



DEPARTMENT OF HEALTH & HUMAN SERVICES

Public Health Service

Bureau of Health Professions

Health Resources and
Services Administration
Rockville MD 20857

MAR 6 1996

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

Subject: Fiscal Year (FY) 1996/1997 HEAL Insurance Authority
Allocations by Lender and Discipline
Lender Policy Memorandum L-96-6
School Policy Memorandum S-96-6

Purpose

The purpose of this memorandum is to notify the HEAL community which lenders will receive the balance of FY 1996 HEAL insurance authority beginning July 1, 1996 and FY 1997 HEAL insurance authority beginning October 1, 1996.

Background

The Division of Student Assistance (DSA) changed the FY 1996/1997 HEAL allocation process so that (1) early notification of insurance authority would be made to schools, lenders, and borrowers, and (2) our process would be synchronized to that of the academic year of most schools, (i.e., July 1 through June 30). As was the case in FY 1996, insurance authority in FY 1997 will only cover loans made to previous HEAL borrowers.

Approach

The methodology used to determine which lenders successfully bid for and will be given a FY 1996/1997 insurance authority, included ranking lenders on cost-to-the-borrower and constructing "bands" of lenders that had costs within \$650 of each other.

FY 1996/1997 contracts will cover a full 12 month period and straddle two fiscal years. The initial FY 1996/1997 contracts will cover 3 months from July 1, 1996 through September 30, 1996. DSA will allocate any remaining FY 1996 insurance authority by discipline to these lenders. If a discipline has no remaining insurance authority an allocation for that discipline will not be made. On or about October 1, 1996 the FY 1996/1997 contracts will be amended to cover the period through June 30, 1997 and will include insurance authority appropriated by Congress for FY 1997. This insurance authority will be allocated to the lenders according to the above methodology.

Outcome

Tables 1 and 2 display lender requests and rank the lenders according to the cost-to-the-borrower. The \$650 bands are also depicted. Allopathic and Osteopathic Medicine allocations were determined using the costs reflected in Table 1. The remaining discipline allocations are based on the costs reflected in Table 2. Table 3 displays each FY 1996/1997 lender, address, telephone number, the discipline(s) they will service, any geographic restrictions, and their interest rates and terms. Every lender that has an insurance authority allocation through June 30, 1996 will be participating July 1, 1996 through June 30, 1997. Two lenders will join this group of lenders. They are Dartmouth Educational Loan Corporation and PNC Bank. Household Bank, Mellon Bank, and Vermont Student Assistance Corporation will lower their interest rates starting July 1, 1996. Interest rates and terms for all the other lenders will not change.

Thank you for participating in the FY 1996/1997 HEAL insurance authority allocation process. If you have any questions regarding this policy memorandum please contact Terri Ehrenfeld of the HEAL Branch at (301) 443-1540.



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

Attachments

Table 1

**FY 1996/1997 HEAL LENDER TERMS SORTED BY
MEDICAL COST**

FEBRUARY 20, 1996

LENDERS RECEIVING AN ALLOCATION

<u>LENDER NAME</u>	<u>IN-SCHOOL</u>		<u>DEFERMENT</u>		<u>GRACE</u>		<u>REPAYMENT</u>	<u>MEDICAL REQUEST COST BAND</u>		
	<u>INTEREST</u>	<u>COMPOUNDING</u>	<u>INTEREST</u>	<u>COMPOUNDING</u>	<u>INTEREST,</u>	<u>COMPOUNDING</u>	<u>INTEREST</u>			
	<u>T-Bill plus</u>		<u>T-Bill plus</u>		<u>ST,</u>					
DARTMOUTH*	0.25	AT-END	0.25		<u>T-Bill</u>			\$495,000	\$31,182	1
VERMONT** OHIO*	1.50 1.	NONE	1.75	AT-END	plus	AT-END	<u>T-Bill plus</u>	3,000,000	32,706	2
POD MELLON	75 2.	NONE	1.0	NONE	0.25	AT-END	1.25	80,920,000	34,170	3
BANK** CHASE	50	NONE	1.5	NONE	1.50	AT-END	1.50	80,920,000	34,324	3
	1.85	NONE	1.0	NONE	1.75	AT-END	1.85	80,920,000	34,340	3
KIRKSVILLE	0	NONE	1.59	NONE	1.0	AT-END	1.0	80,920,000	34,578	3
P			1.9	NONE	1.5	AT-END"	1.5	28,420,000	34,615	3
	1.59	BIENNIAL	1.5	BIENNIAL	1.0	AT-END	1.0	80,920,000	34,615	3
HOUSEHOLD**	1.59	BIENNIAL	1.5	BIENNIAL	1.59	AT-END	1.9	28,420,000	34,615	3
STAR -	1.59 1;	BIENNIAL		NONE	1.59	AT-END	1.9	80,920,000	34,615	3
PHEAA	95 1.	NONE		NONE	1.5	AT-END	1.5	30,811,500	34,816	3
BANK ONE	95	NONE			1.5	AT-END	1.5	80,920,000	34,816	3
SIGNET	2.70	AT-END						10,000,000	40,897	4
LENDERS WITHOUT AN ALLOCATION										
MAXIMUM	3.00	ANNUAL	2.70	NONE	2.70	AT-END	2.70		45,487	
TOTAL REQUESTS								\$586,666,500		
			3.00	ANNUAL	3.00	AT-END	3.00			

