Administrative Policies

Board of Governors’ Dental Scholarship Loan Program

A Program of the State of North Carolina
Administered by the State Education Assistance Authority
10 Alexander Drive
P. O. Box 13663
Research Triangle Park, NC 27709-3663
Table of Contents

PART I ................................................................................................................................................ 3
SHORT TITLE, PURPOSE AND DEFINITIONS ....................................................................................... 3
.0100. SHORT TITLE. ............................................................................................................................. 3
.0101. THE PROGRAM AND ITS PURPOSE ........................................................................................ 3
.0102. DEFINITIONS. .......................................................................................................................... 3

PART II ................................................................................................................................................. 5
ELIGIBILITY REQUIREMENTS ............................................................................................................... 5
.0200. GENERAL POLICY .................................................................................................................. 5
.0201. RENEWAL LOANS. ................................................................................................................... 5

PART III ............................................................................................................................................ 6
APPLICATION PROCEDURES; SELECTION OF STUDENTS AND LOAN APPROVAL ......................... 6
.0300. APPLICATION AND SUPPORTING DOCUMENTATION ................................................................ 6
.0301. APPLICATION DEADLINES. .................................................................................................... 6
.0302. SELECTION OF STUDENTS. ...................................................................................................... 6
.0303. LOAN AMOUNT. ....................................................................................................................... 7
.0304. PROMISSORY NOTE.................................................................................................................. 7
.0305. LOAN APPROVAL. .................................................................................................................... 7
.0306. TRANSFERS BETWEEN APPROVED INSTITUTIONS ................................................................ 8
.0307. LOAN DISBURSEMENT PROCEDURES ............................................................................... 8
.0308. USE OF LOAN PROCEEDS....................................................................................................... 9

PART IV.............................................................................................................................................. 10
SCHOLARSHIP LOAN FORGIVENESS ............................................................................................. 10
.0400. LOAN FORGIVENESS THROUGH SERVICE; GENERAL POLICY ............................................. 10
.0401. ELIGIBILITY FOR LOAN FORGIVENESS THROUGH SERVICE ............................................... 10
.0402. PROCEDURE FOR OBTAINING LOAN FORGIVENESS; SPECIFIC EMPLOYMENT REQUIREMENTS .... 10
.0403. AUTHORIZED DEFERMENT FOR EXTENUATING CIRCUMSTANCES ......................................... 11
.0404. REINSTATEMENT OF LOAN FORGIVENESS THROUGH SERVICE ............................................ 12

PART V .............................................................................................................................................. 13
CASH REPAYMENT ............................................................................................................................. 13
.0500. CASH REPAYMENT, GENERALLY .......................................................................................... 13
.0501. COMMENCEMENT OF CASH REPAYMENT .......................................................................... 13
.0502. ACCRUAL OF INTEREST ....................................................................................................... 14
.0503. REPAYMENT PERIOD AND TERMS. ....................................................................................... 14

PART VI ........................................................................................................................................... 15
LOAN CANCELLATION DUE TO DEATH OR DISABILITY ................................................................. 15
.0600. DEATH OF STUDENT ............................................................................................................. 15
.0601. DISABILITY ........................................................................................................................... 15

PART VII ............................................................................................................................................. 16
APPROVED INSTITUTIONS .................................................................................................................. 16
.0700. PARTICIPATION AGREEMENT REQUIRED ............................................................................. 16
.0701. RESPONSIBILITIES OF APPROVED INSTITUTIONS .................................................................. 16
.0702. AUDIT REQUIREMENTS ......................................................................................................... 16
.0100. Short Title.
The Policies and Procedures Governing The University of North Carolina Board of Governors’ Dental Scholarship Loan Program may hereinafter be cited and referred to as the “Program Policies.”

.0101. The Program and its Purpose.
The Board of Governors’ Dental Scholarship Fund was established by the North Carolina General Assembly in 1978 at the request of the Board of Governors of The University of North Carolina to provide scholarships to encourage qualified minority students at the high school and college levels to study dentistry. In 2005, the Program was changed from a scholarship program to a scholarship loan program by the General Assembly to encourage recipients to practice dentistry in North Carolina.

.0102. Definitions.
Unless the context clearly indicates some other meaning, the following capitalized words and phrases shall have the corresponding meanings in these Program Policies:

(a) “Academic Progress” means unconditionally promoted to the next class, in addition to the standards by which the Approved Institution measures a Student’s academic progress toward completion of the Dental Education Program in which the Student is enrolled.

(b) “Academic Year” means a combination of school terms consisting of two semesters, two trimesters, or the equivalent thereof, beginning with the fall term of any year.

