

BUREAU OF HEALTH PROFESSIONS

Date: April 03, 2003

To: Health Professions and Nursing Schools

Subject: Operation Iraqi Freedom
Campus-Based Policy Memorandum 2003-2

Dear Colleague:

The following information is provided to assist in the administration of the Division of Health Careers Diversity and Development (DHCDD), Department of Health and Human Services (HHS) campus-based Health Professions and Nursing Student Loan programs.

Background Information

This memorandum provides guidance regarding policies and procedures for administering the Federal student aid programs authorized under Title VII and VIII of the Public Health Service Act as a result of military mobilization as part of Operation Iraqi Freedom. This includes the Primary Care Loan, Health Professions Student Loan, Loans for Disadvantaged Students and Nursing Student Loan Programs.

Deferment

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. The 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.

We are encouraging schools to offer forbearance to those borrowers who have already reached the maximum number of years allowed for active military duty.

Forbearance

Due to a borrower's extraordinary circumstance (i.e., military mobilization as part of Operation Iraqi Freedom) forbearance has the effect of temporarily suspending payment of principal; however, interest continues to accrue. Based upon the request of the affected borrower, the borrower's family or another reliable source, forbearance can be granted without supporting documentation and

without a written forbearance agreement. The request for forbearance need not be in writing but the reasons for granting forbearance should be documented in the borrower's loan records.

Interest Rates

Under the Soldiers' and Sailors' Civil Relief Act of 1940 as applied to Educational Loans and Obligations, borrower's may request to have their student loan interest rate decreased to 6% while on active duty. The debtor must request the 6% cap by sending the school a letter and a copy of his/her military orders. Since the cap on interest begins upon the receipt of the service members orders, the school must calculate the revised payment rate retroactively. The original terms of the note are invoked upon completion of active duty service. This 6% interest rate applies to any campus based loans that may carry an interest rate over 6% including the loans of those borrower's who are in breach of their Primary Care Loan service obligation.

Questions on campus-based programs should be directed to:

- Lorraine Evans 301-443-0785 levans@hrsa.gov or
- Michelle Herzog 301-443-5307 mherzog@hrsa.gov

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

Mary Farrington
Chief
Campus Based Branch
Division of Health Careers Diversity
and Development