MEDICAL COST = \$10,000 LOAN, 4 YEAR SCHOOL, 3 YEAR DEFERMENT, 9 MONTH GRACE, 25 YEAR REPAYMENT, 5.5% T-BILL.

** LOWERED RATES

NEW LENDER

Table 2

FY 1996/1997 HEAL LENDER TERMS
SORTED BY OTHER COST

FEBRUARY 20, 1996

LENDERS RECEIVING AN ALLOCATION

LENDER NAME	IN-SCHOOL		GRACE		REPAYMENT	REQUEST	OTHER	BAND
	INTEREST	COMPOUNDING	INTEREST	COMPOUNDING	INTEREST		COST	
	T-Bill plus		T-Bill plus		T-Bill plus			
PNC*	1.59	BIENNIAL	1.59	AT-END	1.59	\$43,540,000	\$29,349	1
STAR	1.59	BIENNIAL	1.59	AT-END	1.59	43,540,000	29,349	1
HOUSEHOLD**	1.59	BIENNIAL	1.59	AT-END	1.59	56,420,000	29,349	1
OHIO POD	1.75	NONE	1.75	AT-END	1.85	59,080,000	29,412	1
CHASE	1.85	NONE	1.85	AT-END	1.85	59,080,000	29,516	1
MELLON BANK**	2.50	NONE	1.70	AT-END	1.70	59,080,000	29,661	1
BANK ONE	1.95	NONE	1.95	AT-END	1.95	59,080,000	29,883	1
PHEAA	1.95	NONE	1.95	AT-END	1.95	14,188,500	29,883	1

LENDERS WITHOUT AN ALLOCATION

SIGNET	2.20	AT-END	2.20	AT-END	2.20	40,180,000	31,215	2
MAXIMUM	3.00	ANNUAL	3.00	AT-END	3.00		35,612	
TOTAL REQUESTS						\$434,008,500		

OTHER COST = \$10,000 LOAN, 4 YEAR SCHOOL, 9 MONTH GRACE, 25 YEAR REPAYMENT, 5.5% T-BILL.

