



Bureau of Health Professions

Health Resources and
Services Administration
Rockville MD 20857

NOV -9 1992

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

Subject: 1. Background Information on Fiscal Year
(FY) 1993 Legislation and Appropriation Actions.
2. Methodology Used in Allocating FY 1993 HEAL
Insurance Authority. Lender Policy Memorandum
#93-4 and School Policy Memorandum #32

1. Background Information on Fiscal Year (FY) 1993 Legislation
and Appropriation Actions.

In the absence of an FY 1993 appropriation on October 1, the Department was placed under a Continuing Resolution (CR) which restricted fiscal year (FY) 1993 HEAL insurance authority to last year's level of \$290 million. Subsequently, an insurance allocation was made to lenders distributing the \$290 million authorized by the CR. In addition, loans could not be made to first-time borrowers since the HEAL program had not been reauthorized.

On October 6, the FY 1993 appropriation bill was passed increasing the HEAL insurance authority level to \$340 million. On October 13 Public Law 102-408 was enacted and reauthorized the HEAL program through FY 1995. Lender policy memorandum #93-1 and School policy memorandum #31 dated October 19 provided more explicit details of the reauthorizing legislation. Enactment of this legislation allows first-time borrowers to participate in the HEAL program. We issued amendments to lender contracts allowing first-time borrowers on October 15.

2. Methodology Used in Allocating FY 1993 HEAL Insurance
Authority.

Section 702(b)(2)(B) of the Public Health Service Act requires the Secretary to give priority to lenders that agree to make loans under terms that are more favorable to the student. In accordance with this section, the following methodology was used in allocating FY 1993 HEAL insurance authority to lenders:

- a. Fully fund carryover commitments (second and third disbursements) resulting from first disbursements made in FY 1992 for all lenders.

- b. Rank order lenders, based on the terms the lender agreed to offer for FY 1993, in order of cost of the loan to the borrower.
- c. Determine the amount of insurance authority to be allocated to each discipline (allopathic medicine, osteopathic medicine, dentistry , veterinary medicine, optometry, podiatric medicine, pharmacy, chiropractic medicine, public health, clinical psychology, and health administration), in accord with discipline use of HEAL since the program's inception. This was to help assure that all disciplines receive an equitable share of HEAL insurance authority.
- d. Within each discipline allocate insurance authority to comprehensive HEAL lenders based on the cost to the borrower (i.e., lender with the lowest borrower cost funded first) and the lenders' reported demand for that discipline for the 1992/1993 school year. If the lender requests for any discipline for the 1992/1993 school year were fully met, remaining funds available to that discipline were allocated in the same manner towards lender requests for the 1993/1994 school year. Lenders are reminded, and schools should be aware that loans made with this FY 1993 authority must not commit any FY 1994 insurance authority for second and third disbursements. Reduced loans may be made according to the loan period of the school so that all disbursements occur before September 30, 1993.
- e. Allocate any remaining funds to the lowest cost national lender that provides access to all disciplines, to be used to fund any discipline that fully used its allocation.
- f. No allocation amount was reserved for standard lenders in FY 1993.

The Department reserves the right to adjust the FY 1993 insurance allocations, where necessary, to assure access for all eligible HEAL disciplines.

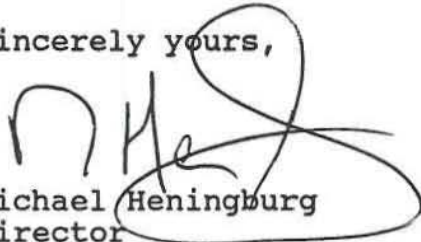
All loans made in FY 1993 must indicate in the promissory note the interest rates and capitalization frequencies, reported by lenders in the application process and cited in lender contracts. As in FY 1992, these terms must continue over-the-life of the loan, except where the loan is consolidated with other HEAL loans or unless the terms would be made more favorable to the borrower.

