

Bureau of Health Professions

 Health Resources and
 Services Administration
 Rockville MD 20857

DEC 201

To: Lenders, Holders, and Schools Participating in the Health Education
 Assistance Loan (HEAL) Program

Subject: (1) Deferment status of HEAL borrowers in schools participating in the Direct Loan Program administered by the Department of Education (ED) and (2) New HEAL forms.
 Lender Policy Memorandum L-95-03
 School Policy Memorandum S-95-02

Purpose

The purpose of this memorandum is to provide lenders, holders and schools with guidance concerning deferments for HEAL borrowers attending schools participating in the Direct Loan Program, and to inform them about use of new HEAL forms.

Deferment Status of HEAL Borrowers

Section 60.12(a)(1) of the HEAL regulations states that a borrower can obtain a deferment while in a "full-time course of study . . . at an institution of higher education that is a participating school in the Guaranteed Student Loan Program". This regulatory provision is based on section 705(a)(2)(C)(i) of the HEAL statute which permits deferment for debtors pursuing a full-time course of study at an institution defined by section 481 (a) of the Higher Education Act of 1965. That section of the Higher Education Act defines an institution of higher education for purposes of eligibility for the Department of Education loan programs, including both the Federal Family Education Loan (FFEL) Program and the new Direct Loan Program.

The HEAL regulatory provision which references only the Guaranteed Student Loan Program is technically incorrect due to recent changes in the ED programs. The HEAL Program will be clarifying the regulation at the next opportunity, however, in the interim, we are advising you to use the broader statutory language for deferment, thus permitting deferment for borrowers who are pursuing a full-time course of study at an institution of higher education that participates in either the FFEL Program or the Direct Loan Program. HEAL Forms

The following HEAL forms have been revised:

Form	Form Number	Expiration Date
Promissory Note (Variable)	HRSA 500-1	9/30/97
Promissory Note (Fixed)	HRSA 500-2	9/30/97
Promissory Note (Consolidation)	HRSA 500-3	9/30/97
Repayment Schedule (Variable)	HRSA 502-1	9/30/97
Repayment Schedule (Fixed)	HRSA 502-2	9/30/97

Form	Form Number	Expiration Date
Lender's Application	HRSA 504	5/30/97
Claims Form	HRSA 510	5/31/96
Borrower Deferment Form	HRSA 508	5/30/97
Lender Quarterly Report	HRSA 512	9/30/97
Preclaims Assistance	HRSA 513	3/31/97
Student Application	HRSA 700	11/30/97

Forms are available by contacting the HEAL Branch at (301) 443-1540. Lenders originating loans in fiscal year 1995 were provided with camera-ready copies of the promissory notes and student application. Schools should contact these lenders for copies of these forms.

A copy of the Lender Quarterly Report on HEAL Loans Outstanding (Call Report) is attached. This revised version was shortened considerably to eliminate the collection of data by discipline. For the reporting period ending December 31, 1994 all holders of HEAL loans must report their loan activity using this form. Also, the report must be returned to the HEAL Branch 30 days rather than 45 days after the end of each quarter. This is a change from the previous reporting deadline.

The HEAL Student Application will be ready for use in early January 1995. There will be a "phase-in" period of 90 days for use of this form since we realize the current application form may have already been completed by students and forwarded to schools and lenders. Therefore, HEAL lenders will accept both the present application and the new application until March 31, 1995. Originating lenders transmitting data to the HEAL Branch via magnetic media must submit separate tapes or disks for new application data and old application data. New application data should be submitted using the tape specifications included in Lender Policy Memorandum L-95-01, dated October 11, 1994.

Finally, although a new student application has been issued, we continue to strive to make the process easier for our customers. To this end we are reviewing the Department of Education common application and considering alternatives to the HEAL application.

Conclusion

We firmly believe that involving our customers in the HEAL Program benefits all parties. To wit, we want to thank the representatives from schools, lenders and professional associations who by their many useful comments improved the revised versions of our forms.

If you have any questions regarding this policy memorandum, please contact Ms. Terri Ehrenfeld of the HEAL Branch at (301) 443-1540.

