

## § 60.16

the borrower for the normal costs associated with preparing letters and making personal and local telephone contacts with the borrower. A service agency's fee for normal servicing of a loan may not be passed on to the borrower, either directly or indirectly. No charges, other than those authorized by this section, may be passed on to the borrower, either directly or indirectly, without prior approval of the Secretary.

(c) *Other loan making costs.* A lender may not pass on to the borrower any cost of making a HEAL loan other than the costs of the insurance premium.

[48 FR 38988, Aug. 26, 1983, as amended at 52 FR 747, Jan. 8, 1987; 57 FR 28795, June 29, 1992]

## § 60.16 Power of attorney.

Neither a lender nor a school may obtain a borrower's power of attorney or other authorization to endorse a disbursement check on behalf of a borrower. The borrower must personally endorse the check and may not authorize anyone else to endorse it on his or her behalf.

## § 60.17 Security and endorsement.

(a) A HEAL loan must be made without security.

(b) With one exception, it must also be made without endorsement. If a borrower is a minor and cannot under State law create a legally binding obligation by his or her own signature, a lender may require an endorsement by another person on the borrower's HEAL note. For purposes of this paragraph, an "endorsement" means a signature of anyone other than the borrower who is to assume either primary or secondary liability on the note.

## § 60.18 Consolidation of HEAL loans.

HEAL loans may be consolidated as follows provided that the lender or holder must first inform the borrower of the effect of the consolidation on the interest rate and explain to the borrower that he or she is not required to agree to the consolidation:

(a) If a lender or holder holds two or more HEAL loans made to the same borrower, the lender or holder and the borrower may agree to consolidate the loans into a single HEAL loan obligation evidenced by one promissory note.

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(b) A HEAL loan may be consolidated with any other loan only if:

(1) The consolidation will not result in terms less favorable to the borrower than if no consolidation had occurred, and

(2) The Federal Government does not, as a result of the consolidation, become liable for any payment of principal or interest for a Guaranteed Student Loan under the provisions of section 439(o) of the Higher Education Act of 1965.

(Approved by the Office of Management and Budget under control number 0915-0108)

[48 FR 38988, Aug. 26, 1983, as amended at 57 FR 28795, June 29, 1992]

## § 60.19 Forms.

All HEAL forms are approved by the Secretary and may not be changed without prior approval by the Secretary. HEAL forms shall not be signed in blank by a borrower, a school, a lender or holder, or an agent of any of these. The Secretary may prescribe who must complete the forms, and when and to whom the forms must be sent. All HEAL forms must contain a statement that any person who knowingly makes a false statement or misrepresentation in a HEAL loan transaction, bribes or attempts to bribe a Federal official, fraudulently obtains a HEAL loan, or commits any other illegal action in connection with a HEAL loan is subject to possible fine and imprisonment under Federal statute.

[52 FR 747, Jan. 8, 1987, as amended at 57 FR 28795, June 29, 1992]

## § 60.20 The Secretary's collection efforts after payment of a default claim.

After paying a default claim on a HEAL loan, the Secretary attempts to collect from the borrower and any valid endorser in accordance with the Federal Claims Collection Standards (4 CFR parts 101 through 105), the Office of Management and Budget Circular A-129, issued May 9, 1985, and the Department's Claims Collection Regulation (45 CFR part 30). The Secretary attempts collection of all unpaid principal, interest, penalties, administrative costs, and other charges or fees, except in the following situations: