

452.247-73 Packing for Overseas Shipment.

As prescribed in 447.305-10(c), insert the following clause:

Packing for Overseas Shipment (Feb 1988)

Supplies shall be packed for overseas shipment in accordance with the best commercial export practice suitable for water movement to arrive undamaged at ultimate destination.

(End of Clause)

452.252-70 List of Attachments.

To meet the requirement of FAR 14.201-4, insert a listing in all solicitations and contracts where there will be attachments listed in Section J.

List of Attachments (Feb 1988)

The Contracting Officer shall insert appropriately identified list of documents, exhibits and other attachments by title, date, and number of pages.

[FR Doc. 88-4183 Filed 2-26-88; 8:45 am]

BILLING CODE 3410-98-M

Best of Federal Register

Monday
February 29, 1988

Part III

Department of Health and Human Services

Public Health Service

42 CFR Part 57
Health Professions Student Loan
Program; Final Regulation

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Public Health Service

42 CFR Part 57

Health Professions Student Loan Program

AGENCY: Public Health Service, HHS.

ACTION: Final regulation.

SUMMARY: This rule amends existing regulations governing the Health Professions Student Loan (HPSL) program to include the deferment provisions of Pub. L. 99-129, the Health Professions Training Assistance Act of 1985, enacted on October 22, 1985.

EFFECTIVE DATE: These regulations are effective February 29, 1988.

FOR FURTHER INFORMATION CONTACT: Ms. Peggy Washburn, Chief, Program Development Branch, Division of Student Assistance, Bureau of Health Professions, Health Resources and Services Administration, Parklawn Building, Room 8-48, 5600 Fishers Lane, Rockville, Maryland 20857; telephone number: 301 443-4540.

SUPPLEMENTARY INFORMATION: On October 28, 1986, the Department published a Notice of Proposed Rulemaking (NPRM) (51 FR 39460) to establish criteria for the HPSL deferment provisions contained in Pub. L. 99-129. The Department received 11 comments on this NPRM from schools and professional associations. The comments and the Department's responses to the comments are discussed below.

Section 57.210 Repayment and collection of health professions student loans.

Section 57.210(a)(2)(iv)—Interruption of Studies:

Two respondents opposed § 57.210(a)(2)(iv)(A), which stated that an HPSL borrower may receive deferment when he or she interrupts his or her studies to participate in an activity which is part of a joint-degree program in conjunction with the health profession for which the borrower is preparing at the school. These respondents suggested that this criterion should be expanded to include any formal program of joint study, including interdisciplinary programs, rather than being limited exclusively to joint-degree programs. In response to these comments, the Department has amended this criterion to include formal programs of joint study.

Two respondents opposed the requirement that the borrower must

request a deferment for interruption of studies prior to leaving school to engage in the deferment activity. These respondents suggested that the procedures for requesting deferment for interruption of studies be consistent with the procedures for requesting deferment for other eligible activities (i.e., require the borrower to file for deferment at the time repayment otherwise would commence). In response to these comments, the Department clarifies that the HPSL statute, as amended by Pub. L. 99-129, requires that the school must determine, prior to the borrower's leaving school, whether an educational activity for which the borrower proposes to interrupt his or her studies qualifies for deferment under this provision. Therefore, this provision has been retained as proposed.

One respondent requested that the Department explain how this type of deferment affects the grace period and what happens if the borrower fails to return to school. The respondent also requested that the deferment form be modified to accommodate this type of activity and that the borrower be required to renew his or her deferment status annually. In response to this comment, the Department has revised this provision to clarify that a borrower who qualifies for this type of deferment receives the grace period upon completion or termination of his or her studies leading to the first professional degree in the health discipline being pursued. If the borrower fails to return to school, the school retroactively must begin the borrower's grace period based on the date the borrower terminated his or her studies at the school, and must begin the repayment period immediately following the end of the grace period. The Department also notes that the requirement in paragraph (a)(3) that a borrower must notify the school annually of continued deferment status to all deferment activities, including the interruption of studies. The Department will be revising the deferment form to accommodate this type of deferment.

Section 57.210(a)(2)(v)(A)—Fellowships:

One respondent requested that this provision be deleted since the existing HPSL statute and regulations permit borrowers to defer during any period of "advanced professional training" with no time limit. It was also suggested that the 2-year limit on fellowship deferments be removed. The Department clarifies that Pub. L. 99-129 requires the establishment of regulations to implement a 2-year deferment for fellowships; therefore, this provision has been retained with the 2-year limit.

Six respondents opposed the proposed criterion which restricted fellowship deferments to full-time research or research training activities. These respondents believed that this restriction could have the effect of discouraging talented men and women from pursuing additional training that would allow them to make contributions to new knowledge in health care policy and medical science. The respondents favored expanding this criterion to include clinical, health policy, legislative, public health, scientific, and teaching fellowships, and any other fellowships directly related to the discipline for which the borrower received the HPSL loan.

