

STUDENT FINANCIAL AID GUIDELINES

HEALTH PROFESSIONS PROGRAMS

Health Professions Student Loan Program

(HPSL)

U.S. DEPARTMENT
OF HEALTH AND HUMAN SERVICES
Public Health Service
Health Resources and Services Administration
Bureau of Health Professions
Division of Student Assistance

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Chapter 1 INTRODUCTION

The Health Professions Student Loan (HPSL) Program is similar to the campus-based programs authorized under Title IV of the Higher Education Act, particularly the Federal Perkins Loan, because:

- the Federal Government supplies most of the money; and
- the institutions are responsible for administering the program directly according to requirements specified in law, regulations and policy directives from the Department of Health and Human Services.

The source of funding for HPSL consists of four components:

- Federal Capital Contributions, or FCC;
- Institutional Capital Contributions, or ICC;
- student repayments; and
- other earnings on the fund (i.e., institutional investment during interim periods when HPSL funds are waiting to be awarded to students as loans).

In recent years, Congress has used the HPSL program as a mechanism to meet certain policy goals. Specifically, variations on the program in the form of the Loans for Disadvantaged Students (LDS) and the Primary Care Loan (PCL) are intended to encourage greater participation of disadvantaged populations in the health professions and to increase the number of primary health care providers, respectively.

Chapter 2 INSTITUTIONAL PARTICIPATION IN THE HPSL PROGRAM

This chapter offers readers an overview of the criteria for institutional participation, the mechanisms in place that the Department of Health and Human Services uses to award Federal dollars for the HPSL program, and an introduction to the fund management requirements that schools must follow. Readers are directed to [Fiscal Management](#) for details on institutional management of HPSL funds.

Section 1 ELIGIBILITY CRITERIA

Institutions must meet certain criteria in order to be eligible to participate in the HPSL program, which fall into the following categories:

- discipline and degree programs;
- location of the institution;
- accreditation;
- written agreement between the institution and the Secretary of Health and Human Services;
- default rate performance standard;
- non-discrimination requirements;
- non-delinquency of the institution on Federal debt;
- drug-free workplace, schools and campuses requirements;
- lobbying and disclosure of lobbying requirements; and
- debarment and suspension provisions.

A. DISCIPLINE AND DEGREE PROGRAMS

Any public or other nonprofit institution that offers degrees to full-time students in disciplines as specified below may apply to participate in the HPSL program:

- doctor of allopathic medicine;
- doctor of osteopathic medicine;
- doctor of dentistry;
- bachelor or doctor of science in pharmacy;
- doctor of podiatric medicine;
- doctor of optometry; and
- doctor of veterinary medicine.

Note: With the enactment of the Health Professions Education Extension Amendments of 1992, schools of allopathic medicine and osteopathic medicine will be phasing their HPSL funds into Primary Care Loan (PCL) funds. Effective July 1, 1993, new borrowers must train and practice as primary health care physicians. Only borrowers who obtained HPSL loans prior to July 1,

1993 will be eligible to receive HPSLs without meeting the requirements under the PCL program. Information on the PCL program appears in *Primary Care Loan*.

[Section 721(b)(4) of the Public Health Service Act]

B. LOCATION OF THE INSTITUTION

The health professions school must be located in a State, the District of Columbia, the Commonwealth of Puerto Rico, the Northern Mariana Islands, the Virgin Islands, Guam, American Samoa or the Trust Territory of the Pacific.

[Section 799(9) of the Public Health Service Act]

C. ACCREDITATION

A health professions school that is interested in participating in the HPSL program must be accredited by an appropriate accrediting body that is recognized by the Secretary of Education. If a new school has not been operating for a sufficient time to be accredited, the Department of Health and Human Services will consider the school accredited if the Secretary of Education finds, after consultation with the appropriate accreditation body or bodies, that there is reasonable assurance that the school will meet the specified accreditation standards prior to the beginning of the academic year following the normal graduation date of the first entering class in such school or program.

The approved accrediting bodies for health professions schools are as follows:

- allopathic medicine: Liaison Committee on Medical Education, the American Medical Association, and the Association of American Medical Colleges
- osteopathic medicine: American Osteopathic Association
- dentistry: Commission on Dental Accreditation
- pharmacy: American Council on Pharmaceutical Education
- podiatric medicine: Council on Education of the American Podiatric Association
- optometry: Council on Optometric Education of the American Optometric Association
- veterinary medicine: American Veterinary Medical Association

[Section 799(1)(A) of the Public Health Service Act]

D. WRITTEN AGREEMENT

Health professions schools must enter into an agreement with the Secretary of Health and Human Services as a criterion for participation. The agreement requires that the institution:

- establish a fund for the HPSL program;
- deposit in the fund FCC, ICC, collections from loans in repayment, and any other earnings;
- provide an ICC of at least one-ninth of the FCC;
- permit the funds only to be used for student loans and the costs associated with collection;
- award funds only to students who are studying full-time in eligible discipline and degree programs; and
- inform borrowers of the terms and conditions of HPSLs.

[Sections 721(a) and 721(b) of the Public Health Service Act]

E. DEFAULT RATE PERFORMANCE STANDARD

Each June 30, a school must have an HPSL default rate that does not exceed five percent. Schools that exceed the five percent performance standard are subject to probation, suspension or termination from program participation.

Refer to [Fiscal Management, Program Monitoring, Chapter 2](#) for additional information on the default rate performance standard.

[Section 721(c)(1) of the Public Health Service Act; 42 CFR Part 57.216a]

F. NON-DISCRIMINATION REQUIREMENTS

Participating health professions institutions must adhere to statutes and regulations addressing non-discrimination. These include:

- Section 794 of the Public Health Service Act and its implementing regulations 45 CFR Part 83, which prohibit discrimination in the admissions process on the basis of sex;
- Title VI of the Civil Rights Act of 1964 and its implementing regulations 45 CFR Part 80, which prohibit discrimination in federally assisted programs on the basis of race, color or national origin;
- Title IX of the Education Amendments of 1972 and its implementing regulations

- 45 CFR Part 86, which prohibit discrimination in federally assisted education programs on the basis of sex;
- Section 504 of the Rehabilitation Act of 1973 and its implementing regulation, 45 CFR Part 84, which prohibit discrimination in federally assisted programs on the basis of handicap;
- Section 798(C) of the Public Health Service Act, which prohibits institutions from charging higher tuition to students that benefit from Federal financial aid funds;
- Section 401 of the Health Programs Extension Act, which prohibits institutions from denying admission to individuals on the basis of their stand on abortion and sterilization; and
- 45 CFR Part 91, which prohibits discrimination on the basis of age.

In addition, institutions may not discriminate on the basis of religion in the admissions process.

[42 CFR Part 57.216]

G. DRUG-FREE WORKPLACE, SCHOOLS AND CAMPUSES

Participating schools must comply with the requirements in 45 CFR Part 76, Subpart F. This section of the regulations stipulates that institutions must certify that they will provide and maintain a drug-free workplace.

The Drug-Free Schools and Communities Act Amendments of 1989 and its implementing regulations 34 CFR Part 86 apply to any public or private institution of higher education (including independent hospitals conducting training programs for health care personnel), State educational agency, or local educational agency. As a condition of funding from Federal financial assistance programs, the statute requires these entities to certify to the Secretary of Education that they have adopted and implemented a drug prevention program. These provisions also apply to subgrantees of Federal funds whether or not the primary grantee is an institution of higher education, a State educational agency, or a local educational agency.

H. NON-DELINQUENCY OF THE INSTITUTION ON FEDERAL DEBT

Participating institutions must comply with non-delinquency on Federal debt requirements. Examples of Federal debt or possible sources include delinquent taxes, audit disallowances, FHA loans, and other unpaid administrative debts. Specific examples include:

- a scheduled payment on a direct loan that is more than 31 days past due;
- the unpaid disallowed amount in a "Notice of Grants Cost Disallowance" unless otherwise unresolved; and
- unpaid Social Security tax payment or other administrative payment owed to the Federal Government.

I. LOBBYING AND DISCLOSURE OF LOBBYING

Institutions must adhere to restrictions on lobbying and provide a disclosure statement about lobbying activities for each Federal award to the institution in excess of \$100,000. The Office of Management and Budget published guidance for restrictions on lobbying in the *Federal Register*.

J. DEBARMENT AND SUSPENSION OF CAMPUSES

According to regulations in 45 CFR Part 76, an institution must certify that neither it nor any of its principals are debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal dependent or agency. Subawardees (e.g., other corporations, partnerships, or other legal entities) also must provide the same certification to the institution.

Section 2 FEDERAL CAPITAL CONTRIBUTIONS

A. SOURCES AND DISTRIBUTION OF FEDERAL CAPITAL CONTRIBUTION FUNDS

Most of the money to finance Federal Capital Contributions (FCC) to the HPSL program was provided through appropriations from Congress. Congress appropriated funds to capitalize the HPSL revolving fund through 1983.

In 1986, Congress gave the Secretary of Health and Human Services the authority to redistribute FCC funds returned from institutions to the Department. When redistributing funds, the law requires the Secretary to give preference to health professions schools of the same discipline as the schools returning funds. In addition, funds returned to the Secretary in any fiscal year must be obligated before the end of the succeeding fiscal year.

[Section 735(e) of the Public Health Service Act]

B. INSTITUTIONAL APPLICATIONS FOR FEDERAL CAPITAL CONTRIBUTIONS

1) PROCEDURES

Institutions must submit applications as required by the Secretary of Health and Human Services. The application establishes or maintains the institution's participation in the HPSL program and its use of FCC.

Applications and instructions for schools seeking to establish or maintain an FCC fund for the

HPSL program are available from the Division of Student Assistance, Room 8-34, 5600 Fishers Lane, Rockville, MD 20857.

The Division reviews the eligibility of the school and determines the reasonableness of the amount of Federal support an institution will receive. The Division may require the applicant to submit additional data for these purposes.

[Section 735(a) of the Public Health Service Act; 42 CFR Part 57.203]

2) TERMS AND CONDITIONS

A written agreement between the institution and the Secretary of Health and Human Services, specifies the terms and conditions for institutional participation. The agreement specifies:

- institutional eligibility criteria;
- how funds will be managed;
- how funds will be awarded to students;
- to whom the funds will be awarded;
- Federal non-discrimination and other requirements; and
- other provisions as necessary to protect the interests of the United States.

