

Bureau of Health Professions

September 21, 2001

To: Schools, Lenders, and Holders Participating in the Health Professions and Nursing Student Financial Assistance Programs

Subject: Recent Terrorist Attacks - Relief for Participants in the Student Loan Programs Authorized Under Titles VII and VIII of the Public Health Service Act

HEAL School Policy Memorandum S-2001-3

HEAL Lender Policy Memorandum L-2001-9

Campus-Based Policy Memorandum 2001-3

Background Information

On September 11, 2001, as a result of the terrorist attacks on the United States, President Bush designated all five boroughs of New York City (The Bronx, Brooklyn, Manhattan, Queens, and Staten Island) as eligible for national disaster assistance. This memorandum provides guidance regarding special policies and procedures for administering the federal student aid programs authorized under Titles VII and VIII of the Public Health Service Act as a result of the terrorist attacks. This includes the Health Education Assistance Loan (HEAL), Primary Care Loan (PCL), Health Professions Student Loan (HPSL), Loans for Disadvantaged Students (LDS), and Nursing Student Loan (NSL) programs.

Treatment of Borrowers

Forbearance for borrowers who reside or work in the designated disaster area: The Secretary is authorizing schools, lenders, and holders to grant forbearance to HEAL, PCL, HPSL, LDS, and NSL borrowers who reside or, if known, work in New York City. Due to the unusual circumstances, the granting of forbearance to these borrowers will not require either a request or documentation from the borrower. This period of forbearance is effective from September 11, 2001 through January 31, 2002. Affected borrowers must be notified by the school, lender, or holder that forbearance has been granted to them. These borrowers may request a resumption of normal billing and repayment before January 31, 2002. After January 31, 2002, forbearance may be granted only in accord with normal procedures and documentation requirements.

Forbearance for other borrowers: Based upon the request of the affected borrower, the borrower's family, or another reliable source, HEAL, PCL, HPSL, LDS, and NSL borrowers who have been impacted by the terrorist attacks, other than those who reside or work in New York City, should be granted forbearance for a period that ends no later than January 31, 2002 without supporting documentation and without a written forbearance agreement. The request for forbearance need not be in writing, but the reasons for granting forbearance should be documented in the borrower's loan records. After January 31, 2002, forbearance may be granted only in accord with normal procedures and documentation requirements.

Defaulted borrowers: The Secretary is authorizing schools, lenders, and holders, without a request from the borrower, to discontinue collection activities from September 11, 2001 through January 31, 2002 for defaulted HEAL, PCL, HPSL, LDS, and NSL borrowers who reside or, if known, work in New York City. For other defaulted HEAL, PCL, HPSL, LDS, and NSL borrowers who have been impacted by the disaster, schools, lenders, and holders may, upon the request of the borrower, discontinue collection activities for a period that ends no later than January 31, 2002. The request need not be in writing, but the reasons for discontinuing collection activities should be documented in the defaulted borrower's loan records.

Eligibility for death cancellation: The Secretary is authorizing schools, lenders, and holders to use reliable documentation of a HEAL, PCL, HPSL, LDS, or NSL borrower's death, due to the terrorist attacks, to suspend collection activities, without contacting the borrower's family, during the period necessary to process a death cancellation. Reliable documentation may include, but is not limited to, obituary notices and/or published listings of the dead provided by a Federal, State, or local government entity or by one of the affected airlines. Schools, lenders, and holders are encouraged, at a later date, to obtain a certified copy of the death certificate if one is available through alternative sources without contacting the borrower's family.

Due Diligence Time Frames

Due to disruptions in mail and other communications throughout the country, the Secretary will, for the period September 11, 2001 through October 31, 2001, not enforce time sensitive deadlines that schools, lenders, and holders normally are required to comply with in their due diligence activities.

PCL School Reporting Requirements

For PCL schools located in New York City, the PCL assessment notice, which normally is mailed out by the Department at the end of September, will be delayed until the end of October. For these schools only, the school deadline for submitting the PCL assessment amount to the Department will be extended from December 31, 2001 to January 31, 2002. Other schools whose PCL collections are affected by the terrorist attack due to, for example, a large number of borrowers located in New York City, may contact the Department to request a similar extension on the deadline for submitting the assessment amount.

Questions regarding this policy memorandum should be directed as follows:

- HEAL lenders or holders should contact Ms. Terri Ehrenfeld at 301 443-5594.
- PCL schools should contact Ms. Michelle Herzog at 301 443-5307.
- HPSL, LDS, or NSL schools should contact Ms. Lorraine Evans at 301 443-0785.

Thank you for your assistance in administering the Title VII and VIII loan programs in a manner that demonstrates compassion and concern for affected borrowers and their families during this difficult time.

Bruce C. Baggett

Director

Division of Student Assistance