

**RULES AND REGULATIONS**  
**NORTH CAROLINA NURSE SCHOLARS PROGRAM**  
**UNDERGRADUATE PROGRAM**

**A Program of the North Carolina  
Nurse Scholars Commission**

**and**

**The North Carolina  
State Education Assistance Authority**

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Adopted July 13, 1990

Amended: February 08, 1991  
February 14, 1992  
February 12, 1993  
March 19, 1994

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**NURSE SCHOLARS PROGRAM**  
**Rules and Regulations**

**.0100 PURPOSE, SCOPE AND DEFINITIONS**

**.0101 PURPOSE**

The Nurse Scholars Program (NSP) was created in 1989, effective for the 1990-91 academic year, by the North Carolina General Assembly. The purpose of the NSP is to provide a competitive, merit-based scholarship loan program available to students of exceptional academic ability who desire to enter the nursing profession and to exceptional registered nurses who want to earn the baccalaureate degree in nursing. Financial need is not a criterion for selection as a Nurse Scholar. Scholars are selected by the North Carolina Nurse Scholars Commission (an independent commission established by the N.C. General Assembly) from among qualified individuals who make application for consideration and plan to study in one of the participating nurse education programs throughout the State. Applicants must intend to (1) enroll full-time in nurse education programs, (2) obtain a degree, (3) be licensed to practice nursing as a registered nurse and (4) pursue a career of nurse service in North Carolina.

**.0102 SCOPE**

Scholarship loans are available for full-time enrollment in nurse education programs located in North Carolina approved by the Commission and the North Carolina Board of Nursing, in instructional programs that lead to a degree which prepares one to be licensed as a registered nurse (RN).

Funding is contingent upon continued appropriations by the General Assembly of North Carolina. Cash repayments made by previous recipients who do not fulfill their service contract(s) are also available to fund future recipients.

NSP is administered, as provided by statute, by the North Carolina State Education Assistance Authority (SEAA), an agency affiliated with The University of North Carolina, General Administration. Rules to administer the NSP program are the responsibility of the Board of Directors of SEAA. Selection criteria, the selection process, selection outreach efforts and association with the nursing community are the responsibilities of the Nurse Scholars Commission. The Commission is staffed by SEAA.

### **.0103 DEFINITIONS**

The following definitions apply to terms used in the "Rules for the Nurse Scholars Program" (hereinafter 'NSP rules'):

(a) Administrative Agreement - An agreement between the State Education Assistance Authority and each Participating School in NSP. This document defines the duties and responsibilities of each party to administer the scholarship loan program.

(b) Appeal Process - The procedure described at .0513 by which an applicant may seek reexamination of a decision by the N.C. Nurse Scholars Commission.

(c) Approved Disciplines - Programs of nurse education, approved by the N.C. Board of Nursing, offered in participating schools and leading to licensure as a Registered Nurse (RN). Said disciplines are determined by the N.C. Nurse Scholars Commission as consistent with the purpose and scope of the NSP program.

(d) Default - Any account that is 120 days delinquent is considered in default and subject to collection procedures incident to such default.

(e) Deferment - The granting of an interruption in the payment of principal and interest on an obligation under terms acceptable to the SEAA (see .0707).

(f) Degree or Certificate - A title or formal recognition conferred upon a student by a college, university, professional school or other educational enterprise to signify completion of a unified program of study resulting in the acquisition of a specific body of knowledge.

(g) Delinquent - Any payment not made within five days of the due date.

(h) Disability - Conditions described at .0509 that are certifiable by appropriate medical authorities with respect to the mental or physical health of an applicant or recipient that may impair the ability of the recipient in fulfilling his/her NSP agreement(s).

(i) Domicile or Residency in North Carolina - The conditions required to establish the applicant as a resident of the State of North Carolina for purposes of school attendance as described at .0201. Generally, a student must meet the requirements of the RESIDENCY MANUAL published by the General Administration of The University of North Carolina establishing the requirements for in-state tuition payment in publicly supported postsecondary institutions in North Carolina.

(j) Employment - The full-time engagement for compensation in a position which requires licensure by the North Carolina Board of Nursing as a Registered Nurse (RN) as a part of the position description as described in .0207.