Step, n J. Boehlert
 Chief, HEAL Branch
 Division of Student Assistance

Attachment

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES
Public Health Service - Health Resources and Services Administration
Bureau of Health Professions
FEDERAL HEALTH EDUCATION ASSISTANCE LOAN PROGRAM
(42 U.S.C. 292-292p)

FORM APPROVED
OMB NO. 0915-0043
Exp. Date: 09/30/97

**READ INSTRUCTIONS ON
REVERSE BEFORE COM-
PLETING THIS FORM.**

LENDER'S REPORT ON HEALTH EDUCATION ASSISTANCE LOANS (HEAL)

REPORT PERIOD ENDING: M / D / Y

NAME AND ADDRESS OF LENDER INSTITUTION:

COMPLETE THIS FORM AND RETURN TO:

Division of Student Assistance
HEAL Branch, Room 8-37
5600 Fishers Lane
Rockville, Maryland 20857

LENDER'S IDENTIFICATION NUMBER _____

STATUS OF HEAL LOANS	NUMBER OF BORROWERS	DOLLAR AMOUNT
SECTION I - LOANS IN STUDENT STATUS AND GRACE PERIOD		
(1) STUDENT STATUS		\$
(2) GRACE PERIOD		\$
TOTAL SECTION I		\$
SECTION II - LOANS CURRENTLY IN REPAYMENT STATUS AND NOT PAST DUE		
(1) ON SCHEDULE WITH PAYMENTS		\$
(2) DEFERRED STATUS		\$
(3) FORBEARANCE		\$
TOTAL SECTION II		\$
SECTION III - LOANS PAST DUE		
(1) 1 - 90 DAYS		\$
(2) 91 - 150 DAYS		\$
(3) OVER 150 DAYS		\$
TOTAL SECTION III		\$
SECTION IV - AMOUNT REPAID ON LOANS		
(1) AMOUNT PAID ON HEAL LOANS OUTSTANDING		\$
(2) HEAL LOANS PAID IN FULL		\$
TOTAL SECTION IV		\$
SECTION V - TOTAL HEAL LOANS OUTSTANDING (THE SUM OF SECTIONS I, II, AND III)		\$

SIGNATURE OF AUTHORIZED OFFICIAL

NAME AND TITLE (PRINT OR TYPE)

DATE

TELEPHONE (INCLUDE AREA CODE)

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WARNING: Any person who knowingly makes a false statement of misrepresentation on this form may be subject to a fine of up to \$10,000 or to imprisonment of up to five years or both under provisions of the United States Criminal Code. Such provision may include among others, 18 U.S.C. 1001.

FEDERAL HEALTH EDUCATION ASSISTANCE LOAN PROGRAM

(42 U.S.C. 292-292p)

LENDER'S REPORT ON HEALTH EDUCATION ASSISTANCE LOANS (HEAL)

Public reporting burden for this collection of information is estimated to average 45 minutes per response, 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, Attention: PRA, United States Public Health Service, Hubert H. Humphrey Building, Room 721-B, 200 Independence Avenue, S.W., Washington, DC 20201, and to the Office of Management and Budget, Paperwork Reduction Project (0915-0043), Washington, DC 20503

INSTRUCTIONS

Complete all sections of the form which are applicable and return to:

U.S. Department of Health and Human Services
Public Health Service
Health Resources and Services Administration
Division of Student Assistance HEAL Branch,
Room 8-37
5600 Fishers Lane
Rockville, MD 20857

GENERAL INSTRUCTIONS

The lender's report on HEAL activities is due quarterly. The report must be completed and returned within 30 calendar days following the end of the reporting period. Failure to submit the report on time may result in the suspension of a lender from making HEAL loans. (42 *CFR* 60.42 and 60.43)

NAME AND ADDRESS OF LENDER INSTITUTION

Enter the name and address, including zip code, of your financial institution.

LENDER IDENTIFICATION NUMBER

Enter the six-digit number assigned by the HEAL Branch to identify your institution. Lenders having more than one identification number with outstanding HEAL loan portfolios must complete multiple reports.

