DEPARTMENT OF HEALTH & HUMAN SERVICES   Public Health Service

Bureau of Health Professions   Health Resources and
Services Administration
Rockville MD 20857

AUG 6 1997

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

Subject: Borrower Loan Status (BLS) Rules and Reporting Requirements Lender Policy
Memorandum L-1997-7

This policy memorandum explains the revised **HEAL** Borrower Loan Status Business Rules and
Reporting Requirements. These revised rules and reporting requirements will allow the **HEAL** program
to obtain the most current information on borrowers which will be used to administer the **HEAL** Program
in an accurate and effective manner.

The **HEAL** Program, with the assistance of the Student Loan Marketing Association and the
Pennsylvania Higher Education Assistance Agency, developed the following: (1) BLS Business Rules;
(2) Status Update Data Dictionary; (3) BLS Error/Warning Messages; (4) Customer Tape Specifications
for Reporting BLS Updates, Lender-to-**HEAL**; and (5) Sample pages for the Transaction Processing
Reports for Errors, Acceptances, and Summary. In addition to loan status changes, updates to social
security number, borrower name, address, telephone number, holder, servicer, graduation/separation
date, and initial repayment date will be made through this process. All changes must be reported to the
HEAL Program on a monthly basis. Corrections of any errors must be resubmitted on a separate tape or
disk within 55 days from the date the change first occurred or the date the lender/holder/servicer was
notified of the change.

By informing lenders/holders/servicers of our new rules and requirements, we hope to make the **HEAL**
loan status process more accurate, complete, and uniform. Correct statuses and borrower information is
imperative because it affects the accuracy of many reports produced by the **HEAL** Program such as
school default rates, litigation activity, and refinancing which are provided to schools and lenders on a
regular basis. **This revised process will be implemented for the reporting period ending December
30, 1997, with the first monthly report to be submitted to the HEAL Program on or before <u>January
10. 1998.</u>**

We appreciate the effort involved in complying with these new procedures for updating loan status and other borrower information. We are committed to making this new system work smoothly with your help and cooperation. If you have any questions, please contact Ms. Terri Ehrenfeld or Ms. Denise Hugueley of the **HEAL** Program at (301) 443-1540.

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

Attachments

HEAL Borrower Loan Status Business Rules

Basic Requirements/Reporting

*　　　　Borrower Loan Status (BLS) data must be submitted to HHS by the 10th of each month.

*　　　　BLS data must reflect status changes or other relevant information that occurred the prior month.

*　　　　HHS expects data reported by servicers/holders will be accurate and complete.

*　　　　Loan ID must be unique on the tape submission, not submitted more than once.

*　　　　BLS data must be submitted to HHS in ascending order by loan id.

*　　　　HHS will produce an acceptance and error/warning report for each BLS data submission.

*　　　　Servicers/holders must correct error/warning reports and resubmit errors on a separate electronic submission to HHS within 55 days from the date the action occurs or the date the servicer/holder is notified of the action.

*　　　　In the case of status changes, HHS retains only the last action for the loan.

*　　　　HHS assumes the last status action reflects the accurate status of the loan at the time it is reported.

*　　　　All most recent SSN, name, address and phone number changes will be reported for all loans on the BLS submission within 45 days from the date the action occurs or the date the servicer/holder is notified of the action.

*　　　　SSN, name, address, phone number, servicer, holder and current anticipated graduation/separation date changes are independent of loan status change actions.

*　　　　Each borrower status record includes all applicable data elements as defined by the attached **HEAL** customer tape specifications (Lender to **HEAL**).

Events that Trigger a BLS Transaction

*   Borrower's most recent name changes.

*   Borrower's most recent address changes.

*   Borrower's most recent loan changes status.

*   Borrower's most recent SSN changes.

*   Borrower's most recent phone number changes.

*   Servicer of loan changes.

*   Holder purchases borrower's loan.

*   Borrower's most recent current anticipated graduation/separation date changes.

Definitions/Inferences

D- In School
- "In school" means the borrower is currently attending a full-time eligible **HEAL** school.
- "In school" borrowers have never been in repayment.
- If a borrower's loan is in "In school" status, the borrower's loan is not in a school deferment.
- "In school" indicates that a borrower has not graduated or withdrawn from school.