(k) Financial Hardship - The conditions described at .0510 affecting a scholarship loan recipient under the NSP program.

(l) Forbearance - The granting of an interruption in the payment of principal on an obligation provided that accrued interest is paid under terms acceptable to the SEAA (see .0708).

(m) Full-time Employment - Full-time employment for purposes of qualifying for cancellation of NSP debt means duty hours which are required by the employer as necessary to earn the salary and employee benefits equal to 40 duty hours per week (see .0207).

(n) Grace Period - A ninety (90) day period beginning on the date the student is ineligible to receive further NSP funding

owing to (1) withdrawal from the educational program, (2) ceasing to remain in good standing academically and/or removal from the nurse education program prior to successful completion of the program, (3) completion of academic requirements if the borrower does not take the next licensing examination, or (4) the licensing examination date if borrower writes the examination and intends to repay the loan through service. (see .0703 and .0901)

(o) Health Care Delivery Agency - A health care delivery agency is an entity, determined by the Board of Directors of SEAA, functioning for the principal purpose of providing full-time health care services to the citizens of North Carolina.

(p) North Carolina Nurse Scholars Commission - The eleven-member body, authorized by the General Assembly under G.S. 90-171.60, to determine selection criteria and procedures and to make the selection of Nurse Scholars.

(q) Participating School - An institution of postsecondary education located in North Carolina and operating a program of nurse education leading to the awarding of a degree or certificate enabling the holder to sit for licensure as a Registered Nurse (RN). The Participating School shall be duly chartered or incorporated under laws of the State of North Carolina and fully accredited to offer the program of nurse education. The Participating School must have entered into an Administrative Agreement for NSP with the SEAA.

(r) Practice Approval - The process by which a recipient may seek specific approval for service cancellation at a practice site sanctioned by SEAA.

(s) Practice Sites - The nurse must be employed full-time by a North Carolina health care delivery agency or institution of post-secondary education offering nurse education programs in a position which requires licensure by the N.C. Board of Nursing as a part of the position description. The practice site must be approved by SEAA. (see .0703 and .0801).

(t) Program Office or Program Officer - The staff and personnel employed by The University of North Carolina for the Board of Directors of the North Carolina State Education Assistance Authority who are charged by G.S. 90-171.61 and the SEAA Board with the responsibility for managing, operating and directly overseeing the NSP program.

(u) Program Regulations or NSP Rules - Rules and regulations for the administration of NSP for which the SEAA Board of Directors has responsibility. Chapter 116-204(2) of the General Statutes empowers the SEAA Board of Directors to promulgate such rules.

(v) Promissory Note - The legally enforceable agreement between a NSP recipient and the North Carolina State Education Assistance Authority which sets forth the terms and conditions under which the Authority advances funds to the recipient for educational purposes and describes the

conditions under which the recipient shall repay the scholarship loan in either service or cash.

(w) Renewal Criteria - The academic and personal standards of performance which the Nurse Scholars Commission adopts to be met by Nurse Scholars in order to be eligible for funding in subsequent years.

(x) Satisfactory Academic Progress - The requirements adopted by the Nurse Scholars Commission as sufficient for NSP purposes in reviewing the academic progress of a student in the nurse education program for which the student was approved for a NSP scholarship loan. A student deemed not in satisfactory progress by the educational institution is under no circumstances in satisfactory progress with the Commission and the SEAA. A student deemed in satisfactory progress by the educational institution must also meet the Nurse Scholars Commission's satisfactory progress requirements if different from the institution.

(y) State Education Assistance Authority (SEAA) - The SEAA is a political subdivision created by G.S. 116-201 through 116-209.24 which is an administrative unit of The University of North Carolina General Administration and which is authorized by the General Assembly to administer NSP in cooperation with the N.C. Nurse Scholars Commission, eligible institutions of the public two-year, public university and private college and university sectors of post-secondary education. SEAA is responsible for administration of most State-funded, need-based student assistance programs that are interinstitutional or statewide in nature.

(z) SEAA Board of Directors - The appointed body created under G.S. 116-203 and charged under G.S. 116-204 with powers and duties necessary to carry out the affairs of the North Carolina State Education Assistance Authority.

