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To: Lenders, holders, servicers, and schools participating in the Health Education Assistance (**HEAL**) Program

Subject: (1) Amendment to Lender Policy Memorandum L-1997-7 on Borrower Loan Status (BLS); (2) Interest Rates and Terms charged by Refinancing Lenders; and, (3) **HEAL** Forms Revisions
Lender Policy Memorandum L-1998-3
School Policy Memorandum S-1998-2

Amendment to Lender Policy Memorandum L-1997-7 on Borrower Loan Status (BLS)

The BLS procedures have been revised to address comments and concerns from holders and servicers. Attached is a revised BLS guideline package. The revised portions of the package have been marked with asterisks (*) and a revised date appears on the bottom of the page. In addition, we have delayed the implementation date by 2 months. The first reporting period will now be for the period ending February 28, 1998, with the first monthly report to be submitted to the **HEAL** Program on or before March 10, 1998. If you have any questions regarding this package, please contact Ms. Terri Ehrenfeld or Ms. Denise Sorrell of the **HEAL** Program at (301) 443-1540.

Interest Rates and Terms charged by Refinancing Lenders

The **HEAL** Program publishes a **HEAL** Refinancing Table of all lenders participating in the **HEAL** Refinancing program which contains the following: address, telephone number, interest rates (including current quarter rate) and capitalization terms. This table is provided to **HEAL** borrowers who request information on **HEAL** refinancing. It is also on our web site at "www.hrsa.dhhs.gov/bhpr/dsa/dsa.htm." To provide up-to-date and accurate information, all refinancing lenders must notify the **HEAL** Program (in writing) of any changes in their interest rates and/or terms prior to offering these terms to the public. This includes any special rates offered through direct mail campaigns or in "special" programs. If you would like, the "rate/terms change" notification may be faxed to the **HEAL** Program at (301) 594-6911.

HEAL Forms Revisions

The following HEAL forms have been revised. The revisions mainly consist of updating the public burden statement and receiving a new OMB clearance date.

<u>Form</u>	<u>Form Number</u>	<u>Expiration Date</u>
Promissory Note (Variable)	HRSA-500-1	9-30-2000
Promissory Note (Fixed)	HRSA-500-2	9-30-2000
Promissory Note (Consolidation)	HRSA-500-3	9-30-2000
Repayment Schedule (Variable)	HRSA-502-1	9-30-2000
Repayment Schedule (Fixed)	HRSA-502-2	9-30-2000
Lender's Contract Application	HRSA-504	6-30-2000
Lender's Manifest	HRSA-505	6-30-2000
Loan Transfer Statement	HRSA-507	6-30-2000
Borrower Deferment Form	HRSA-508	6-30-2000
HEAL Claims Form	HRSA-510	5-31-1999
Lender's Quarterly Report	HRSA-512	9-30-2000
Student Application	HRSA-700	1-30-1998

To order forms, please contact the **HEAL** Program at (301) 443-1540. Also, camera-ready copies of specific forms may be obtained by contacting Ms. Terri Ehrenfeld of the **HEAL** Program.

If you have any questions regarding this policy memorandum, please contact the **HEAL** Program at (301) 443-1540.

Stephen J. Boehlert
Associate Division Director, **HEAL**
Division of Student Assistance

Attachment

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HEAL Borrower Loan Status Business Rules

Basic Requirements/Reporting

Borrower Loan Status (BLS) data must be submitted to HHS by the 10th of each month.

BLS data must reflect status changes or other relevant information that occurred the prior month.

HHS expects data reported by servicers/holders will be accurate and complete.

Loan ID must be unique on the tape submission, not submitted more than once.

BLS data must be submitted to HHS in ascending order by loan id.

HHS will produce an acceptance and error/warning report for each BLS data submission.

Servicers/holders must correct error/warning reports and resubmit errors on a separate electronic submission to HHS within 55 days from the date the action occurs or the date the servicer/holder is notified of the action.

In the case of status changes, HHS retains only the last action for the loan.

HHS assumes the last status action reflects the accurate status of the loan at the time it is reported.

All most recent SSN, name, address and phone number changes will be reported for all loans on the BLS submission within 45 days from the date the action occurs or the date the servicer/holder is notified of the action.

SSN, name, address, phone number, servicer, holder and current anticipated graduation/separation date changes are independent of loan status change actions.

Each borrower status record includes all applicable data elements as defined by the attached **HEAL** customer tape specifications (Lender to **HEAL**).