G- In Grace Period
- "In Grace Period" means that the borrower is in the nine month grace period.
- In "I" type deferments (internship or residency) the "Grace Period" follows the deferment.
If not an "I" type deferment, the "Grace Period" begins immediately following separation from school
     or attendance less than full time.
- Nine months of grace must be completed prior to entering repayment.

I - Deferred (Repayment period postponed)
- Payments are deferred j to the expiration of "In Grace Period".
- Internship/residency programs that begin prior to the expiration of the grace period.
- Fellowships and educational programs that begin within twelve months of the end of internship/residency are
eligible for "I" type deferments and the grace period will start upon completion of this deferment.

Graduates of chiropractic school are eligible for "Deferred" status immediately upon graduation - for 1 year and prior to the grace period.

R – Repayment

"Repayment" means that a borrower is in the repayment period either on the 1st day of the 10th month following graduation after the 9 month grace period or the 1st day of the 10th month after an "I" type deferment plus grace. Repayment date has been called conversion date.

Q - In repayment, but deferred

Payments are deferred after the expiration of the "In Grace Period". Borrower has used the nine month grace period. Borrower has enrolled, full time, in a **HEAL** school or at an institution of higher education, is participating in the Federal Family Education Loan Program (**FFELP**) or the Direct Loan Program, is a member of the Armed Forces, Peace Corps, **VISTA** or National Health Service Corps, or has completed an internship or residency training program in osteopathic general practice, family medicine, general internal medicine, preventive medicine, or general pediatrics and is practicing primary care..

F - Forbearance

Borrower is currently in a period of forbearance granted by the loan holder. Immediately preceding forbearance status could not have been a "D". Status preceding forbearance could have been "G", "R" or "Q". Borrower must be in repayment status to receive a forbearance.

PB - Paid loan in full by borrower

Borrower has paid the **HEAL** loan in full to the holder. "Borrower paid loan in full" does not mean a claim has been paid on the loan by HHS. "Borrower paid loan in full" does not mean the loan has been consolidated. "Borrower paid loan in full" does not mean the loan has been sold to another **HEAL** holder.

PO - Paid loan in full by another party other than the borrower.

Another party other than the borrower has paid the **HEAL** loan in full to the holder. Examples of another party other than the borrower are financial or educational institution, mortgage company, friend, family member, attorney, etc. "Other than borrower paid loan in full" does not mean a claim has been paid on the loan by HHS. "Other than borrower paid loan in full" does not mean the loan has been sold to another **HEAL** holder.

EP - Loan paid in full by Dept. of ED

Borrower has consolidated this **HEAL** loan with the Department of Education and the loan holder no longer holds this **HEAL** loan for this borrower.

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Loan Status

BLS actions are reported on a loan level.

BLS actions are not reported on a disbursement or borrower level.

Voided or canceled loan transactions are not valid BLS actions and therefore should not be reported.

All BLS actions are reported to HHS within 45 days of the date the action occurs or the date the servicer/holder is notified of the action.

Loan status must be one of the following values:

D -   In school
G -   Grace
I -   Deferred (Repayment period postponed)
R -   Repayment
Q -   In repayment, but deferred
F -   Forbearance
PB -   Paid loan in full by borrower
PO -   Paid loan in full by another party other than the borrower
EP -   Loan paid in full by Dept. of ED

For multiple changes in one report period, only submit the most recent loan status.

The loan status for all loans purchased in a given month is reported by the new purchaser (holder) to HHS within 45 days after the purchase transaction.

The "effective date of loan status" refers to the date the action actually occurred on the loan.

The "effective date of loan status" is independent of the holder's system posting date.

Future, estimated, or projected status change dates will not be reported to HHS.

If a loan is sold in a given month, the holder purchasing the loan reports the current loan status to HHS within 45 days of the purchase transaction.

If a loan is sold in a given month, the lender selling the loan does not report the loan to HHS.

*   All loan statuses must have an effective date of loan status.

*   Loans with statuses "G"," W, or "I" can not have a conversion to repayment date.

*   Valid repayment statuses are "R", "Q", or "F".

*   Loans with statuses "R", "Q", or "F" must have a conversion to repayment date.

*   Loan statuses "PB", "PO", and "EP", are considered closed statuses.

*   Loan statuses "PB", "PO", and "EP" are reported to HHS only once.

*   Loan statuses "PB", "PO", and "EP", must have a conversion to repayment date, if the loan was in a repayment status before the loan was closed.

*   Once in the repayment status of "Q", or "F" a loan cannot go into a "D" status unless separation/graduation date changes. If a loan goes into a "Q", or "F" status the repayment date on the record does not change.

Once in a repayment status of "R' a loan cannot go into a "D" status unless the borrower's separation/graduation date changes.

Repayment Date

*   Repayment date is defined as the date the borrower actually begins repayment.

*   Repayment date typically begins either the first day of the 10th month after the borrower graduates or the first day of the 10th month after an "I" type deferment.

*   Repayment date **will not** be reported to HES until the borrower actually goes into repayment.

*   If reported correctly, the repayment date value never changes, unless a status change causes a change in separation/graduation date.

*   The repayment date value will not be changed if the borrower status changes to a "Q" only the effective date of loan status will change.

*   Future, estimated, calculated or projected repayment dates will not be submitted to HHS.

*   A repayment date should only be submitted once (at the time the loan goes into repayment), unless status change causes a change in separation/graduation date.

Anticipated Graduation/Separation Date

*   Anticipated Graduation/Separation Date should be submitted as an expected date until the borrower actually graduates or separates from school. Servicer should then report an actual date of graduation or separation if it is different than what was previously submitted to the **HEAL** Program.

Status Update Data Dictionary

Field Name   Field Definition and Constraints

Warning   A message that informs the servicer that problems may exist. The
         BLS record is accepted and the **HEAL** database is changed.

Error A message that informs the servicer that problems do exist. The
         BLS record is not accepted and the **HEAL** database is not changed.
         Servicers are responsible to fix the record and resubmit.

Loan ID   Number assigned or approved by HHS for all insured loans.
         YYYY indicates the government fiscal year in which the loan was
         disbursed, BB is the HHS assigned block number, followed by a 6
         position sequentially generated number.

SSN   Social security number for borrower currently on the **HEAL**
         database. If there is a SSN change, report old SSN in this field and
         new SSN in "New SSN" field.

Name of Borrower   Includes Last, First MI in that order. Must include comma. If
         there is a name change, report old name in this field and new name
         in "Borrower's New Name" field.

File Type   "**S**" will always be reported in this field to indicate a Status Update
         file type.

Holder ID Number   HHS assigned number for the holder of the loan.

Servicer ID Number   HHS assigned number for the servicer of the loan.

New SSN   Report the new SSN, if applicable. If new SSN, then old SSN is
         reported in "SSN" field. If no change, leave blank.

Date of First Disbursement   Date of the first disbursement of the loan. May leave blank if loan ID is submitted.

Current Loan Status Loan status of borrower's loan in the month the data were reported.

Effective Date of   Date loan status change actually begins. Data in this field is
Loan Status   submitted to HHS *no earlier* than the date of occurrence **and** *no
         later than 45* days after the date of occurrence.

Field Name   Field Definition and Constraints

Repayment Date   Actual date the borrower's loan went into repayment

Repayment Date Change/   A "**Y**" or blank indicator representing a repayment date
Delete Indicator   change or deletion due to a status change from an "**R**" to a "**D**",
    "**I**", or "**G**".

Current Anticipated Date the borrower is expected to graduate or withdraw from
    Grad./Sep. Date   school.

Borrower's Street Address   Current street address of the borrower.
(first line)

Borrower's Street Address   Addition to borrower's street address shown on first line.
(second line)

Borrower's City   Current city in which borrower resides.
Borrower's State   Current state in which borrower resides. Must be a valid US state
    code, "**FC**" for foreign country, "**AA**" for Military Americas, "**AE**"
    for Military Europe/Mid East/Africa/Canada or "**AP**" for Military
    Pacific.
Borrower's Zip Code   Borrower's current zip code.

Borrower's Phone Number Current phone number for the borrower. Include area code.

Borrower's New Name   Report any name change, if applicable. If new name, then old name is reported
in "Name of Borrower" field. If no change, leave blank.

BORROWER LOAN STATUS
Error/Warning Messages

Error Reasons:

1 .   Required value is missing.

2.   Supplied value is invalid.

3.   Cannot find SSN in **HEAL** file.

4.   Loan ID supplied is invalid since the **HEAL** system contains no record of the supplied Loan ID ever being issued.

5.   Loan ID supplied is associated with another borrower's SSN.

6.   New SSN already exists in **HEAL** file for another borrower.

7.   Loan ID is submitted more than once on the electronic submission.

8.   Anticipated Grad/Sep Date is before borrower's Last Disbursement Date for this loan being submitted.

9.   Repayment Date is before Last Disbursement Date of the loan being submitted.

10.   Effective Date of Loan Status is before First Disbursement Date of the loan being submitted.

11.   Effective Date of Loan Status is greater than **HEAL** received date.

12.   Cannot submit a "**D**" (in school) status since a repayment date already exists in the **HEAL** file for this loan and a "Y" was not in the "repayment date change/delete indicator" field.

13.   Cannot submit a "**D**" (in school) status since the effective date of the loan status is after the anticipated Grad/Sep Date for this loan.

14.   Cannot submit a "**G**" (Grace Period) status since the effective date of the loan status is prior to the Anticipated Grad/Sep Date for this loan.

15.   Cannot submit a "**G**" (Grace Period) status since a repayment date was submitted for this loan.

16.   Cannot submit an "**I**" (Deferred) status since the effective date of the loan status is before the Anticipated Grad/Sep Date for this loan.

17.   Cannot submit an "**I**" (Deferred) status since a repayment date was submitted for this loan.

18. Cannot submit a "D" (in school) status since the previous status was a **Q, F, R, PB, PO**, or **EP** for this loan.

19. Cannot submit a "**D**" (in school) status since the previous status was a **G, I, or R** and a "**Y**" was not in the "repayment date change/delete indicator" field.

20. Cannot submit a "**G**" (Grace Period) status since the previous status was **Q, PB, PO**, or **EP** for this loan.

21. Cannot submit a "**G**" (Grace Period) status since the previous status was an "**R**" and a "**Y**" was not in the "repayment date change/delete indicator" field.

22. Repayment date is not 9 months later than the Anticipated Grad/Sep Date for this loan.

23. Cannot submit an "I" (Deferred) status since the previous status was **Q, F, PB, PO**, or **EP** for this loan.

24. Cannot submit an "**I**" (Deferred) status since the previous status was an "**R**" and a "**Y**" was not in the "repayment date change/delete indicator" field.

25. Cannot submit a "R" (Repayment) status since the previous status was **PB, PO, or EP** for this loan.

26. Cannot submit a "**Q**" (In repayment, but deferred) status since a repayment date does not already exist in the **HEAL** file for this loan.

27. Cannot submit a "**Q**" (In repayment, but deferred) status since the effective date of the loan status is before the Anticipated Grad/Sep Date for this loan.

28. Cannot submit a "**Q**" (In repayment, but deferred) status since the previous status was **EP, PB, PO**, or **D** for this loan.

29. Cannot submit a '**F**' (Forbearance) status since the previous status was **EP, PB, PO**, or **D** for this loan.

30. Cannot submit a "**F**" (Forbearance) status since a repayment date field was not submitted for this loan.

31. Cannot submit a '**F**' (Forbearance) status since the effective date of the loan status is before the Anticipated Grad/Sep Date and/or the repayment date for this loan.

32. Cannot submit a "**PB**" status since the previous status was an **EP** or **PO** for this loan.

33. Cannot submit a status change since this loan is part of a **HEAL** consolidation or is part of a paid claim.

34.   Cannot submit a "**EP**" (Dept. of Education Consolidation) status since the previous status was a **PB** or **PO** for this loan.

Warning Reason:

1 .   Borrower's new name already exists in the **HEAL** file for another borrower with a different SSN and the same date of birth.