* NEW LENDER

** LOWERED RATES

HEALTH EDUCATION ASSISTANCE LOAN (HEAL) PROGRAM FY 1996/1997 PARTICIPATING LENDERS

<u>LENDER</u>	<u>PRIORITY LENDING DISCIPLINE</u>	<u>GEOGRAPHIC REGION</u>	<u>INTEREST RATES AND COMPOUNDING</u>
Bank One, Indianapolis, N. A. c/o SLMA Loan Servicing Center 5100 W. Lemon Street, Suite 250 Tampa, FL 33609 Phone: Bank One 1-800-288-6150	Allopathy Osteopathy Dentistry Podiatry Chiropractic Veterinary Public Health Clinical Psych Health Admin Optometry Pharmacy	All	In School = T-Bill + 1.95% Compounding - None In Deferment = T-Bill + 1.95% Compounding - None In Grace = T-Bill + 1.95% Compounding - At End In Repayment = T-Bill + 1.95%
Chase Manhattan Bank, N.A. c/o Education Finance Ctr., Inc. 5100 Lemon Street, Suite 200 Tampa, FL 33609 Phone: 1-800-228-7605	Allopathy Osteopathy Dentistry Podiatry Chiropractic Veterinary Public Health Clinical Psych Health Admin Optometry Pharmacy	All	In School = T-Bill + 1.85% Compounding - None In Deferment = T-Bill + 1.85% Compounding - None In Grace = T-Bill + 1.85% Compounding - At End In Repayment = T-Bill + 1.85%
Dartmouth Educational Loan Corporation North Main Street, McNutt Hall Hanover, NH 03755 Phone: (603) 646-3291	Allopathy	Dartmouth Med. College only	In School = T-Bill + 0.25% Compounding - At End In Deferment - T-Bill + 0.25% Compounding - At End In Grace = T-Bill + 0.25% Compounding - At End In Repayment - T-Bill + 1.25%
Household Bank, f.s.b. c/o PHEAA Loan Servicing Center P.O. Box 8176 Harrisburg, PA 17105-8176 Phone: 1-800-233-0542	Osteopathy Dentistry Podiatry Chiropractic Veterinary Optometry Pharmacy	All	In School = T-Bill + 1.59% Compounding - Biennial In Deferment = T-Bill + 1.59% Compounding - Biennial In Grace = T-Bill + 1.59% Compounding - At End In Repayment = T-Bill + 1.59%

**PRIORITY LENDING
DISCIPLINE**

GEOGRAPHIC REGION

INTEREST RATES AND COMPOUNDING

LENDER

Kirksville College of Ost. Med.
800 West Jefferson Street
Kirksville, MO 63501

Phone: 1-800-626-5266 x2028
1-800-428-3376 x2028

Osteopathy

All students attending
osteopathic schools

In School = T-Bill + 1.90%
Compounding - None
In Deferment = T-Bill + 1.90%
Compounding - None In Grace =
T-Bill + 1.90% Compounding -
At End
In Repayment = T-Bill + 1.90%

Mellon Bank
c/o PHEAA Loan Servicing Center
P.O. Box 8176
Harrisburg, PA 17105-8176

Phone: 1-800-369-6941

Allopathy
Osteopathy
Dentistry
Podiatry
Chiropractic
Veterinary
Public Health
Clinical Psych
Health Admin
Optometry
Pharmacy

All

In School = T-Bill + 2.50%
Compounding - None
In Deferment = T-Bill + 1.70%
Compounding - None In Grace
= T-Bill + 1.70% Compounding
- At End
In Repayment = T-Bill + 1.70%

Ohio College of Podiatric Med
MEDFUNDS
10515 Carnegie Avenue
Cleveland, OH 44106

Phone: 1-800-665-1016

Allopathy
Osteopathy
Dentistry
Podiatry
Chiropractic
Veterinary
Public Health
Clinical Psych
Health Admin
Optometry
Pharmacy

All

In School = T-Bill + 1.75%
Compounding - None
In Deferment = T-Bill + 1.75%
Compounding - None In Grace
= T-Bill + 1.75% Compounding
- At End
In Repayment = T-Bill + 1.85%

Pennsylvania Higher Education
Assistance Agency P.O. Box 8176
Harrisburg, PA 17105-8176

Phone: 1-800-360-6941

Allopathy
Osteopathy
Dentistry
Podiatry
Veterinary
Public Health
Clinical Psych
Health Admin
Optometry
Pharmacy

PA residents attending
any school in country
and all students
attending PA schools

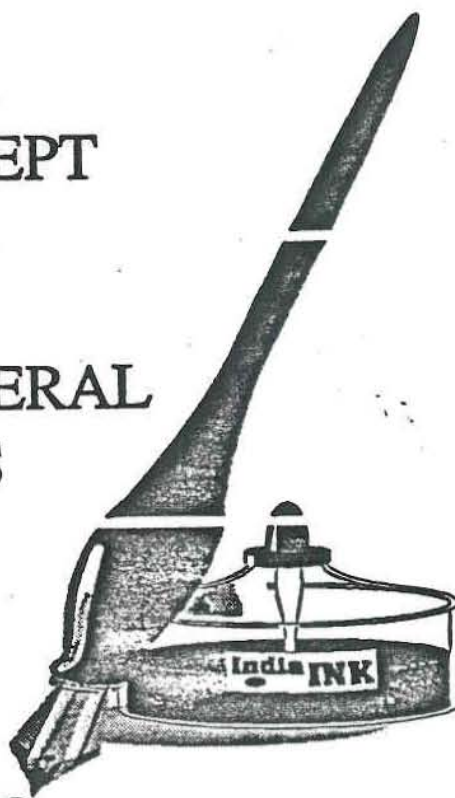
In School = T-Bill + 1.95%
Compounding - None
In Deferment = T-Bill + 1.95%
Compounding - None In Grace
= T-Bill + 1.95%
Compounding - At End
In Repayment = T-Bill + 1.95%