In response to these comments, the Department clarifies that it did not intend to limit research activities and research training to "bench" or "pure" research, but rather to allow fellowships in applied research as well. Further, the legislative history indicates that Congress intended that these fellowships be oriented in research, but include health policy. The Department does not agree that including activities other than research, research training, or health care policy is consistent with the Congressional intent of encouraging talented men and women to pursue additional training that would allow them to make contributions to new knowledge in health care policy and medical science. Therefore, the Department has amended this provision to state that the fellowship must be "a full-time activity in research or research training or in health care policy."

There was also concern that the proposal did not indicate how a school was to determine whether a fellowship activity met the research or research training criterion. In response to this comment, the Department clarifies that the Program Director or other authorized official would be required to certify on the deferment form that the activity meets the deferment requirements. The Department has added language clarifying this certification requirement to § 57.210(a)(3).

Seven respondents opposed the proposed criterion which required that the fellowship training program must pay no stipend or one which does not exceed the stipend levels established by the Public Health Service (PHS) for trainees receiving graduate and professional training under PHS grants. Four respondents suggested that this criterion be deleted. Two respondents were concerned that this criterion fails to consider a borrower's total debt in determining ability to pay, and suggested that, if implemented, it should

compare a borrower's total educational debt (including loans such as Health Education Assistance Loans (HEAL), Guaranteed Student Loans (GSL), etc.) with the stipend level to determine whether a deferment should be granted. Other respondents indicated that this criterion discriminates against psychiatry, that the PHS stipend levels are too low to use as a guide, that such a restriction is unnecessary and burdensome, and that this type of restriction was not intended by the Congress.

In response to these comments, the Department clarifies that this criterion was proposed to conform with a criterion proposed for the Health Education Assistance Loan (HEAL) program, which includes a similar deferment provision. Since HEAL loans are very expensive (interest accrues from the day the loan is made, including periods of deferment, and may be compounded as frequently as semi-annually), the Department is especially concerned that borrowers who are capable of making payments begin to repay their HEAL loans as soon as possible, thus avoiding additional interest accrual and increased indebtedness.

After further consideration, the Department has determined that since interest on HPSSL loans does not accrue during in-school or deferment periods (and thus the borrower's HPSSL indebtedness does not increase during these periods), there is not the same adverse impact on a borrower if he or she receives additional periods of deferment for an HPSSL loan. Granting fellowship deferments for HPSSL loans, regardless of stipend level, will further benefit the borrower, the school, and the Federal Government by helping to assure that borrowers are better able to make payments on their educational loans which are more expensive or do not allow deferment for fellowships. Therefore, the Department has deleted this criterion.

Five respondents opposed the proposed criterion which required that the fellowship training program must select recipients through a nationally-competitive process. Two respondents believed that any formal training program should be approvable, and one noted that this criterion would eliminate many legitimate fellowship activities which should be allowable under this provision, including approximately 50 percent of the National Research Service Award (NRSA) fellowships. One respondent believed that this criterion was inconsistent with the intent of the provision. Two respondents suggested

that this criterion be reworded to disallow fellowship activities that were created for specific individuals. In response to these comments, the Department has revised this criterion to state that the fellowship must be part of a formally established fellowship program which was not created for a specific individual.

Section 57.210(a)(2)(v)(B)—Full-Time Education Activity:

One respondent requested that this provision be deleted since the existing HPSSL statute and regulations permit borrowers to defer during any period of "advanced professional training" with no time limit. The Department clarifies that Pub. L. 99-129 requires the establishment of regulations to implement a 2-year deferment for full-time educational activities, and therefore this provision has been retained.

One respondent opposed this provision, stating that it would be difficult for a borrower to qualify for deferment based on these criteria and believing they were overly restrictive. As an alternative, it was suggested that borrowers should be eligible for deferment under this provision if they are in any of the following educational programs: public health, the preclinical medical sciences, and those cognate to them, or health policy administration. In response to this suggestion, the Department has revised this provision to include public health, health administration, or a health care discipline directly related to the health profession for which the borrower received the loan. The Department has also deleted the reference to activities required as part of an internship or residency program, since these are already covered by the existing provision which allows deferment for internships and residencies.

Section 57.210(a)(3)—Procedures for Granting Deferment:

Three respondents opposed this paragraph, which set forth procedures for administering the deferment provisions. Two respondents believed these procedures should be the same for all deferment activities. The Department clarifies that this paragraph would apply to all deferment activities, including those previously authorized. One respondent believed that these requirements were too stringent, and one suggested that deferment requests should be submitted after completion of the deferment activity rather than prior to the beginning of deferment.