(c) “Approved Institution” means the School of Dentistry at the University of North Carolina at Chapel Hill or any other school of dentistry located in North Carolina.

(d) “Authority” means the State Education Assistance Authority, a political subdivision of the State of North Carolina, created and enabled under Article 23 of Chapter 116 of the General Statutes.

(e) “Central Processing System” means the United States Department of Education facility that processes the FAFSA, determines a student's eligibility for aid and conducts a series of quality control and eligibility checks on the application data.
(f) “Dental Education Program” means the doctor of dental surgery degree program offered by an Approved Institution that qualifies a Student to practice dentistry as a licensed dentist.

(g) “FAFSA” means the federal form entitled, “Free Application for Federal Student Aid,” that is authorized and used by the United States Department of Education for assessing a student’s eligibility for Title IV student financial aid under the Higher Education Act of 1965, as amended.

(h) “Loan” means the financial aid provided to a Student under the Program for payment of the Student’s cost of attendance, or a portion thereof, for one Academic Year at the Approved Institution.

(i) “Participation Agreement” means the agreement, in a form acceptable to the Authority, by which an Approved Institution agrees to participate in the Program and assist the Authority in the administration of the Program in compliance with applicable State laws and these Program Policies.

(j) “Program” means the Board of Governors’ Dental Scholarship Loan Program.

(k) “Promissory Note” means the legally enforceable agreement between a Student and the Authority which sets forth the terms and conditions under which the Authority advances funds to the Student for payment of the Student’s cost of attendance, or a portion thereof, at an Approved Institution and under which the Student repays the Loan in either service or cash.

(l) “Student” means a student who receives a Loan under the Program in accordance with these Program Policies.

(m) “Residence Manual” means the most current edition of A Manual to Assist the Public Institutions of North Carolina in the Matter of Student Residence Classification for Tuition Purposes containing the definitions of residency for tuition purposes as adopted from time to time by the Board of Governors of The University of North Carolina.

(n) “State” means the State of North Carolina.
PART II
ELIGIBILITY REQUIREMENTS

.0200. General Policy.
An applicant for a Loan is eligible to be considered for a Loan if, as of the date of the application, the applicant:
(a) has complied with the application procedures set forth in these Program Policies;
(b) is enrolled, or accepted for enrollment, on a full-time basis in the Dental Education Program at an Approved Institution;
(c) qualifies as a North Carolina resident for tuition purposes under G.S § 116-143.1 and the Residence Manual;
(d) meets or exceeds the selection criteria;
(e) has complied with the registration requirements of the Military Selective Service Act or is exempt from the registration requirements;
(f) is not in default, or does not owe a refund, under any federal or State loan or grant program; and
(g) agrees to become licensed to practice dentistry in North Carolina.

.0201. Renewal Loans.
A Student is eligible to receive a Loan for an Academic Year immediately following the Academic Year for which the Student previously received a Loan up to a maximum of three years if the Student is honoring the terms of the Student’s Promissory Note, meets the eligibility requirements in Policy .0200, remains otherwise eligible for a Loan under these Program Policies, and is continuously enrolled as a full-time student in the Dental Education Program.
PART III
APPLICATION PROCEDURES; SELECTION OF STUDENTS AND LOAN APPROVAL

.0300. Application and Supporting Documentation.

(a) *Application.* An applicant for a Loan under the Program must:
   i. sign and submit a completed application to an Approved Institution to be forwarded by the Approved Institution to the Authority with supporting documentation; and
   ii. complete the FAFSA, listing at least one Approved Institution, and submit it to the Central Processing System in a timely manner.

(b) *Supporting Documentation.* The Approved Institution and the Authority may require an applicant to submit documentation or additional information in support of the applicant’s application in order to substantiate information presented in the application before the Approved Institution considers the applicant for a Loan or before the Authority approves a Loan for disbursement. The supporting documentation may include information about income and assets of the Student’s parents.

(c) *Applications for Renewal Loans.* A Student seeking a Loan to continue in the Dental Education Program in the Academic Year immediately following the Academic Year for which the Student received a Loan must submit renewal information, in a form acceptable to the Approved Institution and the Authority, and in a manner consistent with the procedures set forth in these Program Policies.

(d) *Responsibility to Update an Application.* If, at any time before a final determination is made on an application for a Loan under these Program Policies, any information presented on the applicant’s application changes, the applicant is responsible for notifying the Approved Institution and the Authority of any such change.

.0301. Application Deadlines.

The Authority may set the application deadlines for the Program for each Academic Year. An application for a Loan received after the applicable deadline may not be considered for a Loan.