<u>LENDER</u>	<u>PRIORITY LENDING DISCIPLINE</u>	<u>GEOGRAPHIC REGION</u>	<u>INTEREST RATES AND COMPOUNDING</u>
PNC Bank, N.A. c/o PHEAA Loan Servicing Center P.O. Box 8176 Harrisburg, PA 17105-8176 Phone: 1-800-360-6941 (PHEAA)	Allopathy Osteopathy Dentistry Veterinary Optometry Pharmacy	All	In School = T-Bill + 1.59% Compounding - Biennial In Deferment = T-Bill + 1.59% Compounding - Biennial In Grace = T-Bill + 1.59% Compounding - At End In Repayment = T-Bill + 1.59%
Star Bank, N.A.(trustee for Brazos Student Finance Corp.) c/ o Education Funding Services One Financial Place, Suite 2-2 297 North Street Hyannis, MA 02601 Phone: 1-800-252-2041 (EFS) 1-800- 360-6941 (<u>PHEAA</u>)	Allopathy Osteopathy Dentistry Veterinary Optometry Pharmacy	All	In School = T-Bill + 1.59% Compounding - Biennial In Deferment = T-Bill + 1.59% Compounding - Biennial In Grace = T-Bill + 1.59% Compounding - At End In Repayment = T-Bill + 1.59%
Vermont Student Assistance Corporation Champlain Mill P.O. Box 2000 Winooski, VT 05404-2601 Phone: 1-800-974-5505	Allopathy	Univ. of Vermont only	In School = T-Bill + 1.50% Compounding - None In Deferment = T-Bill + 1.50 Compounding - None In Grace = T-Bill + 1.50% Compounding - At End In Repayment = T-Bill + 1.50%

THE HEALTH EDUCATION ASSISTANCE LOAN (HEAL) PROGRAM

WILL NO LONGER ACCEPT
NEW BORROWERS

ALTERNATIVE NON-FEDERAL
SOURCES OF FUNDS
LISTED ON BACK



Private Loan Programs Available to Health Professions Students

NAME OF PROGRAM	TELEPHONE NUMBER	Eligible Disciplines							
		Allopathic Medicine	Osteopathic Medicine	Dentistry	Podiatric Medicine	Chiropractic	Optometry	Pharmacy	Veterinary Medicine
Chiroloans	(800) 252-2041					X			
CitiGraduate GradAssist Loan	(800) 967-8677								X
CitiMedical Medical Assist Loan	(800) 967-8677	X	X						
Alternative Dental Education Assist Loan (DEAL)	(800) 225-6783			X					
Doc-Op	(800) 252-2041		X						
Nellie-Mae, Inc.(GRADEXCEL)	(800) 634-9308								X
MedAchiever	(800) 225-6783	X	X						
MedCAP Alternative Loan (MAL)	(800) 633-2270	X	X		X				
MEDFUNDS	(800) 665-1016	X	X	X	X		X	X	X
Medical Access Loan	(800) 282-1550	X	X	X	X	X	X	X	X
MEDLOAN Alternative Loan (ALP)	(800) 233-7575	X							
MedOne Source	(800) 955-0005	X	X	X	X	X	X	X	X
Op-COP	(800) 252-2041						X		
Professional Education Plan (PEP)-Baybank	(800) 332-8374								X
PEP-Bank of Boston; Household	(800) 255-8374								X
V-COP	(800) 252-2041								X

NOTE: THIS DOCUMENT IS NEITHER AN ENDORSEMENT OF ANY PROGRAM NOR A COMPLETE SOURCE OF AVAILABLE PROGRAMS. PLEASE VERIFY ACCURACY WITH PROGRAM OFFICIALS.