(aa) Service Cancellation - The requirements set forth at .0701 regarding the repayment to the State of North Carolina through service in an approved site in consideration for the funds advanced to the recipient under the NSP scholarship loan program.

## **.0200 ELIGIBILITY RULES**

### **.0201 DOMICILE**

A recipient of a NSP scholarship loan must be a citizen of the United States and a resident of North Carolina for purposes of tuition payment under the terms and conditions of the Residence Manual (current edition) of The University of North Carolina.

History Note: Amended February 14, 1992, Eff. July 1, 1992.

### **.0202 ACCEPTANCE/ENROLLMENT IM A COURSE OF STUDY**

A recipient must be enrolled in good standing as a full-time student (12 semester/quarter hours) in a nurse education program leading to the designation of Associate Degree in Nursing (ADN), Diploma in Nursing or Baccalaureate Degree in Nursing (BSN) which qualifies the holder to apply for Registered Nurse (RN) licensure. A lower division student enrolled in a four-year college or university may be considered as enrolled if taking courses that will lead to formal admission in a nurse education program.

**.0203 FINANCIAL NEED**

Financial need is not a criterion for selection or renewal as a Nurse Scholar.

**.0204 SCHOLARSHIP LOANS NOT AVAILABLE**

Scholarship loans are not available for:

(a) recipients of loans from the North Carolina Student Loan Program for Health, Science and Mathematics during the same academic year while receiving the Nurse Scholars award;

(b) recipients of scholarship loans under the North Carolina Nurse Education Scholarship Loan Program (NESLP) during the same academic year while receiving the Nurse Scholars award;

(c) individuals who owe a refund on a federal or state grant or who are in default on Perkins Loans or Stafford Student Loans (including Supplemental Loans [SLS] and PLUS) or other student loans;

(d) repeating academic coursework for which a scholarship loan was previously granted, except where such limited repeat coursework is being completed concurrently with a course load for which the student is funded in the succeeding curricular offering;

(e) enrollment during any period(s) in which the student is not in good standing in the nurse education program or does not meet renewal criteria of the Nurse Scholars Commission;

(f) enrollment in educational institutions that do not offer nurse education programs in North Carolina and which are not Participating Schools in NSP;

(g) educational credits through correspondence or extension courses; and

(h) enrollment in a nurse education program on less than a full-time basis.

#### **.0205 CRITERIA FOR SELECTION OF RECIPIENTS**

The following criteria are to be considered in selecting NSP participants:

(a) high school grades or postsecondary education grade point average;

(b) leadership experience and potential;

(c) individuals who are non-traditional students (older students, ethnic minorities, males and students with previously earned degrees or licenses);

(d) student's satisfactory academic progress or acceptance in a nurse education program for which NSP scholarship loans are awarded;

(e) United States citizenship and North Carolina residency;

(f) student's willingness to enter into a contractual agreement with the State Education Assistance Authority (SEAA) to practice full-time as an RN in North Carolina following completion of the education program or repay in cash the amount received under NSP plus interest at an annual rate of 10%;

(g) student's willingness to comply with the rules and regulations of NSP.

History Note: Amended February 14, 1992, Eff. July 1, 1992.

**.0206 METHOD OF SELECTION OF RECIPIENTS**

The following method of selection of recipients shall be employed for NSP:

a) the dean or director of the nurse education program or the dean or director's designee in the Participating School and the State Education Assistance Authority shall publicize the availability of applications and make applications available for all interested individuals;

b) the intent of the student to practice nursing in North Carolina following the acquisition of the desired education and subsequent licensure shall be evaluated; and

c) a priority for making NSP awards among the eligible students shall be established that, in the opinion of the Nurse Scholars Commission, best meets the objectives for the program to produce the most outstanding candidates for full-time nursing practice in North Carolina.

History Note: Amended February 14, 1992, Eff. July 1, 1992.

**.0207 AGREEMENT TO WORK IN NORTH CAROLINA**

(a) Upon completion of all required academic coursework and/or postgraduate training, scholarship loan recipients who desire to repay their scholarship by service shall agree to accept employment in North Carolina. The length of practice service will be equated to total funds received by the student, plus any accrued interest. For example, a student receiving the annual \$5000 NSP award will be required to practice one year in North Carolina as an RN for each year of NSP award.