[Section 721(b) of the Public Health Service Act]

3) DESIGNATION OF INSTITUTIONAL CONTACT PERSON

The program contact person is the individual who will be responsible for distributing DSA program mailings to the appropriate offices and individuals within the institution and will be responsible for ensuring the return of material. Any changes to the contact person, refer to [Appendix I](#).

C. AWARDS TO INSTITUTIONS

1) DETERMINATION OF AMOUNTS

By statute and regulations, the amount of HPSL funds a school may receive must be the lesser of the amount requested or the amount determined by a formula for allocating FCC for the HPSL program that is based upon the ratio of:

- the number of full-time students estimated to be enrolled in each health professions school for the academic year for which funds will be awarded; and
- the total number of full-time students enrolled during the period in schools that have submitted approved applications.

For example, if a school has one-tenth of the total number of full-time students in the schools applying for funds, that school would be entitled to receive one-tenth of the available funds.

If sufficient funds are available, each school will receive the amount it requests. If the total amount requested by schools exceeds the amount of Federal funds available, the Department will determine each school's allotment of loan funds using the statutory formula described above. In no case will a school receive an award greater than the amount it has requested.

Note: The Department of Health and Human Services will not allocate funds to schools that have not used prior year allocations or have excess cash. Therefore, it is very important for the financial aid office and fiscal office to work together in identifying eligible students and funding requests. For example, every school should calculate its need for HPSL funds by determining all resources available to the school's eligible students. In addition, prior to requesting monies for an academic year, the school should carefully evaluate its cash needs by reviewing the cash balance (including monies drawn down from the prior year award) and projected collections and disbursements to determine the unmet need for the academic year. The Division of Student Assistance will carefully review each institution's estimated need in conjunction with the projections given on the June 30 Annual Operating Report (AOR). If a school's available funds meet or exceed its needs for the academic year, it should request zero funds.

[Fiscal Management, Collections, Chapter 4](#) addresses drawing down funds, returning unrequested funds, and excess cash.

[Section 735(b) of the Public Health Service Act; 42 CFR Part 57.204]

2) NOTIFICATION OF AWARD

The Department sends a Notice of Award to the designated school official notifying the school of the amount of Federal funds awarded for the HPSL program.

D. OVERVIEW OF INSTITUTIONAL MANAGEMENT OF FUNDS

This section offers a brief introduction to the institutional management of HPSL funds. It is intended to give financial aid personnel a brief summary of responsibilities associated with administering the HPSL program. Readers are also directed to [Fiscal Management, Collections, Chapter 4](#) for additional information.

1) INSTITUTIONAL CAPITAL CONTRIBUTION

The school must maintain an institutional contribution in the HPSL fund equal to at least one-ninth of the total FCC. The institution also has the option of contributing a larger share to the HPSL fund. A school that matches more than one-ninth may withdraw any of the institutional

contribution which exceeds its required one-ninth matching amount at any time. However, the school must maintain at least the one-ninth matching amount in the fund at all times.

[Section 721(b)(2)(B) of the Public Health Service Act; 42 CFR Part 57.205]

2) DRAWING DOWN THE FEDERAL CAPITAL CONTRIBUTION

Refer to [Fiscal Management, Collections, Chapter 4](#) for information about drawing down Federal funds.

3) CASH BALANCES

Refer to [Fiscal Management, Collections, Chapters 4 and 5](#) for information about cash balances and excess cash.

E. INSTITUTIONAL TERMINATION AND WITHDRAWAL

Institutions must return the Federal share of HPSL funds upon termination or withdrawal from the program. Upon withdrawal or termination of institutional participation in the program, the balance in the FCC fund will be distributed between the Department of Health and Human Services and the school in proportion to the amounts contributed by each. The school will then be required to submit reports to the Department of Health and Human Services and to remit the Federal Government's proportionate share of amounts received thereafter in payment of loan collections and any other earnings. Checks must be made payable to the Public Health Service, HRSA. At the time of each quarterly remittance, the school should withdraw its proportionate share of the quarterly cash accumulation from the fund.

[Fiscal Management, Collections, Chapter 5](#) describes procedures for remittance of collections.

[Section 728 of the Public Health Service Act]

Chapter 3 STUDENT AWARDS

Institutions must make sure that students meet the eligibility criteria for receipt of HPSL funds. In addition, schools must take certain other administrative steps such as:

- verifying the accuracy of applicant information;
- assessing that information in order to determine individual awards, responding to changes in students' financial circumstances;
- disbursing funds; and
- maintaining student records.

The remainder of this chapter provides more information as well as references to other books and sections within the *Student Financial Aid Guidelines* and to statute and regulations.

Section 1 STUDENT ELIGIBILITY CRITERIA

Institutions must be sure that students who receive HPSL funds meet the set eligibility requirements specified in statute and in regulations. A description of the eligibility requirements follows.

A. CITIZENSHIP STATUS

A student applicant must be a citizen or national of the United States, or a lawful permanent resident of the United States, the Commonwealth of Puerto Rico, the Northern Mariana Islands, the Virgin Islands, Guam, American Samoa or the Trust Territory of the Pacific. A student who remains in this country on a student or visitor's visa is not eligible.

[42 CFR Part 57.206]

B. ACADEMIC STATUS

The student must be enrolled or accepted for enrollment as a full-time student in a health professions school participating in the HPSL program. The student must be in good standing, as defined by the school, and capable in the opinion of the school of maintaining good standing in the course of study. Schools may choose to apply the satisfactory academic progress guidelines for programs under Title IV of the Higher Education Act, as amended, although statute and regulations specific to the HPSL program do not require it.

Should an HPSL recipient cease to be a student in good standing because of academic failure, then the school is obligated to discontinue disbursement of HPSL funds.

[Section 722 of the Public Health Service Act; 42 CFR Part 57.206]

C. ENROLLMENT STATUS

Students must be enrolled full-time in programs leading to the following degrees in order to be eligible for HPSL funds:

- doctor of allopathic medicine;
- doctor of osteopathic medicine;
- doctor of dentistry;
- bachelor or doctor of science in pharmacy;
- doctor of podiatric medicine;
- doctor of optometry; and
- doctor of veterinary medicine.

Note: With the enactment of the Health Professions Education Extension Amendments of 1992, schools of allopathic medicine and osteopathic medicine will be phasing their HPSL funds into Primary Care Loan (PCL) funds. Effective July 1, 1993, new borrowers must train and practice as primary health care physicians. Only borrowers who obtained HPSLs prior to July 1, 1993 will be eligible to receive HPSLs without meeting the requirements under the PCL program. Information on the PCL program appears in Primary Care Loan.

[Section 722(b)(1) of the Public Health Service Act; 42 CFR Part 57.206]

D. FINANCIAL NEED

The student must be in need of financial assistance in order to pursue the full-time course of study at the health professions school in which he or she is enrolled or accepted for enrollment. In determining financial need, the school must take into consideration the:

- financial resources available to the student; and
- costs reasonably necessary for the student's attendance at the school.

[Section 722 of the Public Health Service Act; 42 CFR Part 57.206]

1) GENERAL REQUIREMENTS

All schools participating in the HPSL program must:

- use the expected family contribution calculated from the need analysis formulas legislated under the Higher Education Act of 1965, as amended;
- collect and assess parents' financial information even if the student is considered independent according to the definitions under Title IV of the Higher Education Act; and

- consider estimated resources and other financial aid before awarding HPSL.

[42 CFR Part 57.206]

2) PARENTS' FINANCIAL INFORMATION

Beginning with the 1993-94 academic year, all graduate students will be considered independent according to the need analysis formula in Title IV of the Higher Education Act. Nonetheless, institutions still must take parents' information into account for the purpose of awarding HPSL funds. This requirement cannot be waived. In cases where the parents refuse to provide income information, an affidavit documenting such a refusal cannot be accepted in lieu of the required information. Unless the parents are deceased, a student who does not provide parental income information may not be considered for HPSL funds.

The amount of HPSL funds awarded to a student plus the amount of the student's expected family contribution--including parents' contribution--may not exceed the student's cost of attendance. Note that Department of Education programs authorized under Title IV of the Higher Education Act, such as Federal Stafford Loans, Federal Perkins Loans and Federal College Work-Study, do not require parents' contribution to determine eligibility for independent students. HPSL, however, requires parents' contribution for all students without regard to age, tax, marital or independent status. It is possible, therefore, that an independent student's expected family contribution figure will be lower for determining the amount of a student's need for these Department of Education Title IV programs than for the HPSL program, because parents' financial information is not taken into account. For the purpose of awarding HPSL, the Department of Education funds may replace the parents' contribution for students who meet the Higher Education Act's independent student definition for Title IV programs. An overaward will not result as long as the total of the independent student's contribution plus financial aid from all sources and actual other resources does not exceed the cost of attendance.

[42 CFR Part 57.206]

3) COST OF ATTENDANCE

Developing student budgets requires careful identification of reasonable costs necessary for the student's attendance at the school, including any special needs or obligations of each student or costs common to particular groups of students. The school must develop student budgets which treat students within groups consistently, but are sensitive to individual circumstances. Schools must be able to document the various student budgets used in determining financial need. Using the Title IV requirements for developing costs of attendance is an appropriate approach for administering HPSL funds.

The Department of Health and Human Services recognizes that from time to time an individual student's budget may deviate from the standard cost of attendance because of unusual circumstances. Financial aid administrators should use their authority to make changes to the standard student budget judiciously. Further, the school must carefully document all such changes.

[42 CFR Part 57.206]

E. SELECTIVE SERVICE REGISTRATION

Schools may not provide HPSL funds to students who are not in compliance with requirements to register for the draft if required to do so under section 3 of the Military Selective Service Act.

[Section 722(b)(3) of the Public Health Service Act; 42 CFR Part 57.206]

F. FINANCIAL AID TRANSCRIPTS

Students must provide health professions schools with financial aid transcripts from any other previously attended institution of higher education. The financial aid transcript must include:

- student's name and social security number;
- amounts and sources of loans and grants previously received by the student for study at that institution;
- whether or not the student is in default on any loans, or owes a refund on any grants; and
- a statement--if applicable--that the student received no financial aid.

The financial aid transcript must be signed by an authorized official of the institution preparing the document.

[42 CFR Part 57.206]

G. DEFAULT ON OTHER FEDERAL LOANS

The HPSL program does not prohibit awarding HPSL funds to students who are in default on other student loans. However, good practice suggests that the school may choose to establish an institutional policy which would prevent students who are in default from receiving HPSLs. If the school does not have such a policy in place, it should carefully consider awarding HPSL funds to any student who has failed to honor a previous loan commitment by discerning:

- the reason for default; and

- the likelihood that the student will be a "collection problem" with regard to the HPSL funds.