In response to these comments, the Department believes that it is necessary

for the school to have documentation of a borrower's participation in a deferment activity at the beginning of the deferment, and notes that borrowers must also provide documentation at the end of the deferment to verify that he or she completed the activity. This provision has been clarified to indicate that the borrower must notify the school upon completion of the deferment period. The Department further clarifies that this provision has been added to strengthen a school's authority to deny a deferment request that is not filed on a timely basis, but does not preclude a school from accepting late deferment forms, at its own discretion.

Regulatory Flexibility Act and Executive Order 12291

The Secretary certifies that this rule does not have a significant economic impact on a substantial number of small entities, and therefore does not require a regulatory flexibility analysis under the Regulatory Flexibility Act of 1980. The small entities affected are small health professions schools. The regulation merely establishes criteria for determining whether HPSSL borrowers qualify for deferment. Further, the rule does not meet the criteria for a major rule under Executive Order 12291 and therefore does not require a regulatory impact analysis and review.

Paperwork Reduction Act

Section 57.210(a)(3) contains an information collection requirement which has been approved by the Office of Management and Budget under section 3507 of the Paperwork Reduction Act of 1980 and assigned control number 0915-0111.

List of Subjects in 42 CFR Part 57

Dental health, Education of disadvantaged, Educational facilities, Educational study programs, Emergency medical services, Grant programs—education, Grant programs—health, Health facilities, Health professions, Loan programs—health, Medical and dental schools, Scholarships and fellowships, Student aid.

Accordingly, Subpart C of 42 CFR Part 57 is amended as follows.

Dated: December 28, 1987.

Steven A. Grossman,

Acting Assistant Secretary for Health.

Approved: February 10, 1988.

Otis R. Bowen,

Secretary.

(Catalog of Federal Domestic Assistance, No. 13.342, Health Professions Student Loan Program)

PART 57—GRANTS FOR CONSTRUCTION OF TEACHING FACILITIES, EDUCATIONAL IMPROVEMENTS, SCHOLARSHIPS AND STUDENT LOANS

Subpart C—Health Professions Student Loans

1. The authority for Subpart C continues to read as follows:

Authority: Sec. 215, Public Health Service Act, 58 Stat. 690, as amended, 63 Stat. 35 (42 U.S.C. 216); secs. 740-744, Public Health Service Act, 77 Stat. 170-173, 90 Stat. 2266-2268, 91 Stat. 390-391, 95 Stat. 920, 99 Stat. 532 (42 U.S.C. 294m-q).

2. Section 57.210 is amended by revising paragraphs (a)(2)(ii) and (a)(2)(iii), redesignating paragraphs (a)(3) and (a)(4) as (a)(4) and (a)(5), adding paragraphs (a)(2)(iv), (a)(2)(v), and (a)(3), and adding the OMB Control number at the end of the section to read as follows:

§ 57.210 Repayment and collection of health professions student loans.

(a) * * *

(2) * * *

(ii) All periods for up to a total of 3 years of service as a volunteer under the Peace Corps Act;

(iii) All periods of advanced professional training including internships and residencies, except as specified in paragraph (a)(2)(v) of this section;

(iv) A period not in excess of 2 years during which a borrower who is a full-time student in a health professions school leaves the school, with the intent to return to such school as a full-time student, to engage in a full-time educational activity which is directly related to the health profession for which the individual is preparing. To qualify for such deferment, the full-time educational activity must be one which:

(A) Is part of a joint-degree program or a formal program of joint study in conjunction with the health profession for which the borrower is preparing at the school; or

(B) Is an activity which will enhance the borrower's knowledge and skills in

the health profession for which the borrower is preparing at the school, as determined by the school.

The borrower must request such deferment from the school in which he or she is enrolled no later than 60 days prior to leaving such school to engage in the full-time educational activity. The school must then determine, no later than 30 days prior to the borrower's leaving such school, whether the borrower qualifies for such deferment. A borrower who qualifies for this type of deferment receives the grace period upon completion or termination of his or her studies leading to the first professional degree in the health discipline being pursued. If the borrower fails to return to school, the school retroactively must begin the borrower's grace period based on the date the borrower terminated his or her studies at the school, and must begin the repayment period immediately following the end of the grace period; and

(v) A period not in excess of 2 years during which a borrower who is a graduate of a health professions school participates in:

(A) A fellowship training program which is directly related to the health profession for which the borrower prepared at the school, as determined by the school from which the borrower received his or her loan, and is engaged in by the borrower no later than 12 months after the completion of the borrower's participation in advanced professional training as described in paragraph (a)(2)(iii) of this section, or prior to the completion of such borrower's participation in such training. To qualify for such deferment, the fellowship training program must be one which:

(1) Is a full-time activity in research or research training or in health care policy; and

