCHOOL CODE (If applicable)	
SCHOOL OR INSTITUTION NAME	ADDRESS	CITY	STATE	ZIP CODE

**REMINDER: Send this form to lender/servicer listed in Section 1.**

Public reporting burden for this collection of information is estimated to average 10 minutes per response for borrowers and 5 minutes per response for employers, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing burden, to: Reports Clearance Officer, U.S. Public Health Service, Hubert H. Humphrey Building, Room 721B, Attention: PRA, 200 Independence Avenue, S.W., Washington, D.C. 20201; and to the Office of Management and Budget, Paperwork Reduction Project (0915-0034), Washington, D.C. 20503.

HEALTH PROFESSIONS STUDENT LOAN (HPSL), PRIMARY CARE LOAN (PCL), EXCEPTIONAL FINANCIAL NEED (EFN) SCHOLARSHIPS, FINANCIAL ASSISTANCE FOR DISADVANTAGED HEALTH PROFESSIONS STUDENTS (FADHPS), LOANS FOR DISADVANTAGED STUDENTS (LDS) AND NURSING STUDENT LOAN (NSL) PROGRAMS

**INSTRUCTIONS:** You as a borrower of a HPSL, PCL, LDS, or NSL, are responsible for the completion and return of this form to the institution from which you received loans. If you fail to submit this form to your school by the payment due date, your school is required to consider your loan past due, and must take actions to collect as required by program regulations, including the use of collection agents, credit bureaus, and litigation.

To request deferment of repayment on your HPSL, PCL, LDS, or NSL, this form must be filed with the school which made the loan at each of the following times:

- (1) when your first repayment installment is due,
- (2) annually thereafter as long as you are eligible for such deferment, and
- (3) when you cease to be in eligible deferment status.

Recipients of EFN or FADHPS scholarships with a primary care service obligation must complete this form annually during residency training to notify the school of their training activities.

A copy of the completed form should be retained for your own record.

NAME AND ADDRESS OF SCHOOL FROM WHICH FUNDS WERE RECEIVED:

NAME AND ADDRESS OF LOAN/SCHOLARSHIP RECIPIENT:

**PART I - SIGNATURE OF LOAN/SCHOLARSHIP RECIPIENT**

I request deferment of repayment of principal and interest on my (Check all that apply):

Health Professions Student Loan(s)  Primary Care Loan(s)  Loans for Disadvantaged Students  Nursing Student Loan(s)  
for the period indicated under  A1  A2  B  C1  C2  D or  E below

I received  EFN  FADHPS funds and am notifying the school of my residency training activities.

I further agree to notify the school from which I received assistance immediately upon termination of my status as indicated below.

SIGNATURE OF BORROWER: \_\_\_\_\_

DATE \_\_\_\_\_

**PART II - REQUEST FOR DEFERMENT OF REPAYMENT - To be completed by borrower if he/she:**

- A. 1. For Health Professions Student Loan and Loans for Disadvantaged Students Borrowers:  
Pursues advanced professional training, including internships and residencies or participates in a fellowship training program or full-time educational activity, as defined by regulations of the Secretary of Health and Human Services.
- 2. For Nursing Student Loan Borrowers:  
Pursues a full-time course of study at a collegiate school of nursing leading to a baccalaureate degree in nursing or an equivalent degree, or to a graduate degree in nursing, or is otherwise pursuing advanced professional training in nursing.

This is to certify that I am/was pursuing advanced professional training in \_\_\_\_\_  
(type of training)

at \_\_\_\_\_

from \_\_\_\_\_ to \_\_\_\_\_

**B. For Primary Care Loan Borrowers and EFN and FADHPS Recipients:**

- 1. Participates in a 3 year residency program in allopathic or osteopathic family medicine, internal medicine, pediatrics, combined medicine/pediatrics, or preventive medicine approved by the Accreditation Council of Graduate Medical Education (ACGME) or by the American Osteopathic Association (AOA), or in a rotating or primary health care internship and general practice residency program approved by the AOA.
- 2. Participates in a residency program in General Dentistry.