0302. Selection of Students.

The Authority shall select students for the Program from among those applicants who submit timely applications and meet the eligibility requirements of these Program Policies based on the following criteria:
i. the amount of the applicant’s unmet need as determined from the FAFSA and other data on the student’s application;
ii. the intent of the applicant to complete the Dental Education Program and to practice dentistry in North Carolina following graduation and licensure;
iii. whether the applicant is accepted for admission by the Approved Institution at which the applicant intends to use the Loan by the application deadline date;
iv. previous academic performance as reflected on college transcripts; and
v. any other factor consistent with the purpose of the Program and approved the Authority.

.0303. Loan Amount.
Each Loan shall be in the amount established by the General Assembly or set by the Authority based on the total appropriation for the Program. The Loan is renewable for a maximum of three consecutive Academic Years, for a total award period of four consecutive Academic Years, provided the student is maintains Academic Progress and remains committed to practicing dentistry in North Carolina. A Student who leaves the Dental Education Program, regardless of the reason during this period of four consecutive Academic Years, may continue participation in the Program, but the number of the Loans that the Student is eligible for will be reduced by the number of semesters that the Student was not enrolled in the Dental Education Program.

.0304. Promissory Note.
A Loan shall be evidenced by a Promissory Note, properly executed by the Student and the notary public who witnesses the Student’s signature.

.0305. Loan Approval.
The Authority shall approve a Loan for disbursement to a Student if:
(a) the Student is certified by the Approved Institution as eligible for the Program in accordance with these Program Policies;
(b) the Promissory Note is negotiated in accordance with these Program Policies; and
(c) the Student has complied with these Program Policies, the terms of the Promissory Note and any Program procedures implemented by the Approved Institution or the Authority to facilitate the application process consistent with these Program Policies.
.0306. Transfers between Approved Institutions.
A Loan under the Program is not transferable from one Approved Institution to another
Approved Institution unless, under exceptional circumstances, the Authority approves the
transfer of the Loan.

.0307. Loan Disbursement Procedures.
(a) Method of Disbursement. The Authority shall disburse the proceeds of a Loan by master
check or by electronic funds transfer to a clearing account maintained by the Approved
Institution.
(b) Roster Required. A roster identifying the Students and the Loan amount for each Student
will be sent to the Approved Institution at the time of the master check or electronic funds
transfer.
(c) Timing of Disbursements. The Approved Institution shall post the Loan amount to each
Student’s account within ten (10) business days after the receipt of the roster or within ten (10)
business days after the beginning date of the term for which the proceeds of the Loan were
disbursed, whichever is later.
(d) Refund Procedure.
   i. If an institution erroneously certifies a student’s eligibility for the program, the
      full amount (100%) of the funds shall be returned to the Authority within thirty
      (30) days of the beginning date of the term for which the funds were to be
disbursed or within thirty (30) days of receipt, whichever is earlier.
   ii. At the institution’s census date, if a student is not eligible for the program, the full
      amount (100%) of the funds shall be returned to the Authority within thirty (30)
days of the census date.
   iii. If the institution reduces a student’s tuition as a result of a reduction in hours, the
      full amount (100%) of the funds shall be returned to the Authority within thirty (30)
days of the census date according to the specific program’s payment
      schedule.
   iv. If the student withdraws after the Approved Institution’s census date and before
      the expiration of twenty-five percent (25%) of the term for which the funds was
disbursed, seventy-five (75%) of the total amount of all funds the Student receives
      from programs administered by the Authority shall be returned to the Authority
up to the net amount disbursed from each source within thirty (30) days of the date the student withdraws.

v. No funds shall be returned to the Authority anytime after the expiration of twenty-five percent (25%) of the term for which the funds was disbursed if the student withdraws.

(e) *Certification of Receipts.* The Approved Institution shall certify the Student’s eligibility for the Program and certify that Loan funds received by master check or electronic funds transfer have been credited to the Student’s account.

.0308. Use of Loan Proceeds.

Loans shall be used only for payment towards the cost of attendance at the Approved Institution as defined in Section 472 of the Higher Education Act of 1965, as amended (20 U.S.C. §1087ll).
.0400. Loan Forgiveness through Service; General Policy.
The Authority shall forgive a Loan, and any interest accrued on such Loan, if, within seven years of graduation from the Approved Institution, exclusive of any authorized deferment for extenuating circumstances as set out below, the Student practices dentistry in North Carolina full-time for one year for each Academic Year of funding received, and the Student otherwise complies with these Program Policies. The Authority shall apply this Policy .0400 sequentially, forgiving each Loan in the order that it was made to the Student.