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Enclosed is a list of FY 1993 comprehensive HEAL lenders and their corresponding lending terms. We have included each lender's address and telephone number, the disciplines they serve, amount allocated per discipline, and any geographic restrictions they may have. Please contact these lenders to ascertain the availability of FY 1993 insurance authority.

Please contact Ms. Terri Ehrenfeld of the HEAL Branch at (301) 443-1540, if there are any questions regarding this policy memorandum. Thank you.

Sincerely yours,



Michael Henningburg
Director
Division of Student Assistance

Enclosures

HEALTH EDUCATION ASSISTANCE LOAN PROGRAM (HEAL)
INSURANCE AUTHORITY, BY LENDER & DISCIPLINE
FISCAL YEAR 1993

(MILLIONS OF DOLLARS)

LENDER	----- DISCIPLINE -----										
	MED	OST	DEN	VET	OPT	POD	PHA	PUB	CHM	CPY	GHA

DARTMOUTH ED. LOAN CORPORATION	\$1.2										
RHODE ISLAND HIGHER EDUCATION	.05		\$.10	\$.05	\$.05						
VERMONT STUDENT ASST. CORPORATION	4.4										
TEXAS HIGHER ED. COORDINATING BOARD	7.7	\$.67	2.0				\$.04	\$.008			
PA. HIGHER EDUCATION ASST. AGENCY	18.5	5.1	5.7	1.5	.65	\$3.0	.07		\$.30		
MARINE BANK	.06			.005	.09		.01			\$.05	
OHIO COLLEGE OF POD. MEDICINE						10.1					
BAC INTERNATIONAL CREDIT CORP.									20.0		
HOME STATE BANK OF KC.	.37	3.0	.02						3.1	.02	
KEY BANK OF MAINE	59.8	5.3	44.9								
NEW YORK COLLEGE OF POD. MEDICINE						11.2					
KIRKSVILLE COLLEGE OF OST. MEDICINE		20.2									
BANK ONE, MERRILLVILLE \$16.0M (1)	12.1	11.1		.37	4.5		1.7	.36		4.3	\$.10
FIRST AMERICAN BANK, N.A.	3.0	1.1		.10	2.7		.30				.05
FIRST FEDERAL OF KANSAS CITY	.05	.40								.18	
MA STUDENT LOAN AUTHORITY	.80			.02							
FLEET BANK DES MOINES, N.A.	.003	.48		.04							.004
FLEET BANK OF NEW YORK	4.5										
BAYBANK CREDIT CORP.	3.3			.50				.10			
CHASE MANHATTAN BANK, N.A.	6.4			.19				.003			.003

(1) UNSPECIFIED (NOT DISCIPLINE SPECIFIC)

Note: Figures do not include carryover from loans originated in FY 1992.

HEAL LENDERS WITH AVAILABLE LOAN
GUARANTEE AUTHORITY IN FY 1993

<u>LENDER</u>	<u>PRIORITY LENDING DISCIPLINE</u>	<u>GEOGRAPHIC REGION</u>
Dartmouth Education Loan Corp P.O. Box 994 Hanover, NH 03755 Phone: (603) 646-2905 <u>Interest Rates and Compounding</u> <hr/> In School = The lesser of T-Bill plus 3% or 6% fixed rate Compounding Annually In Deferment = The lesser of T-Bill plus 3% or 6% fixed rate Compounding Annually In Grace = The lesser of T-Bill plus 3% or 6% fixed rate Compounding Annually In Repayment = The lesser of T-Bill plus 3% or 6% fixed rate Compounding Annually	MED: \$1.2 M.	All students attending Dartmouth Medical College
Rhode Island Higher Educ. Asst. Authority 560 Jefferson Blvd Warwick, RI 02886 Phone: (401) 277-2050 1(800) 922-9855	MED: \$.05 M. DEN: \$.1 M. OPT: \$.05 M. VET: \$.05 M.	RI resident only
<u>Interest Rates and Compounding</u> In School = 3.00% + T-Bill' Compounding - None (subsidize interest) In Deferment = 3.00% + T-Bill Compounding - None (subsidize interest for one year) In Grace = 3.00% + T-Bill Compounding - None In Repayment = 3.00% + T- Bill Compounding Annually		

LENDERPRIORITY LENDING
DISCIPLINEGEOGRAPHIC REGION

Vermont Student Asst. Corp.
P.O. Box 2000
Champlain Mill
Winooski, VT 05404-260
Phone: (802) 654-3790

MED: \$4.4 M.

