Bureau of Health Professions

August 20, 2002

TO: Lenders/Holders/Servicers Participating in the Health Education Assistance
            Loan (HEAL) Program

SUBJECT: Revised Litigation Data Submission Requirement
            Lender Policy Memorandum L-2002-8

The HEAL program is requiring all HEAL loan lenders and holders or their servicer on
their behalf to submit litigation data in a revised format on diskette, compact disc, or PGP
encrypted e-mail file. A copy of the file specifications, business rules, and litigation edits
are attached. Data must be submitted on a monthly basis including data on new accounts
and updates to existing accounts. This new format will allow us to better track litigation
accounts on a loan level throughout the entire litigation process.   Claims will not be paid
on accounts where litigation data was not properly reported and updated.

The new layout should be sent to us for testing by November 15, 2002. Barring any
unforeseen problems or delays, we expect to receive the new data layout from each
lender/holder/servicer of HEAL loans with the December submission due on or before
January 10, 2003. **Since we are in the process of converting to a new database, we
ask that lenders/holders/servicers of HEAL loans who are currently sending these
data--continue to send these data in both the old format and new format until our
new database becomes our production database. In the time leading up to that
point, we will be running parallel databases.**

Please contact Ms. Denise Sorrell or Ms. Terri Ehrenfeld of the HEAL Program at (301)
443-1540 if you have any questions concerning this policy memorandum.

                        Henry Lopez
                        Director
                        Division of Health Careers Diversity
                            and Development

Attachments

HEAL Litigation Business Rules

Basic Requirements/Reporting

- Litigated borrowers must have received a first, second and third preclaim assistance letter from HHS.

- Litigation begins between day 150-180 of delinquency.

- Each litigation action reported to HHS includes all required applicable data elements as determined by the status of the account.

- Litigation actions are reported to HHS on the approved media (see Table D) for the month the litigation action begins or ends.

- Litigation data must be received by the HEAL program by the 10th of every month. This will reflect litigation actions that occurred the prior month.

Litigation Identification Number

- Litigation accounts are uniquely identified by a litigation ID.

- Servicers must obtain a unique "block number" from HHS.

- Litigation actions with a different litigation ID, but the same SSN and litigation begin date are considered duplicate submissions. It is HHS's understanding that there will not be more than one litigation action filed on a borrower per day for the same holder.

- For previously litigated borrowers which include closed and canceled litigations, new litigation actions must receive a new litigation ID.

- Previously canceled or closed litigations cannot be re-opened using the same litigation ID.

- New litigations must contain different loans from any previously closed litigation.

Loan Level Data

- Each litigation action reported to HHS includes information pertaining to the borrower's HEAL loans only.

- All loan ID numbers associated with the litigated account must be reported on the approved media.

- All litigation accounts must be associated with at least one non-paid-in-full, insured HEAL loan.

- No paid-in-full or uninsured HEAL loan should be associated with a litigation action.

Account Level Data

- Each litigation action is reported by 2 records. The first record contains the "J" record data and the second record contains "JA" record data. This is specified by placing a "1" in the record sequence counter field for the "J" record and a "2" in the record sequence counter field for the "JA" record.

- "Active litigation action" ("A" status) means the servicer is aggressively pursuing actions designed to lead to a satisfactory judgment from the court.

- "Canceled litigation action" ("CN" status) means the litigation action has been terminated because it became known to the litigation vendor or servicer's legal department that a claim has been averted due to a valid canceled reason. (Codes are listed in Table B) **Example** - If a loan was consolidated on 7/1/98 and this fact became known to the vendor or the legal department on 7/8/98, then the litigation canceled date would be 7/8/98.

- "Closed litigation action" ("CL" status) means the litigation action has been terminated because it became known to the litigation vendor or servicer's legal department that a claim will be filed due to a valid closed reason. (Codes are listed in Table C) **Example** - If a judgment was obtained on a borrower on 6/1/98 and this fact became known to the vendor or the legal department on 6/9/98, then the litigation closed date would be 6/9/98.

- All litigated actions are reported to HHS at least once; even if the litigation action is initiated and closed in the same month.

- In a given month, servicers should report active litigation actions, canceled litigation actions and closed litigation actions.

- Actions are continually reported to HHS until and including the month the litigation action ceases. After that, no further reporting should occur.

- No litigation action can be removed from the monthly submissions unless the account was reported to HHS as canceled or closed.

- Servicers must cancel litigation actions that are refinanced before reporting the existence of the new refinanced loan to HHS.

- Litigated actions for refinanced loans must contain the refinanced loan ID instead of the loan ID's for the underlying loans.

- The closed and canceled reasons for litigation actions must accurately correspond to Table B and Table C in terms of both code values and definition.

HHS Requirements

- Servicers must contact the HEAL program to receive valid "Vendor codes" for their litigating vendors.