(b) For each calendar month of approved, full-time employment (for a minimum of six months with one employer) as a Registered Nurse (RN) in North Carolina, the recipient's obligation will be cancelled, based upon the principal amount, at the rate of \$417.

(c) Employment must be in a position that requires Registered Nurse licensure by the North Carolina Board of Nursing as a part of the position description. The NSP recipient must work full-time as herein defined:

(1) Full-time employment for purposes of qualifying for cancellation of NSP debt means duty hours that are required by the employer as necessary to earn the salary and employee benefits equivalent to 40 duty hours per week.

(2) The nurse recipient must submit documentation, upon employment, to the SEAA from an appropriate official certifying the official beginning date(s) of full-time employment.

(3) A waiver may be requested for part-time employment for full-time service credit under both of the following conditions:

(A) be enrolled at least half-time in a higher degree nursing program, verified by the institution; and

(B) be employed as a nurse earning a salary, exclusive of any employee benefits, equal to 40 duty hours per week, as verified by the employer.

(d) Recipients agree to follow all NSP Rules and Regulations for service cancellation.

(e) Recipients agree to keep the SEAA promptly apprised at all times of changes in circumstances affecting the repayment in service or cash of the NSP award(s).

## **.0300 INITIAL APPLICATION**

### **.0301 APPLICATION AND SUPPORTING INFORMATION**

(a) Application to be considered for a NSP scholarship loan must be made on forms approved by the North Carolina Nurse Scholars Commission;

(b) Scholarship applicants must agree to complete: (1) a Promissory Note which details the amount of the NSP award and the terms and conditions of repayment; and (2) a Disclosure Statement regarding their understanding of the NSP Program;

(c) The SEAA staff may contact the high school guidance counselor, student aid office, the dean or director of nursing, or other sources of information which it deems necessary to verify all information submitted on each scholarship loan application and the applicant, by means of applying, grants a waiver to all privacy requirements in order to be considered as a NSP nominee.

### **.0302 SELECTION**

Recipients of NSP scholarship loans will be selected by the North Carolina Nurse Scholars Commission based upon selection criteria that the Commission has adopted.

**.0303 APPROVAL**

SEAA will approve the NSP award provided:

(a) the recipient is certified by the institution in which enrolled as a full-time nurse education student (see .0202 regarding lower division BSN students);

(b) the Disclosure Statement and Data Sheet, completed by the applicant, are correct; and

(c) the Promissory Note is negotiated properly.

**.0304 SECURITY FOR THE SCHOLARSHIP LOAN**

(a) Each scholarship loan must be secured by a Promissory Note signed by the recipient;

(b) Sureties (cosigners) are not required for this program;

(c) The recipient must complete and sign the Promissory Note before a notary public or a clerk of superior court who certifies the signing.

**.0305 CHECK DISBURSEMENT**

(a) Upon receipt and approval of the properly executed Promissory Note and other required documentation, the SEAA will authorize a check to be issued on the student's behalf;

(b) Checks will be mailed to the student aid office at the institution in which the student is enrolled for disbursement to the student after all school charges or expenses have been met and upon verification of enrollment for the term for which funded and the withholding of any funds owed the institution;

(c) Checks are issued for the fall, winter and spring semesters/quarters;

(d) Checks not disbursed to eligible students shall be returned to SEAA within sixty (60) days of the beginning date of the semester/quarter for which they were issued or sixty (60) days from the date the check was printed, whichever is later.

**.0400 RENEWAL LOANS**

**.0401 TIME LIMIT**

Scholarships are approved for only one academic year at a time. Payments will be made on a fall, winter and spring semester/quarter basis.

**.0402 RENEWAL APPLICATIONS**

The recipient must be evaluated each year by the SEAA for renewal of the NSP award based upon criteria adopted by the Nurse Scholars Commission and the potential duration of the initial award. The recipient must be making satisfactory academic progress, as defined by the Commission and the institution, to be eligible for renewal:

(a) A NSP recipient who transfers to another participating school is eligible for NSP funding in the second participating school provided the recipient was making satisfactory academic progress, as defined by the Commission and the respective schools, and is eligible to return to the previous institution (see also .0511);

(b) Renewal of the Scholarship beyond the first year is based upon academic performance in the preceding academic year (fall, winter and/or spring and subsequent summer sessions) rather than upon a cumulative grade point average (GPA);

(c) The Nurse Scholars Commission has defined grade point averages for renewal, based upon a four-point scale, for each new class of Nurse Scholars. Scholars are provided the renewal GPA requirement at the time the award is offered.