Univ. of Vermont

Interest Rates and Compounding

In School = 2.30% + T-Bill
Compounding - None
In Deferment = 2.30% + T-Bill
Compounding - None
In Grace = 2.30% + T-Bill
Compounding at end of Grace
In Repayment = 2.30% + T-Bill
Compounding Annually

Texas Higher Education
Coordinating Board
P.O. Box 12788, Capitol Station
Austin, TX 78711
Phone: (512) 483-6340
1(800) 242-3062

MED: \$7.68 M.
DEN: \$1.95 M.
OST: \$.67 M.
PHA: \$.035 M.
PUB: \$.008 M.

Texas residents
attending TX
schools

Interest Rates and Compounding

In School = The lesser of T-Bill
plus 3% or 8% fixed rate
Compounding Annually
In Deferment = The lesser of
T-Bill plus 3% or 8% fixed rate
Compounding Annually
In Grace = The lesser of T-Bill
plus 3% or 8% fixed rate
Compounding Annually
In Repayment = The lesser of
T-Bill + 3% or 8% fixed rate
Compounding Annually

<u>LENDER</u>	<u>PRIORITY LENDING DISCIPLINE</u>	<u>GEOGRAPHIC REGION</u>
PA Higher Education Asst. Agency 660 Boas Street Harrisburg, PA 17105 Phone: (717) 731-0430 1(800) 421-4817	MED: \$18.5 M. DEN: \$ 5.7 M. OST: \$ 5.1 M. POD: \$ 3.0 M. VET: \$ 1.5 M. OPT: \$.65 M. CHM: \$.30 M. PHA: \$.07 M.	PA residents attending any school in country and all students attending PA schools
<u>Interest Rates and Compounding</u>		
In School = 2.00% + T-Bill Compounding - None		
In Deferment = 2.00%+ T-Bill Compounding - None		
In Grace = 2.00% + T-Bill Compounding at end of Grace		
In Repayment = 2.70% + T-Bill Compounding - None		
Marine Bank 901 State Street P.O. Box 8480 Erie, PA 16553 Phone: (814) 871-9299	MED: \$.06 M. VET: \$.005 M. OPT: \$.09 M. PHA: \$.01 M. CPY: \$.05 M.	DE, PA, OH, KY, IN, MD
<u>Interest Rates and Compounding</u>		
In School = 2.25% + T-Bill Compounding Annually	Fixed rate at time of disbursement until	
In Deferment = 2.25% + T-Bill Compounding Annually	start of repayment	
In Grace = 2.25% + T-Bill Compounding Annually		
In Repayment = 2.00% + T-Bill Compounding Annually	Variable rate	
Ohio College of Podiatric Medicine 10515 Carnegie Ave. Cleveland, Ohio 44106 Phone: 1(800) 238-7903	POD: \$10.1 M.	Ohio College of Podiatric Med Barry University School of Pod Med & Surgery, California Clg of Podiatric Med
<u>Interest Rates and Compounding</u>		
In School = 2.40% + T-Bill Compounding - None		
In Deferment = 2.50% + T-Bill Compounding - None		
In Grace = 2.50% + T-Bill Compounding at end of Grace		
In Repayment = 3.00% + T-Bill Compounding Annually		

LENDER**PRIORITY LENDING
DISCIPLINE****GEOGRAPHIC REGION**

BAC International Credit Corp
c/o Education Funding
Services, Inc
607 Herndon Pkwy, Suite 103
Herndon, VA 22070
Phone: (703) 478-9474

CHM: \$20.0 M.

