



DEPARTMENT OF HEALTH & HUMAN SERVICES

Health Resources and Services
Administration

Bureau of Health Professions

Rockville, Maryland 20857

September 8, 2005

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

Subject: Updated "Disaster Relief" Forbearance for HEAL Borrowers Lender Policy
Memorandum L-2005-08

This policy memorandum is to notify HEAL lenders and holders that the Department is superceding our previously issued Lender Policy Memorandum L-94-2 and is authorizing forbearance on a case-by-case basis for any HEAL borrower whose home residence has been severely damaged or destroyed or whose livelihood is adversely affected by Federal or State declared disasters in specific areas of the United States. Any such period is to be considered as a forbearance authorized by the Secretary and would be in addition to the 2-year period of forbearance which lenders and holders can grant under 42 CFR 60.37 without prior approval from the Secretary and the additional 1-year period of forbearance authorized by the Secretary under Lender Policy Memorandum L-96-10. As in any forbearance, interest will continue to accrue and be compounded in accordance with the terms of the HEAL promissory note.

To qualify for "disaster relief" forbearance, the HEAL borrower must reside or be employed in a county declared eligible for disaster relief and appear on a federal or state disaster listing such as the Federal Emergency Management Agency web site (<http://www.fema.gov/news/disasters.fema>). The lender or holder may grant "disaster relief" forbearance for an initial period of up to 6 months on its own volition without a request from the borrower. The servicer must document this initial six-month approval on a forbearance form with a notation referencing this policy number. However, a continuation of the forbearance past the initial 6-month period will require certified evidence that his/her home residence has been severely damaged or destroyed or that his/her livelihood has been adversely affected by under/unemployment related to the damage or destruction of their place of employment. This forbearance may be granted for up to 6 months at a time, at the lender's or holder's discretion, but may not exceed 18 months in total (6 initial months plus 12 additional months). When granting such forbearance, the lender or holder is to instruct the borrower that he/she must provide documentation of his/her continued hardship at 6 month intervals and must notify the lender or holder immediately when the hardship ceases.

We hope this information is helpful. Please contact Mr. Dick Horton of the HEAL Branch at (301) 443-1540, if you have any questions or need our assistance.

Sincerely,

Henry López, Jr.
Director
Division of Health Careers Diversity
and Development