

§ 60.61

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1974 (section 438 of the General Education Provisions Act, as amended), as governed by 34 CFR part 99.

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§ 60.61 Responsibilities of a HEAL school.

(a) A HEAL school is required to carry out the following activities for each HEAL applicant or borrower:

(1) Conduct and document an entrance interview with each student (individually or in groups) no later than prior to the loan recipient's first HEAL disbursement in each academic year that the loan recipient obtains a HEAL loan. The school must inform the loan recipient during the entrance interview of his or her rights and responsibilities under a HEAL loan, including the consequences for noncompliance with those responsibilities, and must gather personal information which would assist in locating the loan recipient should he or she depart from the school without receiving an exit interview. A school may meet this requirement through correspondence where the school determines that a face-to-face meeting is impracticable.

(2) Conduct and document an exit interview with each HEAL loan recipient (individually or in groups) within the final academic term of the loan recipient's enrollment prior to his or her anticipated graduation date or other departure date from the school. The school must inform the loan recipient in the exit interview of his or her rights and responsibilities under each HEAL loan, including the consequences for noncompliance with those responsibilities. The school must also collect personal information from the loan recipient which would assist the school or the lender or holder in skiptracing activities and to direct the loan recipient to contact the lender or holder concerning specific repayment terms and options. A copy of the documentation of the exit interview, including the personal information collected for skiptracing activities, and any other information required by the Secretary regarding the exit interview must be sent to the lender or holder of each

HEAL loan within 30 days of the exit interview. If the loan recipient departs from the school prior to the anticipated date or does not receive an exit interview, the exit interview information must be mailed to the loan recipient by the school within 30 days of the school's knowledge of the departure or the anticipated departure date, whichever is earlier. The school must request that the loan recipient forward any required information (e.g., skiptracing information, request for deferment, etc.) to the lender or holder. The school must notify the lender or holder of the loan recipient's departure at the same time it mails the exit interview material to the loan recipient.

(3) Verify the accuracy and completeness of information provided by each student on the HEAL loan application, particularly in regard to the HEAL eligibility requirements, by comparing the information with previous loan applications or other records or information provided by the student to the school. Notify the potential lender of any discrepancies which were not resolved between the school and the student.

(4) Develop and implement procedures relating to check receipt and release which keep these functions separate from the application preparation and approval process and assure that the amount of the HEAL loan check(s) does(do) not exceed the approved total amount of the loan and the statutory maximums. Checks must not be cashed without the borrower's personal endorsement. Documentation of these procedures and their usage shall be maintained by the school.

(5) Maintain accurate and complete records on each HEAL borrower and related school activities required by the HEAL program. All HEAL records shall be properly safeguarded and protected from environmental threats and unauthorized intrusion for use and theft.

(6) Maintain documentation of the criteria used to develop the school's standard student budgets in the school's general records, readily available for audit purposes, and maintain in each HEAL borrower's record a copy of the standard budget which was actually used in the determination of the

maximum loan amount approvable for the student, as described in § 60.51.

(7) Notify the lender or its assignee of any changes in the student's name, address, status, or other information pertinent to the HEAL loan not more than 30 days after receiving information indicating such a change.

(b) Any school which has information which indicates potential or actual commission of fraud or other offenses against the United States involving these loan funds must promptly provide this information to the appropriate Regional Office of Inspector General for Investigations.

(c) The school will be considered responsible and the Secretary may seek reimbursement from any school for the amount of a loan in default on which the Secretary has paid an insurance claim, if the Secretary finds that the school did not comply with the applicable HEAL statute and regulations, or its written agreement with the Secretary. The Secretary may excuse certain defects if the school satisfies the Secretary that the defect did not contribute to the default or prejudice the Secretary's attempt to collect the loan from the borrower.

(d) A school is authorized to withhold services from a HEAL borrower who is in default on a HEAL loan received while enrolled in that school, except in instances where the borrower has filed for bankruptcy. Such services may include, but are not limited to academic transcripts and alumni services. Defaulted HEAL borrowers who have filed for bankruptcy shall provide court documentation that verifies the filing for bankruptcy upon the request of the school. Schools will also supply this information to the Secretary upon request. All academic and financial aid transcripts that are released on a defaulted HEAL borrower must indicate on the transcript that the borrower is in default on a HEAL loan. It is the responsibility of the borrower to provide the school with documentation from the lender, holder, or Department when a default has been satisfactorily resolved, in order to obtain access to services that are being withheld, or to have the reference to default removed from the academic and financial aid transcripts.

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