

Bureau of Health Professions

May 10, 2001

To: Lenders/holders/Service providers Participating in the Health Education Assistance Loan (HEAL) Program

Subject: Allowable Forbearance Servicing Changes  
Lender Policy Memorandum L-2001-7

In processing a forbearance request from a borrower (during the first 2 years of forbearance), a HEAL Loan Servicer may choose to establish pre-determined reasons and insert them into the reason field on the forbearance form that is sent to the borrower for signature after a borrower requests forbearance. The reason will be determined during a discussion between the borrower and the loan servicer representative and can include but are not limited to the following:

- Financial Hardship;
- Pending License to Practice;
- Unemployed;
- Internship/Residency Maximum Deferral Time Used;
- Fellowship; and
- Illness/Health Reasons.

Further, a loan servicer representative should have the ability to enter free form text where a borrower is requesting forbearance for a reason other than the above.

Forbearance approvals between 24 and 36 months should include a more descriptive reason that can be typed onto the form by the loan servicer representative in consultation with the borrower. The reason should contain enough information to satisfy the guidance the HEAL Program issued several years ago in HEAL Policy Memorandum L-96-10 (copy attached). Especially, a statement about how circumstances will change to allow repayment to begin at the end of the forbearance period.

For forbearance requests over 36 months, which must be submitted to the HEAL Program for a determination, a borrower must provide the reason(s) in his/her own handwriting. We will be working on a more comprehensive approach to effectively evaluate forbearance requests greater than 36 months in the near future.

If you have any questions concerning this policy memorandum, please direct them to Ms. Cheryl Fajardo at (301) 443-0456 or Ms. Christine Parks at (301) 443-8272 of the HEAL Program.

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Attachment