

## DEPARTMENT OF HEALTH & HUMAN SERVICES

Public Health Service

Health Resources and  
Services Administration  
Rockville MD 20857

Bureau of Health Professions

JUL 9 1991

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

Subject: HEAL Loan Multiple Disbursements  
HEAL School Policy Memorandum #25  
HEAL Lender Policy Memorandum #91-3

This memorandum addresses the requirement of multiple disbursements stated in Section 60.33(f) ('11) of the HEAL regulations and further clarifies Memorandum Three dated September 15, 1987 and HEAL School Policy Memorandum #15 and HEAL Lender Policy Memorandum #89-7 dated June 12, 1989 (enclosed).

Some schools are requesting full payment of tuition and fees for the entire academic year at the beginning of the academic year, rather than distributing these costs over each semester, trimester, or quarter. For students financing these costs with HEAL loans, this practice imposes an unnecessary interest cost on the borrower and is not in keeping with the intent of section 60.33(f)(2) of the HEAL regulations, which addresses multiple disbursements. Section 60.33(f)(2) was designed to allow schools to request unequal disbursements in recognition of the need for larger first disbursements due to, for example, one time purchases of equipment or supplies which must be made at the beginning of the academic year. The Department considers it unconscionable, especially at time when escalating costs are resulting in burdensome debt levels for many students, that a school would further exacerbate student indebtedness by requesting HEAL disbursements which provide for full payment of tuition and fees at the beginning of the academic year. The Department advises schools engaging in this practice to review their policies to determine ways to avoid using HEAL funds in this manner.

Every school program has loan periods within an academic year. If there are two loan periods, lenders are to disburse the loan in two installments. If a trimester system exists, it is expected that lenders will disburse loan amounts in three installments. If the loan period within the academic year is not more than half the academic year, multiple disbursements are not required.

In addition, multiple disbursements may not occur in the same month. A loan disbursement should occur no more than 15 days prior to the beginning of each loan period to meet the cost of education and expenses for that period. Similarly, loan disbursement checks should be endorsed by both the school and the student within 30 days of receipt, with the school retaining its portion and disbursing the remaining funds to the student within 15 days of the student's endorsement, but not before the student is enrolled or, if not enrolled, is in need of the funds to meet educational expenses due before the time of enrollment.

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Finally, some schools are returning their loan disbursement check or draft to the lender for cancellation approximately five months (or 150 days) after the loan disbursement. Section 60.52(b) of the HEAL regulations stipulates that cancelled disbursements must be returned to the lender within 30 days of the determination that a student does not plan to enroll. If checks are received no more than 15 days prior to enrollment, the school should be able to make a determination with 45 days of receipt of the check that the student is not enrolled. The school should then return the check to the lender.

If you have any further questions concerning multiple disbursements, please contact Ms. Terri M. Ehrenfeld of the HEAL Branch at ( 301) 443-1540.

Sincerely yours,

Michael Heningburg  
Director  
Division of Student Assistance

Enclosures