

November 1, 2004

To: Holders and Servicers Participating in the Health
Education Assistance Loan (HEAL) Program

Subject: HEAL Borrower Loan Status (BLS) Update Process and the Lender's Report on
Health Education Assistance Loans (HEAL)
Lender Policy Memorandum L-2005-1

The purpose of this policy memorandum is to notify HEAL lender's concerning the information reported on the HEAL Borrower Loan Status (BLS) Update Process and the Lender's Report on HEAL (HRSA-512 form, OMB No. 0915-0043). Both are mechanisms for reporting outstanding dollar amount balances for ACTIVE HEAL loans. After analyzing both sets, we have found that the reported totals do not equal.

Both means of reporting ACTIVE loans should have equal outstanding dollar amount balances. The statuses considered ACTIVE on the BLS process are G (In Grace Period), R (Repayment), F (Forbearance), I (Deferred/In School), and Q (In repayment, but deferred). The outstanding balance on these loans reported at the end of any given quarter (January, March, June, and September) should match the dollar amount in Section V – Total HEAL Loans Outstanding on the Lender's Report. In addition, using the current loan status and # of days delinquent fields on the BLS, totals need to be computed to verify that they equal the section I, II, III totals on the Lender's report. It is understood that the Lender's Report also provides number of borrower totals and the BLS is on a loan basis, therefore we do not expect matches on the number of borrowers.

It is imperative that both mechanisms report the same amounts in order for the HEAL program to accurately represent the Federal Government's liability. Please have these corrections made for quarter ending March 2005. This means that the BLS submitted for March 2005 data to be received by the HEAL program by the 10th of April 2005 and the Lender's report for quarter ending March 2005 to be received by April 30, 2005 must EQUAL. If you have any questions, please contact Ms. Denise Sorrell at (301) 443-3831.

Sincerely,

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