

**DEPARTMENT OF HEALTH & HUMAN SERVICES**

Bureau of Health Professions

MAY 19 1992

Public Health Service  
Health Resources and  
Services Administration  
Rockville MD 20857

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

Subject: (1) HEAL Disbursement Cancellations and  
(2) Reporting Voided Disbursements to the HEAL  
Program  
Lender Policy Memorandum 92-6  
School Policy Memorandum #30

HEAL Disbursement Cancellations

The Secretary will refund insurance fees to the lender on loan disbursements that are cancelled within 120 days from the disbursement date on the loan check, even if the disbursement check was cashed. This will apply only if all funds are returned by the school and the lender agrees to waive all accrued interest owed to the lender by the borrower. If the lender does not waive the accrued interest (based on the fact that a loan was executed), insurance fees will not be refunded by the Secretary and the disbursement amount returned by the school will be applied as a payment on the loan. The borrower must be advised of the actions taken by the lender within 30 days of receipt of the returned disbursement.

Reporting Voided Disbursements to the HEAL Program

The Federal Credit Reform Act of 1990 requires that insurance fees be deposited in specific yearly accounts when disbursements are made. Therefore, insurance fees paid to the Secretary for credit adjustments for voided disbursements can be applied only to current year disbursements. If, for example, a loan disbursement was made in August and the insurance fee was paid in August but the loan is cancelled in October, that void and insurance fee credit cannot offset an October insurance fee payment.

Furthermore, voids made on prior fiscal year disbursements must be reported to HEAL on separate manifests so HEAL can refund the insurance fees from the correct fiscal year account. In addition, where prior year disbursements are involved, a letter must be included with the manifest to alert the HEAL Program that a refund is due. The HEAL Program will not accept offset voided insurance fee credits except for disbursements made in the same fiscal year.

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If you have any questions regarding this policy memorandum, please contact Ms. Terri Ehrenfeld of the HEAL Branch at (301) 443-1540.

Michael Heningburg  
Director  
Division of Student Assistance