(2) Is a formally established fellowship program which was not created for a specific individual; or

(B) A full-time educational activity which is directly related to the health profession for which the borrower prepared at the school, as determined by

the school from which the borrower received his or her loan, and is engaged in by the borrower no later than 12 months after the completion of the borrower's participation in advanced professional training as described in paragraph (a)(2)(iii) of this section, or prior to the completion of the borrower's participation in such training. To qualify for such deferment, the full-time educational activity must be one which:

(1) Is part of a joint-degree program in conjunction with the health profession for which the borrower prepared at the school; or

(2) Is required for licensure, registration, or certification in the health profession for which the borrower received the HPSSL loan; or

(3) Is a full-time educational program in public health, health administration, or a health care discipline directly related to the health profession for which the borrower received the loan.

(3) To receive a deferment, a borrower must, no later than 30 days prior to the onset of the activity (or no later than 30 days prior to the due date of the first payment if the borrower begins the activity during the grace period), and annually thereafter, provide the lending school with evidence of his or her status in the deferrable activity, and evidence that verifies deferment eligibility of the activity. This evidence must include certification by the Program Director or other authorized official that the borrower's activity meets the deferment requirements. The borrower must also notify the school upon completion or termination of the activity. It is the responsibility of the borrower to provide the lending school with all required information or other information regarding the requested deferment. The school may deny a request for deferment if it is not filed in accordance with the requirements of this section.

* * *

(Approved by the Office of Management and Budget under control number 0915-0111.)

[FR Doc. 88-4169 Filed 2-26-88; 8:45 am]

BILLING CODE 4160-15-M

Best Great Federal Register

Monday
February 29, 1988

Part IV

Department of Health and Human Services

Public Health Service

42 CFR Part 60
Health Education Assistance Loan
Program; Final Regulation

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Public Health Service

42 CFR Part 60

Health Education Assistance Loan Program

AGENCY: Public Health Service, HHS.

ACTION: Final regulation.

SUMMARY: This rule amends existing regulations governing the Health Education Assistance Loan (HEAL) program to include the deferment provisions of Pub. L. 99-129, the Health Professions Training Assistance Act of 1985, enacted on October 22, 1985.

EFFECTIVE DATE: These regulations are effective February 29, 1988, except § 60.12(c) which will be effective upon Office of Management and Budget (OMB) approval. A document announcing the effective date of § 60.12(c) will be published in the Federal Register.

FOR FURTHER INFORMATION CONTACT:

Ms. Peggy Washburn, Chief, Program Development Branch, Division of Student Assistance, Bureau of Health Professions, Health Resources and Services Administration, Parklawn Building, Room 8-48, 5600 Fishers Lane, Rockville, Maryland 20857; telephone number: 301-443-4540.

SUPPLEMENTARY INFORMATION: On October 28, 1986, the Department published a Notice of Proposed Rulemaking (NPRM) (51 FR 39464) to establish criteria for the HEAL deferment provisions contained in Pub. L. 99-129. The Department received 10 comments on this NPRM from educational institutions, professional associations, and 1 lender. The comments and the Department's responses to the comments are discussed below.

Section 60.11 Terms of repayment.

One respondent believed that paragraph (a)(1)(i) was unclear because it did not state whether student borrowers are also eligible for the 9-month grace period following the end of the fourth year of the internship or residency program. In response to this comment, the Department notes that section 731(a)(2)(B) of the statute provides that the repayment period may not begin earlier than 9 months after the borrower: (1) Ceases to be a participant in an accredited internship or residency program of no more than 4 years or completes the fourth year of a program greater than 4 years in duration; (2) Ceases to be a full-time student at a HEAL school; or (3) Ceases to be a

participant in an approved fellowship training program not in excess of 2 years or a participant in an approved full-time educational activity not in excess of 2 years. HEAL regulations in effect since 1983 have provided the borrower a 9-month grace period after the borrower ceases to be an intern or resident if the borrower began the internship or residency program within 9 full months after leaving school. This provision remains unchanged, except that a borrower who receives his or her first HEAL loan on or after October 22, 1985 is limited to a maximum of 4 years for postponement of the beginning of the repayment period for participation in an internship or residency program.

Section 60.12 Deferment.

Paragraph (b) proposed criteria for fellowship training and full-time educational activities as required by Pub. L. 99-129. All HEAL loans received on or after October 22, 1985, are eligible to have repayments deferred. One respondent was concerned that paragraph (b) would eliminate all deferments for loans received prior to October 22, 1985. The Department clarifies that paragraph (b) would introduce new deferment provisions for loans received on or after October 22, 1985, in addition to existing deferment provisions described in paragraph (a), which are available for all HEAL loans regardless of the date on which they were received.

