

BUREAU OF HEALTH PROFESSIONS

Date: September 12, 2005

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

Subject: Hurricane Katrina Disaster – Relief for Participants in the Student
Loan Programs Authorized Under Titles VII and VIII of the Public
Health Service Act

Campus-Based Policy Memorandum 2005-2

As a result of Hurricane Katrina, certain counties or parishes in the States of Louisiana, Mississippi, Alabama, and Florida have been designated as eligible for national disaster assistance by FEMA or the State Governor. This memorandum provides guidance regarding special policies and procedures for administering the Federal student aid programs authorized under Titles VII and VIII of the Public Health Service Act as a result of Hurricane Katrina. This includes the Primary Care Loan (PCL), Health Professions Student Loan (HPSL), Loans for Disadvantaged Students (LDS), and Nursing Student Loan (NSL) programs.

Forbearance for borrowers who reside or work in the designated disaster area:

The Department of Health and Human Services is authorizing schools to grant forbearance to PCL, HPSL, LDS, and NSL borrowers who reside or, if known, work in Louisiana, Mississippi, Alabama, or Florida and have been adversely impacted by Hurricane Katrina. Due to the unusual circumstances, the granting of forbearance to these borrowers will not require either a request or documentation from the borrower. This period of forbearance is effective from August 29, 2005 through February 28, 2006, or for a time period set at the discretion of the school. Adversely impacted borrowers must be notified by the school that forbearance has been granted to them. These borrowers may request a resumption of normal billing and repayment as soon as possible.

Forbearance for other borrowers: Based upon the request of the borrower, the borrower's family, or another reliable source, PCL, HPSL, LDS, and NSL borrowers who have been adversely impacted by Hurricane Katrina, other than those who reside or work in the affected States, should be granted forbearance for the period of August 29, 2005 through February 28, 2006 or for a time period set at the discretion of the school. The request for forbearance need not be in writing, but the reasons for granting forbearance should be documented in the borrower's loan records.

Defaulted borrowers: The Department is authorizing schools, without a request from the borrower, to discontinue collection activities from August 29, 2005 through February 28, 2006 for defaulted PCL, HPSL, LDS, and NSL borrowers who reside or, if known, work in the affected States. For other defaulted PCL, HPSL, LDS, and NSL borrowers who have been impacted by the disaster, schools may upon the request of the borrower, discontinue collection activities for a period that ends no later than February 28, 2006 or for a time period set at the discretion of the school. The request need not be in writing, but the reasons for discontinuing collection activities should be documented in the defaulted borrower's loan records.

Eligibility for death cancellation: The Department is authorizing schools to use reliable documentation of a PCL, HPSL, LDS, or NSL borrower's death, due to Hurricane Katrina, to suspend collection activities, without contacting the borrower's family, during the period necessary to process a death cancellation. Reliable documentation may include, but is not limited to, obituary notices and/or published listings of the dead provided by a Federal, State, or local

government entity. Schools are encouraged, at a later date, to obtain a certified copy of the death certificate if one is available through alternative sources without contacting the borrower's family.

Due to disruptions in mail and other communications throughout the affected States, the Department will, for the period of August 29, 2005 through February 28, 2006, not enforce time sensitive deadlines that schools normally are required to comply with in their due diligence activities.

PCL School Reporting Requirements

For PCL schools adversely impacted and located in Louisiana, Mississippi, Alabama, or Florida the PCL assessment notice, which normally is mailed out by the Department at the end of September, will be delayed. For these schools only, the school deadline for submitting the PCL assessment amount to the Department will be extended. Other schools whose PCL collections are affected by Hurricane Katrina, for example, a large number of borrowers located in the adversely impacted States, may contact the Department to request a similar extension on the deadline for submitting the assessment amount.

Questions regarding this policy memorandum should be directed to the Campus Based Branch at 301-443-4776; ask to speak to someone on the loan team.

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

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