

Bureau of Health Professions

November 14, 2002

To: Lenders/holders/servicers participating in the Health Education Assistance Loan (HEAL) Program

Subject: HEAL Claim Review Process
Lender Policy Memorandum L-2003-1

The HEAL Program is instituting a revised method for reviewing claims on or about January 20, 2003. This processing modification has been developed to operate on our new web-based Oracle database application referred to as **HOPS (HEAL Online Processing System)**. A claims module was developed to facilitate comprehensive and standardized claim reviews using the attached HEAL Claim Review Process document. This document was based on HEAL statute, regulations, and policy pertinent to lender servicing, due-diligence, litigation, and claim submissions.

As the loan servicing community is aware, we have shared the HEAL Claim Review Process document with you on several occasions over the past five years and received, discussed, and incorporated many of your suggestions. Therefore, HEAL servicers should be quite familiar with the claim processing changes incorporated in it. Primarily, we are instituting a practice of allowing only a single re-submission of a defective claim after the claim is edited in its entirety and an error report is generated and returned to a claimant. If a claim is rejected when re-submitted, the loans in the claim become permanently uninsured. Further, we are requiring a written, well documented explanation (detailed activity displayed in chronological date order) of why an account was in litigation for more than two years for each claim where litigation exceeded the 2-year time frame.

Specific claim edits are enumerated in the HEAL System Edits for Claims Process portion of this document. These edits are built into our claim processing module and will be applied to each claim submitted for review and approval. The edits form the basis for determinations on the acceptability of each claim and any penalty assessments and should facilitate a clearer understanding for the claimant of specific requirements concerning time frames, dates, tolerances, documentation, etc. that are being used during a claim review. **Any concerns you may have with the edits contained in this document should be brought to our attention prior to December 15, 2002 so that any modifications can be incorporated by the time HOPS goes into production on or about January 20, 2003.** Please contact us at your earliest convenience to discuss any concerns, questions, and/or proposals.

In the future, we would like to make this processing system available to loan servicers. We hope to give each loan servicer the ability to enter information directly into **HOPS** or send it electronically to us for upload into our database. We are sure you will agree, manual claim form submissions are time-consuming and cumbersome.

We believe this new claim review system will benefit all parties by taking a substantial amount of the guesswork and subjectivity out of the claim review process, giving claimants a clearer understanding of the decisions made on the acceptability of, and/or penalties imposed on, a given claim submission. Thank you for working with us to make the implementation of the new HEAL Claim Review Process System seamless and successful.

Please contact Ms. Terri Ehrenfeld at (301) 443-5594 or Ms. Denise Sorrell at (301) 443-3831 of the HEAL Program with questions concerning this memorandum.

Henry Lopez, Jr.
Director
Division of Health Careers Diversity
and Development

Attachment

HEAL CLAIM REVIEW PROCESS

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HEAL CLAIM REVIEW PROCESS

November 14, 2002

All claims sent to the HEAL Program are date stamped and logged into the HEAL database the day they are received and a reviewer is assigned to the claim.

All claims received by the HEAL Program will receive a complete and comprehensive review and will be processed using an automated system developed and maintained by the HEAL Program. Through a series of simple visual displays, the reviewer assigned to the claim will input information about the availability, accuracy, completeness, dates of required documents, and the dates of the critical events. Based on the decision rules embedded into the system algorithms, the system will inform the reviewer (i) which documents are missing, if any, and (ii) if the time lines specified in the HEAL regulations and policy memoranda have been met or not; if not, why and for what periods the accrued interest on the claim should be disallowed. The reviewer will then elect to: (1) approve the claim with or without disallowance of interest; (2) seek additional information from the lender/holder/servicer and place the claim in a REJECT HOLD (RH) status; or (3) reject the claim and send it back to the lender/holder/servicer and place the claim submission in a REJECT1 (R1) status. If this is a second submission, the claim submission is placed in a REJECT2 (R2) status, which is a final rejection of the claim and loans become permanently uninsured.

An efficient and successful implementation of this automated system will require enhanced consultation and co-operation between the lenders/holders/servicers and the HEAL Program. Submission of documents in a claim package in a specific order will also be requested. The ordering of the documents is provided beginning on page 18 of this document.

The HEAL System Edits for Claims Processing portion of this document will describe the conditions causing edit failures which will occur against the information the claimant provided. The lender/holder/servicer should use the various sections of this document to determine what information and documents are required for successfully processing a claim. References to when a penalty will occur is found throughout this entire document.

If a claim package is found to have

- (i) one or more missing documents (e.g., original or legible copy of a loan application), as required by the HEAL regulations and/or HEAL policy memoranda, and/or if
- (ii) the servicing of HEAL loan(s) is not in compliance with the requirements of the HEAL regulations and/or HEAL policy memoranda, and/or the HEAL Program needs additional explanations/informations to process the claim, HEAL Program will notify the

lender/holder/servicer *by e-mail or fax* about (i) the missing document(s) which the lender/holder/servicer must submit, and/or (ii) the loan servicing deficiencies that must be corrected and/or explained before the claim can be processed. If the missing documents are not received and/or the loan servicing deficiencies are not corrected and/or explained to the satisfaction of the HEAL Program within seven calendar days of the date of fax/e-mail notification to the lender/holder/servicer, the claim package will be rejected and returned to the lender/holder/servicer.

In addition, pursuant to the HEAL regulation ' 60.41(e)(2), the interest on the approved re-submitted claim, if any, will be paid for up to 30 calendar days only from the date of the HEAL Program letter notifying the rejection of the original claim.

REQUIRED DOCUMENTS

The following documents are required for all claims:

HRSA 510 - Lender's Application for Insurance Claim

(Note: Lender or Holder should read instructions on the claim form prior to completion.)

1. HRSA 510 must be completed in its entirety.
2. HRSA 510 must have original signature and date.
3. The HEAL Program will validate the claim type as specified on the HRSA 510. (All documents required in a claim submission must be included, plus additional documents pertaining to a specific claim type, for example, Death, Disability, Bankruptcy, etc.).
4. The HEAL Program will determine if loans listed on the HRSA 510 are in the HEAL database. If the claim is for payment for a consolidated loan, only the consolidated loan, and not the underlying loans should be listed on HRSA 510.

If the HRSA 510 is not completed in its entirety and/or the signature and date are not originals or are missing, the lender or holder will be notified by *fax or e-mail* and a new HRSA 510 must be submitted within 7 calendar days of the date of our notification of the deficiency. The claim at this time is placed in a REJECT HOLD (RH) status. If the properly completed form is not received within seven calendar days of the date of fax/e-mail notification to the lender/holder/servicer, the claim package will be placed in a REJECT1 (R1) status and returned to the lender/holder/servicer.

If the claim type specified on the HRSA 510 can not be validated by the HEAL Program, the claim package will be placed in a REJECT HOLD (RH) status for 7 days to await validation of

specific claim type.

If the claim package contains loan(s) which are not in the HEAL database, the claim package will be placed in a REJECT1 (R1) status and returned to the lender/holder/servicer to be re-submitted without the uninsured loans. The lender/holder/servicer will be allowed a second time to submit the claim package correctly within 60 days (interest will only be paid for the first 30 days). Any errors found in this second submission of the claim package will render that the claim be placed in a REJECT2 (R2) status and make those loans permanently uninsured HEAL loans.

B. Promissory Note

1. An original promissory note (or a legible copy of the promissory note(s) with an affidavit of loss and indemnification statement, pursuant to the Exception noted below) for each loan listed on the HRSA 510 must be submitted with the claim package.

Exception: The HEAL Program will permit the use of affidavits of loss and indemnification in situations in which the lender or holder is unable to locate and submit the original promissory note. A legible copy of the promissory note must always accompany an affidavit of loss and indemnification statement. The lender or holder must exercise diligence in its attempts to locate the original note. Affidavits of loss and indemnification are intended to be used in exceptional circumstances only. Excessive use by a lender or holder will lead to a discontinuation of this exception for that particular lender or holder.

2. The promissory note must be executed and properly signed and dated by the borrower.
3. A promissory note must be accompanied by an original assignment of the promissory note to the United States of America.

If any promissory note included in the claim package is not signed and dated by the borrower, the claim package will be rejected (R1 status).

C. Documentation of Ownership of Loans

The lender or holder must submit proof of ownership for all loans listed on HRSA 510 if the ownership of these loans can not be verified by the HEAL database. If the proof of ownership is not provided within seven calendar days of the date of fax/e-mail notification to the lender/holder/servicer, the claim package will be rejected (R1 status) and returned to the lender/holder/servicer.

Endorsements from all previous loan owners must also be submitted for each loan or typed on

the back of the promissory note.

D. Student Loan Application

1. The claim package must contain an original or legible copy of the student loan application with all items completed for each loan listed on the HRSA 510.
2. For each student loan application, the HEAL claim reviewer will verify that the dollar amount approved by the HEAL lender for the loan agrees with or is more than the dollar amount on the promissory note and that the dollar amount claimed on the HRSA 510 is not greater than the dollar amount approved by the lender. However, if the dollar amount in the HEAL database is different than the original loan amount guaranteed listed on the HRSA 510 and/or the dollar amount approved by the lender, this discrepancy must be resolved and the lender must submit supporting documentation explaining the reason for this discrepancy.

E. Disbursement Check or Electronic Fund Transfer (EFT) Disbursement Roster

1. For original HEAL loans (not refinanced/consolidated loans) a lender or holder will provide the HEAL Program with evidence of the disbursements *within seven calendar days* of the date of fax/e-mail notification to the lender/holder/servicer.
2. The disbursement checks or entries on the disbursement rosters and insurance premium amount will be reviewed against the original student loan application(s) and the HEAL database to assure that the borrower received proceeds of the loan(s) and that the appropriate insurance premium fee was deducted.
3. The dollar amount on the disbursement checks or disbursement roster must be less than or equal to the amount approved by the lender or holder on the student loan application and equal to the amount on the HEAL database, or the claim package will be rejected.¹

F. Deferments

1. The claim package must contain original or legible copies of deferment forms for all deferments granted for loans listed on the HRSA 510.

Exception: The HEAL Program permits the use of affidavits of loss and indemnification in situations in which the lender or holder is unable to locate and submit the original or a legible copy of a deferment form. The lender or holder must exercise diligence in its attempts to locate the original or a legible copy of the deferment form. Affidavits of loss and indemnification are intended to be used in exceptional circumstances only. Excessive use by a lender or holder will lead to a discontinuation of this exception for that particular lender or holder.

2. The claim package must contain a separate deferment form for each eligible deferment period granted to the borrower for loans listed on the HRSA 510 unless, the deferment was granted retroactively, in which case a single deferment form prepared by the lender may be provided to cover multiple deferment periods. Reference to this would also be noted in the correspondence history.
3. Effective February 24, 1994 the Secretary implemented self-certification procedures for deferment requests. All deferment periods must be reflected on an official HEAL deferment form, a letter by an authorized official on school stationary, or any U.S. Armed Service documentation with an authorizing official's signature (with the exception of those granted pursuant to a AAMC residency match or those obtained through Clearing House enrollment information). The deferment certification must contain the type of deferment (internship or residency program, full-time student status at an eligible school, full-time service in the armed services, etc.), the location and address, area code and telephone number, and beginning and ending dates of the deferment period. Beginning and ending dates on deferment forms must coincide with dates referenced in the loan servicing history. If a difference in these dates occurs, a reason for the difference must be documented and submitted with the deferment form in the claim package.
4. For deferments granted pursuant to an AAMC residency match or via Clearing House, all data elements are required (per instructions on the actual deferment form) and the borrower's signature, which may be sent via fax with no need for an original follow up. In addition, the borrower must be sent a letter indicating that his/her account was placed in a deferment.

G. Repayment Schedule Form

1. The claim package must contain an original or legible copy of the first repayment schedule form issued for each loan listed on the HRSA 510. An issue date must be on each form. Any subsequent repayment schedule forms that were issued after the initial repayment schedule form need not be submitted to the HEAL Program with the claim package. Only the first repayment schedule is the required document..

Exception: The HEAL Program permits the use of affidavits of loss and indemnification in situations in which the lender or holder is unable to locate and submit the original or a legible copy of the repayment schedule form. The lender or holder must exercise diligence in its attempts to locate the original or a legible copy of the repayment schedule form. Affidavits of loss and indemnification are intended to be used in exceptional circumstances only. Excessive use by a lender or holder will lead to a discontinuation of this exception for that particular lender or holder.

2. A repayment schedule form covering each loan listed on the HRSA 510 must be sent to the borrower at least 30 but not more than 60 calendar days before the expiration of the borrower's grace period or a continuous period of deferment that started immediately after the expiration of the grace period. If the grace period has previously been used, the repayment schedule form must be sent to the borrower at least 30 but not more than 60 calendar days before the end of the last deferment period. The "begin date" on the repayment schedule form should be after the graduation date or withdrawal date, any deferments granted, and the completion of a 9-month grace period. For a consolidated loan, if the borrower was in repayment at the time of execution of the consolidated loan, a repayment form must be issued within 30 days of the execution date of the consolidated loan.

H. Forbearance

1. The claim package must contain an original or legible copy of each forbearance request granted to the borrower for each loan listed on the HRSA 510.

Exception: The HEAL Program permits the use of affidavits of loss and indemnification in situations in which the lender or holder is unable to locate and submit the original or a legible copy of a forbearance form. The lender or holder must exercise diligence in its attempts to locate the original or a legible copy of the deferment form. Affidavits of loss and indemnification are intended to be used in exceptional circumstances only.

Excessive use by a lender or holder will lead to a discontinuation of this exception for that particular lender or holder.

2. The forbearance certification must contain the signatures of both the borrower and the authorizing official representing the lender or holder. The forbearance form must be entirely completed, including borrower's reason for requesting forbearance, and the beginning and ending dates of the forbearance period. Each forbearance period may not exceed 6 months unless it is granted to cure litigations as per provisions of the HEAL Lender Policy Memorandum Number L-1994-07. The claim package must contain a separate forbearance certification for each forbearance period granted to the borrower for loans listed on the HRSA 510 unless, the forbearance was granted retroactively, in which case a single forbearance form prepared by the lender may be provided to cover multiple forbearance periods. Reference to this would also be noted in the correspondence history. Any change in time periods different that stated on the forbearance form must be written on the form and initialed by the lender. Notes attached to the form are unacceptable.
3. The aggregate total time period for forbearances (with or without an interruption) granted by the lender or holder to a borrower was extended by the Secretary from 24 months to 36 months effective April 16, 1996. The lender or holder must request approval from the Secretary for an additional 6 month extension on behalf of the borrower beyond the

24 month or 36 month period as applicable. The extension must be requested in writing and must be approved by the Secretary. Copies of the approval letters for all extensions beyond the 24 month period or 36 month period from the Secretary must be included in each claim package.

If a lender/holder/servicer grants more than one Extended Forbearance (to cure a litigation) to a borrower, the amount of interest that accrues on the account during all but the first Extended Forbearance will not be payable in the event of filing a claim. The only exception to this restriction is that borrowers who refinance their HEAL loans may obtain two Extended Forbearances: one before their loans are refinanced and once following refinancing. Written justification must be included in the claim package for any extended forbearance to avoid a penalty for that time period as per provisions of the HEAL Lender Policy Memorandum L-2002-6.

I. Loan Servicing History and Payment History

The claim package must contain a loan servicing and payment history. This should include a detailed history of the account activity, including payments made from the date of the disbursement to the submission of the claim. This history should provide data verifying the documents submitted in the claim. Required activity includes the following:

- a. Graduation or withdrawal date
- b. Grace Period granted (a total of 9 months)
- c. Deferment periods, including AAMC residency match, if applicable
- d. Borrower notified 30-60 calendar days before the start of the repayment period
- e. First repayment schedule form and **A**begin@ date
- f. Payments made
- g. Forbearance periods granted by the lender or holder or extensions approved by the Secretary
- h. Six-month notices to the borrower
- i. Any address changes
- j. Required contacts during delinquency, at the minimum, a 15-day notice plus three additional due diligence letters, and other personal/telephone contacts
- k. Report to credit bureau at 60 days delinquency
- l. Pre-claim assistance requested at 90, 120, and 150 days delinquency and final demand letter

- m. Any skip-tracing activity, if applicable
- n. Litigation process may begin anytime from day 150 to day 180 of the date of delinquency (this period may be extended under specific written agreements between lenders/holders/servicers and the HEAL Program)
- o. Claim filed from day 150 to day 180 of the date of delinquency if litigation is not required

J. Principal and Interest Calculation Worksheet

The claim package must contain a complete principal and interest calculation worksheet for all loans listed on the HRSA 510. The worksheet must include interest charged, compounding, payments, and a running balance from when the loans were disbursed until the date of the claim submission (principal and interest calculation worksheets, if any, from prior lenders/holders/servicers must also be included in the claims package but are not required to be recalculated unless a dispute arises). The final amount listed on the summary worksheet for all loans must match the total amount requested on HRSA 510.

If the principal and interest calculation worksheet balance is different from the amount requested on the HRSA 510 by more than \$1000, the discrepancies must be resolved *within seven calendar days* of the date of fax/e-mail notification to the lender/holder/servicer, otherwise the claim package will be placed in a REJECT1 (R1) status and returned to the lender/holder/servicer.¹

Additional documentation required based on specific type of claim:

A. Death Claim

1. Each death claim must include an original or certified copy of the borrower's death certificate and must be received within 60 days of notification unless references have been contacted.
2. The claim must be filed within 30 calendar days of the date of the receipt of the death certificate by the lender/holder/servicer.
3. All loans for the borrower held by a lender or holder must be submitted in one death claim package.

Interest will not be paid beyond 60 days from notification of death unless a lender can show that references have been contacted in an effort to acquire a death certificate where one has not been received. If the claim package is submitted later than 30 calendar days after lender's or holder's receipt of the death certificate, the Secretary will not pay interest that accrued from the 31st day

until the day the claim was received by the HEAL Program (as evidenced by the HEAL receipt date stamp on the HRSA 510 form).

If all loans held by a lender or holder at the time of submission of the claim are not included in the death claim package as confirmed by the HEAL database, the discrepancies must be resolved *within seven calendar days* of the date of fax/e-mail notification to the lender/holder/servicer, otherwise the claim package will be rejected and returned to the lender/holder/servicer.

The re-filing of a rejected death claim will follow the policies set forth in the section **ARe-submission of Rejected Claims@** in this document.

B. Disability Claim

1. A lender or holder must receive a borrower=s medical documentation within 60 days of notification of the borrower=s disability to avoid an interest penalty.

The borrower=s request for disability approval package must be sent to the DHHS within 15 days of receipt by the lender or holder to avoid an interest penalty.

3. Each disability claim package must have an original or legible copy of the DHHS Disability Approval Letter certifying the borrower for total and permanent disability.

4. The disability claim package must be filed within 30 calendar days of the date of the receipt of the DHHS Disability Approval Letter by the lender/holder/servicer.

5. All loans held by a lender or holder must be submitted in one disability claim package.

If the claim was submitted later than 30 calendar days of the receipt of the DHHS Disability Approval Letter, the Secretary will not pay interest that accrued from the 31st day to the day the claim package was received by the HEAL Program (as evidenced by the HEAL receipt date stamp on the HRSA 510 form).

