



DEPARTMENT OF HEALTH & HUMAN SERVICES

Public Health Service

Bureau of Health Professions

Health Resources and  
Services Administration  
Rockville MD 20857

NOV 8 1991

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

Subject: 1. Background Information on Fiscal Year (FY) 1992 Legislative and Appropriation Actions. 2. Methodology Used in Allocating FY 1992 HEAL Insurance Authority.  
Lender Policy Memorandum # 92-1 and School Policy Memorandum # 26

Congress has not reauthorized the HEAL program. Until Congress reauthorizes the HEAL program, lenders may make HEAL loans only to previous borrowers. New borrowers will again be eligible to participate in the HEAL program once it is reauthorized. In the absence of an appropriation the Department is currently operating under a Continuing Resolution (CR) which restricts HEAL loans to last years level of \$260 million.

The HEAL program implemented Section 728(b)(2)(B) of the Public Health Service Act (Act) in the allocation of FY 1992 HEAL insurance authority to comprehensive lenders. Section 728(b)(2)(B) of the Act states in part .."In providing certificates of insurance...the Secretary will give priority to eligible lenders that agree...; to make such loans under terms that are otherwise favorable to the student relative to the terms under which eligible lenders are generally making such loans during such period." This provision was enacted by the Congress to decrease the long-term financial burden on HEAL borrowers.

As part of the FY 1992 lender contract renewal process, lenders were requested to provide information on interest rates charged and the frequency of interest capitalization during in-school, deferment, grace, and repayment periods. These data were used to calculate the total cost to the borrower of a \$10,000 loan, over the life of the loan. As a result of this analysis it was determined that the following four-tier approach in distributing the \$260 million FY 1992 HEAL insurance authority was consistent with the intent of the law:

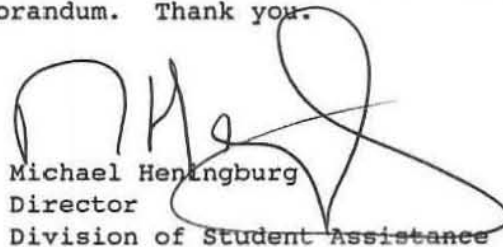
- Tier 1. Fully fund, up to the amount requested, the top three discount comprehensive lenders which have significantly better terms (\$102 million);
- Tier 2. Reserve \$7 million for standard lenders;
- Tier 3. Award 75 percent of the remainder to the remaining discount comprehensive lenders, but not fund any lender beyond the amount requested (\$113 million); and
- Tier 4. Award the remainder, approximately 25 percent, to non-discount comprehensive lenders (\$38 million).

It was further stipulated, in FY 1992 contracts, that for all loans made in FY 1992 interest rates and capitalization frequencies reported by lenders in the application process must continue over the life of the loan, except where the loan is consolidated with another HEAL loan or unless the terms would be more beneficial to the borrower.

Page 2

Enclosed is a list of comprehensive HEAL lenders and their corresponding loan terms, and a list of active standard HEAL lenders with their loan terms. We have included each lender's address and telephone number in order that you may obtain more information about each lender's participation in the HEAL program.

We regret any inconvenience caused by this change in the HEAL insurance authority allocation process. We will keep you informed of reauthorization and budget activity. Please contact Stuart Weiss at (301) 443-1540 if there are any questions regarding this policy memorandum. Thank you.



Michael Henningburg  
Director  
Division of Student Assistance

Enclosure

FY 1992 INTEREST RATES AND CAPITALIZATION  
OF ACTIVE COMPREHENSIVE MEAL LENDERS  
AS OF NOVEMBER 01, 1991  
TIER 1 - LENDERS

836006  
DARTMOUTH EDUCATION LOAN CORPORATION  
P O BOX 994  
HANOVER, NH 03755  
PHONE: 603-646-2905

INTEREST RATES AND COMPOUNDING  
IN SCHOOL = 7.00%  
COMPOUNDING SEMI-ANNUALLY  
IN DEFERMENT = 7.00%  
COMPOUNDING SEMI-ANNUALLY  
IN GRACE = 7.00%  
COMPOUNDING SEMI-ANNUALLY  
IN REPAYMENT = 7.00%  
COMPOUNDING SEMI-ANNUALLY