Section 2 VERIFICATION OF STUDENT INFORMATION

HPSL regulations require verification of student information. Methods for verification are suggested--not mandated--and include:

- Federal income tax returns; and
- other documentation that the school deems necessary.

Institutions may wish to consider using the Department of Education verification requirements for the HPSL program. Note that the Department of Education does not use its verification edits on parental information for applicants who are independent according to the definition in the Higher Education Act, as amended. As a result, schools may use their own criteria for selecting HPSL applicants for verification in conjunction with applying Department of Education verification procedures.

[42 CFR Part 57.206]

Section 3 THE APPLICATION AND AWARD PROCESS

A. APPLICATIONS

Schools are responsible for making an HPSL financial aid application form available to students. The application for HPSL funds does not need to be separate or a different form from the one used for other financial aid programs administered by the institution. However, it must be able to collect the information necessary for the school to determine whether the student meets the eligibility criteria described on the previous pages. The school also must request information helpful in the collections process after the student leaves the school, such as names and addresses of parents, relatives or other individuals who are likely to know the whereabouts of HPSL borrowers after they leave school. (See both [Chapter 3, Section 5C](#) in this book and [Fiscal Management, Collections, Chapter 2](#) for information on entrance interviews.)

B. AWARDING POLICIES

In awarding HPSLs, the school must coordinate available funds with the demonstrated financial need of student applicants. Awarding HPSL funds should be governed by written policies and procedures that have been adopted by the school to:

- lend equity, consistency and objectivity to the awarding process; and
- comply with statutory and regulatory requirements.

C. AWARD LETTERS

After the school has determined individual HPSL awards, it should prepare an award letter to be forwarded directly to each applicant. The award letter should provide a space for the student to accept or reject the HPSL award. Duplicate copies should be provided so that the student can retain one copy and return the original copy to the school.

Section 4 CHANGES IN STUDENT FINANCIAL NEED

The student has an obligation to report changes in financial circumstances, including receipt of additional funds. Based upon information received by the institution, the student's award should be adjusted to reflect the change as follows:

- increases of awards will be limited to the amount of HPSL funds available to the institution and statutory maximum for individual awards; and
- if the change in the student's situation results in resources exceeding expenses, the institution must adjust the budget or the financial aid package to assure that there is no overaward.

Adjustments are determined by the financial aid administrator based on the facts available about the student's situation and the judgment of the financial aid administrator. All adjustments must be adequately documented. In addition, the institution should have a written refund policy that fairly allocates refunds to financial aid programs authorized under Titles VII and VIII of the Public Health Service Act.

Section 5 DISBURSEMENT OF FUNDS TO STUDENTS

A. THE PROMISSORY NOTE

Each HPSL must be documented by a promissory note approved by the Secretary of Health and Human Services. (See [Exhibit A, http://www.hrsa.dhhs.gov/bhpr/dsa/promdown.htm](http://www.hrsa.dhhs.gov/bhpr/dsa/promdown.htm).) It is made available to schools through the Division of Student Assistance. The note describes the loan conditions and benefits set forth in the Public Health Service Act and in the regulations.

The school has the option of designing its own promissory note rather than using the form provided by the Division. However, the school must receive approval from the Division to use any proposed promissory note that differs from the note provided by the Division.

Because the promissory note is the legal document which binds the student to his/her repayment obligations, and thus represents a major asset of the school's loan fund, it must be properly

completed and adequately safeguarded against fire, theft, and tampering. The particular method of insuring this protection is the school's responsibility.

Each promissory note must:

- state that the loan will bear interest on the unpaid balance computed only for periods during which repayment of the loan is required, at the current percentage rate per year; and
- contain an acceleration clause provided by the Secretary, which will permit the acceleration of delinquent loans at the school's option.

The promissory note must be signed by the borrower prior to disbursement of funds. It is not necessary to have a separate promissory note signed each time a student receives an advance of funds. A copy of the note must be supplied by the school to the student borrower.

Any change in the Act or regulations which affects the terms of the promissory note requires that a new promissory note be signed for future loans.

An HPSL shall be made without collateral or cosignature unless the borrower is a minor and the promissory note signed by the student borrower would not, under the State law, create a binding obligation. In addition, HPSL promissory notes or any other evidence of an HPSL may not be sold by the school, unless the borrower transfers to another institution participating in the HPSL program. In this case, the school from which the borrower originally obtained an HPSL may sell that loan to the school the borrower is now attending.

[Section 722 of the Public Health Service Act; 42 CFR Part 57.208]

B. DISCLOSURE REQUIREMENTS

Schools are required to disclose certain information to students at the time the promissory note is signed, or during the entrance interview if it occurs prior to the student signing the note. Some of the information that schools must disclose to students appears on the promissory note. Other information does not appear on the promissory, and so it must be provided on a separate document. The disclosure requirements are listed below.

- The yearly and cumulative maximum amounts that may be borrowed by the student. This information is not in the HPSL promissory note and, therefore, must be provided elsewhere. It is recommended that schools include it in (or as an attachment to) the statement of rights and responsibilities which the borrower must review and sign as part of the entrance interview.

-
- The terms of the loan when repayment will begin. This information is in the HPSL promissory note.
 - The maximum number of years in which the loan must be repaid. This information is in the HPSL promissory note.
 - The interest rate that will be paid by the borrower and the minimum amount of the required monthly payment. This information is in the HPSL promissory note.
 - The amount of any other fees charged to the borrower by the lender. This information is in the HPSL promissory note.
 - Any options the borrower may have for deferral, cancellation, prepayment, consolidation or refinancing of the loan. This information, where applicable to the HPSL program, is in the HPSL promissory note.
 - A definition of default on the loan and a specification of the consequences which will result if the borrower defaults, including that the loan will be reported to credit bureau organizations. This information is in the HPSL promissory note.
 - To the extent practicable, the effect of accepting the loan on the eligibility of the borrower for other forms of student assistance. Under the HPSL program statute and regulations, accepting a HPSL does not affect the borrower's eligibility for other forms of student assistance--except that the student's total aid package may not exceed the student's unmet need, as determined by the school. Therefore, an institution does not have to provide the borrower with any additional information under this requirement unless the school is aware of provisions of other programs which would make an HPSL borrower ineligible for other forms of aid.
 - A description of the actions that may be taken by the Federal Government to collect the loan, including a description of the type of information concerning the borrower that the Federal Government may disclose to officers, employees or agents of the Department of Health and Human Services; officers, employees or agents of schools with which the Secretary has an agreement under the loan program regulations; or any other person involved in the collection of a loan under the regulations. Complete information to satisfy this requirement is not in the HPSL promissory note and, therefore, must be provided elsewhere. It is recommended that schools include it in (or as an attachment to) the statement of rights and responsibilities which the borrower can review and sign as part of the entrance interview.

For any HPSL made after June 30, 1986 and for LDS and PCL loans, the regulations require a school, prior to the borrower's completion or termination of studies at the school to provide the following loan information to the student:

- each amount borrowed by the student under the loan program regulations;
- the total amount borrowed by the student under the loan program regulations; and
- a schedule for repayment of the amounts borrowed under the loan program regulations, including the number, amount, and frequency of payments to be made.

In addition to the requirements set forth above, the school must comply with the applicable requirements of Truth-in-Lending Regulation Z, which consist of the following:

- the identity of the institution making the disclosures;
- the "amount financed" (using that term, which is equal to the total principal loaned) and a brief description such as "the amount of HPSL funds provided to you or on your behalf";
- a separate written itemization of the amount financed, including HPSL funds disbursed directly to the borrower, and HPSL funds credited to the borrower's account, or a statement that the borrower has the right to receive a written itemization of the amount financed, together with a space for the borrower to indicate whether it is desired;
- the "finance charge" (using that term) and a brief description such as "the dollar amount the HPSL funds will cost you";
- the "annual percentage rate" (using that term) and a brief description such as "the cost of your credit as a yearly rate";
- the number, amounts, and timing of payments scheduled to repay the obligation--the institution may comply with this requirement by disclosing the dollar amounts of the largest and smallest payments in the series and a reference to the variations in the other payments in the series;
- the "total of payments" (using that term) and a descriptive explanation such as "the amount you will have paid when you have made all scheduled payments";
- a statement indicating that a penalty may not be imposed if the borrower chooses to prepay any or all of the loan obligation;
- the penalty charge that may be imposed due to a late payment; and
- a statement that the borrower should refer to the promissory note for information about nonpayment, default, the right to accelerate the maturity of the obligation, and prepayment.

[Exhibit B](#) includes a sample format for a Truth-in-Lending statement. Schools are urged to consult with institutional legal counsel to determine the actual format and wording appropriate to the school's particular situation. Although the Department of Health and Human Services can

provide general guidance relative to the Truth-in-Lending requirements, responsibility for compliance with the law rests with the school.

[Section 726 of the Public Health Service Act; 42 CFR Part 57.208]

C. ENTRANCE INTERVIEWS

1) TIMING

Regulations require schools to conduct entrance interviews with its HPSL borrowers. The school must conduct and document an entrance interview for each academic year during which the student receives HPSL funds. The school also must obtain entrance interview documentation before it disburses loan funds to a borrower in any academic year. Please see [Exhibit C](#).

The regulations do not require the school to conduct an entrance interview each time it makes a disbursement within a single academic year; however, many schools have indicated it is beneficial to the collections process to require a borrower to complete a new "borrower information" form at the time of each disbursement.

[42 CFR Part 57.210]

2) CONTENT

No matter what format or method a school uses to conduct an entrance interview, it must obtain documentation which includes the following:

- Evidence that the borrower is aware of the rights and responsibilities associated with the loan. This documentation can be any format the school chooses. For example, the school can use a:
 - separate statement listing the borrower's rights and responsibilities, which the borrower must sign and date to acknowledge that he or she has been provided with the information; or
 - statement of the borrower's rights and responsibilities that are incorporated into a disclosure document.

For a borrower who receives loan funds in more than one academic year, the school may use a separate form or statement for each year during which funds are disbursed. As an alternative, the school may permit the borrower to sign and date the original rights and responsibilities form or statement for each academic year in which he or she obtains additional HPSL funds. In this case, the information on

the original document must continue to be applicable to the additional loan funds. [Exhibit G](#) shows a statement of borrower's rights and responsibilities.

- The school must collect a document on which the borrower provides personal information to assist in skiptracing should this be necessary during the collection process. The borrower must sign and date the document to show when the information was provided or updated.

