

# DEPARTMENT OF HEALTH & HUMAN SERVICES

Public Health Service

Health Resources and  
Services Administration  
Rockville MD 20857

**JUN 13 1990**

## Bureau of Health Professions

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

Subject: HEAL Loan Application (HRSA-700), revised March 1990  
HEAL School Policy Memorandum #21  
HEAL Lender Policy Memorandum #90-4

The new HEAL Loan Application (HRSA-700), revised March 1990, is now available for use. The new application is to be distributed by schools and lenders to potential borrowers starting August 1, 1990. The old application will be accepted by the HEAL Branch until October 1, 1990 to coincide with the start of the new fiscal year and to minimize disruption to schools at the start of the academic year. This memorandum addresses the following concerns regarding the new HEAL application: (1) identification of changes from old application (applicant, school, and lender sections); (2) an example of a completed application; (3) instructions for institutions that print their own application form; (4) instructions for lenders who participate in the electronic transmission of applications/disbursements information; and (5) instructions for acquiring HEAL loan applications.

### IDENTIFICATION OF CHANGES FROM THE OLD APPLICATION

The new HEAL application has been revised and reformatted to reduce the application form to three pages. All dates are in a year/month/day format using 6 digits. A statement, included at the end of the instructions, reads "Applications with illegible entries or missing information will be rejected as uninsurable." Everyone involved in the application process is advised that the HEAL Branch will reject applications as uninsurable if they are submitted to the HEAL Branch with illegible entries or missing information. This also includes application data submitted via the electronic tape mechanism. The following changes have occurred in the new HEAL application:

#### a. Instructions

- Inclusion of the burden statement for the average estimated amount of time needed by the applicant, school, and lender to complete their portion of the application process.
- Notifying schools and lenders that the school must have the borrower's financial aid transcript prior to disbursement of the second HEAL installment amount of a HEAL loan.
- Inclusion of Bankruptcy Provision as set forth in section 60.8(b)(5) of the HEAL regulations.

b. Applicant

Item 7. The reporting of U. S. Citizenship status has been made less confusing. only one box is to be checked.

Item 8. An alien lawfully admitted for permanent residence in the U.S. must possess an I-151 or I-551 (green card) and the school must furnish a legible photocopy to the lender. (This is further clarified in School Policy Memorandum #20, Lender Policy Memorandum #90-3.)

Item 9. Voluntary information regarding race and ethnicity of the applicant. Information to be used for statistical purposes only.

Item 10. In order to receive a HEAL loan, a male 18 through 25 years of age must be registered with the Selective Service System (unless the Selective System has given the applicant an exemption). Checking the "yes" box gives the Selective Service permission to register the male applicant automatically. (Section 60. 51 (c) of the HEAL regulations states that the school must certify that the student is eligible to receive a HEAL loan. Schools should ask to see a Selective Service registration card before approving a loan for male students whose age falls within the above perimeters.)

Item 11b. Applicant is to identify the period for which the loan is requested.

Item 14b. The two individuals listed must reside at two different addresses.

Item 15. Financial Background Information - Total Indebtedness. The new application requires the listing of all HEAL loans by the applicant, but only the total unpaid balance on all other loans by category. A more detailed listing of the other loans with unpaid balances over \$100.00 is to be included in the "Additional Information" section or on a separate sheet of paper which includes the applicant's name, social security number, and appropriate item number.

Item 16a. The applicant must respond to the question concerning delinquency on Federal debt. (HEAL regulations require delinquent accounts to be brought into good standing prior to approval of a HEAL loan.)

Item 16b. What is meant by prior or current defaulted loans has been clarified more in the instructions. A statement declaring that delinquent or defaulted loans or accounts must be brought into good standing before a HEAL loan may be issued has been added.

c. School

Item 20. All schools participating in the HEAL program have been assigned a 5 digit school identification code beginning with the number "2" as shown on the HEAL application.

Items 24 & 25. Documentation supporting the estimated total costs of education for the loan period and estimated total resources must be maintained by the school in the borrower's official records.

Item 28. Schools must always report estimated installment amounts of the loan and estimated disbursement dates.

d. Lender

Items 34 & 35. Lenders must complete the items pertaining to installment amounts and installment dates even if it is the same as the school requested. (The old application allowed the lender to omit this information if it was the same as requested by the school.)

Item 36. The insurance premium amount for the first installment of the loan has been added to the new application. This must be accurately calculated and reflected on the application. The amount reflected is the only amount on the application that requires an exact amount, i.e. dollars and cents. (Currently it represents 8% of the first installment amount of the loan.)

COMPLETED HEAL APPLICATION SAMPLE

Attachment A is a sample of a correctly completed HEAL application form. You may use this sample to distribute to potential HEAL borrowers who ask for an example of an accurately completed form.

INSTRUCTIONS FOR INSTITUTIONS WHO PRINT THEIR OWN APPLICATION FORM

There are a number of lenders and schools that print the HEAL application on their own and do not use the government supplied form. For those institutions, your HEAL application form must be approved by the HEAL Branch before use. In some instances camera-ready copies have been supplied to large volume HEAL participants by the HEAL Branch. If these are utilized and only altered to include your name, address, and lender or school identification code, prior HEAL Branch approval of the form is not mandatory. However, if any other alterations are made other than those listed above, HEAL approval is necessary before the form can be used. For approval, send forms to HEAL Branch, Attn: Ms. Terri M. Ehrenfeld, 5600 Fishers Lane, Room 8-29, Rockville, Maryland, 20857.

## REVISED PROCEDURES FOR SUBMITTING APPLICATION AND DISBURSEMENT DATA

The HEAL Branch is taking the opportunity to use the new application as a means to standardize the format for the submission of application and disbursement data. While we greatly appreciate tape submissions, the lack of a universal format has caused us significant processing difficulties and confusion. The small changes we are requesting, both of tape lenders and hard copy lenders, it is hoped will help improve our data processing efficiency without burdening those making the submissions. Please refer to the applicable section below for more specific instructions. Thank you for your cooperation.

### Electronic Transmission

Attachment C to this memorandum (for lenders only) are new data tape specifications applicable to the new HEAL application and minor revisions to the data tape specifications for disbursements. Also attached are new procedures to standardize the format for the submission of application and disbursement data. It is requested that when you submit application and disbursement computer tapes using the old data specifications that you include on the label, for identification purposes, the word "(OLD)". Please separate tapes based on the old application and new application until October 1, 1990 (the last day the old application will be accepted by the HEAL Branch). For lenders who wish additional information regarding electronic transmission of application and disbursement data, please contact Mr. Richard Rind of the HEAL Branch on (301)443-1540.

### Hard Copy Submission

Reporting procedures for disbursements on manifests should be changed so that all first disbursements are grouped together on a separate manifest and all second and third disbursements are grouped together on their own separate manifest. These procedures shall apply to all loans reported using the new application.

INSTRUCTIONS FOR ACQUIRING HEAL APPLICATION FORMS

To acquire your initial supply of HEAL application forms, please complete Attachment B and send it to the HEAL Branch, Attn: Ms. Terri M. Ehrenfeld, 5600 Fishers Lane, Room 8-29, Rockville, Maryland, 20857. When additional forms are needed after your initial supply, please contact the HEAL Branch by telephone on (301) 443-1540.

Your diligence in assuring that the new HEAL application is properly completed will be appreciated. Questions regarding this policy memorandum should be directed to the HEAL Branch at (301) 443-1540.

Michael Heningburg  
Director  
Division of Student  
Assistance

Attachments