HEALTH EDUCATION ASSISTANCE LOAN FY 1996 GUARANTEE AUTHORITY BY LENDER

<u>LENDER</u>	<u>PRIORITY LENDING DISCIPLINE</u>	<u>GEOGRAPHIC REGION</u>	<u>INTEREST RATES AND COMPOUNDING</u>
Bank One, Indianapolis, N. A. c/o SLMA Loan Servicing Center 5100 W. Lemon Street, Suite 250 Tampa, FL 33609 Phone: Bank One 1-800- 288-6150	Allopathy Osteopathy Dentistry Podiatry Chiropractic Veterinary Public Health Clinical Psych Health Admin Optometry Pharmacy	All	In School = 1.95% + T-Bill Compounding - None In Deferment = 1.95% + T-Bill Compounding - None In Grace = 1.95% + T-Bill Compounding - At End In Repayment = 1.95% + T-Bill
Case Manhattan Bank, N.A. c/o Education Finance Ctr., Inc. 5100 Lemon Street, Suite 200 Tampa, FL 33609 Phone: 1-800-228-7605	----- Allopathy Osteopathy Dentistry Podiatry Chiropractic Veterinary Public Health Clinical Psych Health Admin Optometry Pharmacy	All	In School = 1.85% + T-Bill Compounding - None In Deferment = 1.85% + T-Bill Compounding - None In Grace = 1.85% + T-Bill Compounding - At End In Repayment = 1.85% + T-Bill
Household Bank, f.s.b. c/o PHEAA Loan Servicing Center P.O. Box 8176 Harrisburg, PA 17105-8176 Phone: 1-800-233-0542	Dentistry Podiatry Optometry Pharmacy Veterinary Clinical Psych	All	In School = 1.98% + T-Bill Compounding - None In Deferment = 1.98% + T-Bill Compounding - None In Grace + 1.98% + T-Bill Compounding - At End In Repayment = 1.98% + T-Bill
College of Ost. Med. 800 West Jefferson Street Kirksville, MO 63501 Phone: 1-800-626-5266 x2028 1-800-428-3376 x2028	Osteopathy	All students attending osteopathic schools	In School = 1.90% + T-Bill Compounding - None In Deferment = 1.90% + T-Bill Compounding - None In Grace = 1.90% + T-Bill Compounding - At End In Repayment = 1.90% + T-Bill

<u>LENDER</u>	<u>PRIORITY LENDING DISCIPLINE</u>	<u>GEOGRAPHIC REGION</u>	<u>INTEREST RATES AND COMPOUNDING</u>
Mellon Bank c/o PHEAA Loan Servicing Center P.O. Box 8176 Harrisburg, PA 17105-8176 Phone: 1-800-421-4817	Allopathy Osteopathy Dentistry Podiatry Chiropractic Veterinary Public Health Clinical Psych Health Admin Optometry Pharmacy	All	In School = 2.70% + T-Bill Compounding - None In Deferment = 1.70% + T-Bill Compounding - None In Grace = 1.70% + T-Bill Compounding - At End In Repayment = 1.70% + T-Bill
Ohio College of Podiatric Med. MEDFUNDS 10515 Carnegie Avenue Cleveland, OH 44106 Phone: 1-800-665-1016	Allopathy Osteopathy Dentistry Podiatry Optometry Veterinary Pharmacy Health Admin	All	In School = 1.75% + T-Bill Compounding - None In Deferment = 1.75% + T-Bill Compounding - None In Grace = 1.75% + T-Bill Compounding - At End In Repayment = 1.85% + T-Bill
Pennsylvania Higher Education Assistance Agency P.O. Box 8176 Harrisburg, PA 17105-8176 Phone: 1-800-360-6941	Allopathy Osteopathy Dentistry Podiatry Optometry Pharmacy Veterinary Public Health Clinical Psych Health Admin	PA residents attending any school in country and all students attending PA schools	In School = 1.95% + T-Bill Compounding - None In Deferment = 1.95% + T-Bill Compounding - None In Grace = 1.95% + T-Bill Compounding - At End In Repayment = 1.95% + T-Bill
Rhode Island Higher Education Authority 560 Jefferson Blvd. Warwick, RI 02886 Phone: 1-800-922-9855 (401) 736-1100	Osteopathy Dentistry Optometry Veterinary	Rhode Island residents only	In School = 0% + T-Bill Compounding - None (subsidized interest) In Deferment = 3.00% + T-Bill Compounding - None (subsidized interest for first year, borrower pays 0% interest for the first year) In Grace = 3.00% + T-Bill Compounding - At End In Repayment = 3.00% + T-Bill