One respondent indicates that deferments for fellowships should not be limited to HEAL loans received on or after October 22, 1985, as stated in paragraph (b), but should be retroactive to all HEAL loans to assure administrative consistency. The statute, however, applies only to HEAL loans made on or after the date the provision was enacted. Consequently, the provision is retained as proposed.

One respondent objected to the limitation of the deferment period to 2 years under paragraph (b) as overly restrictive. The regulations are restricted by the statute, which limits both the postponement of the onset of the repayment period and the deferment period for fellowship training programs to 2 years. Therefore, the provision is retained as proposed.

Paragraph (b)(1)(i) proposed that, to be a fellowship training program for which an individual may receive a deferment, the program must be directly related to the discipline for which the borrower received the HEAL loan.

One respondent asked if it were possible for a borrower who had changed disciplines to receive a deferment although the activity would

not be directly related to the discipline for which the HEAL loan was received. The statute provides that the eligible fellowship training program must be directly related to the health profession for which the student was preparing when the HEAL loan was received. Thus, a borrower could not receive a HEAL loan in one discipline, switch to an educational program in another discipline and then receive a deferment (or a postponement) in a fellowship training program related to the second discipline.

Another respondent was concerned that the restriction that research training be limited to that which is directly related would prohibit cross-discipline training. As indicated above, the statute provides that postponement or deferment for fellowship training activities must be directly related to the discipline for which the HEAL loan was received. Consequently, this provision has been retained as proposed.

Paragraph (b)(1)(iii) would require that the eligible fellowship training program be a full-time research or research training activity. All commenters on this provision recommended a broader approach than the proposal to require that the fellowship training period be a full-time research or research training activity. Two recommended that teaching be included in addition to research; three suggested that health policy be included; one asked that clinical activities be included; and another suggested that other scientific fellowships be added as an approvable category.

As noted in the NPRM, Congress stated that it amended the HEAL legislation to allow deferment for fellowship training because it recognized the need to encourage talented men and women to pursue additional training that will allow them to make contributions to new knowledge in health care policy and medical science. In accordance with this, the Department clarifies that it did not intend to limit research activities and research training to "bench" or "pure" research, but to allow fellowships in applied research and health policy as well. However, in view of the concerns expressed, the Department has amended this provision to state that the fellowship must be "a full-time activity in research or research training or in health care policy."

One commenter suggested that the Department provide a listing of all approvable fellowships. However, it would not be feasible for the Department to formulate and maintain an up-to-date list of all fellowships

which might meet the criteria. Further, an approvable fellowship for one discipline might not be directly related to another discipline and, consequently, not approvable for the second discipline.

General comments suggested that paragraph (b)(1)(iv), which require that the fellowship training program not be an internship or residency program as described in § 60.11(a)(2), needed to be clarified. In response, the provision has been amended to state that the fellowship training program must not be a part of, an extension of, or associated with an internship or residency program, as described in § 60.11(a)(2). Thus, chief resident positions or residency subspecialty training would not be eligible for deferment under this provision. These positions may be eligible for deferment as internship or residency positions, as described in § 60.11(a)(2), and under the terms of each borrower's promissory note.

The Department received several comments on paragraph (b)(1)(v), which proposed that the approvable fellowship training program pay no stipend or one which does not exceed the annual stipend levels established by the Public Health Service (PHS) for the payment of uniform levels of financial support for trainees receiving graduate and professional training under PHS grants, as in effect at the time the borrower requests the deferment. Two respondents thought the proposal was a good idea and very much needed. One commenter thought the PHS stipend levels were too low and may discriminate against one discipline, which "generally has fellows which pay higher stipend levels." Four respondents recommended that the criterion be eliminated—one because it would be administratively burdensome to track the PHS levels; others because the accruing interest should be adequate to encourage the borrower to make payments although a deferred status does not mandate such payments. One commenter noted that the criterion was inconsistent with other deferment activities, which do not consider stipend or income levels of the borrower, and suggested that the criterion be eliminated or that the total educational load indebtedness of the borrower that will be due for payment during the period be compared to the amount of the stipend to determine if a deferment is appropriate.

Because interest on the HEAL loan continues to accrue and be compounded during these periods, it is of utmost importance to encourage HEAL borrowers to begin repaying their loans

as soon as possible. In response to these comments, the Department believes that the PHS stipend levels provide adequate support to allow trainees and fellows to make payments on their educational loans. Several of the regulatory amendments published on January 8, 1987 (52 FR 730) were made because the accruing interest had proven to be inadequate as an incentive for borrowers to begin repayment. Further, the Department believes that it would be overly burdensome to require loan holders to determine the borrower's ability to repay the loan by contrasting the educational debt load against the borrower's stipend income or total resources for every request for deferment under this provision. Borrowers who are experiencing problems with repaying their loans may request forbearance, which, with graduated repayment schedules, are options available to all HEAL borrowers (in accordance with the terms of their promissory notes).