Personal borrower information can change between the time of application and loan disbursement; therefore, it must be collected during the entrance interview even if the borrower provided similar information on the financial aid application. A school may use any format it finds most effective to collect this information.

For a borrower who receives loans funds in more than one academic year, the school must require the borrower to:

- provide this information anew each year before funds are disbursed; or
- review and update the original entrance interview information each year before funds are disbursed, and sign and date again the information to state when the personal borrower information was updated.

[42 CFR Part 57.210]

3) FORMAT

A school must complete the entrance interview requirement by conducting an individual or group meeting with the borrower, or through an exchange of mail if a face-to-face meeting is not practical. Each school has latitude in deciding whether to conduct the entrance interview in person or by mail. However, schools are strongly encouraged to make individual or group entrance interviews a priority in the financial aid awarding process, as this will help prevent problems in the collections process. The school also has discretion in determining the specific format of the entrance interview, and may use innovative methods such as films or computer software programs that "test" the borrower's understanding of his/her rights and responsibilities. Finally, the school has discretion in deciding which office(s) (e.g., financial aid, fiscal, loan collection, dean's) will be responsible for entrance interviews.

[42 CFR Part 57.210]

4) DOCUMENTATION

Institutions must document the entrance interviews by maintaining the papers signed by the borrower in his/her file. Documentation consists of evidence that the borrower:

- is aware of his/her rights and responsibilities; and
- has provided information which will assist with any skiptracing efforts.

Exhibits C and D show an entrance interview checklist and questionnaire. [Fiscal Management, Collections, Chapters 1 and 2](#) also address entrance interview requirements.

[42 CFR Part 57.210]

D. PAYMENTS TO STUDENTS

Institutions determine the amount of installments paid to the student. However, installments may not exceed what the institution determines is necessary for the student to pay for any installment period (e.g., semester, term, quarter). Note that students enrolled less than full-time or are no longer in good standing are not eligible to receive HPSL proceeds.

The school may advance payments directly to the student or it may credit the disbursement to the student's tuition account. In either case, payments must be clearly documented.

[42 CFR Part 57.209]

Section 6 STUDENT RECORDS

The school must maintain an individual file for each student applying for financial aid and maintain these records for at least five years after the borrower ceases to be a full-time student. This file should contain clear evidence of how the school evaluated each application for financial assistance. Even if no funds were awarded, documentation of rejection, cancellation, or declination must be retained and safeguarded against fire, theft and tampering.

The student file should contain documents relating to each academic year application so that each application cycle is complete and auditable. The contents of the file must include:

- approved student applications for HPSLs;
- documentation of the financial need of applicants; and
- financial aid transcripts.

The types of documents that support this information include:

- copy of the need analysis document;
- copy of the student budget used to determine need;
- complete written documentation of assessment of resources and need;
- award letter--institutional copy;
- record of advances (i.e., receipts or vouchers);

- copy of signed promissory note(s);
- signed disclosure (i.e., truth-in-lending statement includes borrower's rights and responsibilities); and
- financial aid transcript, if applicable.

The Department of Health and Human Services permits institutions to maintain their records in a variety of formats at the option of the school. Record keeping formats include:

- computer;
- electronic;
- microfiche;
- microfilm; or
- paper.

For information on maintenance of records see [Fiscal Management, Accounting Procedures, Chapter 1](#).

[42 CFR Part 57.215]

Chapter 4 TERMS AND CONDITIONS OF THE HPSL PROGRAM

This chapter reviews the characteristics of the HPSL program such as maximum amounts that students may borrow, interest rates, deferment options, repayment requirements, cancellation provisions, and loan consolidation.

Section 1 LOAN AMOUNTS

Loans made on or after November 13, 1998, may be made in amounts that do not exceed the cost attendance (including tuition, other reasonable educational expenses, and reasonable living expenses). Previously the maximum loan amount was tuition plus \$2,500. Before making decisions about how much an individual student receives in HPSL funds, schools must be sure that students meet the statutory and regulatory eligibility criteria described in [Chapter 3, Section 1](#), Student Eligibility Criteria.

[Section 722(a) of the Public Health Service Act]

A. EXCEPTION TO LOAN AMOUNTS FOR THIRD- AND FOURTH-YEAR MEDICAL STUDENTS

Allopathic and osteopathic medical schools have the authority to increase awards from HPSL, Loans for Disadvantaged Students (LDS) and Primary Care Loans (PCL) beyond the cost of attendance annual maximum limit. However, amounts beyond the annual maximum limit are only available to third- and fourth-year students. In addition, the funds must be used to repay outstanding balances on loans taken out while the borrower was in attendance at that school. Funds may not be used to repay previous HPSLs, LDS and PCLs.

This authority allows allopathic and osteopathic medical schools to help students reduce the level of their indebtedness from loans with less favorable terms, such as loans with higher interest rates or loans that compound interest. For example, a school of medicine could provide a third-year student with an HPSL, LDS, or PCL that would not only cover a portion of the student's cost of attendance, but would also repay--in part or in total--the student's HEAL debt assumed during the first or second year in medical school.

Schools are responsible for implementing this provision and assuring that the loans funds are used appropriately. The school and the student must agree that amounts received in HPSL, LDS, or PCL above the legal annual maximum will be applied solely to the repayment of other educational loans. Further, the school must make checks copayable to the student and the school. The purpose of making checks copayable is to assure that the funds are actually used to repay designated prior loans.

[Section 722(a) of the Public Health Service Act]

Section 2 INTEREST RATES

A uniform interest rate of five percent per year applies to all loans made on or after November 4, 1988. Interest is computed on the unpaid principal balance and begins to accrue upon expiration of the grace period unless a borrower is eligible for deferment status.

HPSLs have the following interest rates based on the date they were incurred:

- on or after November 4, 1988--5%
- on or after August 13, 1981--9%
- from October 1, 1977 through August 13, 1981--7%
- from July 1, 1969 through September 30, 1977--3%
- from July 1, 1968 through June 30, 1969 (FY 1969)--5 3/8%
- from July 1, 1967 through June 30, 1968 (FY 1968)--4 3/4%
- from July 1, 1966 through June 30, 1967 (FY 1967)--4 5/8%
- from July 1, 1964 through June 30, 1966 (FY 1965 & 66)--4 1/4%

After July 1, 1969, borrowers who received HPSLs at different interest rates must have each loan computed at its respective interest rate.

[Section 722(e) of the Public Health Service Act; 42 CFR Part 57.208]

Section 3 INSURANCE PREMIUM

Statute and regulations permit schools to charge an insurance premium to cover loss of the institutional share of a HPSL in cases of death and disability cancellations. Schools that choose to charge an insurance premium must determine the rate each year based on their cancellation experience. However, the rate may not exceed .6 percent of the loan amount disbursed to the student. Proceeds collected from HPSL disbursements as insurance premiums:

- may only be used to reimburse the school for the institutional share of losses for loans made on or after October 22, 1985; and
- must be placed in interest-bearing accounts from which earnings must be credited to the insurance fund.

Regulations state that the school is required to maintain separate accountability for the insurance premium fund even though the school does not have to establish a separate account.

[Fiscal Management, Collections, Chapter 2](#) also addresses insurance premiums.

[Section 722(h) of the Public Health Service Act; 42 CFR Part 57.213a]

Section 4 GRACE PERIOD

The grace period for a HPSL is one year long during which repayment of principal is not required and interest does not accrue. The grace period immediately follows completion or termination of full-time student status and cannot be postponed to follow any deferments for which the borrower may be eligible. The following example illustrates.

Example:

A student who borrowed from the HPSL program graduates from medical school. She is going directly into a three-year residency for which she can obtain deferment on the payment of her HPSLs. Because the grace period begins as soon as she graduates, she must use her grace period for the first year of her residency and then apply for deferments for the last two years of her residency. She is not allowed to obtain deferments for all three years of residency and then use the grace period after her residency training is completed.

Borrowers who have not graduated do not lose the grace period or any portion of it unless they are out of school for the full year. This means that a borrower who reenters the same or another health professions school within the one-year period maintains the entire grace period. The following examples illustrate.

Example:

A student in a podiatric medicine program borrowed an HPSL for his first year of school. He went home during the three-month summer break between his first and second year of the program to work. Because he was out of school for less than one year, he still has not lost the one-year grace period on his HPSL.

Example:

A student withdraws from a dental school. After being out of dental school for seven months, she enrolls in a school of veterinary medicine. Because her enrollment at the second institution began before the grace period was over, she still has the full year of grace remaining once she graduates or terminates attendance at the school of veterinary medicine.

Similarly, a borrower who has graduated from a health professions school retains the full grace period if enrollment in another health profession school begins before the grace period expires.

[Fiscal Management, Collections, Chapter 2](#) provides information on required institutional grace period contacts.

[Section 722(c) of the Public Health Service Act; 42 CFR 57.210]

Section 5 DEFERMENT PROVISIONS

A deferment period on an HPSL means that interest does not accrue and the borrower does not have to make payments on the loan. The following three statements describe the general mechanics of HPSL deferments:

- Deferments are only available for participation in certain activities prescribed in statute and regulations.
- Deferment periods do not count against the borrower's right to repay the loan within 10 years. For example, a borrower who has used three years of deferments still has a total of 10 years--not seven years--to repay the HPSL.
- Borrowers are allowed to move in and out of deferment and repayment. For example, a borrower may be in repayment, then participate in an activity for which deferments are available, go back into repayment, and then begin another deferable activity.

Although borrowers engaged in specific activities are entitled to deferments on their HPSLs, the deferments are not automatic. Borrowers must request deferments at least 30 days before the beginning of:

- an activity that makes the borrower eligible for deferment; or
- the repayment period (i.e., the due date of the first payment) if the borrower is beginning the activity during the grace period.

Borrowers then must file deferment forms annually for each additional year of deferment. A copy of an HPSL deferment form appears as [Exhibit E](#). For the institution to acknowledge that the borrower is in deferment, the borrower must provide evidence that the:

- activity is one for which deferments are permissible; and
- borrower is actually participating in that activity.

The evidence must include certification by a program official or other authorized official that the borrower's activity meets the deferment requirements. The borrower is also responsible for providing any other information necessary for the school to process and acknowledge the deferment. The school has the right to deny a request for deferment if the borrower does not comply with the information requirements as prescribed by regulations. Note that the responsibility for granting a deferment is the institution's and cannot be transferred to a third party, such as a billing agent. In addition to being responsible for requesting deferments and

submitting the necessary documentation, the borrower also must contact the institution when he/she has completed or terminated the deferable activity.