<u>LENDER</u>	<u>PRIORITY LENDING DISCIPLINE</u>	<u>GEOGRAPHIC REGION</u>	<u>INTEREST RATES AND COMPOUNDING</u>
Star Bank, N.A. (trustee for Brazos Student Finance Corp.) c/o Education Funding Services 13100 Worldgate Drive, Suite 130 Herndon, VA 22070 Phone: 1-800-252-2041 (EFS) 1-800-722-8189 (PHEAA)	Allopathy Osteopathy Dentistry Optometry Pharmacy Veterinary	All	In School = 1.59% + T-Bill Compounding - Biennial In Deferment = 1.59% + Tbill Compounding - Biennial In Grace = 1.59% + T-Bill Compounding - At End In Repayment = 1.59% + T-Bill
Vermont Student Assistance Corporation Champlain Mill P.O. Box 2000 Winooski, VT 05404-2601 Phone: (802) 654-3741	Allopathy	Univ. of Vermont only	In School = 1.75% + T-Bill Compounding - None In Deferment = 1.75% + T-Bill Compounding - None In Grace = 1.75% + T-Bill Compounding - At End In Repayment = 1.75% + T-Bill

HEAL REFINANCING

Lender	Address/Phone Number	Interest Rates Capitalization/Rounding
Crestar Bank	Crestar HEAL Refinancing P.O. Box 8176 Harrisburg, PA 17105-8176 1-800-774-7983	T-Bill + 1.99% over-the-life of the loan Capitalized at repayment
Household Bank, f.s.b.	Household Bank, f.s.b - PHEAA P.O. Box 8176 Harrisburg, PA 17105-8176 1-800-233-0542	T-Bill + 1.80% over-the-life of the loan for loan over \$40,000.00 T-Bill + 2.05% over-the-life of the loan for loan up to \$40,000.00 Both rates capitalized at repayment
Iowa Student Loan Liquidity Corporation	HEALhelp P.O. Box 9285 Des Moines, IA 50309-9285 1-800-243-7552	T-Bill + 2.1 % over-the-life of the loan Capitalized at repayment Does not round up*
Mellon Bank, N.A.	HEALthy Alliance - PHEAA P.O. Box 8176 Harrisburg, PA 17105-8176 1-800-421-4817	T-Bill + 2.1 % over-the-life of the loan for loan over \$25,000.00 T-Bill + 2.7% over-the-life of the loan for loan up to \$25,000.00 Both rates capitalized annually
Missouri Higher Education an Authority (MoHELA)	Big Payoff- PHEAA P.O. Box 8176 Harrisburg, PA 17105-8176 1-800-666-4352	T-Bill + 1.85% over-the-life of the loan Capitalized at repayment
Pennsylvania Higher Education Assistance Agency (PHEAA) Note: Available only to current or previous PHEAA HEAL borrowers	Remedi - PHEAA P.O. Box 8176 Harrisburg, PA 17105-8176 1-800-343-1809	T-Bill + 2.0% for years 1 through 12; may rise to T-Bill + 2.5% for years 13 through 25 Capitalized at repayment
PNC Bank, N.A.	PNC-PHEAA P.O. Box 8176 Harrisburg, PA 17105-8176 1-800-756-5430	T-Bill + 2.1 % over-the-life of the loan Capitalized at repayment
Signet Bank	Signet Bank Educational Funding Services P.O. Box 1573 Baltimore, MD 21203-1573	T-Bill + 2.15% over-the-life of the loan Capitalized annually
Star Bank, N.A. (trustee for Brazos Student Finance Corporation)	Debt Minder - PHEAA P.O. Box 8176 Harrisburg, PA 17106-8176 1-800-722-8189	T-Bill + 2.12% over-the-life of the loan Capitalized annually Does not round up*
Student Loan Marketing Association (Sallie Mae)	HEAL Relief Account P.O. Box 1304 Merrifield, VA 22116-1304 1-800-643-0040	T-Bill + 3.0% over-the-life of the loan Capitalized annually Note: Interest rate reducing programs are being offered

According to the HEAL statute, interest rates are rounded to the next higher 1/8 of one percent. Not rounding may save the borrower as much as 1/8 of one percent interest depending on the 91-day T-Bill average for the quarter.

This information is current as of October 1995 and is subject to change without notice.