

DEPARTMENT OF HEALTH & HUMAN SERVICES

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Health Resources and
Bureau of Health Professions
Services Administration
OCT 29 1993
Rockville MD 20857

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

Subject: "Disaster Relief" Forbearance for HEAL Borrowers
Lender Policy Memorandum L-94-2

This policy memorandum is to notify HEAL lenders and holders that the Department is authorizing forbearance on a case-by case basis for any HEAL borrower whose livelihood is adversely affected by Federal or State declared disasters in specific areas of the United States. Any such period is to be considered as a forbearance authorized by the Secretary and would be in addition to the 2-year period of forbearance which lenders and holders can grant under 42 CFR 60.37 without prior approval from the Secretary. As in any forbearance, interest will continue to accrue and be compounded in accordance with the terms of the HEAL promissory note.

To qualify for "disaster relief" forbearance, the HEAL borrower must provide the lender or holder with certified evidence that his/her home residence has been severely damaged or destroyed or that his/her livelihood has been adversely affected by under/unemployment related to the damage or destruction of their health professions practice. This forbearance may be granted for up to 6 months at a time, at the lender's or holder's discretion, but may not exceed 18 months. When granting such a forbearance, the lender or holder is to instruct the borrower that he/she must provide documentation of his/her continued hardship at 6 month intervals and must notify the lender or holder immediately when the hardship ceases.

We hope this information is helpful. Please contact Ms. Terri Ehrenfeld of the HEAL Branch at (301) 443-1540, if you have any questions or need our assistance.

Sincerely,

Michael Heningburg
Director
Division of Student Assistance