[Fiscal Management, Collections, Chapter 2](#) contains information about required institutional deferment contacts.

[Section 722(c) of the Public Health Service Act; 42 CFR Part 57.210]

A. ELIGIBLE ACTIVITIES

Borrowers may obtain deferments if they participate in certain activities. The chart below briefly identifies those activities and the corresponding maximum period of time for which the borrower can be in deferment.

Type of Activity	Maximum Number of Years for Deferment
Active duty in the uniformed services	Up to three years
Peace Corps volunteer	Up to three years
Advanced professional training	Unlimited
Leave of absence to pursue related educational activity	Up to two years
Training fellowship, training programs and related educational activities for graduates of health professions schools	Up to two years

Further descriptions of the allowable deferment activities appear below.

[Section 722(C) of the Public Health Service Act; 42 CFR Part 57.210]

B. UNIFORMED SERVICES

Borrowers who perform active duty as a member of a uniformed service (Army, Navy, Marine Corps, Air Force, Coast Guard, the National Oceanic and Atmospheric Administration Corps, or the U.S. Public Health Service Commissioned Corps) are eligible for deferment for up to three years. Such service performed during the grace period does not count as part of the maximum deferment period for which the borrower is eligible, nor does it entitle the borrower to a grace period after the deferment period ends. This deferment provision is specifically limited by statute to borrowers on active duty who are members of a uniformed service and does not apply to

borrowers who are employed by one of the uniformed services in a civilian capacity. For example, a borrower who is working for the Public Health Service (PHS) and who is not a member of the Commissioned Corps would not qualify for deferment.

A borrower who is fulfilling an NHSC scholarship obligation through the "private practice option" or through the "private placement option" rather than as a PHS commissioned officer would not be eligible for deferment. Institutions should be certain that borrowers understand this provision prior to graduation to avoid subsequent problems in administering deferments based on participation in the uniformed services.

[Section 722(c)(1)(A) of the Public Health Service Act; 42 CFR Part 57.210]

C. PEACE CORPS

Borrowers who volunteer under the Peace Corps Act are eligible for deferment for up to three years. Such service performed during the grace period does not count as part of the maximum deferment period for which the borrower is eligible, nor does it entitle the borrower to a grace period after the deferment period ends.

Service in VISTA does not qualify for deferment.

NOTE: The total period of deferment for uniformed service and service as a Peace Corps volunteer may not exceed three years for each activity, or a total of six years.

[Section 722(c)(1)(B) of the Public Health Service Act; 42 CFR Part 57.210]

D. ADVANCED PROFESSIONAL TRAINING

Borrowers can qualify for deferment on the basis of advanced professional training for the duration of that training if it is:

- intended to further the borrower's knowledge and skills in the health professions discipline for which the loan was received;
- a prerequisite for professional practice; and
- an internship or residency program or other full-time training beyond the first professional degree.

A borrower who completes advanced professional training at an institution in a foreign country may be eligible for deferment, provided that the borrower will receive credit towards his or her board certification. It is the school's responsibility to make the final determination in this case.

[Section 722(c)(1)(C) of the Public Health Service Act; 42 CFR Part 57.210]

E. LEAVE OF ABSENCE TO PURSUE RELATED EDUCATIONAL ACTIVITY

An HPSL borrower, who is still a full-time student in a health professions school, may obtain deferments for a leave of absence to pursue full-time educational activities that are directly related to the health profession for which the borrower is preparing. The borrower must be taking the leave of absence with the intent of returning to the original school as a full-time student. The deferment is limited to two years.

The related educational activity must meet the following criteria for the borrower to obtain a deferment:

- The activity must be part of a joint-degree program or a formal program of joint study that is offered in conjunction with the health professions program for which the borrower is preparing;

OR

- The activity must enhance the borrower's knowledge and skills in the health profession for which the borrower is preparing as determined by the school.

The borrower must request this deferment at least 60 days before beginning the related educational activity. The institution must determine whether it will grant the deferment at least 30 days before the borrower plans to begin the activity in question.

A borrower who qualifies for this type of deferment receives the grace period upon completion or termination of his/her studies leading to the first professional degree. If the borrower does not return to the original school, then the school must begin the borrower's grace period retroactively from the beginning of the "leave of absence" when the borrower terminated study at that institution. The repayment period must then begin after the grace period has expired.

[Section 722(c)(2)(A) of the Public Health Service Act; 42 CFR Part 57.210]

F. FELLOWSHIP TRAINING PROGRAMS AND RELATED EDUCATIONAL ACTIVITIES FOR GRADUATES OF HEALTH PROFESSION SCHOOLS

1) FELLOWSHIP TRAINING PROGRAMS

Graduates of health professions schools who borrowed HPSL funds are eligible for deferments if they participate in certain fellowship training programs. The fellowship training must be directly related to the health profession for which the borrower obtained the HPSL. In addition, the borrower must enter into the fellowship either prior to the end of his/her advanced professional

training or no later than 12 months after the borrower completed participation in that advanced professional training. The fellowship training itself must meet certain criteria in order for the borrower to obtain the deferment. Specifically, the fellowship training must be a:

- full-time activity in research, research training or health care policy; and
- formally established fellowship program which was not created solely for the borrower.

[Section 722(c)(2)(B) of the Public Health Service Act; 42 CFR Part 57.210]

G. RELATED EDUCATIONAL ACTIVITIES FOR GRADUATES OF HEALTH PROFESSION SCHOOLS

Graduates of health professions schools who borrowed HPSL funds are also eligible for deferments if they participate in certain educational activities. The educational activity must be directly related to the health profession for which the borrower obtained the HPSL. In addition, the borrower must enter into the activity either prior to the end of his/her advanced professional training or no later than 12 months after the borrower completed participation in that advanced professional training.

The related educational activity must meet the following criteria for the borrower to obtain a deferment:

- The activity must be part of a joint-degree program in conjunction with the health professions program for which the borrower received the HPSL;

OR

- The activity is required for licensure, registration or certification in the health profession for which the borrower received the HPSL;

OR

- The activity is a full-time educational program in public health, health administration, or a health care discipline directly related to the health profession for which the borrower received the HPSL.

[Section 722(c)(2)(B) of the Public Health Service Act; 42 CFR Part 57.210]

Section 6 REPAYMENT PROVISIONS

A. REPAYMENT SCHEDULES

Installment payments must be made during the repayment period immediately following the expiration of the grace period and excluding any allowable periods of deferment. Installment payments must be made no less often than quarterly, in equal or graduated installments, in accordance with the terms of the schedule provided by the school and agreed to by the borrower at the time of the exit interview. Under no circumstances may a school agree to a payment schedule which does not require at least a quarterly payment of principal and accrued interest.

A borrower who is more than 60 days past due in the repayment of an HPSL must be placed on a monthly repayment schedule, regardless of when he or she entered repayment status. [Fiscal Management, Collections, Chapter 2](#) also contains information about institutional responsibility for establishing repayment schedules.

[Section 722(C) of the Public Health Service Act; 42 CFR Part 57.210]

B. MINIMUM REPAYMENTS

Institutions may require borrowers to repay HPSLs at a rate that is not less than \$40 per month.

[Section 722(j) of the Public Health Service Act; 42 CFR Part 57.210]

C. LENGTH OF REPAYMENT

Repayment of the principal, together with accrued interest, shall be made over a period of not less than 10 years nor more than 25 years, at the discretion of the institution. The Senate Report accompanying P.L. 105-392 directs that this revision to the repayment period be available for any borrowers who have not yet completed repayment of their loans.

The Department intends that school officials use their professional judgment to determine which borrowers need an extended time period to repay their loans, based on factors such as the amount of the borrower's indebtedness and projected income. Although this provision provides flexibility in determining the length of repayment, school officials should be guided by the need to collect these funds in a manner that maximizes the amount of revolving funds available annually for loaning to current students. The Department cautions schools not to grant extended repayment periods except as needed to assure manageable repayment and avoid default, since longer repayment periods will reduce the amount of loan funds available annually for making loans to current students. The Department does not plan to issue further guidance regarding the use of this authority unless schools indicate a need for such.

The school may reduce the repayment period without the borrower's consent when the total payments at the minimum monthly rate would require less than the required amount of years to repay.

Readers are also referred to [Fiscal Management, Collections, Chapter 2](#).

[Section 722(C) of the Public Health Service Act; 42 CFR Part 57.210]

D. PREPAYMENT

The borrower may, at his or her option and without penalty, prepay all or any part of the principal and accrued interest at any time. If an accelerated payment is made, that prepayment must first be applied to accrued interest and penalties, if any, and then to the principal balance. (Also see [Fiscal Management, Collections, Chapter 2](#).)

[Section 722(C) of the Public Health Service Act; 42 CFR Part 57.210]

E. PENALTY CHARGES

Borrowers must be charged a late fee for installment payments on HPSLs that are more than 60 days past due. For loans disbursed on or after October 22, 1985 or for which promissory notes have been signed on or after October 22, 1985, the late fee cannot exceed six percent of the installment payment.

This provision is intended to assist schools in collecting HPSL funds by providing delinquent borrowers with an incentive to remit their payments on a timely basis to avoid any additional costly charges. Accordingly, each school is encouraged to implement the provision at an amount and frequency that will be of greatest benefit for improving its ability to collect from its borrowers.

For loans extended prior to October 22, 1985, schools may impose a late charge for failure by the borrower to pay all or any part of an installment when it is due, or for failure to file timely evidence of deferment or cancellation of part or all of a loan. The late charge may be up to \$1 for the first month or part of a month following the due date, and \$2 for each subsequent month or part of a month.

[Fiscal Management, Collections, Chapter 2](#) provides additional information about penalty charges.

[Section 722(I) of the Public Health Service Act; 42 CFR Part 57.210]

F. REFUNDS

Refunds to borrowers for errors made by the school must come from institutional funds not the HPSL fund.

G. CHANGE OF ADDRESS

The borrower is required to inform the school of any change of address after ceasing to be a student at the school.

H. REPAYMENT OPTIONS

1) COMBINING HPSLS

When a borrower has more than one HPSL outstanding, the sum of the amounts loaned may be combined for repayment purposes. However, separate accounts must be kept when a borrower has loans made under different statutory provisions, so that the appropriate benefits may be applied to the proportionate amount of indebtedness. It is also necessary to keep separate repayment schedules whenever a borrower has loans made at different grace periods and interest rates.