(d) The recipient must also remain in good standing academically, financially and socially (be in good standing with residence life and the student honor system if applicable) in the institution in which enrolled.

(e) Renewal awards are made subject to appropriations by the North Carolina General Assembly for the NSP.

History Note: Amended February 14, 1992, Eff. July 1, 1992.

#### **.0403 REPETITION OF ACADEMIC WORK**

Scholarship recipients who repeat academic work are not eligible for NSP financial assistance, except where limited coursework is being repeated concurrently with a course load, appropriate for the NSP award, in the succeeding curricular offerings. In such cases the ratio of repeat course work to progressive course work shall not exceed one to four or 25%.

**.0500 GENERAL RULES**

**.0501 STATE POLICY ON CIVIL RIGHTS**

(a) The State of North Carolina is committed to the nondiscriminatory administration of funds and programs.

(b) No citizen of the United States domiciled in the State of North Carolina shall be denied participation in the Program, be denied benefits of the Program, or be subjected to discrimination under NSP because of race, color, age, sex, national origin, or a handicapping condition.

History Note: Amended February 14, 1992, Eff. July 1, 1992.

**.0502 RESPONSIBILITIES OF N.C. NURSE SCHOLARS COMMISSION**

It is the Nurse Scholars Commission's responsibility to:

(a) adopt stringent standards to ensure that only the best potential students receive scholarship loans under NSP;

(b) determine selection criteria and methods of selection of Nurse Scholars;

(c) select Nurse Scholars and inform the SEAA of its decisions; and

(d) approve standards for NSP renewal.

### **.0503 RESPONSIBILITIES OF PARTICIPATING SCHOOLS**

(a) Participating Schools (or institutions) shall designate the director of student aid or another officer charged with primary responsibility to carry out administrative and fiscal provisions of the Administrative Agreement with the State Education Assistance Authority (SEAA). Such officer shall be the official contact between the Institution and SEAA on all fiscal matters relating to NSP;

(b) The dean or director of the nurse education program shall designate a contact person for NSP. This contact person shall provide counseling and information to apprise eligible students of NSP, the terms thereof, the requirements of and expectations of the North Carolina General Assembly, the Nurse Scholars Commission, SEAA, and the Institution;

(c) Institutions shall review likely candidates for NSP, based upon general standards of eligibility, and provide information and application materials to interested individuals as follows:

(1) determine residency status for tuition payment purposes;

(2) inform potential candidates of the minimum selection criteria established by the Commission for the present award year;

(3) inform potential applicants of the requirement regarding the intent of applicants to practice nursing in North Carolina following completion of nurse education and licensure;

(4) publicize the NSP awards and make available application materials and instructions to students;

(5) complete forms, sent by SEAA, requesting verification of admission of the NSP applicant to the nurse education program (or to the institution for BSN freshmen and sophomore non-traditional students) and that the NSP applicant is a North Carolina resident for tuition purposes; and

(6) The Commission encourages participating institutions to provide application materials to all students who meet the minimum criteria for consideration as a Nurse Scholar.

(d) Institutions shall serve as the primary conduit of information exchange between SEAA and student applicants and recipients during the time that such persons remain enrolled in the Institution.

(e) The dean or director (or a designee) of the nurse education program in the participating institution shall be

the contact person for purposes of confirming eligibility of recipients to continue in the professional program;

(f) Institutions are encouraged to include Nurse Scholars enrolled in their program in any special events such as lectures, professional enrichment sessions or social activities which may serve to carry out the statutory requirement that the NSP program "shall provide for participants to be exposed to a range of extracurricular activities while in school, such activities shall be aimed at instilling in students a strong motivation to remain in the practice of nursing and to provide leadership for the nursing profession."

(g) Institutions shall provide with respect to NSP recipients such information as may be requested by SEAA or by the State Auditor, provided such data requests are not inconsistent with laws governing privacy of personal information.