828924  
PA. HIGHER EDUCATION ASST. AGENCY  
660 BOAS STREET  
HARRISBURG, PA 17105  
PHONE: 717-257-2520

INTEREST RATES AND COMPOUNDING  
IN SCHOOL = 1.50% + T-BILL  
COMPOUNDING NONE  
IN DEFERMENT = 1.50% + T-BILL  
COMPOUNDING NONE  
IN GRACE = 1.50% + T-BILL  
COMPOUNDING AT CONCLUSION  
IN REPAYMENT = 2.70% + T-BILL  
COMPOUNDING NONE

812089  
TEXAS HIGHER EDUC. COORDINATING BOA  
P.O. BOX 12788, CAPITOL STATION  
AUSTIN, TX 78711  
PHONE: 512-483-6340

INTEREST RATES AND COMPOUNDING  
IN SCHOOL = 8.00%  
COMPOUNDING SEMI-ANNUALLY  
IN DEFERMENT = 8.00%  
COMPOUNDING SEMI-ANNUALLY  
IN GRACE = 8.00%  
COMPOUNDING SEMI-ANNUALLY  
IN REPAYMENT = 8.00%  
COMPOUNDING SEMI-ANNUALLY

FY 1992 INTEREST RATES AND CAPITALIZATION  
OF ACTIVE STANDARD MEAL LENDERS  
AS OF NOVEMBER 01, 1991  
TIER 2 - LENDERS

820370  
FIRST FEDERAL SAVINGS & LOAN ASSOC  
4233 BLUE RIDGE BOULEVARD  
KANSAS CITY, MO 64133  
PHONE: 816-842-8544

INTEREST RATES AND COMPOUNDING  
IN SCHOOL = 3.00% + T-BILL  
COMPOUNDING SEMI-ANNUALLY  
IN DEFERMENT = 3.00% + T-BILL  
COMPOUNDING SEMI-ANNUALLY  
IN GRACE = 3.00% + T-BILL  
COMPOUNDING SEMI-ANNUALLY  
IN REPAYMENT = 3.00% + T-BILL  
COMPOUNDING SEMI-ANNUALLY

830841  
FIRST INTERSTATE BANK OF OKLAHOMA,  
120 NORTH ROBINSON, P.O. BOX 25189  
OKLAHOMA CITY, OK 73125  
PHONE: 405-272-4271

INTEREST RATES AND COMPOUNDING  
IN SCHOOL = 3.00% + T-BILL  
COMPOUNDING SEMI-ANNUALLY  
IN DEFERMENT = 3.00% + T-BILL  
COMPOUNDING SEMI-ANNUALLY  
IN GRACE = 3.00% + T-BILL  
COMPOUNDING SEMI-ANNUALLY  
IN REPAYMENT = 3.00% + T-BILL  
COMPOUNDING SEMI-ANNUALLY

822691  
PONCE FEDERAL BANK, F.S.B.  
VILLA & CONCORDIA ST. P.O. BOX 1024  
PONCE, PR 00733-1024  
PHONE: 809-844-8100

INTEREST RATES AND COMPOUNDING  
IN SCHOOL = 3.00% + T-BILL  
COMPOUNDING SEMI-ANNUALLY  
IN DEFERMENT = 3.00% + T-BILL  
COMPOUNDING SEMI-ANNUALLY  
IN GRACE = 3.00% + T-BILL  
COMPOUNDING SEMI-ANNUALLY  
IN REPAYMENT = 3.00% + T-BILL  
COMPOUNDING SEMI-ANNUALLY



FY 1992 INTEREST RATES AND CAPITALIZATION  
OF ACTIVE COMPREHENSIVE HEAL LENDERS  
AS OF NOVEMBER 01, 1991  
TIER 3 - LENDERS

