

DEPARTMENT OF HEALTH & HUMAN SERVICES
Service

Public Health

**Health Resources
and
Services
Administration
Rockville MD
20857**

Bureau of Health Professions

April 18, 1988

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

Subject: Graduated Payments - HEAL Policy Memorandum 88-3

We again remind you that lenders must offer borrowers graduated repayment schedules.

A recent survey indicated that lenders are not fully complying with Section 60.11(e) of the Regulations, which require that borrowers be offered a monthly repayment schedule with substantially equal installment payments or a monthly repayment schedule with graduated installment payments that increase in amount over the repayment period. This provision is also a standard feature of the current HEAL promissory note, which gives the borrower a right to demand a graduated repayment schedule.

We suggest that you include these options with one of the 6 month notices at the time of graduation or early in the grace period. This would enable you to provide borrowers with a final repayment schedule 30-60 days before repayment starts.

We also remind you that it is a requirement of the regulations (Section 60.38(a)) that the borrower's school be notified when his or her HEAL loans are transferred from one lender to another. As part of the transfer process lenders must provide schools with their copy of the form when borrowers are still enrolled. Schools have the responsibility to send exit interview information to you after the borrower graduates or is no longer enrolled fulltime.

If you have any question concerning graduated repayment schedules, please contact Mr. Carl M. Schmieg on (301) 443-1540.

Sincerely yours,

Michael Heningburg
Director
Division of Student Assistance