.0401. Eligibility for Loan Forgiveness through Service.
To be eligible for Loan forgiveness, a Student must complete the Dental Education Program supported by the Loan and obtain a license to practice dentistry in North Carolina. If the Student fails to pass the first two successive licensure examinations offered following the Student’s graduation, the Student must begin repaying the Loan or Loans in cash in accordance with these Program Policies.

.0402. Procedure for Obtaining Loan Forgiveness; Specific Employment Requirements.
(a) Notice of Intent to Seek Loan Forgiveness. Within ninety (90) days after graduation from an Approved Institution, the Student shall notify the Authority, in writing and in a form acceptable to the Authority, of the Student’s intent to seek, or to forego, the opportunity for Loan forgiveness.
(b) Required Documentation. Within thirty (30) days of beginning the full-time practice of dentistry in North Carolina, the Student shall submit written verification of that employment to the Authority in a form acceptable to the Authority. Thereafter, the Student shall provide the Authority with verification of full-time employment in each ensuing year until all Loans are forgiven or the Student commences cash repayment under Policy .0501, whichever occurs first. Notwithstanding the foregoing provisions of this Policy .0402(b), the Authority reserves the right to conduct independent inquiries with regard to whether or not a Student’s employment qualifies for Loan forgiveness under these Program Policies.
(c) Concurrent Employment Obligations. The Authority may forgive a Loan when the Student’s full-time employment qualifies under these Program Policies for forgiveness through service and
such employment also fulfills the Student’s obligation to another education or scholarship program only upon finding that:

i. such other program is not funded by the State or any of its agencies or political subdivisions; and

ii. the Student’s obligations to the other program will not interfere with the Student’s ability to comply with these Program Policies.

.0403. Authorized Deferment for Extenuating Circumstances.

(a) Procedure. At any time a Student may apply to the Authority for an authorized deferment for extenuating circumstances. The application for an authorized deferment shall contain documentation, satisfactory to the Authority of the reason for the deferment and specify the period of time, by beginning and ending dates, covered by the deferment request.

(b) Postgraduate Training. The Authority shall authorize a deferment for postgraduate training for a period not to exceed seven (7) consecutive years for either the Student or the Student’s spouse to complete an internship, residency or other postgraduate training. The Authority may authorize a deferment for postgraduate training for an additional period of time.

(c) Extenuating Circumstances. The Authority may authorize a deferment if one of the following extenuating circumstances is substantiated by the Student’s request:

i. personal illness for a period not to exceed twelve (12) months per each occurrence;

ii. family medical leave, which means maternity or paternity leave upon the birth or adoption of a child or leave to provide necessary care for a member of the Student’s immediate family who is sick or disabled, in either case for a period not to exceed twelve (12) months per each occurrence;

iii. unemployment during any period of time not to exceed twelve (12) months per each occurrence during which the Student is also conscientiously seeking and unable to obtain employment that qualifies for Loan forgiveness under these Program Policies;

iv. full-time enrollment at any accredited postsecondary institution located within the United States for a period not to exceed twenty-four (24) months;

v. a member of the National Guard or a reserve component who is ordered to report for military service as that term is defined in 50 U.S.C.S. Appx § 511(2);

vi. residing in or employed in an area that is a disaster area as that term is defined in 42 U.S.C. § 5204(2); or
vii. any other reason that the Authority finds is consistent with the purposes and goals of
the Program not to exceed twenty-four (24) months.

(c) *Effect of Authorized Deferment.* The Authority’s approval of a deferment under this
Policy.0403 shall operate to extend the period of time during which the Student must complete
the Student’s service under Policy .0400 by the amount of time for which the Authority
authorized the deferment under subsection (b) of this Policy.

(d) *Interest Accrual.* Interest on the Loan shall continue to accrue during any period of
authorized deferment.

**.0404. Reinstatement of Loan Forgiveness through Service.**

(a) A Student who has been required to commence cash repayment of a Loan after graduation
may apply for reinstatement of the opportunity for forgiveness through service provided that the
Student is:

   i. current with cash payments on the Loan;
   ii. eligible for forgiveness through service under Policy .0401; and
   iii. otherwise in compliance with these Program Policies.

(b) A Student for whom the opportunity for forgiveness is reinstated under this Policy .0404
may have the balance of the Student’s Loan forgiven under Policy .0400 provided that the
Student complies with Policy .0402.

(c) If the Authority reinstates the Student’s opportunity for forgiveness in accordance with this
Policy .0404, the Authority shall not refund any cash payments remitted prior to the
reinstatement.
.0500. Cash Repayment, Generally.
When the Authority determines that a Loan, or any portion thereof, cannot be forgiven under these Program Policies, the Student shall repay the Loan to the Authority in cash in accordance with these Program Policies and the terms of the Promissory Note.