If all loans held by a lender or holder at the time of submission of the claim are not included in the disability claim package, the claim package will be placed in a REJECT1 (R1) status.

The re-filing of a rejected disability claim must follow the policies set forth in the **ARe-submission of Rejected Claims@** section of this document.

C. Default Claims

1. Low Balance Claims

Claim packages submitted with loan balances of \$300 or less are not required to be litigated. All other due diligence requirements must be met, however. The lender or holder is required to submit the claim package within 30 calendar days of the date of the lender/holder/servicer=s request for the 3rd pre-claims assistance letter.

If the low balance claim is submitted beyond the 30 day limit allowed, the Secretary will

not pay interest that accrued from the 31st day to the day the claim was received in the HEAL Program (as evidenced by the HEAL receipt date stamp on the HRSA 510 form).

2. Loans less than \$5,000 disbursed prior to 11/04/88

Claim packages in which each loan has an original principal of less than \$5,000 that were disbursed prior to 11/04/88 are excused from the litigation requirement. All other due diligence requirements must be met, however. The lender or holder is required to submit the claim within 30 calendar days of the date of the lender/holder/servicer's request for the 3rd pre-claims assistance letter.

If the claim with loans below \$5,000 is submitted beyond the 30 day limit allowed, the Secretary will not pay interest that accrued from the 31st day to the day the claim was received in the HEAL Program (as evidenced by the HEAL receipt date stamp on the HRSA 510 form).

3. Loans less than \$2,500 disbursed on or after 11/04/88

Claim packages in which each loan has an original principal of less than \$2,500 and were disbursed on or after 11/04/88 are excused from the litigation requirement. All other due diligence requirements must be met, however. The lender or holder is required to submit the claim within 30 calendar days of the date of lender/holder/servicer's request for the 3rd pre-claims assistance letter.

If the claim with loans below \$2,500 is submitted beyond the 30 day limit allowed, the Secretary will not pay interest that accrued from the 31st day up to the day the claim was received in the HEAL Program (as evidenced by the HEAL receipt date stamp on the HRSA 510 form).

4. Skip Claims

a. Claim packages submitted when the borrower could not be located are excused from the litigation requirement. All other due diligence requirements must be met, however. The lender or holder must use skip tracing activities as outlined in section 60.35(a)(2) of the HEAL regulations. All skip tracing efforts must be documented. The lender or holder is required to submit the claim within 30 calendar days of the day the borrower is determined to be a skip.

b. The lender or holder is required to document all skip tracing activities and dates in the Loan Servicing History.

If the skip claim is submitted beyond the 30 day limit allowed, the Secretary will not pay interest that accrued from the 31st day to the day the claim was received in the HEAL Program (as evidenced by the HEAL receipt date stamp on the HRSA 510 form).

The HEAL Program will also penalize for skip-tracing activity performed more than twice in a 24 month period as per provisions of the HEAL Lender Policy Memorandum L-2002-5.

5. Unable to Serve

- a. If the claim package contains litigations which are not in the HEAL database, the claim package will be placed in a REJECT HOLD (RH) status until a resolution is made. A special litigation reporting submission can be made by the lender/holder/servicer to satisfy this requirement.
- b. Claim packages submitted when reasonable attempts by the lender or holder to serve litigation documents (Summons and Complaint) on the borrower have failed are excused from further litigation requirements. All efforts to serve must be documented. The lender or holder is required to submit the claim within 30 calendar days of the date of the final attempt to serve.

Attempts to serve a borrower are dictated by the claim amount requested and whether the service is public or private.

Private Service - Three attempts to serve for accounts \$10,000 or greater.

Private Service - One attempt for accounts less than \$10,000.

Public Service - At least one attempt.

- c. The lender or holder is required to submit the Summons and Complaint in the claim package.
- d. The lender or holder is required to submit any documents that confirm the borrower could not be served. These documents must be signed and dated by the official attempting to serve.

If the unable to serve claim is submitted beyond the 30 day limit allowed, the Secretary will not pay interest that accrued from the 31st day to the day the claim was received in the HEAL Program (as evidenced by the HEAL receipt date stamp on the HRSA 510 form).

6. Claims with Judgments

- a. The claim package must contain a certified or exemplified copy of the judgment order signed and dated by either the judge or the clerk of the court.
- b. The lender or holder is required to submit the claim package within 30 calendar days of the date of the receipt of the certified or exemplified copy of the judgment.
- c. The claim package must contain a copy of the complaint filed and the summons served.
- d. The claim package must contain a copy of the Proof of Service. The Proof of Service must show the date served, person served, time served, and signature.
- e. The claim must contain an original Assignment of the Judgment to the United States of America. The assignment of judgment must include the exact date the judgment order was issued by the court and the exact dollar amount of the judgment.
- f. The claim must contain documentation showing follow-up activities on the part of the lender or holder to obtain a certified or exemplified copy of the judgment from the court after 60 calendar days have lapsed.
- g. The claim must contain copies of the Notices of Meeting of Creditors (341 Notice) from all prior bankruptcies filed by the borrower or other official court document that reflects that the bankruptcies were filed, if applicable.
- h. The claim must contain copies of notices of dismissal and/or discharge from all previous bankruptcies, if applicable.
- i. Claims filed more than 2 years from the date of litigation must contain documentation and/or reference in core history (activity detail) which demonstrates that diligent efforts were made (every 15-30 days) to actively pursue judgment on a timely basis during the entire time in litigation. (Initiated with issuance of HEAL Policy Memorandum L-2003-1).

As per HEAL regulation ' 60.40(c)(1)(ii), if a judgment claim is not filed within 60 calendar days of the date of the issuance of the judgment, the Secretary will not pay interest beyond this 60-day period. No interest penalties will be assessed if the lender/holder/servicer submits documentation verifying that written follow-up with the court was performed every 15 calendar days beyond this 60-day period to obtain a certified copy of the judgment from the court. However, the claim must still be filed within 30 calendar days of the receipt of the judgment by the lender/holder/servicer,

otherwise, the Secretary will not pay interest that accrued from the 31st day to the day the claim was received by the HEAL Program (as evidenced by the HEAL receipt date stamp). Also, see HEAL Policy Memorandum Number L-1998-5 for procedures used to compute interest penalties on judgment claims.

If supporting documentation required in item **6i** is missing, the lender or holder will be notified by fax or e-mail to submit the missing documentation. If the requested documentation is not received by the HEAL Program within seven calendar days of the date of the notification by e-mail/fax, the claim will be rejected and returned to the lender, or if, in the Secretary's determination, the documentation supplied does not appropriately support the excessive time in litigation, interest will be deducted from the claim for the time over two years that the loans were in litigation.

D. Bankruptcy

1. Chapter 11 & 13 Bankruptcy Claims

- a. The claim must contain a Bankruptcy 341 Notice (Notice of Meeting of Creditors) issued by the Bankruptcy Court. Documents other than the Bankruptcy 341 Notice, if acceptable to the HEAL Program (e.g., PACER report), may be temporarily accepted as proof of bankruptcy filing. When the lender receives the copy of the Bankruptcy 341 Notice, they must send it immediately to the HEAL Program.
- b. The claim must be filed within 10 calendar days of the initial date of receipt of the court notice by the lender/holder/servicer. The initial date of receipt must be documented by a date stamp. Date of receipt includes receipt by agent for the lender or holder or any branch office. If the claim is not received within this 10-day limit, the claim will be rejected, or if, in the opinion of the Secretary, the Secretary's ability to respond to the bankruptcy notice has not been adversely affected, the claim may be processed for payment but no interest will be paid beyond this 10-day limit.
- c. The claim must be filed with a copy of the Proof of Claim that was filed with the bankruptcy court, where applicable. The Proof of Claim must have been filed timely with the correct dollar amount and supporting documents.

The amount on the Proof of Claim and the final amount on the Payment History must be within \$1,000 of the total amount requested on the HRSA 510 claim form must match. If a variation in the amounts exist, the lender or holder must provide a detailed explanation of how the amount on the Proof of Claim was arrived at from the last entry on the Payment History.

- d. The claim must contain an original Transfer of the Proof of Claim.
- e. If a copy of the Plan (borrower payment plan to creditors) is received prior to filing the claim, the lender or holder must include the Plan in the claim package. If the Plan is received after the claim is filed, the lender or holder must fax or send a copy of the Plan to the HEAL Program as soon as possible after its receipt.
- f. The claim must contain all previous bankruptcy documents that exist in the borrower's file such as a discharge or dismissal of any prior chapter bankruptcies.

2. Adversary

- a. The claim must contain a Bankruptcy 341 Notice (Notice of Meeting of Creditors) issued by the Bankruptcy Court. Documents other than the Bankruptcy 341 Notice, if acceptable to the HEAL Program (e.g., PACER report), may be temporarily accepted as proof of bankruptcy filing. When the lender receives the copy of the Bankruptcy 341 Notice, they must send it immediately to the HEAL Program.
- b. The claim package must include an Adversary Summons and Complaint (original or copy) served on the lender or holder. The lender or holder must stamp the date of receipt on the document.
- c. The claim must be received by the HEAL Program within 10 calendar days of the initial date of receipt of the official notice (includes receipt by agent for lender or any branch office).
- d. The claim must be filed with a copy of the Proof of Claim that was filed with the bankruptcy court, where applicable. The Proof of Claim must have been filed timely, with the correct dollar amount and supporting documents.

The amount on the Proof of Claim and the final amount on the Payment History must be within \$1,000 of the total amount requested on the HRSA 510 claim form must match. If a variation in the amounts exists, the lender or holder must provide a detailed explanation of how the amount on the Proof of Claim was arrived at from the last entry on the Payment History.