805649  
KEY BANK OF MAINE  
286 WATER STREET, P.O. BOX 429  
MAINE, ME 04332-0429  
PHONE: 207-623-4721

INTEREST RATES AND COMPOUNDING  
IN SCHOOL = 2.70% + T-BILL  
COMPOUNDING NONE  
IN DEFERMENT = 2.00% + T-BILL  
COMPOUNDING SEMI-ANNUALLY  
IN GRACE = 2.70% + T-BILL  
COMPOUNDING SEMI-ANNUALLY  
IN REPAYMENT = 3.00% + T-BILL  
COMPOUNDING SEMI-ANNUALLY

808179  
NORSTAR BANK OF UPSTATE NY  
268 GENESEE STREET  
UTICA, NY 12305  
PHONE: 315-798-2468

INTEREST RATES AND COMPOUNDING  
IN SCHOOL = 2.70% + T-BILL  
COMPOUNDING NONE  
IN DEFERMENT = 2.70% + T-BILL  
COMPOUNDING SEMI-ANNUALLY  
IN GRACE = 2.70% + T-BILL  
COMPOUNDING SEMI-ANNUALLY  
IN REPAYMENT = 3.00% + T-BILL  
COMPOUNDING SEMI-ANNUALLY

827090  
VERMONT STUDENT ASSISTANCE CORPORAT  
P.O. BOX 2000, CHAMPLAIN MILL  
WINDOOSKI, VT 05404-260  
PHONE: 802-655-7042

INTEREST RATES AND COMPOUNDING  
IN SCHOOL = 2.70% + T-BILL  
COMPOUNDING NONE  
IN DEFERMENT = 2.70% + T-BILL  
COMPOUNDING SEMI-ANNUALLY  
IN GRACE = 2.70% + T-BILL  
COMPOUNDING SEMI-ANNUALLY  
IN REPAYMENT = 2.70% + T-BILL  
COMPOUNDING SEMI-ANNUALLY

830612  
KIRKSVILLE COLLEGE OF OSTEOPATHIC M  
800 WEST JEFFERSON, LENDING OFFICE  
KIRKSVILLE, MO 63501  
PHONE: 202-298-2857

INTEREST RATES AND COMPOUNDING  
IN SCHOOL = 2.70% + T-BILL  
COMPOUNDING NONE  
IN DEFERMENT = 2.70% + T-BILL  
COMPOUNDING SEMI-ANNUALLY  
IN GRACE = 2.70% + T-BILL  
COMPOUNDING SEMI-ANNUALLY  
IN REPAYMENT = 3.00% + T-BILL  
COMPOUNDING SEMI-ANNUALLY

825659  
OKLAHOMA STUDENT LOAN AUTHORITY  
301 N.W. 63RD STREET SUITE 301  
OKLAHOMA CITY, OK 73118  
PHONE: 405-840-2662

INTEREST RATES AND COMPOUNDING  
IN SCHOOL = 2.50% + T-BILL  
COMPOUNDING NONE  
IN DEFERMENT = 2.70% + T-BILL  
COMPOUNDING AT SALE TO SALLIE MAE  
IN GRACE = 2.50% + T-BILL  
COMPOUNDING AT SALE TO SALLIE MAE  
IN REPAYMENT = 3.00% + T-BILL  
COMPOUNDING AT SALE TO SALLIE MAE

810102  
MARINE BANK  
901 STATE STREET, P.O. BOX 8480  
ERIE, PA 16553  
PHONE: 814-871-9299

INTEREST RATES AND COMPOUNDING  
IN SCHOOL = 2.25% + T-BILL  
COMPOUNDING SEMI-ANNUALLY  
IN DEFERMENT = 2.25% + T-BILL  
COMPOUNDING SEMI-ANNUALLY  
IN GRACE = 2.25% + T-BILL  
COMPOUNDING SEMI-ANNUALLY  
IN REPAYMENT = 2.00% + T-BILL  
COMPOUNDING SEMI-ANNUALLY

