

**BULLETIN # 9**

**DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE**

**OFFICE OF EDUCATION  
BUREAU OF STUDENT FINANCIAL ASSISTANCE  
WASHINGTON, D.C. 20202**

**TO: LENDERS PARTICIPATING IN THE HEALTH  
EDUCATION ASSISTANCE LOAN (HEAL) PROGRAM**

**and**

**ADMINISTRATORS OF STUDENT FINANCIAL AID  
AT HEALTH PROFESSIONS SCHOOLS**

**HEAL Loans and Allowable Deferments for Nonstudent Borrowers**

Nonstudent (former student) borrowers who obtained educational loans under the HEAL Program while they were students may now be eligible to borrow to pay both the interest on HEAL loans and the insurance premium on the new nonstudent loan. Nonstudents may also be eligible to receive a deferment from the payment of principal on student HEAL loans after repayment begins.

To receive a nonstudent HEAL loan, a borrower must satisfy all the requirements:

- \* must have previously received a HEAL loan for which he or she is required to make payments of interest but not principal during the period for which the new loan is intended.
- \* must be in the grace period or a period of internship, residency, or deferment.
- \* must agree that all funds received will be used solely for payment of currently accruing interest and the HEAL insurance premium.

Borrowers in the fields of medicine, osteopathy, dentistry, veterinary medicine, optometry, podiatry, and public health may borrow up to \$10,000 per 12-month period to an aggregate of \$50,000. Borrowers in the fields of pharmacy may borrow up to \$7,500 per 12-month period to an aggregate of \$37,500.

## DEFERMENTS OF PRINCIPAL PAYMENTS

If a loan has entered repayment, a nonstudent may obtain a deferment from periodic installments of principal during a period when he or she is pursuing a full-time course of study at a HEAL School or an institution of higher education that is a "participating school" in the Guaranteed Student Loan Program or, for up to three years while the borrower is in an internship or residency program, the Armed Forces, Peace Corps, ACTION, Domestic Full-time Volunteer Programs or the National Health Service Corps. NOTE: Internships or residencies entered into before repayment begins are not limited to three years and payment of principal is not due during this pre-repayment period. It is considered an extension of Three students training. The payment of interest during this period is dependent on the agreement made by the lender when the promissory note was made.

## APPLICATION AND DEFERMENT FORMS

Nonstudent Borrower Application and deferment forms are available from the HEAL Program Office. If a nonstudent borrower wishes to make a loan to pay interest on prior student loans or wishes a deferment from periodic installments of principal,, please contact the HEAL Program (202) 245-2201 for the appropriate forms. The application contains instructions for completion for tile lender and the borrower.

## DISCLOSURE INFORMATION ESTINIATES ON VARIABLE RATE NOTES-

In order to satisfy the Truth- in-Lending statutes, lenders must estimate the amounts required for the disclosure information on variable interest promissory notes. These estimated amounts must be calculated according to a lender's best possible projection of annual interest rates at the time estimations are made. All estimated amounts must be designated as "estimated" by stating so in parentheses after each such amount, i.e., (estimated).

Sincerely yours,

David C. Bayer  
Acting Chief  
Health Loan Branch  
Division of Policy  
and Program Development