

Bureau of Health Professions

Health Resources, and
Services Administrations

RockvilleMD20857

September 23, 1996

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

Subject: Amendment to HEAL Electronic Funds Transfer (EFT) Policy Memoranda:
S-95-03/L-95-04 and S-95-11/L-95-13
School Policy Memorandum S-96-14
Lender Policy Memorandum L-96-15

We have been asked to answer two questions that were not addressed in our prior policy memoranda which implemented **HEAL, EFT**.

First--Can a school commingle HEAL funds with private loan funds? Yes, **HEAL** funds may be commingled with private loan funds or Title IV funds provided **HEAL** funds are accounted for separately in accordance with proper accounting procedures. This is consistent with Department of Education (ED) policy.

Second--Can a school keep the interest that accumulates on **HEAL** loan proceeds that are held in it's EFT account prior to disbursement to a student? Yes. Again, **HEAL** policy is consistent with ED, policy.

Should you have questions concerning these matters, please contact Ms. Denise Hugueley of the HEAL Branch at (301) 443-1540.

Stephen J. Boehlert
Associate Division Director, **HEAL**
Division of Student Assistance



DEPARTMENT OF HEALTH & HUMAN SERVICES

Public Health Service

Health Resources and
Services Administration
Rockville MD 20857

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

Subject: Maximum REAL Interest Rates for the Quarter Ending September
30, 1996

Section 60.13 (a) (4) of the **HEAL** Regulations requires the Secretary of Health
and Human Services to announce the maximum quarterly interest rate in effect for
HEAL loans.

For loans made before January 27, 1981, the variable interest
rate is $8 \frac{3}{4}$ percent.

For variable rate loans executed on or after January 27, 1981 through
October 21, 1985, the interest rate is $8 \frac{3}{4}$ percent.

For fixed rate loans executed during the period July 1, 1996 through
September 30, 1996, and for variable rate loans executed on or after
October 22, 1985, the interest rate is $8 \frac{1}{4}$ percent.

The average bond equivalency rate for 91-day U.S. Treasury Bills during the period April
1, 1996 through June 30, 1996 was 5.17 percent.

We have enclosed **HEAL** quarterly interest rates for the last four quarters. Interest rates
since the inception of the program are available upon request.

If you have any questions regarding the interest or Treasury Bill rates, please do not hesitate
to contact Ms. Sarah Moore at (301) 443-0603 or Ms. Anna E. Gatling at (301) 443-1023.

Sincerely yours,

Stephen J. Boehlert
Chief, HEAL Branch
Division of Student Assistance

Attachment

HEAL Variable Interest Rates
 HEALTH EDUCATION ASSISTANCE LOAN (HEAL) PROGRAM
 Division of Student Assistance

<u>Rates for Quarter Ending</u>	<u>Loans Made Prior to 1/27/81</u>	<u>Loans Made On or After 1/27/81*</u>	<u>Loans Made On or After 10/22/85*</u>
September 30, 1996	8 3/4%	8 3/4%	8 1/4%
June 30, 1996	8 5/8%	8 5/8%	8 1/8%
March 31, 1996	9%	9%	8 1/2%
December 31, 1995	9 1/8%	9 1/8%	8 5/8%

* Legislation Amended -- 12% annual interest cap repealed – quarterly interest rate on loans made on or after 1/27/81, became a floating rate based on 91-day T-Bill rate plus 3 1/2%.

** Legislation Amended -- Variable interest rate calculation amended -- quarterly interest rate on loans made on or after 10/22/85 is based on loans made on a floating rate of the average 91-day T-Bill rate plus 3%.