

Bureau of Health Professions
Division of Student Assistance

February 4, 1983

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

Subject: Pro-Rating of HEAL Loans

The statute governing the HEAL Program establishes the maximum amount that may be insured under the HEAL Program for any student in terms of an "academic year." The regulations define an academic year as a period of time of approximately nine months duration.

If a school establishes an academic year which deviates significantly from nine months, the maximum amount that can be insured under the HEAL program is pro-rated. For example, if a medical school establishes an academic year of 11 months, the maximum amount that can be insured under the HEAL program for that academic year is eleven-ninths of \$20,000, which equals \$24,444.

Similarly, if a pharmacy school establishes an academic year of seven months, the maximum amount that can be insured under the HEAL program for that academic year is seven-ninths of \$12,500, which equals \$9,722.

Each lender must examine the information on the application form itself plus any information available in its own files to assure that no borrower receives a HEAL loan greater than the permissible maximum for any academic year or greater than the aggregate maximum for all years. If this procedure is not followed, the consequence is that the part of the loan in excess of the maximum is not insured. For example, If a lender has already made a \$20,000 loan to a medical student for an eleven-month academic year and then makes an additional \$10,000 loan to that student for the same academic year, and if the borrower defaults on those loans, the maximum claim that will be paid is \$24,444 plus the interest that has accrued on \$24,444. The remaining \$5,556 of principal plus the interest that has accrued on that \$5,556 is not insured.

Questions regarding the pro-rating of loan maximums may be telephoned or sent in writing to:

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