One respondent indicated that the restriction that the fellowship activity must begin within 12 months after completion or prior to the completion of the borrower's participation in an approved internship or residency program would probably preclude fellowships that pay more than a modest stipend, and therefore a stipend cutoff is not necessary. However, the Department continues to believe that the stipend cutoff will benefit borrowers by assuring that they do not defer payments unless absolutely necessary.

As an alternative to the use of the PHS stipend levels, one commenter suggested that the National Institutes of Health's (NIH) Intramural Research Training Award stipend levels be used. The Department notes that these levels were established for individuals who are working at NIH and may not be appropriate in other areas of the country. On the other hand, the PHS stipend levels apply to traineeship grants at institutions throughout the country. Thus, the Department has retained the provision as proposed.

One commenter requested that the Department publish the PHS stipend levels in the *Federal Register* on an annual basis. The Department does not believe it is necessary to publish the levels annually because all HEAL lenders and schools will be notified directly by the Department each time these levels are revised. However, in response to this comment, the

Department has included the current PHS stipend levels below:

Years of relevant experience:	Amount
0.....	\$15,996
1.....	17,004
2.....	21,996
3.....	23,004
4.....	24,000
5.....	26,004
6.....	27,996
7 or more.....	30,000

Five respondents opposed the proposed criterion which required that the fellowship training program must select recipients through a nationally-competitive process. Two respondents believed that any formal training program should be approvable, and one noted that this criterion would eliminate many legitimate fellowship activities which should be allowable under this provision, including approximately 50 percent of the National Research Service Award fellowships. One respondent believed that this criterion was inconsistent with the intent of the provision. Two respondents suggested that this criterion be reworded to disallow fellowship activities that were created for specific individuals. In response to these comments, the Department has revised this criterion to state that the fellowship must be part of a formally established fellowship program which was not created for a specific individual.

Several comments were received on the provisions in paragraph (b)(2), which would specify criteria for determining whether a full-time educational activity was eligible for deferment under the new deferment authority. One respondent suggested that the Department eliminate this provision because deferment for full-time educational activities is already authorized under existing provisions. Another respondent was concerned that these provisions place additional restrictions on existing deferment provisions.

The Department clarifies that the deferment provisions implemented under paragraph (b)(2) of this section are in addition to the previously existing deferment options described in paragraph (a)(1). Further, the Department believes that the full-time educational activity described in paragraph (b)(2) offers new HEAL recipients another deferment option because it has been proposed to occur at an institution defined by section 435(b) of the Higher Education Act of 1965. Paragraph (a)(1) allows for a deferment during which the borrower is pursuing a

full-time course of study at a HEAL school or at an institution of higher education that is a "participating school" in the Guaranteed Student Loan (GSL) program. The Department of Education has indicated that it is possible for an institution to meet the definition found in section 435(b) and not be a "participating school" in the GSL program. Thus, these are two different deferment options and the deferment provision described in paragraph (a)(1) continues to be available to HEAL borrowers. Therefore, the provision in the introductory paragraph (b)(2) has been retained as proposed.

Two comments were received regarding paragraph (b)(2)(i) which would require that the full-time educational activity be directly related to the discipline for which the borrower received the HEAL loan. One respondent asked if it was possible for a borrower who had changed disciplines to receive a deferment although the activity would not be directly related to the discipline for which the HEAL loan was received. As discussed previously, the statute does not allow a borrower to defer his or her loan under this paragraph to pursue any activity not directly related to the loan-supported discipline. A second respondent proposed that public health, preclinical medical sciences, and health administration be added as studies generically approvable as educational activities under this provision. The Department notes that these fields of study are already approvable for deferment under the existing provision included in paragraph (a)(1). Therefore, the provision is retained as proposed.

No comments were received on paragraph (b)(2)(iii), which would require that the educational activity must not be an internship or residency program which is available under § 60.11(a)(2). However, in view of the concerns expressed on the same restriction for the fellowship training activity in paragraph (b)(1)(iv), this provision has been similarly amended to state that the full-time educational activity must not be a part of, an extension of, or associated with an internship or residency program, as described in § 60.11(a)(2).

Two comments were received on paragraph (b)(2)(iv), which would require that the educational activity be required by the approved accrediting agency as part of the internship or residency program, as described in § 60.11(a)(2), or for licensure, registration, or certification in the State in which the borrower intends to

practice the discipline for which the borrower received the HEAL program loan.

One respondent commented that the proposed criterion would serve to limit rather than expand the deferment opportunities for HEAL borrowers. The Department agrees that this criterion is not appropriate since deferments for internship and residency programs are authorized elsewhere in this section and in § 60.11(a)(2). The Department has amended this paragraph accordingly.