- Data reported by the servicers are expected to be accurate, complete and verified.

- HHS will produce an acceptance and error/warning report for each submission.

- HHS expects servicers will correct error/warning reports, determine root causes of errors, and modify their systems to prevent future occurrences of errors, and resubmit entries which were in error.

- HHS expects servicers will report only corrected data in the same format, using the same type of media as the original submission within 10 days of receipt. This includes canceled, closed and active litigations.

Table A
HEAL Litigation Status Codes

Status Code	Status
A	Active Litigation Action
CN	Canceled Litigation Action
CL	Closed Litigation Action

Table B
HEAL Litigation Canceled Reasons

Canceled Reason Code	Canceled Reason
HLC	HEAL Refinancing
DLC	Department of Education Refinancing
OLC	Other Types of Refinancing than HEAL or ED
D	Deferment
EF	Extended Forbearance
F	Forbearance
R	Repayment
S	In School
W7	Chapter 7 Bankruptcy, not adversary motion

Table C
HEAL Litigation Closed Reasons

Closed Reason Code	Closed Reason
FC	Foreign Country
SK	Skip
W13	Chapter 13 Bankruptcy
X	Death
Y	Disability
J	Judgment
UN	Unable to Serve
W11	Chapter 11 Bankruptcy
ADV	Adversary Bankruptcy

Table D
HEAL Approved Media

Compact Disk
Floppy Disk
PGP (email encryption)

As of August 1, 2002

1. Required value is missing.
2. Supplied value is invalid.
3. First four characters of Litigation ID must be the FY of Litigation Begin Date.
4. Lender block number (position 5-6 of Litigation ID) is invalid for submitting Servicer ID Number.
5. Litigation ID supplied is associated with another borrower's SSN.
6. Litigation ID is already in HEAL with a different Holder ID Number and Servicer ID Number.
7. Litigation ID is submitted more than once on the electronic submission with the same Current Litigation Status.
8. More than one litigation action submitted on a borrower for the same Litigation Begin Date for the same Holder ID Number.
9. Record Sequence Counter must be "1" or "2".
10. Record Sequence Counter "1" submitted with no corresponding Record Sequence Counter "2" for Litigation ID.
11. Record Sequence Counter "2" submitted with no corresponding Record Sequence Counter "1" for Litigation ID.
12. Cannot find SSN in HEAL file.
13. Litigation Begin Date must be less than HEAL electronic submission received date.
14. Litigation Amount must be greater than $0 and less than or equal to $500,000.
15. Litigation Amount different than Litigation Amount originally submitted to HEAL.
16. Current Litigation Status must be "A", "CN" or "CL".
17. Cannot allow Current Litigation Status to change from "CL" to "A" or "CL" to "CN".
18. Cannot allow Current Litigation Status to change from "CN" to "A" or "CN" to "CL".
19. Litigation Canceled Date must be less than HEAL electronic submission received date and greater than or equal to Litigation Begin Date.
20. Litigation Canceled Reason cannot be submitted without a Litigation Canceled Date.
21. Litigation Canceled Reasons must be "HLC", "DLC", "OLC", "D", "EF", "F", "R", "S" or "W7" when Current Litigation Status of "CN" is submitted.
22. Litigation Closed Date must be less than HEAL electronic submission received date and greater than or equal to Litigation Begin Date.
23. Litigation Closed Reason cannot be submitted without a Litigation Closed Date.
24. Litigation Closed Reasons must be "FC", "SK", "W13", "X", "Y", "J", "UN", "W11" or "ADV" when Current Litigation Status of "CL" is submitted.
25. Complaint Filed State cannot be "FC".
26. Complaint Filed State must be equal to borrower's state on current address.
27. Original Vendor Received Date is required if the Original Vendor is submitted.
28. If HEAL has Original Vendor Received Date, cannot submit a null Original Vendor Received Date.
29. Current Vendor Received Date is required when Current Vendor is submitted.

