

Public Health Service, HHS

§ 60.5

AUTHORITY: Sec. 215, of the Public Health Service Act, 58 Stat. 690, as amended, 63 Stat. 35 (42 U.S.C. 216); secs. 727-739A of the Public Health Service Act, 90 Stat. 2243, as amended, 93 Stat. 582, 99 Stat. 529-532, 102 Stat. 3122-3125 (42 U.S.C. 294-294f-1); renumbered as secs. 701-720, as amended by 106 Stat. 1994-2011 (42 U.S.C. 292-292p).

SOURCE: 48 FR 38988, Aug. 26, 1983, unless otherwise noted.

Subpart A—General Program Description

§ 60.1 What is the HEAL program?

(a) The Health Education Assistance Loan (HEAL) program is a program of Federal insurance of educational loans to graduate students in the fields of medicine, osteopathic medicine, dentistry, veterinary medicine, optometry, podiatric medicine, pharmacy, public health, chiropractic, health administration and clinical psychology. The basic purpose of the program is to encourage lenders to make loans to students in these fields who desire to borrow money to pay for their educational costs. In addition, certain nonstudents (such as doctors serving as interns or residents) can borrow in order to pay the current interest charges accruing on earlier HEAL loans. By taking a HEAL loan, the borrower is obligated to repay the lender or holder the full amount of the money borrowed, plus all interest which accrues on the loan.

(b) HEAL loans may be made by schools, banks, credit unions, State agencies, and other institutions eligible as lenders under § 60.30. HEAL school eligibility is described in § 60.50.

(c) The Secretary insures each lender or holder for the losses of principal and interest it may incur in the event that a borrower dies; becomes totally and permanently disabled; files for bankruptcy under chapter 11 or 13 of the Bankruptcy Act; files for bankruptcy under chapter 7 of the Bankruptcy Act and files a compliant to determine the dischargeability of the HEAL loan; or defaults on his or her loan. In these instances, if the lender or holder has complied with all HEAL statutes and regulations, and with the lender's or holder's insurance contract, and the Secretary pays the amount of the loss to the lender or holder, the borrower's

loan is then assigned to the Secretary. Only at that time, the United States Government becomes the borrower's direct creditor and will actively pursue the borrower for repayment of the debt, including reporting the borrower's default on the loan to consumer credit reporting agencies or to the Internal Revenue Service for purposes of locating such taxpayer or for income tax refund offset, and referral to the Department of Justice for litigation.

(d) 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.

(e) *Calculating time periods.* In counting the number of days allowed to comply with any provisions of these regulations, Saturdays, Sundays, and holidays are to be included. However, if a due date falls on a Saturday, Sunday, or Federal holiday, the due date is the next Federal work day.

[48 FR 38988, Aug. 26, 1983, as amended at 52 FR 745, Jan. 8, 1987; 56 FR 42700, Aug. 29, 1991; 57 FR 28793, June 29, 1992]

Subpart B—The Borrower

§ 60.5 Who is an eligible student borrower?

To receive a HEAL loan, a student must satisfy the following requirements:

(a) He or she must be a citizen, national, or lawful permanent resident of the United States, permanent resident of the Trust Territory of the Pacific Islands (the Republic of Palau), the Republic of the Marshall Islands, the Federated States of Micronesia, the Commonwealth of the Northern Mariana Islands, or American Samoa, or lawful permanent resident of the Commonwealth of Puerto Rico, the Virgin Islands or Guam;

(b) He or she must be enrolled or accepted for enrollment at a HEAL school in a course of study that leads to one of the following degrees:

Doctor of Medicine

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Doctor of Osteopathic Medicine
Doctor of Dentistry or equivalent degree
Doctor of Veterinary Medicine or equivalent degree
Doctor of Optometry or equivalent degree
Doctor of Podiatric Medicine or equivalent degree
Bachelor or Master of Science in Pharmacy or equivalent degree
Graduate or equivalent degree in Public Health
Doctor of Chiropractic or equivalent degree
Doctoral degree in Clinical Psychology
Masters or doctoral degree in Health Administration

(c) He or she must be carrying or plan to carry, during the period for which the loan is intended, the normal work load of a full-time student, as determined by the school. The student's work load may include any combination of courses, work experience, research or special studies that the school considers sufficient to classify the student as full time.

(d) If currently enrolled in school, he or she must be in good standing, as determined by the school.

(e)(1) In the case of a pharmacy student, he or she must have satisfactorily completed 3 years of training toward the pharmacy degree. These 3 years of training may have been taken at the pharmacy school or at a different school whose credits are accepted on transfer by the pharmacy school.

(2) The Doctor of Pharmacy degree is considered to be an equivalent degree if it is taken in a school that does not require the Bachelor or Master of Science in pharmacy as a prerequisite for the Doctor of Pharmacy degree.

(f) In the case of a medical, dental or osteopathic student enrolled in a 6-year program that the student may enter directly from secondary school, the student must be enrolled in the last 4 years of the program.

(g) He or she must agree that all funds received under the proposed loan will be used solely for tuition, other reasonable educational expenses, including fees, books, supplies and equipment, and laboratory expenses, reasonable living expenses, reasonable transportation costs (only to the extent that they are directly related to the borrower's education), and the HEAL insurance premium.

(h) He or she must require the loan to pursue the course of study at the

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school. This determination of the maximum amount of the loan will be made by the school, applying the considerations in § 60.51(f).

(i) If required under section 3 of the Military Selective Service Act to present himself for and submit to registration under such section, he must have presented himself and submitted to registration under such section.

[48 FR 38988, Aug. 26, 1983, as amended at 51 FR 30644, Aug. 28, 1986; 52 FR 745, Jan. 8, 1987; 57 FR 28793, June 29, 1992]

§ 60.6 Who is an eligible nonstudent borrower?

To receive a HEAL loan, a person who is not a student must satisfy all of the following requirements:

(a) He or she must have received a HEAL loan prior to August 13, 1981, for which he or she is required to make payments of interest, but not principal, during the period for which the new loan is intended. This may be the grace period or a period of internship, residency or deferment.

(b) He or she must continue to meet the citizenship, nationality, or residency qualifications required of student borrowers.

(c) He or she must agree that all funds received under the proposed loan will be used solely for payment of currently accruing interest on HEAL loans and the HEAL insurance premium.

(d) If required under section 3 of the Military Selective Service Act to present himself for and submit to registration under such section, he must have presented himself and submitted to registration under such section.

[48 FR 38988, Aug. 26, 1983, as amended at 51 FR 30644, Aug. 28, 1986]

§ 60.7 The loan application process.

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

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

(2) The student 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