- d. The lender or holder is required to answer the Complaint within 30 calendar days of the date of the Summons. If the lender or holder receives the document

in an untimely manner, the lender or holder must either answer the Complaint or file a Motion for an extension of time to answer the Complaint. The extension must be granted in order for the Secretary to accept the claim. (If the lender or holder provides a documented acceptance of the extension from the debtor's attorney with a filed Motion to extend the deadline to answer the complaint, the claim will be approved.)

- e. The claim must include all bankruptcy related documents. This includes the current bankruptcy case and any previous bankruptcy filings.

If the Adversary Bankruptcy Claim is not submitted to the HEAL Program within the 10-day limit allowed, the claim package will be rejected unless, in the Secretary's opinion sufficient time remains to respond to the court. However, interest will not be paid beyond the 10-day limit.

END NOTES

1. A copy of the HEAL rejection letter (REJECT1 letter) must be included with the re-submission of any individual loan or claim package that has been rejected, in whole or in part, at any time previously.
2. A rejected bankruptcy claim may be re-filed in accordance with the general rules governing the refiling of rejected claims. If a rejected bankruptcy claim is refiled after the close of the 10-day period after initial receipt of the court Notice by the lender or holder, the claim will also be reviewed to determine whether the delay in refiling has prejudiced the Secretary's ability to collect on the loan. (See HEAL Regulation, section 60.41(d).)

HEAL CLAIMS DOCUMENT DESCRIPTION
AND DOCUMENT ORDER

I. BASIC DOCUMENTS	CONTENT REQUIREMENT
1. HRSA-510 (Claim Form), ' 60.40(a)	Completed, dated, with original signature.
2. Promissory Note(s) with Assignment, ' 60.40(a)(1) & ' 60.40(a)(2)	Original Note(s), properly assigned to the U.S. Must contain borrower's signature and date. (HEAL Policy Memo L-89-11 requires a certified copy of the Promissory Note if the Court does not release the original after judgment.)
3. Student Loan Application, ' 60.40(a)(3)	Original or legible copy with all items completed. Loan must have been insured by HEAL.
Disbursement Checks or EFT Disbursement Roster, ' 60.42(a)(1)(iv)	Evidence of disbursement and insurance premium deduction for original HEAL loans.
Blanket endorsement for 60.38(a)	Must show evidence that lender or holder owns the loan sale, loan(s) whose ownership can not be verified by the HEAL Program.
Deferment form(s), ' 60.40(a)(5)	Original or legible copy of all deferments, fully completed, and granted for each loan included in the claim. Deferments granted pursuant to AAMC match must show documentation in Servicing History of telephone confirmation with residency program official.
Repayment schedule form, ' 60.40(c)(1)(iii)(A) & ' 60.40(c)(4)(i)	Original or legible copy of first repayment schedule form that covers each loan in the claim package.
Forbearance form(s), ' 60.37, 60.42(a)(1)(viii), HEAL Policy Memo. L-96-10 HEAL Policy Memo L-2001-07 HEAL Policy Memo L-2002-06	Fully completed original or legible copy for all forbearances granted to the borrower for each loan included in the claim.

**HEAL CLAIMS DOCUMENT DESCRIPTION
AND DOCUMENT ORDER**

Loan account servicing and payment history, ' 60.40(a)(4) & ' 60.40(c)(1)(iii)(B) HEAL Policy Memo L-2001-6 correspondence, or other documents obtained in the	Detailed collection and servicing history of account activity including payments made from the date of disbursement up to the submission of the claim. Includes any pleadings, court orders or opinions, or other documents obtained in the course of litigation. Must also include evidence of the following, where appropriate: a. Graduation or withdrawal date b. Nine month grace period granted
Deferment periods, including AAMC residency match, if applicable Notices informing the borrower of the start of the repayment period First repayment schedule form and Abegin@ date Payments made by the borrower Forbearance periods granted	 h. Six-month notices provided Any address changes j. Requisite number of lender contacts during delinquency Report to the credit bureau at 60-day delinquency l. Pre-claim assistance requested at 90, 120, and 150 calendar days delinquency and final demand letter Skip tracing activities n. Litigation or claim filed within 150 to 180 calendar days of the delinquency o. Correspondence
Principal and Interest calculation worksheet, ' 60.40(a)(4)	Include all disbursements for loans contained in the claim, interest, compounding, payments, and running balance up to the date of the claim submission.

II. DEATH CLAIMS

CONTENT REQUIREMENT

11. Death Certificate, ' 60.39(a) & ' 60.40(c)(2)	Original or certified copy. Claim must be filed within 30 calendar days of the date of the receipt of the death certificate by the lender/holder/servicer.
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**HEAL CLAIMS DOCUMENT DESCRIPTION
AND DOCUMENT ORDER**

III. DISABILITY CLAIMS

CONTENT REQUIREMENT

12. Disability Letter,
' 60.39(b) & ' 60.40(c)(3)
- Original letter from DHHS approving borrower for total and permanent disability. Claim must be filed within 30 calendar days of the receipt of DHHS disability letter by the lender/holder/servicer.

IV. DEFAULT CLAIMS

**A. LOW BALANCE/
LOW LOAN AMOUNT CLAIMS**

CONTENT REQUIREMENT

Low Balance Loans,
HEAL Policy Memo L-93-2

Evidenced by supporting documentation where loan balance is below \$300. Claim must be submitted within 30 calendar days of the date for the 3rd PCA letter request by the lender/holder/servicer.

Loans <\$5,000 made prior
to 11/4/88, ' 60.35(c)(3)(ii) &
' 60.40(c)(1)(i)

Evidenced by supporting documentation and/or the HEAL database. Claim must be submitted within 30 calendar days of the 3rd PCA letter request by the lender/holder/servicer.

Loans <\$2,500 made on or
after 11/4/88, ' 60.35(c)(3)(iii) &
' 60.40(c)(1)(i)

Evidenced by supporting documentation and/or the HEAL database. Claim must be submitted within 30 calendar days of the 3rd PCA letter request by the lender/holder/servicer.

B. SKIP CLAIMS

CONTENT REQUIREMENT

Skips, ' 60.35(a)(2)

Evidence in collection history of actions taken and dates. Actions must comply with 42 C.F.R. ' 60.35(a)(2). Claim must be submitted within 30 calendar days of the determination that the borrower is a skip.

HEAL CLAIMS DOCUMENT DESCRIPTION
AND DOCUMENT ORDER

C. UNABLE TO SERVE CLAIMS CONTENT REQUIREMENT

Unable to Serve, ' 60.35(a)(2), Copy of Complaint and Return of Service

' 60.35(c)(3), & HEAL
Policy Memo L-92-8

documenting attempts to serve, including time, place, and date of attempt(s). Three attempts to serve are required for accounts \$10,000 or greater; one attempt for accounts below \$10,000. At least one attempt is acceptable if attempted service is conducted by officers of the court (public service).

D. JUDGMENTS CONTENT REQUIREMENT

Judgment Order,

' 60.40(c)(1)(ii) &
HEAL Policy Memo L-89-11

Certified or exemplified copy of the judgment as required in HEAL Policy Memo L-89-11. Must be granted for the outstanding balance on all loans included on HRSA 510.

Complaint & Summons,

' 60.40(c)(ii) &
HEAL Policy Memo L-89-11

Copy of the Complaint filed with the court and the Summons served to the borrower.

Proof of service,

HEAL Policy Memo L-89-11

Must show date of service and who was served at what time.

Assignment of Judgment,

' 60.40(c)(1)(ii)

Original required. Must be assigned to the United States of America.

Chapter 7 Bankruptcy documents,

if applicable, ' 60.40(c)(1)(iii)(F)

Bankruptcy Notice, Dismissal/Discharge Notices.

**HEAL CLAIMS DOCUMENT DESCRIPTION
AND DOCUMENT ORDER**

V. BANKRUPTCY

A. CHAPTER 11 AND 13 CONTENT REQUIREMENT

Bankruptcy Notice,	341 Notice issued by the Court. Claim must be filed within 10 calendar days of the initial date of the receipt of the court notice, written notice from the borrower's attorney, or other official documents that reflect that the bankruptcy has been filed (on an exception basis). The initial date of receipt must be documented by a date stamp. If a copy of the notice is not available at the time of filing a claim, the lender must include a letter explaining why the Notice is not included and what has been done to obtain it.
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Proof of claim, ' 60.40(c)(1)(iv) & ' 60.40(c)(4)(iii)	Copy of Proof of Claim filed with the bankruptcy court, where applicable. Must have been filed timely.
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Unconditional Transfer of Proof of Claim, ' 60.40(c)(4)(iv)	Must be an original document.
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Objection to Discharge ' 60.40(c)(1)(iv)	Copy of Objection to Discharge filed with the court.
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Bankruptcy Plan, if applicable	Copy of the Plan, if received by the lender prior to filing the claim. If the Plan is received after the claim is filed, it must be faxed or sent to DHHS as soon as possible after its receipt.
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B. ADVERSARY CONTENT REQUIREMENT

Adversary Summons and Complaint, ' 60.40(c)(4) & HEAL Policy Memo L-89-13	Original or copy of document served on lender or holder. Claim must be filed within 10 calendar days of the date of the initial date of receipt. The initial date of receipt must be documented by a date stamp.
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HEAL CLAIMS DOCUMENT DESCRIPTION
AND DOCUMENT ORDER

Answer to Adversary Summons and Complaint, if applicable, if applicable, ' 60.40(c)(4)	Copy of Answer filed with the court. Lender may be required to file an answer within 30 days of date of Summons if time is insufficient for filing claim and transfer to HEAL. Motion for Extension of Time to File an Answer may substitute here.
Bankruptcy Notice, if originally 341 Notice issued by the court. Claim must be filed as a Chapter 11 or 13, ' 60.40(c)(4)(v)	Claim must be filed within 10 calendar days of the initial date of the receipt of the court notice or written notice from the borrower's attorney. The initial date of the receipt must be documented by a date stamp.
Proof of Claim, ' 60.40(c)(1)(iv) & ' 60.40(c)(4)(iii)	Copy of Proof of Claim filed with the bankruptcy court, where applicable. Must have been filed timely.
Unconditional Transfer of Proof of Claim, if applicable, ' 60.40(c)(4)(iv)	Must be an original document.
Statement, ' 60.40(c)(4)(vi)	Lender's statement of any facts of which the lender is aware that may form the basis for an objection or exception to the bankrupt's discharge.
Any other bankruptcy documents that exist in borrower's file	Discharge and/or dismissal of any previous bankruptcies.