30. Current Vendor Received Date must be greater than or equal to Original Vendor Received Date and before Judgment Date or Litigation Closed/Canceled Date.
31. If HEAL has Current Vendor Received Date, cannot submit a null Current Vendor Received Date.
32. Attorney Retained Date must be greater than Original Vendor Received Date (if both are filled).
33. If HEAL has Attorney Retained Date, cannot submit a null Attorney Retained Date.
34. Complaint Filed Date must be greater than Attorney Retained Date (if both are filled).
35. If HEAL has Complaint Filed Date, cannot submit a null Complaint Filed Date.
36. Summons Serviced Date must be greater than Complaint Filed Date (if both are filled).
37. If HEAL has Summons Serviced Date, cannot submit a null Summons Serviced Date.
38. Contested Date must be greater than Summons Serviced Date (if both are filled).
39. If HEAL has Contested Date, cannot submit a null Contested Date.
40. If Countersuit Date is submitted, Contested Date must also be submitted.
41. Countersuit Date must be greater than Contested Date.
42. If HEAL has Countersuit Date, cannot submit a null Countersuit Date.
43. Judgment Date must be greater than Countersuit Date (if both are filled).
44. If HEAL has Judgment Date, cannot submit a null Judgment Date.
45. Judgment Date is required if Litigation Closed Reason is "J".
46. All dates previously submitted to HEAL cannot be changed.
47. Litigation ID cannot contain different Loan Ids than what exists in HEAL (previously submitted).
48. All loans must be in active loan status ("D", "G", "R", "I", "F", "Q", "NL").
49. All loans must have a loan type of "A" (original HEAL loan) or "M" (refinanced HEAL loan).
50. Loan ID supplied is associated with another borrower's SSN.
51. Loan ID supplied is invalid since the HEAL system contains no record of the supplied Loan ID ever being issued.
52. Loan ID is submitted more than once on the electronic submission.
53. Submitted Loan ID cannot be attached to a valid claim or a litigation having Current Litigation Status of "A" or "CL".
54. Loan ID is in HEAL with a different Holder ID Number and/or Servicer ID Number.
55. Delinquency Date must be less than Litigation Begin Date.
56. Loan Litigation Amount must be greater than $0 and less than or equal to $500,000.
57. File Type must be "SO" or "SE".

HEAL CUSTOMER FILE SPECIFICATIONS
FOR LITIGATION DATA
LENDER TO HEAL
(J RECORDS)

FIELD NAME	ITEM #	COL.	LEN.	TYPE	REQ. FIELD	FORMAT	
Litigation ID	1	1 - 12	12	A/N	Yes	YYYYLBB#####	"YYY gover from const block HEA seque
Record Sequence Counter	2	14 - 14	1	N	Yes	1	Assig and a "JA"
Social Security Number	3	16 - 24	9	N	Yes	999999999	The l numb
Litigation Begin Date	4	26-33	8	N	Yes	YYYYMMDD	Date sent t to a s to ini
Litigation Amount	5	35-43	9	N	Yes	999999.99	Total princ accur litiga neve
Current Litigation Status	6	45-46	2	A	Yes	Values: A, CN, CL	Litig day c Tabl
Litigation Canceled Reason	7	48-50	3	A	Yes	Values: HLC, DLC, OLC, D, EF, F, R, S, W7	Appl if liti Tabl
Litigation Canceled Date	8	52-59	8	N	Yes	YYYYMMDD	Appl if liti becar vend depa been canc
Litigation Closed Reason	9	61-63	3	A	Yes	Values: FC, SK, W13, X, Y, J, UN, W11, ADV	Appl if liti Tabl
Litigation Closed Date	10	65-72	8	N	Yes	YYYYMMDD	Appl if liti becar

FIELD NAME	ITEM #	COL.	LEN.	TYPE	REQ. FIELD	FORMAT	
							vend depar be fil reaso
Complaint Filed Date	11	74-81	8	N	Yes	YYYYMMDD	Date with for th (0000 not b
Complaint Filed State	12	83-84	2	A	Yes	Valid State Code	Most comp (00) i filed
Summons Serviced Date	13	86-93	8	N	Yes	YYYYMMDD	Date or an serve time fill (0 not b
Judgment Date	14	95-102	8	N	Yes	YYYYMMDD	Date judgr (0000 occur Litig Litig
Holder ID Number	15	104-109	6	N	Yes	999999	HEA curre
Servicer ID Number	16	111-116	6	N	Yes	999999	HEA curre
Original Vendor	17	118-124	7	A/N	Yes	XXXXXXX	Vend litiga this l HHS case I vend appr
Original Vendor Received Date	18	126-133	8	N	Yes	YYYYMMDD	Date recei or se or ze has n vend
Current Vendor	19	135-141	7	A/N	Yes	XXXXXXX	Vend litiga the r with (0000

FIELD NAME	ITEM #	COL.	LEN.	TYPE	REQ. FIELD	FORMAT	
							been code HHS
Current Vendor Received Date	20	143-150	8	N	Yes	YYYYMMDD	Date receiv or ser or ze has n vend
Attorney Retained Date	21	152-159	8	N	Yes	YYYYMMDD	Date curre legal (0000 been
Contested Date	22	161-168	8	N	Yes	YYYYMMDD	Date the c conte fill (0 been
Countersuit Date	23	170-177	8	N	Yes	YYYYMMDD	Date coun judg (0000 not fi
File Type	24	179-180	2	A	Yes	Values: SO, SE	SO-S Subn
Filler		181-500	320	A	Yes	Space characters	

As of August 1, 2002

HEAL CUSTOMER FILE SPECIFICATIONS
FOR LITIGATION DATA
LENDER TO HEAL
(JA RECORDS)