2) LOAN CONSOLIDATION

The Federal Loan Consolidation Program permits borrowers to combine their Federal student loans from different programs into a single, new loan. It also permits the loans to be repaid over a longer period of time. In addition to repaying in equal installments, borrowers can obtain graduate and income-sensitive repayments for loans consolidated under this Federal program. For more information on Federal Loan Consolidation, refer to Department of Education publications (e.g., *The Federal Student Financial Aid Handbook*).

Note: Although HPSLs and LDSs are eligible for Federal Loan Consolidation at the option of the lender, PCLs are not eligible for Federal Loan Consolidation.

3) FORBEARANCE AND RENEGOTIATION

Forbearance and renegotiation are two separate methods for dealing with a borrower who is unable to make payments as required by his or her existing repayment schedule. Periods of forbearance and of renegotiation are similar, because both must be counted as part of the 10-year repayment period. However, forbearance differs from renegotiation, because:

- payments towards principal are temporarily suspended due to extraordinary circumstances; and, therefore,

- these accounts are excluded from the delinquency rate calculation (i.e., they are neither current nor delinquent).

Renegotiated loans do not have payments towards principal temporarily suspended. As a result, renegotiated loans are included in the delinquency rate calculation:

- as current accounts, if the borrower adheres to the renegotiated repayment schedule; or
- as delinquent accounts, if the borrower does not adhere to the renegotiated repayment schedule.

The following sections provide more information about forbearance and renegotiation. [Fiscal Management, Collections, Chapter 2](#) also addresses forbearance and renegotiation (in terms of interruption of the original repayment schedule).

a) FORBEARANCE

Due to a borrower's extraordinary circumstances, and at the discretion of the institution, the borrower may be placed in forbearance. This has the effect of temporarily suspending payment of principal; however, interest continues to accrue. Extraordinary circumstances include unemployment, poor health or other personal problems that have a short-term impact on the borrower's ability to make payments on HPSLs as scheduled.

During periods of forbearance, interest continues to accrue on the unpaid principal balance of the loan. Further, a minimum payment must be made on all accrued interest during the period in which the borrower is in forbearance (e.g., six months, one year). Schools are urged to make every effort to keep forbearance periods to a minimum, because the borrower may be faced with unmanageable payments as a result of the reduced period of time for making repayments.

Note that penalties are not charged to borrowers with loans in forbearance--provided that the borrower is complying with the terms of forbearance agreed upon by the borrower and the school--since a loan in forbearance is not considered to be past due.

The school is responsible for determining whether there are "extraordinary circumstances" which warrant granting forbearance, based on a borrower's financial situation and other pertinent information. Examples of extraordinary circumstances which might place an undue hardship on the borrower and prevent him or her from making scheduled payments include the following:

- A borrower changes his or her health professions program by graduating from one program and going into a second program after the grace period has expired.

- A borrower changes his or her health professions program by transferring from a discipline covered by the HPSL program to a discipline not covered by the HPSL program.
- A borrower changes his or her health professions discipline to a non-health discipline.
- A borrower suffers a drastic change in his or her financial situation which makes it impossible to repay the HPSL according to schedule. Events that can have such an affect on an individual's financial circumstances include prolonged illness, unemployment, or a natural disaster (e.g., flood, fire).

The institution must obtain documentation at least annually that supports the borrower's request for forbearance. This means that the borrower's institutional file should contain some combination of the following documents:

- verification from the school in which the student is now enrolled regarding his or her full-time status and evidence of continuing financial need.
- copies of medical bills and correspondence from the attending physician pertaining to the financial burden of prolonged illness;
- unemployment records and correspondence; and
- correspondence from reputable individual(s) or agencies verifying the hardship or disaster.

The institution must notify the borrower in writing of its approval or disapproval to grant forbearance. The basis for that decision must be thoroughly documented in the borrower's file. Institutions are accountable for limiting the use of forbearance to situations in which the borrower clearly intends to repay the HPSL obligation, but is unable to comply with the existing repayment schedule.

[42 CFR Part 57.210]

b) RENEGOTIATION

A school should use renegotiation when a borrower is able to make payments on a regular basis, but is unable to pay the amount required to keep the account current according to the existing repayment schedule. To renegotiate the repayment schedule:

- the school must be satisfied that the borrower's financial situation precludes compliance with the existing schedule; and
- the school and the borrower must mutually agree to replace the existing schedule with a revised one.

The school must maintain documentation of the agreement in the borrower's file.

A borrower with a renegotiated loan is considered to be current with the repayment schedule as long as the borrower complies with the terms of the renegotiation, because the renegotiated schedule supersedes the previous repayment schedule. As a result, the new schedule is used to determine whether a borrower is current or past due. Penalties are not charged to borrowers with renegotiated loans--provided that the borrower is complying with the terms of the renegotiation agreed upon by the borrower and the school--since a renegotiated loan is not considered to be past due.

Note that borrowers with renegotiated HPSLs must still repay their obligations within the 10-year limitation. Institutions are accountable for limiting the use of renegotiation to situations in which the borrower clearly intends to repay the HPSL obligation but is unable to comply with the existing repayment schedule.

4) CANCELLATION

HPSLs may be canceled because of the death of the borrower, or because the borrower has become permanently and totally disabled. See [Chapter 4, Section 3, Insurance Premium](#), in this book for additional information. [Fiscal Management, Audits, Chapter 3](#) addresses cancellation of repayment.

a) DEATH

Upon the death of a borrower, the unpaid balance of the loan and accrued interest will be canceled. To grant cancellation, the school must obtain a death certificate or other official proof of death. The school retains the document in the borrower's file for audit purposes. The amount canceled must be reported on the Annual Operating Report.

[Section 722(d) of the Public Health Service Act; 42 CFR Part 57.211]

b) PERMANENT AND TOTAL DISABILITY

A borrower is entitled to cancellation of HPSLs in the event of permanent and total disability. Permanent and total disability is defined as being unable to engage in gainful employment of any kind because of a medically determinable impairment which is expected to continue for a long and indefinite period of time or to result in death. The review and final determination shall be made by the Secretary on the recommendation of the school, supported by required medical certification relating to the borrower's disability.

To claim cancellation for disability, a borrower should submit a formal request to the school that awarded the loan along with the following documentation:

- date entered and date graduated or date studies terminated;

- total amount of loans obtained;
- amount of unpaid balance;
- nature and date of onset of the disability;
- employment history prior to disability;
- statement of financial support; and
- current medical examination and/or treatment.

The medical report must be sufficiently detailed to provide for a comprehensive review to determine the nature, duration, and extent of the impairment and prognosis. Supporting documentation should include history of illness, medical examination(s), inpatient and outpatient treatments, and current medications. Include copies of all pertinent past medical records and a prognosis and rehabilitation plan. The medical documentation must be accompanied by a signed and dated statement from the borrower's physician documenting permanent and total disability according to the definition above.

The school should obtain from the borrower a consent for release of information allowing the release of any required information on the disability to the Department.

The school will be formally notified of the Secretary's and/or designee's decision and must retain the written notification of the decision on file for audit and other review purposes. The school must report the amount of the loan canceled on its Annual Operating Report.

Documentation must be submitted to the Division of Student Assistance, Parklawn Building, Room 8-34, 5600 Fishers Lane, Rockville, Maryland 20857.

A disability checklist is provided at [Exhibit F](#) as guidance for obtaining the required documentation. This checklist should not be used in lieu of obtaining the required documentation described above.

NOTE: SCHOOLS/LENDERS DO NOT HAVE THE AUTHORITY TO CANCEL LOANS BASED ON PERMANENT AND TOTAL DISABILITY. THIS AUTHORITY REMAINS WITH THE DEPARTMENT OF HEALTH AND HUMAN SERVICES.

[Section 722(d) of the Public Health Service Act; 42 CFR Part 57.211]

Chapter 5 INSTITUTIONAL RESPONSIBILITIES IN THE REPAYMENT PROCESS

Institutional responsibilities in the HPSL repayment process are considerable. These responsibilities are often shared between the school's financial aid administrator and the fiscal officer. The exit interview is a primary example and is discussed below. Readers are also urged to review *Fiscal Management* for information on accounting requirements, debt collection requirements (e.g., due diligence), cash management requirements, program monitoring and audits.

Section 1 EXIT INTERVIEW

The regulations require a school to conduct and document an exit interview with its borrowers (individually or in groups). The school has the discretion in deciding which office(s) (e.g., financial aid, fiscal, loan collection, dean's) will be responsible for the exit interview, and for determining the specific format of the exit interview as long as the following documentation is obtained:

- The terms of repayment agreed upon by the borrower and the school, must be signed and dated by the borrower indicating acceptance.
- Evidence that the borrower was reminded of his or her rights and responsibilities. This can be documented by having the borrower sign and date a form or statement similar to that used in the entrance interview, or a separate form or statement which provides, or indicates the borrower has received additional information that is not addressed during the entrance interview. For further information, see the [Exit Interview Checklist in Exhibit D](#).
- Update personal information provided by the borrower during the exit interview. This can be documented by having the borrower complete and date a personal information form similar to that used in the entrance interview, or a separate form which collects additional types of information that is not requested during the entrance interview (e.g., future employment plans). For further information, see the [Exit Interview Questionnaire in Exhibit D](#).

If a borrower fails to appear for an exit interview, the school must attempt to conduct the exit interview by mailing the exit interview information to the borrower and requesting that a copy of the repayment terms and the rights and responsibilities form or statement be signed and dated, the personal information form be completed and dated, and these items be returned to the school. If the borrower returns the information as requested, this will document that the exit interview was conducted.

[Fiscal Management, Collections, Chapter 2](#) also provides information on exit interviews.

[42 CFR Part 57.210]

Exhibits

Exhibit A Promissory Note

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES
 PUBLIC HEALTH SERVICE
 HEALTH RESOURCES AND SERVICES ADMINISTRATION
 Bureau of Health Professions

**HEALTH PROFESSIONS STUDENT LOAN PROGRAM
 PROMISSORY NOTE
 FOR LOANS MADE ON OR AFTER
 NOVEMBER 13, 1998**

I, _____, hereinafter called the Borrower, promise to pay to _____,
 (Name of Institution)

hereinafter called the Institution located at _____,
 (City and State)

advanced to me and endorsed in the Schedule of Advances below with interest at the rate of Five (5) percent per annum together with all attorney's fees, collection agent costs, and other related costs and charges for the collection of any amount not paid when in default according to the terms of this note.

