

Date: September 30, 1997

To: Schools Participating in the Health Professions Student Loan (HPSL), Primary Care Loan (PCL), Loans for Disadvantaged Students (LDS), and Nursing Student Loan (NSL) Programs

Subject: Write-offs Campus-Based Policy Memorandum 97-1

Please forward this memorandum to the financial aid administrators and fiscal officers responsible for administering the Division of Student Assistance (DSA) Department of Health and Human Services (HHS) campus-based loan programs.

This memorandum amends the Department's policy which allows schools to write-off an HPSL/PCL, LDS or NSL loan balance that does not exceed \$ 1,000 without requesting Departmental approval. Effective with the publication of this memorandum, a school may write- off an HPSL/PCL, LDS or NSL loan balance that does not exceed \$3,000 (principal, interest, penalty charges) without requesting approval from DSA, provided that the school has exercised due diligence, in accordance with the applicable regulations, in its attempts to collect the loan.

Loans written off by schools under this provision will be reviewed during the biennial audit and Department program reviews. In addition, DSA will periodically require that the due diligence documentation for randomly selected loans be submitted for review to verify that the school exercised due diligence in its collection efforts. If the findings of the above reviews indicate that due diligence was not followed, the write-off will be disallowed and the school will be required to reimburse the fund for the full amount of the unpaid loan balance, including principal, interest and penalties that would have accrued up to the date that reimbursement actually occurs.

We appreciate your continued diligence in administering and managing all of the HHS campus- based loan programs. Questions regarding this memorandum should be directed to Erika Verbeck. Ms. Verbeck is hearing impaired and unable to speak with you on the telephone; therefore, please contact her via e-mail at everbeck@hrsa.gov or fax on (301) 443-0846.