

Bureau of Health Professions

May 19, 1999

To: Schools Participating in the Health Professions and Nursing Student Loan Programs

Subject: Clarification of New Minimum Payment  
Campus-Based Policy Memorandum 1999-2

This is in response to several questions regarding the increase of the minimum monthly payment for the HPSL/PCL, LDS, and NSL programs from \$15 to \$40, as enacted by Pub. L. 105-392, the Health Professions Education Partnerships Act of 1998.

The law states that a school may provide, that during the repayment period of a loan from the HPSL/PCL, LDS, or NSL fund, payments of principal and interest by the borrower to all the outstanding loans made to him from the loan fund shall be at a rate equal to not less than \$40 per month. Note: This does not pertain to any borrower for whom all loans were awarded prior to November 13, 1998.

This authority is discretionary, however, in that a school is not required to impose a minimum payment of \$40. A school may allow payments at a lesser amount, or choose to impose a lower minimum payment, as long as the loan is repaid within the required repayment period.

In addition, for schools that impose the minimum payment requirement, the school may not impose a minimum payment of \$55 (for borrowers who have promissory notes citing both the old minimum payment of \$15 and the new minimum payment of \$40), since this would exceed the \$40 minimum payment level authorized by the statute.

The Department encourages schools to impose the minimum payment at the \$40 amount, where feasible, since this helps to replenish the loan fund more quickly and make more funds available for future students. However, because of the concerns related to borrowers who have both old and new notes, schools have flexibility to implement this provision in the manner that will work best, based on the needs of the school and its borrowers, as long as the minimum payment amount, when imposed, does not exceed \$40 per month.

We hope this information is helpful in your management of the health professions and nursing student programs. Questions regarding this memorandum may be submitted by e-mail to ["dpolicy@hrsa.gov"](mailto:dpolicy@hrsa.gov).

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