785433  
SOUTH DAKOTA HEALTH & ED. FACILITIES  
330 S POPLAR - BOX 846  
PIERRE, SD 57501  
PHONE: 605-224-9200

INTEREST RATES AND COMPOUNDING  
IN SCHOOL = 2.60% + T-BILL  
COMPOUNDING SEMI-ANNUALLY  
IN DEFERMENT = 2.60% + T-BILL  
COMPOUNDING SEMI-ANNUALLY  
IN GRACE = 2.60% + T-BILL  
COMPOUNDING SEMI-ANNUALLY  
IN REPAYMENT = 3.00% + T-BILL  
COMPOUNDING SEMI-ANNUALLY

FY 1992 INTEREST RATES AND CAPITALIZATION  
OF ACTIVE COMPREHENSIVE HEAL LENDERS  
AS OF NOVEMBER 01, 1991  
TIER 4 - LENDERS

822481  
BANK ONE OF MERRILLVILLE, N.A.  
1000 E. 80TH PLACE  
MERRILLVILLE, IN 46410  
PHONE: 219-738-6231

INTEREST RATES AND COMPOUNDING  
IN SCHOOL = 3.00% + T-BILL  
COMPOUNDING SEMI-ANNUALLY  
IN DEFERMENT = 3.00% + T-BILL  
COMPOUNDING SEMI-ANNUALLY  
IN GRACE = 3.00% + T-BILL  
COMPOUNDING SEMI-ANNUALLY  
IN REPAYMENT = 3.00% + T-BILL  
COMPOUNDING SEMI-ANNUALLY

804888  
HOME STATE BANK OF KANSAS CITY, KAN  
MINNESOTA AVENUE AT FIFTH STREET  
KANSAS CITY, KS 66101  
PHONE: 913-321-3333

INTEREST RATES AND COMPOUNDING  
IN SCHOOL = 3.00% + T-BILL  
COMPOUNDING SEMI-ANNUALLY  
IN DEFERMENT = 3.00% + T-BILL  
COMPOUNDING SEMI-ANNUALLY  
IN GRACE = 3.00% + T-BILL  
COMPOUNDING SEMI-ANNUALLY  
IN REPAYMENT = 3.00% + T-BILL  
COMPOUNDING SEMI-ANNUALLY

824672  
CHASE MANHATTAN BANK, N.A. (ORIG.)  
5100 W. LEMON STREET, SUITE 200  
TAMPA, FL 33609  
PHONE: 813-281-3343

INTEREST RATES AND COMPOUNDING  
IN SCHOOL = 3.00% + T-BILL  
COMPOUNDING SEMI-ANNUALLY  
IN DEFERMENT = 3.00% + T-BILL  
COMPOUNDING SEMI-ANNUALLY  
IN GRACE = 3.00% + T-BILL  
COMPOUNDING SEMI-ANNUALLY  
IN REPAYMENT = 3.00% + T-BILL  
COMPOUNDING SEMI-ANNUALLY

831058  
NORWEST BANK SOUTH DAKOTA, N.A.  
4811 NORTH FOURTH AVENUE  
SIOUX FALLS, SD 57117-1028  
PHONE: 605-339-7455

INTEREST RATES AND COMPOUNDING  
IN SCHOOL = 3.00% + T-BILL  
COMPOUNDING SEMI-ANNUALLY  
IN DEFERMENT = 3.00% + T-BILL  
COMPOUNDING SEMI-ANNUALLY  
IN GRACE = 3.00% + T-BILL  
COMPOUNDING SEMI-ANNUALLY  
IN REPAYMENT = 3.00% + T-BILL  
COMPOUNDING SEMI-ANNUALLY

804287  
FIRSTSTAR BANK DES MOINES N.A.  
SIXTH AND WALNUT  
DES MOINES, IA 50309  
PHONE: 515-245-8154

INTEREST RATES AND COMPOUNDING  
IN SCHOOL = 3.00% + T-BILL  
COMPOUNDING SEMI-ANNUALLY  
IN DEFERMENT = 3.00% + T-BILL  
COMPOUNDING SEMI-ANNUALLY  
IN GRACE = 3.00% + T-BILL  
COMPOUNDING SEMI-ANNUALLY  
IN REPAYMENT = 3.00% + T-BILL  
COMPOUNDING SEMI-ANNUALLY