FIELD NAME	ITEM #	COL.	LEN.	TYPE	REQ. FIELD	FORMAT	
Litigation ID	25	1 - 12	12	A/N	Yes	YYYYLBB#####	"YYY gover from const block HEA seque
Record Sequence Counter	26	14 - 14	1	N	Yes	2	Assig and a "JA"
Loan ID-1	27	16-27	12	N	Yes	YYYYBB999999	A val loan.
Delinquency Date-1	28	29-36	8	N	Yes	YYYYMMDD	Date delin
Loan Litigation Amount-1	29	38-46	9	N	Yes	999999.99	Total princ accur loan repor upda
Loan ID-2	30	48-59	12	N	Yes	YYYYBB999999	see co zero
Delinquency Date-2	31	61-68	8	N	Yes	YYYYMMDD	see co zero
Loan Litigation Amount-2	32	70-78	9	N	Yes	999999.99	see co zero
Loan ID-3	33	80-91	12	N	Yes	YYYYBB999999	see co zero
Delinquency Date-3	34	93-100	8	N	Yes	YYYYMMDD	see co zero
Loan Litigation Amount-3	35	102-110	9	N	Yes	999999.99	see co zero
Loan ID-4	36	112-123	12	N	Yes	YYYYBB999999	see co zero
Delinquency Date-4	37	125-132	8	N	Yes	YYYYMMDD	see co zero

FIELD NAME	ITEM #	COL.	LEN.	TYPE	REQ. FIELD	FORMAT	
Loan Litigation Amount-4	38	134-142	9	N	Yes	999999.99	see c... zero ...
Loan ID-5	39	144-155	12	N	Yes	YYYYBB999999	see c... zero ...
Delinquency Date-5	40	157-164	8	N	Yes	YYYYMMDD	see c... zero ...
Loan Litigation Amount-5	41	166-174	9	N	Yes	999999.99	see c... zero ...
Loan ID-6	42	176-187	12	N	Yes	YYYYBB999999	see c... zero ...
Delinquency Date-6	43	189-196	8	N	Yes	YYYYMMDD	see c... zero ...
Loan Litigation Amount-6	44	198-206	9	N	Yes	999999.99	see c... zero ...
Loan ID-7	45	208-219	12	N	Yes	YYYYBB999999	see c... zero ...
Delinquency Date-7	46	221-228	8	N	Yes	YYYYMMDD	see c... zero ...
Loan Litigation Amount-7	47	230-238	9	N	Yes	999999.99	see c... zero ...
Loan ID-8	48	240-251	12	N	Yes	YYYYBB999999	see c... zero ...
Delinquency Date-8	49	253-260	8	N	Yes	YYYYMMDD	see c... zero ...
Loan Litigation Amount-8	50	262-270	9	N	Yes	999999.99	see c... zero ...
Loan ID-9	51	272-283	12	N	Yes	YYYYBB999999	see c... zero ...
Delinquency Date-9	52	285-292	8	N	Yes	YYYYMMDD	see c... zero ...
Loan Litigation Amount-9	53	294-302	9	N	Yes	999999.99	see c... zero ...
Loan ID-10	54	304-315	12	N	Yes	YYYYBB999999	see c... zero ...
Delinquency Date-10	55	317-324	8	N	Yes	YYYYMMDD	see c... zero ...
Loan Litigation Amount-10	56	326-334	9	N	Yes	999999.99	see c...

FIELD NAME	ITEM #	COL.	LEN.	TYPE	REQ. FIELD	FORMAT	
							zero
Loan ID-11	57	336-347	12	N	Yes	YYYYBB999999	see co... zero
Delinquency Date-11	58	349-356	8	N	Yes	YYYYMMDD	see co... zero
Loan Litigation Amount-11	59	358-366	9	N	Yes	999999.99	see co... zero
Loan ID-12	60	368-379	12	N	Yes	YYYYBB999999	see co... zero
Delinquency Date-12	61	381-388	8	N	Yes	YYYYMMDD	see co... zero
Loan Litigation Amount-12	62	390-398	9	N	Yes	999999.99	see co... zero
Loan ID-13	63	400-411	12	N	Yes	YYYYBB999999	see co... zero
Delinquency Date-13	64	413-420	8	N	Yes	YYYYMMDD	see co... zero
Loan Litigation Amount-13	65	422-430	9	N	Yes	999999.99	see co... zero
Loan ID-14	66	432-443	12	N	Yes	YYYYBB999999	see co... zero
Delinquency Date-14	67	445-452	8	N	Yes	YYYYMMDD	see co... zero
Loan Litigation Amount-14	68	454-462	9	N	Yes	999999.99	see co... zero
File Type	69	464-465	2	N	Yes	Values: SO, SE	SO-S... Subm
Filler		466-500	35	A	Yes	Space characters	