

DEPARTMENT OF HEALTH & HUMAN SERVICES

Bureau of Health Professions

Public Health Service
Health Resources and
Services Administration
Rockville MD 20857

JUN 10 1996

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

Subject: (1) Notification of Uninsured HEAL Loans; (2) Amendment to Skip-Tracing Requirements in Policy Memorandum 92-8; and (3) HEAL Form Revisions.
Lender Policy Memorandum L-96-12
School Policy Memorandum S-96-10

The purpose of this memorandum is to require lenders to notify borrowers and schools when a **HEAL** loan is uninsured, rescind the requirement for lenders to contact professional associations as part of conducting skip-tracing activities, and notify lenders of **HEAL** forms which have been revised.

Uninsured HEAL loans

When a HEAL loan is disbursed it is not insured until the insurance premium is received by the Department within 60 days of the disbursement as set forth in Section 60.14 of the HEAL regulations. Further, the disbursement must pass HEAL student application editing criteria within 75 days of disbursement according to Policy Memoranda 92-5 and 95-14. Whenever these requirements fail to occur, HEAL loans are not insured. If cancellations are not transacted, loans remain disbursed but not insured. Borrowers and schools should be informed when this situation arises. In other cases, loans may be uninsured for non-compliance with servicing and due diligence requirements. In these instances the loans remain HEAL loans but do not carry the Federal insurance guarantee.

Effective immediately, all lenders or holders must notify the borrower and school when a HEAL loan is not a "Federally Insured HEAL loan." This notification must be made to the borrower and school within 60 days of the Department's notification that a borrower's loan is uninsured.

Skip-Tracing Requirements

Policy Memorandum 92-8 dated June 8, 1992 required lenders and holders to contact professional associations as part of their skip-tracing activities. It further provided specific instructions for requesting information from the American Medical Association and the American Chiropractic Association. After a review determined this activity was ineffective at locating HEAL borrowers, the HEAL program has decided to rescind the requirement on lenders and holders to contact any health professional association as part of the mandatory skip-tracing activity. All other activities referenced in the Policy Memorandum 92-8 should be continued.

HEAL Form Revisions

The following HEAL forms have been revised and are now approved for use:

<u>Form</u>	<u>Form Number</u>	<u>Expiration Date</u>
Claim Form	HRSA 510	5/31/99
Preclaims Assistance Request	HRSA 513	5/31/99
Physician's Certification of Borrower's Total and Permanent Disability	HRSA 539	2/28/98

Major revisions were made to the HEAL claim form and the physician's certification of borrower's total and permanent disability form. No reporting changes were made to the preclaims assistance request form. We appreciate the assistance that holders and servicers provided in revising these forms.

Copies of the forms are attached to this policy memorandum. Holders and servicers should begin to use these forms immediately. Each form may be copied and used at this time. Printed forms should be available in approximately 60 days and may be ordered by contacting the HEAL Branch at (301) 443-1540.

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

Stephen J. Boehlert
Associate Director, HEAL
Division of Student Assistance

Attachments

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

PUBLIC HEALTH SERVICE

Health Resources and Services Administration

FEDERAL HEALTH EDUCATION ASSISTANCE

LOAN PROGRAM

(42 U.S.C. 292-292p)

LENDER'S APPLICATION FOR INSURANCE

CLAIM

Public reporting burden for this collection of information is estimated to average 30 minutes per response including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to DHHS Reports Clearance Officer; Paperwork Reduction Act Project 0915-0036; Hubert H. Humphrey Bldg., Room 531-H; 200 Independence Ave., SW; Washington DC 20201. **Note** that an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB control number. The OMB control number is 0915-0036.

General Information

Note:

Skip/Unable to
Serve-if a
borrower can not
be located and/or
can not be
served, and all
regulatory and
policy
requirements
have been met
for due
diligence, check
this box. Item
8(e) need to be
completed.
(b) Disability
claim: Must
complete Item
8(f).
(c) Death claim:
Must complete
Item 8(g).
(d) Bankruptcy
claim: Check one
box and complete
Item 8(h).

The amount of Federal insurance payment received depends upon whether

there is compliance with HEAL statute, regulations, and policies, including

those concerned with the making, servicing, and collection of the loan or

loans, and the timely submission of documents.

(See Sections 60.13 and 60.38 through 60.41.)

The following documents will assist you in completing this form:

(1) HEAL Statute and Regulations; (2) Copy of borrower's loan

application(s); (3) Original Promissory Note(s); (4) Copy of

disbursement check(s); (5) Copy of borrower's deferment request(s);

(6) Evidence of student enrollment status and date of graduation or

**Items 9(a) and
(b).**

Provide
borrower's
graduation date
or withdrawal
date, and end
date borrower
completed last
residency
training. Date
format must be
month, day and
year as follows:
11-30-1999.

Item 10. All
HEAL loans have
a 12-digit HEAL

withdrawal; (7) Repayment schedule(s); (8) Copy of borrower's

forbearance request(s); (9) Litigation documents; and (10) Payment

History of borrower's account.

Instructions for completing the form.

Item 1a. Holder (owner) of the HEAL loans. Provide six-digit holder

Identification number, institution's name, address, city, state, zip code, and telephone number, including area code.

Item 1b. Servicer may be the same organization as the holder or a

different organization. This is where the loans are being serviced.

Provide six-digit servicer identification number, institution's name,

address, city, state, zip code, and telephone number, including area

Items 2-7. Provide borrower's name (if name has changed enter

former name in parentheses), social security number, last known address, including city, state, and zip code.

loan identification (ID) number. Provide the HEAL loan ID number and the original principal amount for each loan being submitted for a claim.

Item 11. Enter the total amount of principal and interest for all loans claimed.

Item 12. Self-explanatory.

The following must be completed before submitting the form:

- Assigned promissory note(s) to the United States Government.
- Certified copy of the judgment and original assignment of the judgment to the United States Government.
- A signed claim form with supporting documentation code.

Send the original and 2 copies of the claim form and all supplemental documentation to:

Heath
Education
Assistance Loan
(HEAL) Program

Parklaw
n Building, Room
8-37

Item 8. Reason for claim. Place an "X" in one box, only. Also all

dates should be for month, day, and year. Date format must be

as follows: 11-30-1999. (a) Default claim: Must enter the 12-digit Litigation Identification Number under the box and complete item 8(e). (Exception will be for loan(s) made before 11-04-1988 less than \$5,000 or loan(s) made after 11-04-1988 less than \$2,500.) If the judgment interest rate for the loan(s) is fixed, must enter the exact interest rate. If the judgment interest rate is variable write the word "variable."

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