ALL

Interest Rates and Compounding

In School = 2.50% + T-Bill
Compounding - None
In Deferment = 2.50% + T-Bill
Compounding - None
In Grace = 2.50% + T-Bill
Compounding at end of Grace
In Repayment = 3.00% + T-Bill
Compounding Annually

Home State Bank of Kansas City
Minnesota Avenue at Fifth Street
Kansas City, KS 66101
Phone: (913) 321-3333

MED: \$.37 M.
OST: \$3.02 M.
DEN: \$.02 M.
CHM: \$3.1 M.
CPY: \$.02 M.

ALL

Interest Rates and Compounding

In School = 2.50% + T-Bill
Compounding - None
In Deferment = 2.50% + T-Bill
Compounding - None
In Grace = 2.50% + T-Bill
Compounding at end of grace
Repayment = 3.00% + T-Bill
Compounding Annually

Key Bank of Maine
286 Water Street, P.O. Box 429
Augusta, ME 04332-0429
Phone: 1 (800) 225-6783

MED: \$59.8 M.
OST: \$ 5.3 M.
DEN: \$44.9 M.

ALL

Interest Rates and Compounding

In School = 2.40% + T-Bill
Compounding at Graduation
In Deferment = 2.40% + T-Bill
Compounding Annually
In Grace = 2.40% + T-Bill
Compounding Annually
Repayment = 3.00% + T-Bill
Compounding Annually

<u>LENDER</u>	<u>PRIORITY LENDING DISCIPLINE</u>	<u>GEOGRAPHIC REGION</u>
<p>New York College of Podiatric Medicine 53 East 124 Street New York, NY 10035 Phone: (212) 410-8006</p> <p><u>Interest Rates and Compounding</u> In School = 2.40% + T-Bill Compounding at Graduation In Deferment = 2.40% + T-Bill Compounding Annually In Grace = 2.40% + T-Bill Compounding Annually In Repayment = 3.00% + T-Bill Compounding Annually</p>	<p>POD: \$11.2 M.</p>	<p>New York College of Podiatric Med, Dr. William M. Scholl Clg. of Podiatric Med, Univ. of Osteo Med & Health College of Podiatry</p>
<p>Kirksville College of Osteopathic Med 800 West Jefferson Lending Office Kirksville, MO 63501 Phone: (816) 626-2529 1(800) 626-5266</p> <p><u>Interest Rates and Compounding</u> In School = 2.50% + T-Bill Compounding at Graduation In Deferment = 2.25% + T-Bill Compounding Annually In Grace = 2.25% + T-Bill Compounding Annually In Repayment = 3.00% + T-Bill Compounding Annually</p>	<p>OST: \$20.2 M.</p>	<p>IL, CA, MI, NJ, IO, MO, NY, OH, OK, PA, FL, TX, ME, WV, IA</p>
<p>Bank One, Merrillville, N.A. 1000 E. 80th Place Merrillville, IN 46410 Phone: 1(800) 288-6150</p> <p><u>Interest Rates and Compounding</u> In School = 2.50% + T-Bill Compounding at graduation In Deferment = 2.50% + T-Bill Compounding at end of Deferment In Grace = 2.50% + T-Bill Compounding at end of grace Repayment = 3.00% + T-Bill Compounding Annually</p>	<p>MED: \$12.1 M. OST: \$11.1 M. OPT: \$ 4.5 M. CPY: \$ 4.3 M. PHA: \$ 1.7 M. VET: \$.37 M. PUB: \$.36 M. GHA: \$.10 M. Unspecified: \$16.0 M.</p>	<p>ALL</p>