OTHER PERTINENT POINTS

For each section enter the sum of all sub-sections on the total line for the section.

For Number of Borrowers, enter the number of unduplicated borrowers as of the end of the reporting period.

Dollar amounts should include principal plus accrued interest as of the end of the reporting period. All amounts should be reported in whole dollars: e.g., \$10,108 NOT \$10,107.50.

All requests for assistance or for additional information regarding the report should be directed to the HEAL Branch at (301) 443-1540.

**PLEASE READ INSTRUCTIONS BEFORE
COMPLETING THESE SECTIONS**

SECTION I. LOANS IN STUDENT STATUS AND GRACE PERIOD

1. **STUDENT STATUS** - Enter the total number of borrowers in student status and the total dollar amount of principal and interest outstanding for those borrowers. Do NOT include in Student Status borrowers who are in Internship or Residency Status.

2. **GRACE PERIOD** - Enter the total number of borrowers and the total dollar amount of principal and interest outstanding for those borrowers in their grace period.

SECTION II. LOANS CURRENTLY IN REPAYMENT STATUS AND NOT PAST DUE

Section II reflects those total dollar amounts of loans to borrowers who are beyond student status and who are not past due on their payment; or who are in an eligible deferred status (including those in internship or residency); or who are in forbearance status.

1. **ON SCHEDULE WITH PAYMENTS** - Enter the total number of borrowers and the total dollar amount of loans (principal and interest) for those borrowers who are making payments in accordance with their

repayment schedule.

2. **DEFERRED STATUS (Including Internship and Residency)** - Enter the total number of borrowers and the total dollar amount (principal and interest) for those borrowers who are in any deferrable status as defined in sections 60.11 and 60.12 of the HEAL regulations including those in an internship or residency.

3. **FORBEARANCE STATUS** - Enter the total number of borrowers and the total dollar amount (principal and interest) for those borrowers in forbearance as of the last day of the reporting period (section 60.37 of the HEAL regulations).

SECTION III. LOANS PAST DUE BY LENGTH OF TIME AS OF THE END OF THE REPORTING PERIOD.

This section shows the distribution of HEAL borrowers and unpaid balance on HEAL loans (principal and interest) past due by length of time and discipline.

Enter the total number of borrowers and the unpaid balance of their loans according to the number of days their loans are past due. Entries for Number of Borrowers are unduplicated numbers of borrowers; i.e., a borrower whose payment is past due 91 *days* would be included only in the 91-to-150-day category. This same relationship also applies to the dollar entries.

SECTION IV. AMOUNT REPAID ON LOANS

Reporting of this information became effective with the reporting period July 1, 1989 through September 30, 1989, and for all subsequent reporting periods.

1. **AMOUNT PAID ON HEAL LOANS OUTSTANDING** - Enter the amount of HEAL loans (principal and interest) repaid for the HEAL loans currently outstanding (as reflected in Section V of this report). For example, if the total amount of the borrower's loan was \$15,000 (principal and interest) as of the effective date for completing this section, and if the borrower has repaid \$5,000 of that amount, then the \$10,000 remaining outstanding will be reflected in Section V, and the \$5,000 repaid by the borrower should be reported in Section IV(1).¹

2. **HEAL LOANS PAID IN FULL** - Enter the total cumulative dollar amount of those HEAL loans paid in full by borrowers. (Enter total principal and interest repaid). The amount of these loans were previously reported in Sections I, II, or III and will now be reflected in Section IV. (Claims paid by HHS due to default, death, disability, or bankruptcy are NOT to be included here).

SECTION V. TOTAL HEAL LOANS OUTSTANDING (

Sum of Sections I, II, and III.)

Total HEAL Loans Outstanding represents that amount of principal and interest for all HEAL loans currently owed to and currently held by a lender/holder. The Number of Borrowers and the Dollar Amount entered in this Section should equal the sum of the figures shown in Sections I, II, and III.

REMINDER: Lenders should maintain a copy of this report in your official lender records.

¹ Example is for purposes of illustration only and does not necessarily reflect variable interest which accrues.