Several comments were received on paragraph (c), which would require that to receive a deferment, including a deferral of the onset of the repayment period (see § 60.11(a)), a borrower must at least 30 days prior to, but not more than 60 days prior to, the onset of the activity and annually thereafter, submit to the lender of the note evidence of his or her status in the deferment activity and evidence that verifies deferment eligibility of the activity. Two respondents interpreted the provision to apply only to fellowship training program and full-time educational activities and suggested that the timing be the same for all deferment provisions. The Department clarifies that this paragraph does apply to all deferment activities under the HEAL program. Another respondent commented that an institution cannot confirm that the individual is participating in a particular program until that individual has actually begun that program; thus, the time requirement is not feasible. The Department clarifies that this provision was not intended to require the dean or other authorized official to verify that the individual is participating in the program, but rather that the activity and the borrower are eligible for the deferment. The Department believes the point of termination of one activity and the commencement of another to be a critical time because the addresses of many HEAL borrowers change and lenders may be unable to contact the borrowers. To require reporting after rather than before this point may predispose some borrowers to a default status if they fail to immediately notify the lender after a change of address. In view of the expressed concerns, however, the provision has been amended to require that the written evidence must be submitted at least 30 days prior to, but not more than 60 days prior to, the onset of the activity, with the full expectation that the borrower will begin the activity.

Two respondents commented on the provisions which would provide that a lender may rely in good faith upon

statements of the borrower, except where those statements or other information conflict with information available to the lender. Further, if there is a conflict, the lender may not approve the deferment request and the Secretary will not review the decision of the lender. One respondent asked for clarification of the paragraph. The Department clarifies that, for all deferment activities described in paragraph (a), if any lender has information which conflicts with statements made by a borrower, it is incumbent upon the lender to seek additional information to resolve the conflict. If the conflict cannot be resolved, the request should be denied.

One respondent commented that this provision may have the effect of not allowing any opportunity for borrowers to appeal lender's decisions. The Department anticipates, however, that in most situations in which the deferment would be denied there will have been no conflicting statements made, but that the lender will have determined that the deferment activity does not meet the deferment criteria or that the borrower is not eligible for deferment. These situations would be appropriate for review by the Secretary upon request by the borrower.

One commenter suggested that the director of the fellowship activity or other authorized official certify rather than merely submit written evidence that the proposed deferment activity meets the eligibility requirements for approval. The Department intended that this written evidence be evaluated as a certification statement since the lender may rely in good faith upon the statement. To clarify the Department's intent, this provision has been amended to require written certification from the appropriate official as a part of the written evidence. To further clarify this provision, the Department has restructured paragraph (c) to eliminate redundant language.

Regulatory Flexibility Act and Executive Order 12291

The Department believes that the resources required to implement the new requirements in these regulations are minimal in comparison to the overall resources of the lenders and the schools. Therefore, in accordance with the requirements of the Regulatory Flexibility Act of 1980, the Secretary certifies that these regulations will not have a significant impact on a substantial number of HEAL lenders and schools.

The Department has also determined that this rule is not a major rule under

Executive Order 12291; therefore, a regulatory impact analysis is not required. In addition, the rule will not exceed the threshold level of \$100 million established in section (b) of Executive Order 12291.

Paperwork Reduction Act of 1980

Section 60.12(c) contains information collection requirements which are subject to Office of Management and Budget (OMB) review. We have submitted an information request to OMB for approval under section 3504(h) of the Paperwork Reduction Act of 1980. These requirements will not be effective until the Department obtains OMB approval, at which time a notice will be published in the *Federal Register* to notify the public of such action.

List of Subjects in 42 CFR Part 60

Educational study programs, Health professions, Loan programs—education, Loan programs—health, Medical and dental schools, Reporting requirements, Student aid.

Accordingly, the Department of Health and Human Services amends 42 CFR Part 60 as follows:

Dated: December 28, 1987.

Steven A. Grossman,

Acting Assistant Secretary for Health.

Approved: February 10, 1988.

Otis R. Bowen,

Secretary.

(Catalog of Federal Domestic Assistance, No. 13.108, Health Education Assistance Loan Program)

PART 60—HEALTH EDUCATION ASSISTANCE LOAN PROGRAM

1. The authority citation for Part 60 continues to read as follows:

Authority: Section 215 of the Public Health Service Act, 58 Stat. 690, as amended, 63 Stat. 35 (42 U.S.C. 216); secs. 727-739 of the Public Health Service Act, 90 Stat. 2243, as amended, 93 Stat. 582, 99 Stat. 529-532 (42 U.S.C. 294-294j).

2. Section 60.11 is amended by revising paragraph (a)(1) to read as follows:

§ 60.11 Terms of repayment.