<u>LENDER</u>	<u>PRIORITY LENDING DISCIPLINE</u>	<u>GEOGRAPHIC REGION</u>
First American Bank, N.A. c/o First American Metro Corp. 1751 Pinnacle Dr. McLean, VA 22102 Phone: (612) 293-8581	MED: \$3.0 M. OST: \$1.1 M. OPT: \$2.7 M. PHA: \$.30 M. GHA: \$.05 M. VET: \$.10 M.	ALL
<u>Interest Rates and Compounding</u>		
In School = 2.50% + T-Bill Compounding at Graduation		
In Deferment = 2.50% + T-Bill Compounding Annually		
In Grace = 2.50% + T-Bill Compounding Annually		
In Repayment = 3.00% + T-Bill Compounding Annually		
First Federal Savings & Loan Assn. KS 919 Walnut Kansas City, MO 64106 Phone: (816) 842-8544	MED: \$.05 M. OST: \$.40 M. CPY: \$.18 M.	All
<u>Interest Rates and Compounding</u>		
In School = 2.50% + T-Bill Compounding at Graduation		
In Deferment = 2.50% + T-Bill Compounding Annually		
In Grace = 2.50% + T-Bill Compounding Annually		
In Repayment = 3.00% + T-Bill Compounding Annually		
Oklahoma Student Loan Authority 301 N.W. 63rd Street, Suite 301 Oklahoma City, OK 73116 Phone: (405) 528-5626 1(800) 456-6752	MED: \$.80 M. VET: \$.02 M.	OK
<u>Interest Rates and Compounding</u>		
In School = 2.50% + T-Bill Compounding at Graduation		
In Deferment = 2.70% + T-Bill Compounding Annually		
In Grace = 2.50% + T-Bill Compounding Annually		
In Repayment = 3.00% + T-Bill Compounding Annually		

<u>LENDER</u>	<u>PRIORITY LENDING DISCIPLINE</u>	<u>GEOGRAPHIC REGION</u>
Firststar Bank Des Moines N.A. Sixth and Walnut Des Moines, IA 50309 Phone: (515) 245-6154	MED: \$.003 M. OST: \$.48 M. VET: \$.04 M. GHA: \$.004 M.	IL, IA, KS, MN, MO, NE, ND, SD, WI

Interest Rates and Compounding

In School = 2.60% + T-Bill
Compounding at Graduation
In Deferment = 2.60% + T-Bill
Compounding Annually
In Grace = 2.60% + T-Bill
Compounding Annually
In Repayment = 3.00% + T-Bill
Compounding Annually

Fleet Bank of New York
268 Genesee Street
Utica, N.Y. 12305
Phone: (315) 798-2468

MED: \$4.5 Mil. Albany Med. School

Interest Rates and Compounding

In School = 2.70% + T-Bill
Compounding at Graduation
In Deferment = 2.70% + T-Bill
Compounding Annually
In Grace = 2.70% + T-Bill
Compounding Annually
In Repayment = 3.00% + T-Bill
Compounding None

Baybank
858 Washington Street
Dedham, MA 02026
Phone: 1(800) 421-4325

MED: \$3.3 M.
VET: \$.5 M.
PUB: \$.1 M. ALL

Interest Rates and Compounding

In School = 2.70% + T-Bill
Compounding at Graduation
In Deferment = 3.00% + T-Bill
Compounding Annually
In Grace = 3.00% + T-Bill
Compounding Annually
In Repayment = 3.00% + T-Bill
Compounding Annually

<u>LENDER</u>	<u>PRIORITY LENDING DISCIPLINE</u>	<u>GEOGRAPHIC REGION</u>
Chase Manhattan Bank, N.A. 5100 West Lemon Street Tampa, Florida 33609 Phone: 813-281-3343	MED: \$6.39 M. VET: \$.19 M. PUB: \$.003 M. GHA: \$.003 M.	ALL

Interest Rates and Compounding

In School = 2.70% + T-Bill
 Compounding upon graduation,
 leaving school, or dropping
 below full-time enrollment,
 whichever occurs first
 In Deferment = 3.00 + T-Bill
 Compounding Maximum allowable by Statute
 In Grace = 3.00% + T-Bill
 Compounding Maximum allowable by Statute
 In Repayment = 3.00% + T-Bill
 Compounding Maximum allowable by Statute

Note: Figures do not include carryover from loans originated in FY 1992.