History Note: Amended February 14, 1992, Eff. July 1, 1992.

**.0504 RESPONSIBILITY OF THE STATE EDUCATION ASSISTANCE AUTHORITY**

(a) The State Education Assistance Authority (SEAA) has responsibility under Article 9C of Chapter 90 of the General Statutes for the following functions:

(1) to promulgate the rules and regulations necessary to implement the scholarship loan program;



(2) to disburse, collect and monitor scholarship loan funds;

(3) to establish the terms and conditions of promissory notes executed by loan recipients;

(4) to approve service repayment agreements; and

(5) to collect cash repayments required when service repayment is not completed.

(b) SEAA shall enter into an Administrative Agreement with each NSP Participating School;

(c) SEAA shall inform Participating School(s) in a timely manner of funds available for NSP and of rules and regulations pertaining to the Program;

(d) The SEAA is governed by a Board of Directors consisting of seven members, each of whom is appointed by the Governor;

(e) Consistent with the Bylaws of the SEAA Board of Directors, the Executive Committee is empowered to act for the Board between regular meetings subject to ratification at the next regularly scheduled meeting of the Board. The actions of the Executive Committee are binding at the time as if an action of the full board.

**.0505 PERMISSIBLE USE**

Scholarship loans shall be used only for payment of tuition, required fees, institutional equipment, training materials and books, living expenses, and other educationally-related expenses.

**.0506 CORRESPONDENCE**

(a) A recipient is responsible for answering promptly all correspondence related to NSP from the Participating School and the SEAA Office.

(b) A recipient is responsible for notifying the Participating School and the SEAA Office of any change(s) in name, address, academic standing or other pertinent circumstances which would affect the recipient's scholarship loan status while the contract is in force.

(c) Failure to fulfill (a) and (b) may disqualify the applicant from further NSP consideration or may result in a condition of default.

**.0507 SURETIES (COSIGNERS)**

Cosigners are not required for this program.

#### **.0508 DEATH OF LOAN RECIPIENT**

If a recipient dies while the contract is in force, any balance owed on the contract may be recovered from the deceased recipient's estate or forgiven by the Board of Directors of the SEAA at the discretion of the Board.

History Note: Amended February 14, 1992, Eff. July 1, 1992.

#### **.0509 DISABILITY**

(a) In the event that a recipient becomes, in the opinion of a competent medical authority, mentally or physically disabled after incurring a NSP obligation, the recipient (or legally authorized representative) may apply to the SEAA for a waiver, deferment, or suspension of any loan obligation. Deferments shall be reviewed not less than once annually by the SEAA.

(b) Cancellation of any obligation owing to disability must be approved by the Board of Directors of the SEAA. This cancellation shall be based only upon a medical determination of total and permanent disability which causes the borrower to be unable to engage in any substantial gainful activity.

History Note: Adopted March 18, 1994, Effective July 1, 1994.

**.0510 FINANCIAL HARDSHIP**

In the event that a loan recipient can prove severe financial hardship over an extended period of time, the recipient may apply to the SEAA for a waiver, deferment or cancellation of any outstanding loan obligation(s). All approved deferments will be reviewed on an annual basis. All requests for loan cancellation due to financial hardship must be approved by the Board of Directors of SEAA.

**.0511 TRANSFER**

(a) A NSP award may be transferred from one Participating School to another Participating School prior to beginning the nurse education program, provided the subsequent program of nurse education is (1) of the same duration or of shorter duration, (2) the amount of the NSP award is the same or a lesser amount than the original NSP award and (3) the recipient was admitted to the institution to which the NSP award transfer is requested on or before the date the NSP award was made by the Commission.

(b) A NSP recipient may be considered for renewal NSP assistance in a different Participating School, provided:

(1) the recipient left the previously attended institution in good academic and social standing and was eligible to continue in the nurse education program;

(2) the recipient meets the Nurse Scholars Commission's requirements for award renewal.

(3) the subsequent program of nurse education is of the same duration and type of academic program as the previously attended institution (i.e. both BSN programs or ADN programs);

(4) the total amount of the NSP award is the same as the original NSP award; and

(5) the recipient will enter the nursing program to which a transfer is being made within one year of leaving the previously attended institution.