.0501. Commencement of Cash Repayment.
(a) After Graduation from an Approved Institution. If the Student graduates from the Approved Institution, the Student shall commence repayment of principal and interest September 1 after completion of the Dental Education Program unless the Student has provided notice of intent to seek Loan forgiveness in accordance with Policy .0402(a), or no later than ninety (90) days following the earliest of:
   i. the date on which the Authority notifies the Student that the Student’s employment does not qualify for Loan forgiveness under these Program Policies;
   ii. the date on which the Student notifies the Authority that the Student does not intend to seek forgiveness through service; or
   iii. the date on which the Authority determines that the Student will not be able to satisfy the requirements of these Program Policies with regard to any portion of the Student’s outstanding Loan.
(b) Upon termination of the Loan. If the Loan is terminated prior to the Student’s graduation, the Student shall commence cash repayment no later than ninety (90) days following the date on which the Loan is terminated. For the purpose of this Policy .0501(b), a Loan is terminated upon the occurrence of any of the following events:
   i. the Student withdraws from the Dental Education Program for which the Loan was advanced;
   ii. the Student declines further funding under the Program;
   iii. determination by the Approved Institution or the Authority that the Student is no longer eligible for a Loan under these Program Policies; or
   iv. the Student does not graduate from the Dental Education Program at the Approved Institution.
.0502. Accrual of Interest.
Each Loan shall bear and accrue interest at the rate set forth in the Promissory Note beginning September 1 after completion of the Dental Education Program supported by the Loan or immediately after termination of the Loan, whichever is earlier.

.0503. Repayment Period and Terms.
(a) Repayment Period; Monthly Installments. When a Loan matures for cash repayment under these Program Policies, the Student shall be required to repay the Loan in each case according to a schedule of monthly installments established by the Authority that provides for payment of the Loan in full within twenty (20) years of the date on which cash repayment is commenced.
(b) Extension of the Repayment Period. The Authority may, upon the request of a Student, grant an authorized deferment based on documentation of an extenuating circumstance and thereby extend the repayment period for a Loan by the period of time covered by the authorized deferment.
(c) Forbearance at the Discretion of the Authority. If the Student documents extenuating financial circumstances for the Authority, the Authority may reduce the Student’s monthly payment temporarily and thereby extend the total period of time within which the Student will be required to repay the Loan in full.
.0600. Death of Student.

(a) *While the Student is enrolled in the Dental Education Program.* If a Student dies while the Student is enrolled in the Dental Education Program supported by the Loan, the Authority shall cancel the Loan and not pursue a claim against the Student’s estate.

(b) *After Graduation from the Dental Education Program.* If a Student dies after graduating from the Dental Education Program at the Approved Institution, the Authority shall cancel the Loan and not pursue a claim against the Student’s estate provided that the Student was either eligible for or pursuing Loan forgiveness through service under these Program Policies.

(c) *After Commencement of Cash Repayment.* If the Student is required to repay any Loan in cash under these Program Policies, the outstanding balance on the Loan may be recovered from the Student's estate or cancelled at the discretion of the Authority.

.0601. Disability.

The Authority is authorized to cancel an outstanding Loan upon a finding that the permanent disability of a Student creates the impossibility that the Student will be able to satisfy the requirements of Loan forgiveness within seven years of graduation from the Dental Education Program supported by the Loan. This finding must be documented by the opinion of a doctor of medicine or osteopathy that is legally licensed to practice in a state on a form prescribed by the Authority.
PART VII
APPROVED INSTITUTIONS

.0700. Participation Agreement Required.
In order to administer the Program on behalf of applicants and Students receiving Loans, an
Approved Institution shall enter into a Participation Agreement with the Authority.

.0701. Responsibilities of Approved Institutions.
An Approved Institution shall be responsible for:
(a) designating the dean of the school of or other designee as the primary contact between the
Approved Institution and the Authority charging that person with the primary responsibility for
carrying out the administrative and fiscal provisions of the Participation Agreement;
(b) providing for the dissemination of information about the Program;
(c) counseling applicants and Students about the Program;
(d) determining residency status for tuition purposes;
(e) certifying to the Authority that an applicant meets the eligibility requirements for a Loan
under these Program Policies; and
(f) submitting the applications of Students to facilitate selection of recipients by the Authority
under the Program in accordance with these Program Policies.

.0702. Audit Requirements.
An Approved Institution shall be subject to examination by the State Auditor and the Authority
to determine whether the Approved Institution has complied with the terms of the Participation
Agreement and the applicable provisions of these Program Policies.