This is to certify that I am/was pursuing advanced professional training in \_\_\_\_\_  
(type of residency training)

at \_\_\_\_\_

from \_\_\_\_\_ to \_\_\_\_\_

C. Ceases to pursue the course of study at

1. A school of medicine, osteopathy, dentistry, pharmacy, podiatric medicine, optometry, or veterinary medicine, but (1) re-enters the same or another such school within the applicable grace period (1 year); or (2) engages in a full-time educational activity as defined by regulations of the Secretary of Health and Human Services, with the intent to return to the school as a full-time student.
2. A school of nursing leading to a diploma or associate degree in nursing, a baccalaureate degree in nursing or an equivalent degree, or to a graduate degree in nursing, but re-enters the same or another such school within the grace period (9 months).

This is to certify that I am/was a full-time health professions or full or half-time nursing student at \_\_\_\_\_  
 \_\_\_\_\_  
 from \_\_\_\_\_ to \_\_\_\_\_ pursuing a course of study leading to a \_\_\_\_\_ (Degree).

D. Performs active duty as a member of a uniformed service or as a volunteer under the Peace Corps Act.  
 This is to certify that I was in the (enter Peace Corps or name of uniformed service) \_\_\_\_\_  
 \_\_\_\_\_ from \_\_\_\_\_ to \_\_\_\_\_.

E. Pursues training as a nurse anesthetist at: \_\_\_\_\_  
 from \_\_\_\_\_ to \_\_\_\_\_.

**PART III - CERTIFICATION OF DEFERMENT STATUS** - To be completed by Official Authorizing Borrower's status. (NOTE: Completion PART III is not required for internship or residency training activity.)

Please complete this Certificate of Deferment form and return to the borrower.

A. To be completed by official of institution where borrower is/was enrolled:

I certify that the information stated in (Check appropriate space) Part II:  
 \_\_\_ A1 \_\_\_ A2 \_\_\_ C1 \_\_\_ C2 (or) \_\_\_ E above, is true and correct.

NAME AND ADDRESS OF SCHOOL OR HOSPITAL:	NAME AND TITLE OF AUTHORIZED OFFICIAL
	SIGNATURE OF AUTHORIZED OFFICIAL/DATE

B. To be completed by the Commanding Officer or Peace Corps Official.  
 I certify that the information stated in Part II - D, above is true and correct.

Borrower's Uniformed Service\* Serial Number: \_\_\_\_\_

NAME AND ADDRESS OF UNIFORMED SERVICE OR PEACE CORPS OFFICIAL:	NAME AND TITLE/RANK OF COMMANDING OFFICER OR PEACE CORPS HEADQUARTERS:
	SIGNATURE OF COMMANDING OFFICER OR PEACE CORPS OFFICIAL/DATE

**PART IV - INSTITUTIONAL ACTION** - To be completed by school (or its agent) from which loan was made

\_\_\_ APPROVED \_\_\_ DISAPPROVED REASONS FOR DISAPPROVAL \_\_\_\_\_

NAME AND TITLE OF OFFICIAL:	SIGNATURE OF AUTHORIZED OFFICIAL AND DATE
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\*The uniformed services of the United States are the Army, Navy, Marine Corps, Air Force, Coast Guard, National Oceanic and Atmospheric Administrations Corps, and the U.S. Public Health Service Commissioned Corps.

WARNING: Any person who knowingly makes a false statement or misrepresentation on this form is subject to penalties which may include fines and imprisonment under Federal Statute.

SUGGESTED FORM

AGREEMENT FOR LITIGATION RESOLUTION

I, \_\_\_\_\_ (borrower), agree to the following terms and conditions in order to bring my Health Education Assistance Loan (HEAL) account with \_\_\_\_\_ (lender), current. Upon compliance with these terms and conditions and upon dismissal of any claims by me against \_\_\_\_\_ (lender), litigation proceedings against me on behalf of the lender will be dismissed.

- 1) I agree to pay \$\_\_\_\_\_ collection and litigation fees/costs incurred for the collection, litigation and resolution of my account and any late fees, if applicable.
- 2) I agree to complete and sign a forbearance form which resolves the past due amount on my account. I understand that accrued unpaid interest will be capitalized (added to the principal) at the forbearance end date.
- 3) I agree to the repayment plan I have checked below:  

Level  
Graduated Repayment Option  
1 Graduated Repayment  
Option 2
- 4) I agree to sign and return to the lender the Repayment Agreement/Schedule (the document which discloses the repayment terms) which will be forwarded to me after my forbearance has been processed.

I further understand that I have thirty (30) days in which to complete the above listed items.

\_\_\_\_\_  
Signed

\_\_\_\_\_  
Date