USE OF AFFIDAVITS OF LOSS AND INDEMNIFICATION

The HEAL program permits the use of affidavits of loss and indemnification in situations in which the lender/holder/servicer, after exercising diligence in its attempts to locate, is unable to locate and submit (a) the original promissory note, (b) the original or a legible copy of one or more deferments, (c) the original or a legible copy of one or more forbearances, or (d) the original or a legible copy of one of the first repayment schedule. Affidavits of loss and indemnification will be permitted to be used in accordance with the following policies.

1. Affidavits of loss and indemnification are intended to be used in exceptional circumstances only. They are not intended to be used in place of proper document retention and retrieval practices or proper claim package preparation. Excessive use, as determined by the Secretary, could result in the elimination of their use.
2. A legible copy of the promissory note must always, in every type of claim, accompany an affidavit of loss of the original note and indemnification.
3. A separate affidavit of loss and indemnification must be submitted for each missing original promissory note or each missing original or legible copy of a deferment request, forbearance request, or first repayment schedule. Multiple missing documents may not be combined or included in one affidavit of loss and indemnification.
4. If a demand for repurchase of a claim is made under an indemnification and the lender does not pay the amount demanded within 45 days of the date of the demand, the Secretary will off-set the amount of the demand against amounts due to the lender for other claims.

AFFIDAVIT AND INDEMNITY FOR MISSING DOCUMENT

I, _____, an authorized representative of _____ (hereinafter the Lender or Holder), being duly sworn, state that a _____
(Original Promissory Note; Original or Legible Copy of a Deferment, Forbearance, or Repayment Schedule)

(Describe the document specifically, including the date.)

for the HEAL claim for _____, (SSN ____ - ____ - _____), is missing despite reasonable attempts made by the Lender or Holder to locate the document. If it is found, the Lender or Holder agrees to provide the missing document to the Department of Health and Human Services (DHHS) as soon as possible.

In consideration of the payment by DHHS of the above-described claim, the Lender or Holder agrees to repurchase the loan(s) related to the missing document from DHHS if DHHS is unable to fully collect the amount due on the loan(s) or the judgment related to the loan(s) because of the missing document, as documented in writing by the Assistant United States Attorney to whom the loan(s) or judgment thereon has been assigned for collection. The repurchase price of the loan(s) will be the amount paid to the Lender or Holder for the loan(s) by DHHS pursuant to the Lender-s or Holder-s insurance claim, plus interest at the applicable promissory note or judgment interest rate, plus direct costs of DHHS in its litigation activities incurred relating to the missing document, such as deposition, travel, transcript fees, and any and court-ordered costs.

Name: _____
Title: _____

Sworn to before me this ____ day of _____, 200__.

(Notary Public)

My Commission expires:

**Bureau of Health Professions
Division of Health Careers Diversity and Development
HEAL Program**

Fax Nos: (301) 443-0795
(301) 594-6911

**HEAL CLAIM
MISSING DOCUMENT/DEFECT NOTIFICATION**

Date: _____

To: _____ From: _____

Office: _____ Phone #: **301-443-**_____

Fax #: _____ Fax #: **301-443-0795**

Phone #: _____ **301-594-6911**

YOU SHOULD RECEIVE ONLY THIS ONE-PAGE FAX NOTIFICATION SHEET.

NOTICE:

The documents (deficiencies) listed below are missing from (exist) in your claim package for, Borrower=s Name: _____, SSN: _____. Please submit the missing document(s) and/or correct the notified deficiencies to the HEAL Program within 7 calendar days of the date of this notification.

If the requested document(s) is not received by the HEAL Program within 7 calendar days of the date of this notification, the claim package will be placed in a REJECT1 (R1) status and returned.

Missing document(s):

Defect(s): _____

Confidentiality Notice

This facsimile transmission contains confidential and/or legally privileged information from the HEAL Program intended only for the use of the individual named on this transmission sheet. If you are not the intended recipient, you are hereby notified that any disclosure,

copying, or distribution of this information or the taking of any action in reliance of the contents of this facsimile transmission is strictly prohibited. If you have received this transmission in error, please notify the sender by telephone immediately.

Bureau of Health Professions

REJECT1 (R1) LETTER

Date

Contact Name

Holder Name

Holder Address

XXXXXXXXXXXXXXXXXX

Re: Borrower Name
SSN: xxx-xx-xxxx
Claim Amount: \$XXXXXXXX
Claim ID: xxxxCXXXXXX
Claim Type: XXXXXXXXXXXXXXXX

Dear Contact Name:

We are returning the rejected claim that was received by the Health Education Assistance Loan (HEAL) Branch for payment on ___ (date) ___. The claim was rejected for the following reasons.

1. The claim package was missing more than one document and therefore is rejected. The following documents were missing in the claims package:

2. The loan servicing history did not reflect the required activity:

3. Other reasons:

Prior to the refiling of a rejected claim, please review the HEAL general rules on refiling rejected claims and penalties/cures for defects in servicing accounts.

Rejected claims (R1 status) may be refiled only **one** time. The Department will reject (R2 status), without further review, any claim that is filed after a second rejection or any loan filed with a rejected claim (R2 status).

PLEASE TAKE SPECIAL NOTE: The refiling of a rejected claim must occur within 60 days of the date shown on this rejection letter. Interest will be paid only for the first 30 days after rejection. After the 60-day period has expired, the claim may not be refiled.

If you have any question, please contact HEAL reviewer's name of the HEAL Branch at (301) 443-1540.

Sincerely,

Henry Lopez, Jr.
Director
Division of Health Careers Diversity
and Development

Enclosure

Bureau of Health Professions

FINAL REJECT2 (R2) LETTER

Date

Contact Name

Holder Name

Holder Address

XXXXXXXXXXXXXXXXXXXX

Re: Borrower Name

SSN: xxx-xx-xxxx

Claim Amount: \$XXXXXXXX

Claim ID: xxxxCXXXXXXXX

Claim Type: XXXXXXXXXXXXXXX

Dear Contact Name:

In accordance with Health Education Assistance Loan (HEAL) Lender Policy Memorandum L-2003-1, dated November 14, 2003, the HEAL Program has rejected the above claim and placed it in a REJECT2 (R2) status. This status is a final rejection of the claim and all HEAL loans associated with the claim become permanently uninsured.

This claim is being returned to you together with a copy of the REJECT1 (R1) letter issued on _____ (date) _____. Your institution was allowed to correct the errors referenced in that letter and submit a corrected claim package within 60 days (interest to be paid for the first 30 days). Corrections to the above referenced claim were either insufficient or not performed within the 60-day deadline submission. Because the 60-day deadline has expired, the following HEAL loans will be permanently uninsured:

<u>Loan ID</u>	<u>Original Principal Amt.</u>	<u>Disbursement Date</u>	<u>Holder ID</u>	<u>Servicer ID</u>
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A lender/holder/servicer may appeal this decision if you believe that review by the HEAL Program of the re-submitted claim was flawed. You must appeal to the Director, Division of Health Careers Diversity and Development to re-consider the decision of the HEAL Program. Such an appeal can be made only

once and must be made within 30 calendar days of the date of this FINAL REJECT2 (R2) letter rejecting the re-submitted claim. The letter of appeal must include the following: 1) the

Page 2 - REJECT2 (R2) Letter

HEAL Program letter notifying the lender/holder/servicer the rejection of the original claim; 2) the re-submitted claim; 3) this letter and enclosure; and 4) the reasons as to why, in the opinion of the lender/holder/servicer, the review of the re-submitted claim by the HEAL Program was flawed.

If you have any questions, please contact Ms. Nancy Durham, Acting Chief, HEAL Branch at (301) 443-1540.

Sincerely,

Henry Lopez, Jr.
Director
Division of Health Careers Diversity
and Development

Enclosures

FILING CLAIMS

Claims may contain multiple loans. Regardless of the number of loans included in a claim, the claim is reviewed as a whole. When a claim is denied for payment (REJECT1 status), lenders may re-submit the claim, in some cases subtracting one or more problem loans. Re-filing of a rejected claim is governed by the policy as specified in the section on Re-submission of the Rejected Claims in this document.

1. All loans ready for filing for a particular borrower (i) that are included in a bankruptcy filing or in a judgment order, (ii) the loans that are in default and have been through the litigation process without concluding in a judgment (skips and unable to serves), or (iii) the loans that exist at the time of death or disability of the borrower must be filed at the same time, all together, in one claim.
2. If a claim is rejected (REJECT1 status), one or more problem loans may be subtracted from a re-filed claim and the subtracted loans may be refiled separately.
3. For claims based on judgments: If fewer than the total number of loans included in the judgment order are included in a claim that is re-filed after rejection (REJECT1 status), the re-filed claim must include a statement indicating what portion of the judgment applies to each of the loans included in the re-filed claim. The lender/holder/servicer may re-file a claim for loans included in the original judgment but not previously paid without obtaining a new judgment if the previously identified deficiencies are corrected and the portion of the judgment applicable to the loans included in the re-filed claim is clearly specified.
4. Previously unfiled loans that become ready for filing after the filing of the initial claim may not be added to a refiling of a rejected (REJECT1 status) claim. If these loans were not included in the package, an explanation must be provided as to why they were excluded. Such loans must be filed in a separate claim in accordance with paragraph 1 above.
5. Interest will be paid only for the first 30 calendar days from the date of the letter notifying the rejection of the original claim.

