



Direct Loans

William D. Ford Federal Direct Loan Program

BULLETIN

August 1996

DLB-96-14

SUMMARY: Higher Direct Unsubsidized Loan Limits Due To The Elimination Of The Health Education Assistance Loan (HEAL) Program To New Borrowers

Dear Colleague:

By now, you should have received the August 1996 "Dear Colleague" letter, GEN-96-14, concerning the elimination of HEAL to new borrowers. The letter states that "...the Secretary is increasing annual loan limits under the Unsubsidized Stafford Loan and Direct Unsubsidized Loan programs for students only, as long as they would have been eligible and are now not eligible for assistance under the HEAL program..." This change effects loans being made in 1996-1997; 1995-1996 loans are not effected. In order to make this change as easy as possible for schools participating in the Direct Loan Program, we are providing the following steps, including general information and tips:

- 1) To determine if your school is eligible to make Direct Unsubsidized loans at the higher limit, please refer to GEN-96-14 for eligibility requirements. If you have questions regarding school or borrower eligibility or maximum loan amount, please call the Direct Loan Policy office on (202) 708-9406 or the Loan Origination Center's School Relations staff on (800) 848-0978.
- 2) The maximum annual unsubsidized loan amount a student may borrow in one academic year varies by degree program discipline and follows the HEAL requirements. The maximum total combined subsidized and unsubsidized loan amounts that a student may borrow in one academic year is the combined total of the unsubsidized maximum of \$18,500 plus the amount the borrower would have been eligible for under the HEAL program. The highest loan limit is \$45,167; this combines the HEAL maximum of \$26,667 with the unsubsidized maximum of \$18,500.
- 3) So that the Department will be able to determine the number and dollar amount of loans made due to the elimination of the HEAL program to new borrowers, you will need to make at least two separate unsubsidized loans. The first loan should be made for the amount the student is eligible for under the regular unsubsidized calculations. An additional loan should be made for any supplementary amount for which the student is eligible due to the higher loan limits. Please keep a listing of the additional loans your school makes. At some point in the near future, you will be asked to list loans that were made due to the elimination of the HEAL program to new borrowers.

- 4) If you are an EDEExpress user, it may be necessary for you to create more than one loan for the supplementary amounts for which the students are eligible. Students may be eligible for up to an additional \$26,667 due to the elimination of the HEAL program to new borrowers. However, due to loan limit edits in EDEExpress, you will not be able to make one loan for this amount. You will have to make a loan for the maximum the software allows, which is \$18,500, and another loan for the remainder. We apologize for any inconvenience and hope to change this in the 1997-1998 version of the software.
- 5) If you are a custom software school and you do not use EDEExpress, the additional loan made due to the elimination of the HEAL program to new borrowers does not have to follow the unsubsidized loan limits. The loan limit for this loan is \$26,667. Based on your system's internal edits, you may create either one or two additional unsubsidized loans.
- 6) Please do not transmit any Direct Loan transactions with these higher award limits until August 19. If you have any questions, please call your School Relations Representative on (800) 848-0978.
- 7) Once the loans have been made everything should proceed in a normal fashion. Please follow your current procedures for printing and signing the notes, batching and export the information, etc.

Thank you for your cooperation in the effort to continue to provide Federal student assistance through the Direct Loan Program to graduate and professional students in health professions.

Sincerely,



Diane Voigt, Chair
Direct Loan Task Force