SCHEDULE OF ADVANCES				
NUMBER	AMOUNT ADVANCED	TOTAL TO DATE	DATE	SIGNATURE OF BORROWER
1				
2				
3				
4				
5				
6				
7				

The Borrower and the Institution further understand and agree that:

1. Consolidation: If the Institution makes more than one loan with the same repayment terms to the Borrower under the Health Professions Student Loan program, the sum of the amounts advanced to the Borrower shall be consolidated for purposes of repayment. Each payment made by the Borrower to the Institution shall be applied first to interest which has accrued on the unpaid principal balance and then to the principal sum of the total loan.

2. Repayment:
 - a. Repayment shall be made in equal or graduated periodic installments over the repayment period, except that the Institution may require repayment to be made in an amount equal to not less than \$40 per month. The repayment period begins one year after the Borrower ceases to be a full-time student at a school eligible to participate in the Health Professions Student Loan program. The repayment period shall not be less than ten years, nor more than 25 years, at the discretion of the Institution. Periods of authorized deferment are not included as part of the repayment period.

 - b. The terms and conditions of repayment shall be set forth in a separate repayment schedule which is approved by the Institution and agreed to by the Borrower. Payments under the repayment schedule shall be made no less often than quarterly, except that if the Borrower is more than 60 days past due on a payment, the remaining balance of the loan shall be repaid on a monthly basis.

3. Interest: Interest shall accrue from the beginning of the repayment period.

4. Deferment: Periodic installments of principal and interest need not be paid, and interest shall not accrue, while the Borrower: (a) serves on active duty as a member of a uniformed service of the United States, for up to three years; (b) serves as a volunteer under the Peace Corps Act, for up to three years; (c) pursues advanced professional training, including internships and residencies; (d) pursues a full-time course of study at a health professions school eligible for participation in

the Health Professions Student Loan program; (e) leaves the Institution, with the intent to return to the Institution as a full-time student, to engage in a full-time educational activity which is directly related to the health profession for which the Borrower is preparing, as determined by the Secretary of Health and Human Services (the Secretary), for up to two years; and (f) participates in a fellowship training program or a full-time educational activity which is directly related to the health profession for which the Borrower prepared at the Institution, and is engaged in by the Borrower within 12 months after the completion of the Borrower's participation in advanced professional training described in 4.(c) above or prior to the completion of the Borrower's participation in such training, for up to two years.

5. Prepayment: The Borrower may, at his or her option and without penalty, prepay all or any part of the principal and accrued interest at any time.
6. Exit Interview: The Borrower agrees to attend an exit interview prior to completing or terminating full-time student status at the Institution.
7. Default: If the Borrower fails to make an installment payment when due or fails to comply with any other term of this Promissory Note, the loan will be considered in default.
8. Late Charge: The Institution shall assess a late penalty charge for failure of the Borrower to pay all or any part of an installment, or for failure to file satisfactory evidence of entitlement to deferment, if so entitled, at a rate, not to exceed an amount equal to 6 percent of the amount of such installment, on loans more than 60 days past due.
9. Acceleration: If the Borrower fails to make a scheduled repayment or fails to comply with any other term of this Promissory Note, the entire unpaid balance of the loan, including interest due and accrued and any applicable penalty charges, will, at the option of the Institution, become immediately due and payable.
10. Credit Bureaus: The Institution may disclose the Borrower's loan, and any other relevant information, to credit bureaus. If the Borrower is more than 120 days past due in making a scheduled repayment, the Institution will disclose the Borrower's delinquent status, and any other relevant information, to credit bureaus.
11. Collection Agents, Litigation, and Withholding of Services: If the Borrower fails to make a scheduled repayment, or fails to comply with any other term of this Promissory Note, the Institution may: (a) refer the Borrower's loan to a collection agent for further collection efforts; (b) initiate legal proceedings against the Borrower; (c) withhold Institutional services, such as transcripts and letters of recommendation, from the Borrower; (d) refer the Borrower's loan to the Secretary for collection assistance, including offset of Federal salaries; and (e) obtain the Borrower's address from the Internal Revenue Service, through the Secretary, if the Institution has no current address for the Borrower.
12. Death or Disability: In the event of the Borrower's total and permanent disability or death, the unpaid indebtedness remaining on the Note shall be canceled. Subject to the regulations of the Secretary, the Institution may assess a charge on the Borrower's loan to cover the costs of insuring against death or disability cancellations.
13. General: The Borrower will promptly inform the Institution of any change in name or address after he or she ceases to be a full-time student at the Institution. The terms of this Note shall be construed according to the Federal statute (42 U.S.C. 292q-292y) and regulations (42 CFR section 57.201 et seq.) governing the administration of the Health Professions Student Loan program, copies of which shall be kept by the Institution.

In Witness Hereof, My Hand and Seal

(Seal)

(Date)

(Signature of Borrower)

NOTICE: The Institution must require security or endorsement if the Borrower is a minor and if, under the applicable State law, the Note signed by him or her would not create a binding obligation. The Institution may not require security or endorsement in any other circumstances. The Institution shall supply a copy of this Note to the Borrower.

WARNING: Any person who knowingly makes a false statement or misrepresentation in obtaining these funds is subject to penalties which may include fines and imprisonment under Federal statute.

Exhibit B Truth in Lending Statement

Truth-in-Lending Statement

Account Number _____ Date _____

Name of Borrower _____

Address _____

ANNUAL PERCENTAGE RATE	FINANCE CHARGE	AMOUNT FINANCED	TOTAL OF PAYMENTS
The cost of your credit as a yearly rate.	The dollar amount the credit will cost you.	The amount of credit provided to you or on your behalf.	The amount you will have paid if you make all the payments as scheduled.
\$ _____	\$ _____	\$ _____	\$ _____

See the promissory note for any additional information about nonpayment, default, and any required repayment in full before the scheduled date.

Your payment schedule will be:

Number of Payments	Amount of Payments	When Payments are Due
_____	_____	_____
_____	_____	_____
_____	_____	_____

Late Charge: If a payment is late, you may be charged _____

Repayment: If you pay off early, you will not have any penalty.

Itemization of the amount financed of \$

\$ _____ Amount given to you directly.

\$ _____ Amount paid to the institution on your behalf.

I have received a copy of this statement.

 Signature of Student

Exhibit C Entrance Interview Checklist/Questionnaire

ENTRANCE INTERVIEW CHECKLIST/QUESTIONNAIRE

This form must be completed in its entirety and returned to the Office of the Bursar before funds may be advanced on any loan.
(PLEASE PRINT)

Name _____

Social Security No. _____

Permanent Address: Street _____

Local Address: Street _____

City _____

City _____

State _____

State _____

Telephone No. _____

Telephone No. _____

Birth Date _____

Drivers License No. and State _____

Your Part-Time or Full-Time Job _____

Company Name

Street Address _____

College _____ **Major** _____

Class: Fresh. _____ Soph. _____ Jr. _____ Sr. _____ Grad. _____

Expected Date of Graduation _____

Parent or Guardian _____ Telephone No. _____

Complete Address _____

Employer's Name _____

Employer's Address _____

Spouse's Name _____ Spouse's Employment _____

Spouse's Parents _____ Telephone No. _____

Complete Address _____

Grandparents _____

Complete Address _____

Brothers and sisters over 18 not living at home (list current names of sisters, i.e. Mrs. James R. Brown):

Name _____ Address _____

Name _____ Address _____

Personal References (clergy, former teacher, parent's neighbor):

Name _____ Address _____

Name _____ Address _____

Insurance Company or Agent:

Automobile _____ Address _____

Life _____ Address _____

Credit Cards, Charge Accounts, and Other Loans (use reverse side if necessary):

Name and Location of Bank at which You Have an Account:

High School:

Name _____ Address _____

THE ABOVE INFORMATION IS CORRECT AND COMPLETE AND I HEREBY AUTHORIZE VERIFICATION AS REQUIRED BY THE UNIVERSITY.

Signature

Date

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Exhibit D Exit Interview Checklist/Questionnaire

EXIT INTERVIEW CHECKLIST

For All Student Borrowers:

1. Does the student understand that the collection officer must be informed of any change in his or her address?
Yes_____ No_____
2. Does the student know the full amount of the loan?
Yes_____ No_____
3. Does the student know when the first payment is due and how much it is? Yes_____ No_____
4. Does the student realize the importance of paying promptly or contacting the collection officer prior to the due date if payment cannot be made for any reason? Yes_____ No_____
5. Does the student understand the accelerated payment option?
Yes_____ No_____
6. Has the student been given a copy of his or her repayment schedule and A GUIDE FOR REPAYMENT, DEFERMENT, AND CANCELLATION OF HEALTH PROFESSIONS STUDENT LOANS? Yes_____ No_____
7. What are the student's plans during the next 12 months?

For Graduating Student Borrowers:

8. Does the student understand the deferment provisions and his or her responsibility to submit the CERTIFICATION OF STUDENT DEFERMENT STATUS form to the collection officer within 30 days of the due date if he or she wishes to claim deferment? Yes_____ No_____
9. Does the student understand the use of the REQUEST FOR POSTPONEMENT OF INSTALLMENT PAYMENT form? Yes_____ No_____

EXIT INTERVIEW QUESTIONNAIRE

Date: _____
Name: _____ Social Security Number: _____
Driver's License Number: _____ State: _____
Present Mailing Address: _____

Telephone Number: _____
Permanent Mailing Address: _____

Telephone Number: _____
Parents' Name and Address: _____

Telephone Number: _____
Spouse's Parents' Name and Address: _____

Telephone Number: _____
Nearest Friend(s) or Relative(s) who will always know your address: _____

Bank: _____ Account Number: _____
Credit Cards: (department stores, gasoline, etc.) _____

Club and/or Fraternity or Sorority Membership: _____

Name and Address of Employer: _____

Telephone Number: _____
Name and Address of Previous Employer: _____

Telephone Number: _____
What are your future career plans? _____

Will you be continuing your education? What degree, what university/school, how long, etc.: _____

Number of years in internship or residency and where? _____

Exhibit E Deferment Form (Certification of Deferment)

HEALTH PROFESSIONS STUDENT LOAN (HPSL), PRIMARY CARE LOAN (PCL), EXCEPTIONAL FINANCIAL NEED (EFN) SCHOLARSHIPS,
FINANCIAL ASSISTANCE FOR DISADVANTAGED HEALTH PROFESSIONS STUDENTS (FADHPS), LOANS FOR DISADVANTAGED STUDENTS (LDS) AND
NURSING STUDENT LOAN (NSL) PROGRAMS

INSTRUCTIONS: You as a borrower of a HPSL, PCL, LDS, or NSL, are responsible for the completion and return of this form to the institution from which you received loans. If you fail to submit this form to your school by the payment due date, your school is required to consider your loan past due, and must take actions to collect as required by program regulations, including the use of collection agents, credit bureaus, and litigation.

To request deferment of repayment on your HPSL, PCL, LDS, or NSL, this form must be filed with the school which made the loan at each of the following times:

- (1) when your first repayment installment is due,
- (2) annually thereafter as long as you are eligible for such deferment, and
- (3) when you cease to be in eligible deferment status.

Recipients of EFN or FADHPS scholarships with a primary care service obligation must complete this form annually during residency training to notify the school of their training activities.

A copy of the completed form should be retained for your own record.

NAME AND ADDRESS OF SCHOOL FROM WHICH FUNDS WERE RECEIVED:	NAME AND ADDRESS OF LOAN/SCHOLARSHIP RECIPIENT:

PART I - SIGNATURE OF LOAN/SCHOLARSHIP RECIPIENT

I request deferment of repayment of principal and interest on my (Check all that apply):

___Health Professions Student Loan(s)___ Primary Care Loan(s)___ Loans for Disadvantaged Students ___Nursing Student Loan(s)
for the period indicated under ___A1 ___A2 ___B ___C1 ___C2 ___D or ___E below

I received ___EFN ___FADHPS funds and am notifying the school of my residency training activities.

I further agree to notify the school from which I received assistance immediately upon termination of my status as indicated below.

SIGNATURE OF BORROWER: DATE

PART II - REQUEST FOR DEFERMENT OF REPAYMENT - To be completed by borrower if he/she:

- A. 1. For Health Professions Student Loan and Loans for Disadvantaged Students Borrowers:
Pursues advanced professional training, including internships and residencies or participates in a fellowship training program or full-time educational activity, as defined by regulations of the Secretary of Health and Human Services.
- 2. For Nursing Student Loan Borrowers:
Pursues a full-time course of study at a collegiate school of nursing leading to a baccalaureate degree in nursing or an equivalent degree, or to a graduate degree in nursing, or is otherwise pursuing advanced professional training in nursing.

This is to certify that I am/was pursuing advanced professional training in _____
(type of training)

at _____

from _____ to _____

B. For Primary Care Loan Borrowers and EFN and FADHPS Recipients:

- 1. Participates in a 3 year residency program in allopathic or osteopathic family medicine, internal medicine, pediatrics, combined medicine/pediatrics, or preventive medicine approved by the Accreditation Council of Graduate Medical Education (ACGME) or by the American Osteopathic Association (AOA), or in a rotating or primary health care internship and general practice residency program approved by the AOA.
- 2. Participates in a residency program in General Dentistry.

This is to certify that I am/was pursuing advanced professional training in _____
(type of residency training)

at _____

from _____ to _____

C. Ceases to pursue the course of study at

1. A school of medicine, osteopathy, dentistry, pharmacy, podiatric medicine, optometry, or veterinary medicine, but (1) re-enters the same or another such school within the applicable grace period (1 year); or (2) engages in a full-time educational activity as defined by regulations of the Secretary of Health and Human Services, with the intent to return to the school as a full-time student.
2. A school of nursing leading to a diploma or associate degree in nursing, a baccalaureate degree in nursing or an equivalent degree, or to a graduate degree in nursing, but re-enters the same or another such school within the grace period (9 months).

This is to certify that I am/was a full-time health professions or full or half-time nursing student at _____

from _____ to _____ pursuing a course of study leading to a _____ (Degree).

D. Performs active duty as a member of a uniformed service or as a volunteer under the Peace Corps Act.

This is to certify that I was in the (enter Peace Corps or name of uniformed service) _____

_____ from _____ to _____

E. Pursues training as a nurse anesthetist at: _____

from _____ to _____.

PART III - CERTIFICATION OF DEFERMENT STATUS - To be completed by Official Authorizing Borrower's status. (NOTE: Completion PART III is not required for internship or residency training activity.)

Please complete this Certificate of Deferment form and return to the borrower.

A. To be completed by official of institution where borrower is/was enrolled:

I certify that the information stated in (Check appropriate space) Part II:
 A1 A2 C1 C2 (or) E above, is true and correct.

NAME AND ADDRESS OF SCHOOL OR HOSPITAL:	NAME AND TITLE OF AUTHORIZED OFFICIAL
	SIGNATURE OF AUTHORIZED OFFICIAL/DATE

B. To be completed by the Commanding Officer or Peace Corps Official.

I certify that the information stated in Part II - D, above is true and correct.

Borrower's Uniformed Service* Serial Number: _____

NAME AND ADDRESS OF UNIFORMED SERVICE OR PEACE CORPS OFFICIAL:	NAME AND TITLE/RANK OF COMMANDING OFFICER OR PEACE CORPS HEADQUARTERS:
	SIGNATURE OF COMMANDING OFFICER OR PEACE CORPS OFFICIAL/DATE

PART IV - INSTITUTIONAL ACTION - To be completed by school (or its agent) from which loan was made

APPROVED DISAPPROVED REASONS FOR DISAPPROVAL _____

NAME AND TITLE OF OFFICIAL:	SIGNATURE OF AUTHORIZED OFFICIAL AND DATE
-----------------------------	---

*The uniformed services of the United States are the Army, Navy, Marine Corps, Air Force, Coast Guard, National Oceanic and Atmospheric Administrations Corps, and the U.S. Public Health Service Commissioned Corps.

WARNING: Any person who knowingly makes a false statement or misrepresentation on this form is subject to penalties which may include fines and imprisonment under Federal Statute.

Exhibit F Disability Checklist

DISABILITY CHECKLIST

NAME: _____ AGE: _____

DATE OF BIRTH: _____ CONSENT FOR RELEASE OF INFORMATION: _____

DATE ENTERED SCHOOL: _____ DATE TERMINATED: _____

TOTAL AMOUNT OF LOANS OBTAINED (Including interest): _____

NUMBER OF CANCELLATIONS: _____ AMOUNT OF UNPAID BALANCE: _____

EMPLOYMENT PRIOR TO DISABILITY: _____

DIAGNOSIS: _____

DATE AND NATURE OF ONSET: _____

STATEMENT OF FINANCIAL SUPPORT: _____

MEDICAL EXAMINATION, TREATMENTS, HISTORY OF ILLNESS, HOSPITALIZATIONS, INPATIENT AND OUTPATIENT TREATMENTS, MEDICATIONS (Include copies of all pertinent past medical records in addition to documentation of a CURRENT medical evaluation): _____

CURRENT MEDICATIONS: _____

PROGNOSIS: _____

REHABILITATION PLANS: _____

IS ANY TYPE OF GAINFUL EMPLOYMENT POSSIBLE? _____

NOTES:

Exhibit G Statement of Borrower's Rights and Responsibilities

**Health Professions and Nursing Loans
Statement of Rights and Responsibilities**

A Health Professions or Nursing Student Loan is a serious legal obligation. Therefore, it is extremely important that you understand your rights and responsibilities and you agree to honor them.

1. I understand that I must, without exception, report any of the following changes to _____ if:
 - a. I withdraw from school
 - b. my address or my parent's address, changes
 - c. I drop below full-time status (half-time for nursing students)
 - d. my name should change (for example, because of marriage)
 - e. I transfer to another school
 - f. I join the military service or Peace Corps
2. I understand that when I graduate or withdraw from _____, I must arrange for an exit interview by calling _____.
3. I understand that my first _____ payment will be due _____ months from the time I cease to be a full-time (half-time nursing) student.
4. I understand that my minimum _____ payment will be at least \$ _____. It may be more if the amount borrowed is sufficient to require larger payments.
5. I understand that the ANNUAL PERCENTAGE RATE shown below will be charged on the unpaid balance and that it will begin to accrue 12 months (9 months for nursing), after I cease to be enrolled as a full-time student (half-time for nursing).
6. I understand that cancellation may be granted for death or permanent and total disability. I also understand the school must be informed of such a status.
7. I understand that if I enter the military service or Peace Corps, or pursue advanced professional training, I may request that the payments on my loan be deferred.
8. I understand that if I fail to repay my loan as agreed, the total loan may become due and payable immediately and legal action could be taken against me.
9. I understand that I must promptly answer any communication regarding my loan.
10. I understand that if I cannot make a payment on time, I must contact the school.
11. I authorize _____ to contact any school which I may attend to obtain information concerning my student status, my year of study, my dates of attendance, graduation, or withdrawal, my transfer to another school, or my current address.

12. I authorize _____ to report this loan to credit bureaus.

+))))))))))))))))))))))0))))))))))))))))))))))0))))))))))))))))))))))),
 *Annual *Amount * Late Charges: If your *
 *Percentage Rate *Financed * payment is 60 days *
 * * * late, you may be *
 *The cost of your credit *The amount of credit * charged up to 6 *
 *as a yearly rate. *provided to you. * percent of the *
 * * * monthly payment. *
 * * * *
 *Prior to * * Prepayment: If you *
 *Repayment: * * pay off early, you *
 * * * will not have to pay a *
 * * * penalty. *
 * * * \$ _____ *
 *During * * See the promissory *
 *Repayment: * * note for any *
 * * * additional *
 * * * information about *
 * * * nonpayment, default, *
 * * * and any required *
 * * * repayment in full *
 * * * before the scheduled *
 * * * date. *
 .))))))))))))))))))))))2))))))))))))))))))))))2))))))))))))))))))))))-

I understand I have a right to request an itemization of the amount financed. I do _____/do not _____ request an itemization.

I have received a copy of this statement.

Date

Signature of student

Student number

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Appendix I Request for Change of Contact Person Form

REQUEST FOR CONTACT PERSON CHANGE

Appendix I

THE CONTACT PERSON WILL RECEIVE **ALL** DSA MAILINGS.
USE ONE FORM FOR EACH DISCIPLINE. PRINT OR TYPE CHANGES.

PROVIDE INFORMATION

Institution _____
Discipline _____ Opsid# _____
Submitted by _____ Date _____
Title _____ Phone _____

CHANGES

Contact Person _____
Title _____
Institution _____
School _____
Address Line 1 _____
Address Line 2 _____
City _____
State _____ Zip Code _____
Phone _____ Ext _____ Fax _____
E-Mail Address (Please print legibly) _____
(Required)

E-mail to: bdubrow@hrsa.gov

Or

Mail to: OCBP/DSA/BHPr/HRSA
Rm 8-34, Parklawn Building
5600 Fishers Lane
Rockville, MD 20857

FAX: (301) 443-0846