RE-SUBMISSION OF THE REJECTED CLAIMS

1. A rejected claim (R1 status) can be re-submitted for payment *only once* and must (i) include a copy of the HEAL Program letter notifying them of the rejection of the original claim, (ii) include the missing documents, and (iii) correct the loan servicing deficiencies, if any, and/or provide requested information/explanations to the satisfaction of the HEAL Program.

2. A rejected claim (R1 status) must be received by the HEAL Program within 60 calendar days from the date of the HEAL Program letter notifying them of the rejection of the original claim. The payment for a claim re-submitted beyond this 60-day limit will be denied, hence rejected (R2 status), and the claim will be returned to the lender/holder/servicer without review.

3. However, if, in the opinion of the lender/holder/servicer, the review by the HEAL Program of the re-submitted claim was flawed, they can appeal to the Director, Division of Health Careers Diversity and Development, to re-consider the decision of the HEAL Program. Such an appeal can be made only *once* and must be made within 30 calendar days of the date of the HEAL Program letter notifying them of the rejection of the re-submitted claim. The letter of appeal must include the HEAL Program letter notifying the lender/holder/servicer the rejection of the original as well as the re-submitted claim and must also include the reasons as to why, in the opinion of the lender/holder/servicer, the review of the re-submitted claim by the HEAL Program was flawed.

DEFECTS IN ACCOUNT SERVICING AND CLAIMS

The Secretary does not pay claims if the lender/holder/servicer has not complied with the HEAL statute and regulations. Section 60.41(d) of the HEAL regulations, however, grants the Secretary discretion to permit waiver or cure of certain defects as a condition for payment if, in the Secretary's determination, the defect did not contribute to the default or prejudice the Secretary's attempt to collect the loan(s) from the borrower.

In exercise of this discretion, the Secretary has determined that:

- (a) There may be defects that arise in exceptional circumstances that fit within section 60.41(d) for which the Secretary will allow waiver or cure by the lender or holder.

So that the HEAL Program may make a decision pursuant to the requisites of section 60.41(d), a written statement addressing the criteria for waiver or cure of the defect contained therein, so far as they apply to the defect(s) in the claim package, must be submitted with the claim package. This statement must be complete and must address (1) a description of the defect and how it occurred, (2) why the defect did not contribute to the default, and (3) why the defect will not prejudice the Secretary's attempts to collect the loan(s) from the borrower. The lender or holder must include this statement with the first submission of the claim.

- (b) There are defects that are serious enough that the Secretary will not exercise discretion under section 60.41(d) and will not pay claims involving such defects.
- (c) There are defects that might otherwise result in rejection of a claim but for which the Secretary, rather than reject the claim outright, will impose an interest penalty and pay the claim minus the amount of the penalty, so long as the defect does not prejudice the Secretary's ability to collect the loan(s). Such defects, as determined at the present time, are set forth below.
 1. Death claims must be filed within 30 calendar days of the date of receipt of the death certificate by the lender/holder/servicer.

Penalty: Disallow interest after the 30-day period.

2. Disability claims must be submitted within 30 calendar days of the date of the receipt of the disability letter from the Department of Health and Human Services.

Penalty: Disallow interest after the 30-day period.

3. Claims based on loans of less than \$5000 made prior to 11/1/88, loans of less than \$2500 made after 11/1/88, and low balances (under \$300) must be filed within 30 calendar days of the date of the request for the third PCA letter.

Penalty: Disallow interest after the 30-day period.

4. Deferment periods by type.

Penalty: Disallow any interest if over the number of months/years allowed in legislation/regulations for the specific deferment type.

5. Claims based on skips must be filed within 30 calendar days of the date of the determination that the borrower was a skip.

Penalty: Disallow interest after the 30-day period.

6. Unable to serve claims must be filed within 30 calendar days of the date of the final attempt to serve (number of times the service must be attempted depends on amount of the account and whether service attempts were made by private or public agency). See Lender Policy Memorandum L-92-8.

Penalty: Disallow interest after the 30-day period.

7. Claims based on judgments must be filed within 60 calendar days of the date of the judgment or alternatively (HEAL Policy Memorandum L-1998-5) within 60 calendar days of the receipt of the certified copy of the judgment by the lender/holder/servicer and within 30 calendar days of the date of the receipt of certified copy of the judgment by the lender/holder/servicer.

Penalty: Disallow interest after the 60-day or 60-day/30-day period as applicable.

Additionally, interest will be paid only if the certified copy of the judgment was received within 60 calendar days of the date it was issued and if the claim was filed within 30 calendar days of its receipt by the lender/holder/servicer. If a certified copy of the judgment was not received within 60 calendar days of the date it was issued, interest will be paid for that time between the initial 60-day period and the date of receipt only if documentation is submitted with the claim showing that written follow up was performed every 15 calendar days beginning on the 60th day to obtain a certified copy of the judgment.

8. Claims based on any type of bankruptcy (Adversary or Chapters 11 or 13) must be filed within 10 calendar days of the date of the receipt of first notice of bankruptcy. Such notice may be a Summons and Complaint, 341 Notice, or other notice from the borrower's representative, as appropriate.

Penalty: Disallow any interest after the 10-day period and possibly reject the claim entirely if the government's ability to defend the matter has been prejudiced by the delay.

9. Interest Penalties for Gaps in Servicing:

Note: The following presume that the specified action or activity was, in fact, performed, but was done beyond the time period required. If the action was not performed at all or at an inappropriate time, that action/inaction will cause interest penalties to be assessed on the claim.

- a. Failure to report delinquency to credit bureau at 60 days delinquency;
- b. Failure to request PCA letters at 90, 120, and 150 days delinquency;
- c. Failure to begin litigation activity between day 150 and day 180 of the date of delinquency;

Penalty: Interest will be deducted from claims for any days in excess of the time periods listed in a-c above until the day the activity was actually taken.

- d. Failure to contact the borrower in writing at least 30, but not more than 60 calendar days before repayment is to begin.

Penalty: Unless the borrower makes a payment within the period in which repayment was to begin, interest will be deducted from claims for the time period between 30 days prior to entering repayment and the date of actual contact with the borrower, as evidenced in the loan servicing history. Lenders and holders should note that pursuant to section 60.34(b)(1) of the HEAL regulations, lenders may not charge borrowers for the additional interest or other charges, penalties, or fees that accrue when a lender does not contact the borrower within this time period and a late conversion results.

- e. Excessive time in litigation. The Secretary will review carefully any accounts that have been in litigation, particularly those which have been in litigation for over two years, to assess whether the litigation activity was continuous or whether it appears that insufficient attention was paid to the litigation activity for any periods of time.

Penalty: Interest will be deducted from the claim for any time over two years that the account was in litigation, unless the lender documents that constructive legal activity on the account was ongoing and continuous during the entire time.

- f. Gaps in servicing, i.e., failure to take required actions to collect the loan(s) within the required time periods set forth in the regulations when an account becomes delinquent.

Penalty: Interest will be deducted from the claim for any period of time between the date when a certain collection action was required to be taken on a delinquent account

and the date when the action was taken or the borrower started making payments again. These collection/due diligence actions are set forth in HEAL regulations section 60.35.

1. Forbearance in excess of 24 or 36 months without HHS approval letter for that time period.

Penalty: Interest will be deducted for days that exceed the 24/36 months maximum that did not have HHS approval.

10. Securing a judgment may suffice to cure a good faith omission of a due diligence requirement contained in section 60.35 of the HEAL regulations, provided that, in accordance with section 60.41(d), the omission does not prejudice the Secretary's ability to collect the loan. The securing of a judgment will not, however, negate the imposition of any of the above-stated penalties, which will be assessed in all cases against all claims that include any of the due diligence/collection defects, errors, or omissions set forth herein.

- 11 All loans for which litigation was initiated at any time in the servicing history will be cross-checked against the HEAL litigation database. If the account entered litigation at any time, the loan(s) must have been reported to the HEAL Program on the litigation tape for the month the account entered litigation. This requirement will be effective the date the lender/holder/servicer was required to report litigation data to the Secretary.

Penalty: If the account or any of the loans included in the claim do not appear in the HEAL litigation database, the claim will be rejected (Reject1). Appropriate action may be taken by the lender to include the litigation information on the next litigation tape (either the next monthly submission or a special separate submission due to timing constraints associated with refileing a rejected claim.

The lender may then re-file the claim, within the time permitted for refileing as stated in item 11 below and in Section ARe-submission of Rejected Claims@in this document, but interest will be deducted for the period of time between the date litigation was begun and the date the litigation was reported to the HEAL Program.

12. A rejected claim must be re-filed within 60 calendar days of the date of the rejection, if it is to be refiled at all. Particular loans that have been excerpted from a previously rejected claim also must be refiled within 60 calendar days of the previous rejection, if they are to be refiled at all.

Penalty: (a) Interest will be paid only for up to 30 calendar days from the date of the initial rejection. (b) After 60 days from the date of initial rejection, previously rejected claims, or loans included in previously rejected claims, will not be allowed to be re-filed.