Events that Trigger a BLS Transaction

- Borrower's most recent name changes.
- Borrower's most recent address changes.
- Borrower's most recent loan changes status.
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- Borrower's most recent SSN changes.
- Borrower's most recent phone number changes.
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- Servicer of loan changes.
- Holder purchases borrower's loan.
- Borrower's most recent current anticipated graduation/separation date changes.

Definitions/Inferences

D - In School

- "In school" means the borrower is currently attending a full-time eligible **HEAL** school.
- "In school" borrowers have never been in repayment.
- If a borrower's loan is in "In school" status, the borrower's loan is not in a school deferment.
- "In school" indicates that a borrower has not graduated or withdrawn from school.

G - In Grace Period

- "In Grace Period" means that the borrower is in the nine month grace period.
- In "I" type deferments (internship or residency) the "Grace Period" follows the deferment.
- If not an "I" type deferment, the "Grace Period" begins immediately following separation from school or attendance less than full time.
- Nine months of grace must be completed prior to entering repayment.

I - Deferred (Repayment period postponed)

- Payments are deferred prior to the expiration of "In Grace Period".
- Internship/residency programs that begin prior to the expiration of the grace period.
- Fellowships and educational programs that begin within twelve months of the end of internship/residency are eligible for "I" type deferments and the grace period will start upon completion of this deferment.

Graduates of chiropractic school are eligible for "Deferred" status immediately upon graduation for 1 year and prior to the grace period.

R – Repayment

- "Repayment" means that a borrower is in the repayment period either on the 1st day of the 10th month following graduation after the 9 month grace period; or the 1st day of the 10th month after an "I" type deferment plus grace. Repayment date has been called conversion date.

Q - In repayment, but deferred

- Payments are deferred after the expiration of the "In Grace Period".
- Borrower has used the nine month grace period.

- Borrower has enrolled, full time, in a **HEAL** school or at an institution of higher education, is participating in the Federal Family Education Loan Program (FFELP) or the Direct Loan Program, is a member of the Armed Forces, Peace Corps, VISTA or National Health Service Corps, or has completed an internship or residency training program in osteopathic general practice, family medicine, general internal medicine, preventive medicine, or general pediatrics and is practicing primary care..

F – Forbearance

Borrower is currently in a period of forbearance granted by the loan holder. Immediately preceding forbearance status could not have been a "D". Status preceding forbearance could have been "G", "R" or "Q".

Borrower must be in repayment status to receive a forbearance.

PB - Paid loan in full by borrower

Borrower has paid the **HEAL** loan in full to the holder.

Borrower paid loan in full" does not mean a claim has been paid on the loan by HHS.

Borrower paid loan in full" does not mean the loan has been consolidated.

Borrower paid loan in full" does not mean the loan has been sold to another **HEAL** holder.

PO - Paid loan in full by another party other than the borrower.

Another party other than the borrower has paid the **HEAL** loan in full to the holder.

Examples of another party other than the borrower are financial or educational institution, mortgage company, friend, family member, attorney, etc.

Other than borrower paid loan in full" does not mean a claim has been paid on the loan by HHS. - Other than borrower paid loan in full" does not mean the loan has been sold to another **HEAL** holder.

EP - Loan paid in full by Dept. of ED

Borrower has consolidated this **HEAL** loan with the Department of Education and the loan holder no longer holds this **HEAL** loan for this borrower.

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Loan Status

- BLS actions are reported on a loan level.
- BLS actions are not reported on a disbursement or borrower level.
- Voided or canceled loan transactions are not valid BLS actions and therefore should not be reported.
- All BLS actions are reported to HHS within 45 days of the date the action occurs or the date the servicer/holder is notified of the action.

- Loan status must be one of the following values:

D - In school

G - Grace

I - Deferred (Repayment period postponed)

R - Repayment

Q - In repayment, but deferred

F - Forbearance

PB - Paid loan in full by borrower

PO - Paid loan in full by another party other than the borrower

EP - Loan paid in full by Dept. of ED

- For multiple changes in one report period, only submit the most recent loan status.
- The loan status for all loans purchased in a given month is reported by the new purchaser (holder) to HHS within 45 days after the purchase transaction.
- The "effective date of loan status" refers to the date the action actually occurred on the loan.
- The "effective date of loan status" is independent of the holder's system posting date. Future, estimated, or projected status change dates will not be reported to HHS.
- If a loan is sold in a given month, the holder purchasing the loan reports the current loan status to HHS within 45 days of the purchase transaction.

- If a loan is sold in a given month, the lender selling the loan **does not** report the loan to HHS.

All loan statuses must have an effective date of loan status.

