

proposed HEAL loan and the applicant's total indebtedness, and that the applicant has no other financial resources that are available to the applicant or that the applicant will receive for the period covered by the proposed HEAL loan.

(5) A student applicant must certify on the application that if required under section 3 of the Military Selective Service Act to present himself for and submit to registration under such section, he has presented himself and submitted to registration under such section.

(b) The applicant pursuing a full-time course of study at an institution of higher education that is a "participating school" in the Guaranteed Student Loan Program but is not pursuing a course of study listed in §60.5(b), applies for a HEAL loan as a nonstudent under paragraph (c) of this section.

(c)(1)(i) A nonstudent seeking a HEAL loan applies to a participating lender for a HEAL loan by submitting an application form supplied by the lender.

(ii) The applicant must fill out the applicant sections of the form completely and accurately.

(2) The nonstudent applicant must be informed of the Federal debt collection policies and procedures in accordance with the Department's Claims Collection Regulation (45 CFR part 30) prior to the nonstudent receiving the loan. The applicant must sign a certification statement attesting that the applicant has been notified of the actions the Federal Government can take in the event that the applicant fails to meet the scheduled payments. This signed statement will be maintained by the lender or holder as part of the borrower's official record.

(3) A nonstudent applicant must have his or her employer or institution, whichever is relevant, certify on the application that the applicant is:

(i) Enrolled as a full-time student in an eligible school, as described in §60.12;

(ii) A participant in an accredited internship or residency program, as described in §60.11(a);

(iii) A member of the Armed Forces of the United States;

(iv) A Peace Corps volunteer;

(v) A member of the National Health Service Corps; or

(vi) A full-time VISTA volunteer under Title I of the Domestic Volunteer Service Act of 1973.

(4) The nonstudent applicant seeking a HEAL loan during the grace period applies to the lender directly.

(5) A nonstudent applicant must certify on the application that if required under section 3 of the Military Selective Service Act to present himself for and submit to registration under such section, he has presented himself and submitted to registration under such section.

(6) The nonstudent applicant must certify on the application that the information provided reflects the applicant's total financial resources and indebtedness.

(Approved by the Office of Management and Budget under control numbers 0915-0038 and 0915-0108)

[48 FR 38988, Aug. 26, 1983, as amended at 51 FR 30644, Aug. 28, 1986; 52 FR 746, Jan. 8, 1987; 57 FR 28794, June 29, 1992]

#### § 60.8 What are the borrower's major rights and responsibilities?

(a) *The borrower's rights.* (1) Once the terms of the HEAL loan have been established, the lender or holder may not change them without the borrower's consent.

(2) The lender must provide the borrower with a copy of the completed promissory note when the loan is made. The lender or holder must return the original note to the borrower when the loan is paid in full.

(3) A lender must disburse HEAL loan proceeds as described in §60.33(f).

(4) The lender or holder must provide the borrower with a copy of the repayment schedule before repayment begins.

(5) If the loan is sold from one lender or holder to another lender or holder, or if the loan is serviced by a party other than the lender or holder, the buyer must notify the borrower within 30 days of the transaction.

(6) The borrower does not have to begin repayment until 9 full months after leaving school or an accredited internship or residency program as described in §60.11.

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(7) The borrower is entitled to deferment from repayment of the principal and interest installments during periods described in § 60.12.

(8) The borrower may prepay the whole or any portion of the loan at any time without penalty.

(9) The lender or holder must allow the borrower to repay a HEAL loan according to a graduated repayment schedule.

(10) The borrower's total loan obligation is cancelled in the event of death or total and permanent disability.

(11) To assist the borrower in avoiding default, the lender or holder may grant the borrower forbearance. Forbearance, including circumstances in which the lender or holder must grant forbearance, is more fully described in § 60.37.

(12) Any borrower who received a fixed interest rate HEAL loan in excess of 12 percent per year may enter into an agreement with the lender which made this loan for the reissuance of the loan in accordance with section 739A of the Public Health Service Act.

(b) *The borrower's responsibilities.* (1) The borrower must pay any insurance premium that the lender may require as more fully described in § 60.14.

(2) The borrower must pay all interest charges on the loan as required by the lender or holder.

(3) The borrower must immediately notify the lender or holder in writing in the event of:

- (i) Change of address;
- (ii) Change of name;
- (iii) Failure to enroll in a HEAL school for the period for which the loan is intended;
- (iv) Transfer to another school;
- (v) Withdrawal from a HEAL school or change in status to less than full-time attendance at a HEAL school;
- (vi) Graduation;
- (vii) Failure to enter into or interruption in an internship or residency program; or
- (viii) Change of status that authorizes deferment.

(4) The borrower must repay the loan in accordance with the repayment schedule.

(5) A borrower may not have a HEAL loan discharged in bankruptcy during the first 5 years of the repayment pe-

riod. This prohibition against the discharge of a HEAL loan applies to bankruptcy under *any* chapter of the Bankruptcy Act, including Chapter 13. A borrower may have a HEAL loan discharged in bankruptcy after the first 5 years of the repayment period only upon a finding by the Bankruptcy Court that the non-discharge of such debt would be unconscionable and upon the condition that the Secretary shall not have waived his or her rights to reduce any Federal reimbursements or Federal payments for health services under any Federal law in amounts up to the balance of the loan.

(6) If the borrower fails to make payments on the loan on time, the total amount to be repaid by the borrower may be increased by additional interest, late charges, attorney's fees, court costs, and other collection charges. In addition, the Secretary may offset amounts attributable to an unpaid loan from reimbursements or payment for health services provided under any Federal law to a defaulted borrower practicing his or her profession.

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

[48 FR 38988, Aug. 26, 1983, as amended at 52 FR 746, Jan. 8, 1987; 57 FR 28794, June 29, 1992]

### Subpart C—The Loan

#### § 60.10 How much can be borrowed?

(a) *Student borrower.* An eligible student may borrow an amount to be used solely for expenses, as described in § 60.5(g), incurred or to be incurred over a period of up to an academic year and disbursed in accordance with § 60.33(f). The maximum amount he or she may receive for that period shall be determined by the school in accordance with § 60.51(f) within the following limitations:

(1) A student enrolled in a school of medicine, osteopathic medicine, dentistry, veterinary medicine, optometry or podiatric medicine may borrow up to \$80,000 under this part. The amount received may not exceed \$20,000 in any academic year.

(2) A student enrolled in a school of public health, pharmacy, chiropractic, or a graduate program in health administration, clinical psychology, or