HEAL SYSTEM EDITS
FOR
CLAIMS PROCESSING

Item

Condition of Edit Failure

Items that must be present and correct in order to have a valid claim submission:

Social Security Number (SSN)

SSN must be present on HRSA 510 and exist in the HEAL database

Holder ID

Holder ID must be present on HRSA 510 and exist in the HEAL database

Servicer ID

Servicer ID must be present on HRSA 510 and exist in the HEAL database

Claim Type on HRSA 510

Claim Type must be present on HRSA 510 and be a valid claim type

Claim Amount Requested on HRSA 510

Claim Amount Requested must be present on HRSA 510 as a valid dollar amount

Items that relate to all claims:

Claim Type on HRSA 510

Invalid claim type submitted on HRSA 510

Claim Amount Requested on HRSA 510

Claim Amount Requested is over \$500,000 or under \$0

Heal Rejection Letter (Note: HEAL Rejection Letter is required only when claim is resubmitted)

Heal Rejection Letter is missing from resubmitted claim package

HRSA 510 Present

HRSA 510 is not present in claim package

HRSA 510 Complete and Accurate

HRSA 510 is not complete and accurate

Original Signature/date on HRSA 510

HRSA 510 does not have original signature and date

Loan ID

Loan is invalid

Loan ID

Borrower over awarded for their discipline (\$50,000/\$80,000). This applies to

HEAL original loan

Litigation ID

Litigation is invalid

Litigation ID	For claim type of Unable to Serve and Judgment, Litigation ID is not present on HRSA 5
Litigation Begin Date	Litigation Begin Date is not between 150 and 180 days of the Most Recent Delinquency Date and Litigation Extension Agreement with HHS is not present
Litigation Over 2 Years	Litigation period is over two years and no justification found in claim package
Promissory Note	Original or copy with affidavit/indemnification of the promissory note is not found in claim package
Promissory Note Signed and Dated	Promissory Note is not signed and/or dated
Promissory Note Previous Owners Endorsement	Endorsements from all previous loan owners not present
Promissory Note Amount	Amount not present
Promissory Note Amount	Promissory Note Amount is greater than lender approved amount
Assignment of promissory note	Assignment of Promissory Note is not present
Loan Application	Original or copy of loan application is not present
Loan Application	Application is not complete
Application Lender Amount Agree Indicator	Promissory Note Amount is greater than lender approved amount
Loan Disbursement Check or Disclosure statement Included	Loan disbursement amount exceeds lender approved amount
Repayment Schedule	For claim types of Low Balance, Skip, Unable to Serve, and Judgment, Original or Copy of Affidavit/Indemnification of Repayment Schedule Form not present
Repayment Schedule Date	Repayment Schedule Date is not 30 to 60 days prior to Repayment Begin Date for original HEAL loan
Separation Date (Graduation or Withdrawal Date)	Most current Separation Date is before the most current original HEAL loan disbursement date
Separation Date (Graduation or Withdrawal Date)	For claim types of Low Balance, Skip, Unable to Serve, and Judgment, separation date is not present
Separation Date (Graduation or Withdrawal Date)	Separation date is after the Repayment Begin Date
Previous Bankruptcy	Previous bankruptcy documentation present but no indication of discharge present
Previous Bankruptcy	Previous bankruptcy and discharge indication present but no discharge documentation included in claim package
Principal and Interest Worksheet	Principal and Interest Worksheet not included in claim package
Principal and Interest Worksheet Balance	Principal and Interest Worksheet Balance not within +/- \$1000 of the Claim Amount Requested
Principal and Interest Worksheet Balance	Principal and Interest Worksheet Balance not present
Loan Servicing History	Loan Servicing History is not present
Grace Period	For claim types of Low Balance, Skip, Unable to Serve, and Judgment, borrower not given nine months of grace
Repayment Begin Date	Repayment Begin Date occurs after Most Recent Delinquency Date
Repayment Begin Date	For claim types of Low Balance, Skip, Unable to Serve, and Judgment, repayment begin date not present
Repayment Begin Date	Repayment Begin Date occurs before Separation Date
Six Month Notices	Six Month Notice was not sent prior to Repayment Begin Date for original HEAL loan

Credit Bureau Date	Credit Bureau Date does not occur between Most Recent Delinquency Date and Pre-claims Assistance 90 Day Letter Date
Credit Bureau Date	For claim types of Low Balance, Skip, Unable to Serve, and Judgment, credit bureau date not present.
Most Recent Delinquency Date	For claim types of Low Balance, Skip, Unable to Serve, and Judgment, Most Recent Delinquency Date is not present. (For claim types of death, disability and bankruptcies, this date is not required.)
Due Diligence Letter 1 Date	For claim types of Low Balance, Skip, Unable to Serve, and Judgment, Due Diligence Letter 1 Date is not present. (For claim types of death, disability and bankruptcies, this date is not required.)
Due Diligence Letter 1 Date	Due Diligence Letter 1 Date occurs prior to Repayment Begin Date
Due Diligence Letter 1 Date	Due Diligence Letter 1 Date occurs more than 15 days after Most Recent Delinquency Date
Due Diligence Letter 2 Date	For claim types of Low Balance, Skip, Unable to Serve, and Judgment, Due Diligence Letter 2 Date is not present. (For claim types of death, disability and bankruptcies, this date is not required.)
Due Diligence Letter 3 Date	For claim types of Low Balance, Skip, Unable to Serve, and Judgment, Due Diligence Letter 3 Date is not present. (For claim types of death, disability and bankruptcies, this date is not required.)
Due Diligence Letter 4 Date	For claim types of Low Balance, Skip, Unable to Serve, and Judgment, Due Diligence Letter 4 Date is not present. (For claim types of death, disability and bankruptcies, this date is not required.)
Final Demand Letter Date	For claim types of Low Balance, Skip, Unable to Serve, and Judgment, Final Demand Letter Date is not present. (For claim types of death, disability and bankruptcies, this date is not required.)
Pre-Claims Assistance (PCA) 90 Day Letter Date	For claim types of Low Balance, Skip, Unable to Serve, and Judgment, PCA 90 Day Letter Date is not present. (For claim types of death, disability and bankruptcies, this date is not required.)
PCA 90 Day Letter Date	PCA 90 Day Letter Date is not within 85 to 95 days after Most Recent Delinquency Date
PCA 120 Day Letter Date	For claim types of Low Balance, Skip, Unable to Serve, and Judgment, PCA 120 Day Letter Date is not present. (For claim types of death, disability and bankruptcies, this date is not required.)
PCA 120 Day Letter Date	PCA 120 Day Letter Date is not within 25 to 35 days after PCA 90 Day Letter Date
PCA 150 Day Letter Date	For claim types of Low Balance, Skip, Unable to Serve, and Judgment, PCA 150 Day Letter Date is not present. (For claim types of death, disability and bankruptcies, this date is not required.)
PCA 150 Day Letter Date	PCA 150 Day Letter Date is not within 25 to 35 days after PCA 120 Day Letter Date

For these dates in this order: Most Recent Delinquency Date, Due Diligence Letter 1 Date, Due Diligence Letter 2 Date, Due Diligence Letter 3 Date, Due Diligence Letter 4 Date, Final Demand Date, Pre-Claims Assistance (PCA) 90 Day Letter Date, PCA 120 Letter Date, PCA 150 Letter Date

Chronological order of these dates are out of sequen

Deferment Form	No original or copy or affidavit/indemnification of the Deferment Form present in claim packa
Deferment Begin Date	Deferment Begin Date occurs after Deferment End D
Deferment Begin Date	Deferment Begin Date is not prese
Deferment End Date	Deferment End Date is not prese
Deferment Form Dates Match Loan Service History	Deferment form dates match loan service histo
Deferment Type	Deferment Type not prese
Deferment Type	For Deferment Type of GF: Full time participation in an approved fellows training program or educational activity has exceeded the 2 year li
Deferment Type	For Deferment Type of PC: Full time voluntary service in the Peace Cor has exceeded the 3 year li
Deferment Type	For Deferment Type of AC: Full time voluntary service under the Title Domestic Volunteer Service Act of 1973 (VISTA/ACTION) has exceeded t 3 year li
Deferment Type	For Deferment Type of AP: Service as a member of National Health Servi Corps has exceeded the 3 year li
Deferment Type	For Deferment Type of AP: Full time active duty in the Armed Forces h exceeded the 3 year li
Deferment Type	For Deferment Type of PP: Completion of approved internship/residen training and practicing primary care has exceeded 3 year li
Deferment Type	For Deferment Type of CH: Completion of chiropractic school has exceed 1 year li
Deferment Type	For Deferment Type of IH: Provision of health care services to India through any health program funded by the Indian Health Service h exceeded 3 year limit for service starting 02/01/1999 or la
Deferment Type	For Deferment Type of IR: Participation in an approved internship/residen has exceeded 4 year limit if borrower received HEAL loan on/af 10/22/1985 or if grace expire
Deferment Type	Deferment type is approved residency/internship (IR) and residency match not verified and no deferment form in claim packa
Deferment Type	Deferment type is any type other than approved residency/internship (IR) a original nor copy nor affidavit/indemnification of deferment form present claim packa
Deferment Residency Match Verified: AAMC Letter	AAMC Letter is present but residency match not verifi

Deferment Residency Match Verified: AAMC Letter	Residency match verified but AAMC Letter not present in claim package
Forbearance Form	An original or copy or affidavit/indemnification of forbearance form is not present in claim package
Forbearance Signatures: Borrower	Original or copy of forbearance form does not contain borrower's signature
Forbearance Completed Accurately	Forbearance form not completed accurately
Forbearance Begin Date	Forbearance Begin Date is not present on forbearance form
Forbearance Begin Date	Forbearance Begin Date cannot occur after Forbearance End Date
Forbearance End Date	Forbearance End Date is not present on forbearance form
Forbearance Proof of HHS Approval	If Forbearance Begin Date occurs after or on April 16, 1996, then the maximum months of forbearance allowed without HHS approval is 36 months. After the 36 month maximum is met, an HHS approval letter is required for all future forbearance
Forbearance Proof of HHS Approval	If Forbearance Begin Date occurs before April 16, 1996, then the maximum months of forbearance allowed without HHS approval is 24 months. After the 24 month maximum is met, an HHS approval letter is required for all future forbearance

Items that relate to DEATH Claims:

Date Notified of Death	Date Notified of Death occurred prior to most current loan disbursement date
Date Notified of Death	Date Notified of Death is not present in claim package
Death Certificate	An original or certified copy of the death certificate is not present in claim package
Date Lender Received Death Certificate	Date Lender Received Death Certificate is not present in claim package
Date Lender Received Death Certificate	Date Lender Received Death Certificate is more than 60 days after Date Notified of Death and References were not contacted
Date Lender Received Death Certificate	Date Lender Received Death Certificate occurred more than 30 days prior to date claim was received at HE
Date Lender Received Death Certificate	Date Lender Received Death Certificate occurred before Date Notified of Death

Items that relate to DISABILITY Claims:

HHS Disability Approval Letter	HHS Disability Approval Letter is not present in claim package
Date Borrower Notified Lender of Disability	Date Borrower Notified Lender of Disability occurs prior to most current loan disbursement date
Date Borrower Notified Lender of Disability	Date Borrower Notified Lender of Disability is not present in claim package
Date Lender Received Any Documents From Borrower	Date Lender Received Any Documents From Borrower is more than 60 days after Date Borrower Notified Lender of Disability
Date Lender Received Any Documents From Borrower	Date Lender Received Any Documents From Borrower is not present in claim package
Date Lender Received Any Documents From Borrower	Date Lender Received Any Documents From Borrower occurs prior to Date Borrower Notified Lender of Disability

Date Lender Sent Package to HHS	Date Lender Sent Package to HHS occurs more than 15 days after the Date Lender Received Any Documents From Borrower
Date Lender Sent Package to HHS	Date Lender Sent Package to HHS is not present in claim package
Date Lender Sent Package to HHS	Date Lender Sent Package to HHS occurs prior to Date Lender Received Any Documents From Borrower
Date Surgeon General Approved Disability	Date Surgeon General Approved Disability occurs prior to Date Lender Sent Package to
Date Surgeon General Approved Disability	Date Surgeon General Approved Disability is not present in claim package
Date Lender Received Approval Letter from HHS	Date Lender Received Approval Letter from HHS occurs prior to Date Surgeon General Approved Disability
Date Lender Received Approval Letter from HHS	Date Lender Received Approval Letter from HHS occurs more than 30 days prior to the date HEAL received claim package
Date Lender Received Approval Letter from HHS	Date Lender Received Approval Letter from HHS is not present in claim package

Items that relate to BANKRUPTCY ADVERSARY Claims:

Date Court Notice Received	Date Court Notice Received occurs prior to Date of Completion
Date Court Notice Received	Date Court Notice Received occurs more than 10 days prior to date HEAL received claim package
Date Court Notice Received	Date Court Notice Received is not present in claim package
Bankruptcy 341 Notice (Notice of Meeting of Creditors) or PACER	Bankruptcy 341 Notice (Notice of Meeting of Creditors) or PACER is not present in claim package
Proof of Claim	An original or copy of Proof of Claim is not present in claim package
Proof of Claim Amount	Proof of Claim Amount is not present in claim package
Proof of Claim Amount	Proof of Claim Amount is not within +/- \$1000 of the Claim Amount Requested
Copy of Complaint	Copy of Complaint not included in claim package
Copy of Complaint	Copy of Complaint is not date stamped
Date of Complaint	Date of Complaint occurs prior to most current loan disbursement date
Date of Complaint	Date of Complaint is not present in claim package
Transfer of Proof of Claim	Transfer of Proof of Claim original is not present in claim package
Copy of Summons	Copy of Summons is not present in claim package

Items that relate to BANKRUPTCY CHAPTER 11 OR 13 Claims:

Date Court Notice Received	Date Court Notice Received occurs prior to most current loan disbursement date
Date Court Notice Received	Date Court Notice Received occurs more than 10 days prior to date HEAL received claim package
Date Court Notice Received	Date Court Notice Received is not present in claim package
Bankruptcy 341 Notice (Notice of Meeting of Creditors) or PACER	Bankruptcy 341 Notice (Notice of Meeting of Creditors) or PACER is not present in claim package
Proof of Claim	An original or copy of Proof of Claim is not present in claim package

Proof of Claim Amount	Proof of Claim Amount is not present in claim packa
Proof of Claim Amount	Proof of Claim Amount is not within +/- \$1000 of the Claim Amo
Transfer of Proof of Claim	Transfer of Proof of Claim original is not present in claim packa
Items that relate to SKIP Claims:	
References	Not all references contact
Credit Bureau Report	Credit Bureau Report was not r
Date of Skip Determination	Date of Skip Determination occurs more than 30 days prior to the da HEAL received claim packa
Date of Skip Determination	Date of Skip Determination is not present in claim packa
Adequate Sources Used In Skip Tracing	Adequate Sources were not used in Skip Trac
Items that relate to UNABLE TO SERVE Claims:	
Attempts to Serve	The number of attempts to serve is less than three when attempting to ser for private service with Claim Amount Requested greater than or equal \$10,0
Attempts to Serve	No Attempt to serve was performed when attempting to serve for priva service with Claim Amount Requested less than \$10,0
Public Service	At least one attempt to serve was not performed when attempting to ser for public serv
Last Attempt to Serve Date	Last Attempt to Serve Date occurs prior to Pre-Claims Assistance 150 D Letter D
Last Attempt to Serve Date	Last Attempt to Serve Date occurs more than 30 days prior to date HE received claim packa
Last Attempt to Serve Date	Last Attempt to Serve Date is not present in claim packa
Copy of Complaint	Copy of Complaint is not present in claim packa
Items that relate to JUDGMENT Claims:	
Copy of Judgment	Neither certified nor exemplified nor original copy of judgment in cla packa
Judgment Received Date	Judgment Received Date occurred more than 60 days after Judgment Da and no court follow up was perform
Judgment Received Date	Judgment Received Date occurs more than 30 days prior to date received claim packa
Judgment Received Date	Judgment Received Date occurs prior to Judgment D
Judgment Received Date	Judgment Received Date is not present in claim packa
Judgment Date	Judgment Date is not present in claim packa
Proof of Service	Proof of Service is not present in claim packa
Post-judgment Interest Rate	Neither Post-judgment Interest Rate nor Variable Rate Indication is prese in claim packa
Post-judgment Interest Rate	Post-judgment Interest Rate is less than 1
Post-judgment Interest Rate	Post-judgment Interest Rate is greater than 20
Copy of Complaint	Copy of Complaint is not present in claim packa
Copy of Summons	Copy of Summons is not present in claim packa
Assignment of Judgment	Assignment of Judgment has incorrect d

Assignment of Judgment	Assignment of Judgment has incorrect amount
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Items that relate to LOW BALANCE Claims:

- Loan Original Principal Claim Amount Requested is greater than \$300 and at least one loan in claim package was disbursed prior to 11/4/1988 and has loan original principal amount greater than \$5,000
- Loan Original Principal Claim Amount Requested is greater than \$300 and at least one loan in claim package was disbursed on or after 11/4/1988 and has loan original principal amount greater than \$2,500
- Date Claim Received at HEAL Pre-Claims Assistance 150 Day Letter Date occurs more than 30 days prior to date HEAL received claim package

Possible Claim Dispositions and Flow:

- Scenario #1: Last possible edit outcome is Final Reject
 - 1st Pass is Reject Hold * (claim status=REJECT)
 - 2nd Pass is Reject ** (claim status=REJECT)
 - 3rd Pass is Final Reject (claim status=FINAL)
- Scenario #2: Last possible edit outcome is Final Reject
 - 1st Pass is Reject ** (claim status=REJECT)
 - 2nd Pass is Final Reject (claim status=FINAL)
- Scenario #3: Last possible edit outcome is Pass with Penalty
 - 1st Pass is Reject Hold * (claim status=REJECT)
 - 2nd Pass is Pass with Penalty (claim status=OD)

* Documents must be sent to HEAL and/or defects resolved within 30 calendar days of notification to lender of Reject Hold, or claim is rejected.

** Next submission must occur within 60 calendar days of notification to lender of reject, otherwise the claim is rejected. Interest is only paid for the first 30 days.

November 14, 2002	Death	Disability	Default				
Document Name			Loan <\$5,000 disb prior to 11/04/88	Loan <\$2,500 disb on or after 11/04/88	Loan balance < \$300.00	Skips	Unable to Serve
Adversary Summons & Complaint							
Answer to Adversary Summons & Complaint							
Bankruptcy 341 Notice							
Blanket Endorsement	X	X	X	X	X	X	X
Claim P&I Calculation Worksheet	X	X	X	X	X	X	X
Complaint (for Judgment)							X
Check/EFT Disburs. Roster	X	X	X	X	X	X	X
Death Certificate	X						
Deferment Form(s)	X	X	X	X	X	X	X
Disability Approval Letter		X					
Discharge of Debtor Notice							
Forbearance Form(s)	X	X	X	X	X	X	X
HRSA 510	X	X	X	X	X	X	X
Judgment Assignment							
Judgment Order							
Loan Account Servicing and Payment History	X	X	X	X	X	X	X
Objection to Discharge Letter							
Promissory Note (with Assignment)	X	X	X	X	X	X	X
Proof of Claim							
Proof of Service							

Repayment Schedule			X	X	X	X	X
Student Loan Application	X	X	X	X	X	X	X
Unable to Serve Documentation							X
Unconditional Transfer of Proof of Claim							