Loans with statuses "G", "D", or "I" can not have a conversion to repayment date.

Valid repayment statuses are "R", "Q", or "F".

Loans with statuses "R", "Q", or "F" must have a conversion to repayment date.

Loan statuses "PB", "PO", and "EP" are considered closed statuses.

Loan statuses "PB", "PO", and "EP" are reported to HHS only once.

Loan statuses "PB", "PO", and "EP" must have a conversion to repayment date, if the loan was in a repayment status before the loan was closed.

Once in the repayment status of "Q" or "F" a loan cannot go into a "D" status unless separation/graduation date changes. If a loan goes into a "Q" or "F" status the repayment date on the record does not change.

Once in a repayment status of "R" a loan cannot go into a "D" status unless the borrower's separation/graduation date changes.

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Repayment Date

Repayment date is defined as the date the borrower actually begins repayment.

Repayment date typically begins either the first day of the 10th month after the borrower graduates or the first day of the 10th month after an "I" type deferment.

Repayment date **will not** be reported to HHS until the borrower actually goes into repayment.

The repayment date value will not be changed if the borrower status changes to a "Q", only the effective date of loan status will change.

Future, estimated, calculated or projected repayment dates will not be submitted to HHS.

A repayment date should only be submitted once (at the time the loan goes into repayment), unless status change causes a change in separation/graduation date.

Rev. 11/3/97

Anticipated Graduation/Separation Date

- * Anticipated Graduation/Separation Date should be submitted as an expected date until the borrower actually graduates or separates from school. Servicer should then report an actual date of graduation or separation if it is different than what was previously submitted to the **HEAL** Program.

Status Update Data Dictionary *(Reformatted to agree with tape specifications layout)

Field Name **Field Definition and Constraints**

- Warning** A message that informs the servicer that problems may exist. The BLS record is accepted and the **HEAL** database is changed.
- Error** A message that informs the servicer that problems do exist. The BLS record is not accepted and the **HEAL** database is not changed. Servicers are responsible to fix the record and resubmit.
- Loan ID** Number assigned or approved by HHS for all insured loans. YYYY indicates the government fiscal year in which the loan was disbursed, BB is the HHS assigned block number, followed by a 6 position sequentially generated number.
- SSN** Social security number for borrower currently on the **HEAL** database. If there is a SSN change, report old SSN in this field and new SSN in "New SSN" field.
- Name of Borrower** Includes Last, First MI in that order. Must include comma. If there is a name change, report old name in this field and new name in "Borrower's New Name" field.
- File Type** "S" will always be reported in this field to indicate a Status Update file type.
- Holder ID Number** HHS assigned number for the holder of the loan.
- Servicer ID Number** HHS assigned number for the servicer of the loan.
- New SSN** Report the new SSN, if applicable. If new S,SN, then old SSN is reported in "SSN" field. If no change, leave blank.
- Current Anticipated Grad./Sep. Date** Date the borrower is expected to graduate or withdraw from school.
- Current Loan Status** Loan status of borrower's loan in the month the data were reported.
- Effective Date of Loan Status** Date loan status change actually begins. Data in this field is submitted to HHS *no earlier* than the date of occurrence and *no later than* 45 days after the date of occurrence.

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Field Name Field Definition and Constraints

Repayment Date Actual date the borrower's loan went into repayment

Repayment Date Change/ Delete Indicator A "Y" or blank indicator representing a repayment date change or deletion due to a status change from an "R" to a "D", "I", or "G".

Borrower's Street Address Current street address of the borrower. **(first line)**

Borrower's Street Address Addition to borrower's street address shown on first line. **(second line)**

Borrower's City Current city in which borrower resides.

Borrower's State Current state in which borrower resides. Must be a valid US state code, "FC" for foreign country, "AA" for Military Americas, "AE" for Military Europe/Mid East/Africa/Canada or "AP" for Military Pacific.

Borrower's Zip Code Borrower's current zip code.

Borrower's Phone Number Current phone number for the borrower. Include area code.

Borrower's New Name Report any name change, if applicable. If new name, then old name is reported in "Name of Borrower" field. If no change, leave blank.

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BORROWER LOAN STATUS

Error/Warning Messages

Error Reasons:

1. Required value is missing.
2. Supplied value is invalid.
3. Cannot find SSN in **HEAL** file.
4. Loan ID supplied is invalid since the **HEAL** system contains no record of the supplied Loan ID ever being issued.
5. Loan ID supplied is associated with another borrower's SSN.
6. New SSN already exists in HEAL file for another borrower.
7. Loan ID is submitted more than once on the electronic submission.
8. Anticipated Grad/Sep Date is before borrower's Last Disbursement Date for this loan being submitted.