(a) *Commencement of repayment.* (1) The borrower's repayment period must begin the first day of the 10th month after the month he or she ceases to be a full-time student at a HEAL school. The 9-month period before the repayment period begins is popularly called the "grace period."

(i) *Postponement for internship or residency program.* However, if the borrower becomes an intern or resident in an accredited program within 9 full

months after leaving school, then the borrower's repayment period must begin the first day of the 10th month after the month he or she ceases to be an intern or resident. For a borrower who receives his or her first HEAL loan on or after October 22, 1985, this postponement of the beginning of the repayment period for participation in an internship or residency program is limited to 4 years.

(ii) *Postponement for fellowship training or educational activity.* For any HEAL loan received on or after October 22, 1985, if the borrower becomes an intern or resident in an accredited program within 9 full months after leaving school, and subsequently enters into a fellowship training program or an educational activity, as described in § 60.12(b)(1) and (2), within 9 months after the completion of the accredited internship or residency program or prior to the completion of such program, the borrower's repayment period begins on the first day of the 10th month after the month he or she ceases to be a participant in the fellowship training program or educational activity. Postponement of the commencement of the repayment period for either activity is limited to 2 years.

(iii) *Nonstudent borrower.* If a nonstudent borrower obtains another HEAL loan during the grace period or period of internship, residency, or deferment (as defined in § 60.12), the borrower must begin to repay this loan when repayment on the borrower's other HEAL loans begins or resumes.

3. Section 60.12 is amended by redesignating paragraph (b) as paragraph (c); by revising newly redesignated paragraph (c); and by adding a new paragraph (b) to read as follows:

§ 60.12 Deferment.

(b) For any HEAL loan received on or after October 22, 1985, after the repayment period has commenced, installments of principal and interest need not be paid during any period for up to 2 years during which the borrower is a participant in:

(1) A fellowship training program, which:

(i) Is directly related to the discipline for which the borrower received the HEAL loan;

(ii) Begins within 12 months after the borrower ceases to be a participant in an accredited internship or residency program, as described in § 60.11(a)(2), or prior to the completion of the borrower's participation in such program;

(iii) Is a full-time activity in research or research training or health care policy;

(iv) Is not a part of, an extension of, or associated with an internship or residency program, as described in § 60.11(a)(2);

(v) Pays no stipend or one which is not more than the annual stipend level established by the Public Health Service for the payment of uniform levels of financial support for trainees receiving graduate and professional training under Public Health Service grants, as in effect at the time the borrower requests the deferment; and

(vi) Is a formally established fellowship program which was not created for a specific individual; or

(2) A full-time educational activity at an institution defined by section 435(b) of the Higher Education Act of 1965 which:

(i) Is directly related to the discipline for which the borrower received the HEAL loan;

(ii) Begins within 12 months after the borrower ceases to be a participant in an accredited internship or residency program, as described in § 60.11(a)(2), or prior to the completion of the borrower's participation in such program;

(iii) Is not a part of, an extension of, or associated with an internship or residency program, as described in § 60.11(a)(2); and

(iv) Is required for licensure, registration, or certification in the State in which the borrower intends to practice the discipline for which the borrower received the HEAL program loan.

(c)(1) To receive a deferment, including a deferral of the onset of the repayment period (see § 60.11(a)), a borrower must at least 30 days prior to, but not more than 60 days prior to, the onset of the activity and annually thereafter, submit to the lender evidence of his or her status in the deferment activity and evidence that verifies deferment eligibility of the activity (with the full expectation that the borrower will begin the activity). It is the responsibility of the borrower to provide the lender with all required information or other information regarding the requested deferment. If written evidence that verifies eligibility of the activity and the borrower for the deferment, including a certification from an authorized official (e.g., the director of the fellowship activity, the dean of the school, etc.), is received by the lender within the required time limit, the lender must approve the deferment. The lender may rely in good faith upon statements of the borrower and the authorized official, except where those statements or other information conflict with information available to the lender.

When those verification statements or other information conflict with information available to the lender, to indicate that the applicant fails to meet the requirements for deferment, the lender may not approve the deferment until those conflicts are resolved.

(2) For those activities described in paragraphs (b)(1) or (2) of this section, the borrower may request that the Secretary review a decision by the

lender denying the deferment by sending to the Secretary copies of the application for deferment and the lender's denial of the request. However, if information submitted to the lender conflicts with other information available to the lender, to indicate that the borrower fails to meet the requirements for deferment, the borrower may not request a review until such conflicts have been resolved.

During the review process, the lender must comply with any requests for information made by the Secretary. If the Secretary determines that the fellowship or educational activity is eligible for deferment and so notifies the lender, the lender must approve the deferment.

[FR Doc. 88-4168 Filed 2-28-88; 8:45 am]

BILLING CODE 4160-15-M