9. Repayment Date is before Last Disbursement Date of the loan being submitted.
10. Effective Date of Loan Status is before First Disbursement Date of the loan being submitted.

11. Effective Date of Loan Status is greater than **HEAL** received date.
12. Cannot submit a "D" (in school) status since a repayment date already exists in the **HEAL** file for this loan and a "Y" was not in the "repayment date change/delete indicator" field.

13. Cannot submit a "D" (in school) status since the effective date of the loan status is after the anticipated Grad/Sep Date for this loan.

14. Cannot submit a "G" (Grace Period) status since the effective date of the loan status is prior to the Anticipated Grad/Sep Date for this loan.

15. Cannot submit a "G" (Grace Period) status since a repayment date was submitted for this loan.

16. Cannot submit an "I" (Deferred) status since the effective date of the loan status is before the Anticipated Grad/Sep Date for this loan.

17. Cannot submit an "I" (Deferred) status since a repayment date was submitted for this loan.

18. Cannot submit a "D (in school) status since the previous status was a PB, PO, EP, or Q, F, or R and the graduation/separation date was not submitted for this loan.
19. Cannot submit a "D (in school) status since the previous status was a G, I, or R and a "Y" was not in the "repayment date change/delete indicator" field.
20. Cannot submit a "G" (Grace Period) status since the previous status was Q, PB, PO, or EP for this loan.
21. Cannot submit a "G" (Grace Period) status since the previous status was an "R" and a "Y" was not in the "repayment date change/delete indicator" field.
- 22.* Repayment date is not 9 months later than the Anticipated Grad/Sep Date for this loan or 9 months later than the status date for an "G" and/or "I" (Deferred) status.
23. Cannot submit an "I" (Deferred) status since the previous status was Q, F, PB, PO, or EP for this loan.
24. Cannot submit an "I" (Deferred) status since the previous status was an "R" and a "Y" was not in the "repayment date change/delete indicator" field.
25. Cannot submit a "R" (Repayment) status since the previous status was PB, PO, or EP for this loan.
26. Cannot submit a "Q" (In repayment, but deferred) status since the effective date of the loan status is before the Anticipated Grad/Sep Date for this loan.
27. Cannot submit a "Q" (In repayment, but deferred) status since the previous status was EP, PB, PO, or D for this loan.
28. Cannot submit a "F" (Forbearance) status since the previous status was EP, PB, PO, or D for this loan.
29. Cannot submit a "F" (Forbearance) status since the effective date of the loan status is before the Anticipated Grad/Sep Date and/or the repayment date for this loan.
30. Cannot submit a "PB" status since the previous status was an EP or PO for this loan.
31. Cannot submit a status change since this loan is part of a HEAL consolidation or is part of a paid claim.
32. Cannot submit a "EP" (Dept. of Education Consolidation) status since the previous status was a PB or PO for this loan.

Revised 11/3/97

Warning Reason:

- 1 . Borrower's new name already exists in the HEAL file for another borrower with a different SSN and the same date of birth.
- 2.* Cannot submit a "Q" (In repayment, but deferred) status since a repayment date does not
already exist in the HEAL file for this loan. (formerly error #26)
- 3.* Cannot submit a "F" (Forbearance) status since a repayment date field was not submitted
for this loan. (formerly error #30)

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**HEAL CUSTOMER TAPE SPECIFICATIONS
FOR REPORTING BORROWER STATUS UPDATES
LENDER TO HEAL**

ITEM #	FIELD NAME	REQUIRED/ OPTIONAL	TYPE	SIZE	COLUMN	FORM
1	Loan ID	R	N	12	1-12	YYYYY
2	Social Security Number	R	N	9	14-22	999999
3	Name of Borrower	R	A/N	30	24-53	Last, Fi
4	File Type	R	A	1	55-55	Value: '
5	Holder ID	R	N	6	57-62	999999
6	Servicer ID	R	N	6	64-69	999999
7	New Social Security Number	O*	N	9	71-79	999999
8	Anticipated Graduation/Separation Date	R	N	8	81 -88	YYYYY
9	Current Loan Status	R	A	2	90-91	Values: R = Rep I = Defe Postpon Deferre Borrow Other P Dept. O
10	Effective Date of Loan Status	R	N	8	93-100	YYYYY

If reporting SSN change, then "required" on all loan records for the borrower reported on this tape.

As Of. 10/9/97