History Note: Amended February 14, 1992, Eff. July 1, 1992.

Amended July 10, 1992, Eff. July 10, 1992.

#### **.0512 INELIGIBILITY**

Loans shall become due and payable unless deferment or forbearance is granted to the borrower within ninety (90) days after:

(a) the borrower's withdrawal from the nurse education program prior to the successful completion of all academic coursework;

(b) the borrower's ceasing to remain in good standing academically or removal from the nurse education program prior to the successful completion of all required coursework;

(c) the borrower's decision to decline further funding for which borrower is eligible; or

(d) the borrower's failure to meet the standards set by the Nurse Scholars Commission.

In the event that the borrower becomes mentally or physically disabled after incurring a loan obligation, the borrower may apply to the SEAA for a waiver, deferment or suspension of the loan obligation. (see .0509)

History Note: Amended February 14, 1992, Eff. July 1, 1992.

### **.0513 APPEAL PROCESS**

All appeals by students regarding NSP must be directed in writing to the assistant director in the Office of Special Programs, SEAA, which is responsible for providing staff support for the N.C. Nurse Scholars Commission and the Board of Directors of SEAA in carrying out administration of NSP. The assistant director shall consider the merits of the appeal, resolve the matter administratively or seek the decision of the executive committee of the SEAA Board of Directors.

**.0514 DEPENDENT/INDEPENDENT STUDENT STATUS**

With respect to any condition in which the SEAA may determine that the independent or dependent status of the student is relevant to the NSP program, the current federal definition of an independent student shall be applied.

**.0600 SCHOLARSHIP LOAN AMOUNTS**

**.0601 ANNUAL AWARD AMOUNTS**

Award amounts are as follows:

- (a) Associate Degree Programs (ADN) - \$3000 per year;
- (b) Registered Nurses completing the Bachelors of Science in Nursing Degree (BSN) - \$3000 per year;
- (c) Community College transfer students and juniors in the BSN programs - \$3000 per year; and
- (d) Freshmen and nontraditional students in the BSN programs - \$5000 per year.

**.0602 MAXIMUM AGGREGATE SCHOLARSHIP LOAN AMOUNTS**

Maximum aggregate loan amounts are as follows:

- (a) Associate Degree Programs (ADN) and Diploma Programs - \$6000;
- (b) Registered Nurses completing the Bachelors of Science in Nursing Degree (BSN) - \$6000;

(c) Community College transfer students and juniors in the BSN programs - \$6000; and

(d) Freshmen and nontraditional students in the BSN programs - \$20,000.

**.0700 GENERAL PRACTICE RULES**

**.0701 CANCELLATION**

(a) Scholarship loans may be cancelled with interest on the basis of full-time employment as a nurse in an approved site in North Carolina. All NSP loans cancelled through service must be cancelled within seven years after graduation from a nurse education program.

(b) Scholarship loans are cancelled for each calendar month of approved full-time employment as an RN, based upon the principal amount, at the rate of \$417 per month.

(c) Service cancellation cannot begin before completion of the degree for which funding was received.

(d) A period of six months of full-time continuous practice with one employer at an approved site as an RN is required to qualify for any cancellation of principal or interest which shall be credited toward cancellation after qualification therefore;

(e) Scholarship loans shall be cancelled sequentially, with the initial loan being cancelled first.

History Note: Amended February 14, 1992, Eff. July 1, 1992.

**.0702 EXAMINATIONS**

(a) The NCLEX licensure examination must be written within 45 days after receiving an authorization to write the test from the state board of nursing. Loans become due and payable according to the chart illustrated under .0703 (a) of these rules and regulations.

(b) The recipient who fails the first licensure examination should reschedule the examination as soon as the state board of nursing will permit. If the recipient fails to pass the first two successive licensure examinations offered following the completion of required coursework, the recipient must begin cash repayment. Service repayment may be instated upon later passage and qualification as an RN, but no refund shall be given for any cash payments made during a period of ineligibility as an RN.

History Note: Amended March 18, 1994, Effective July 1, 1994.

**.0703 PRACTICE OR EMPLOYMENT**

(a) Full-time employment shall begin according to the table below:

<u>Graduation Date</u>	<u>Begin 90-Day Grace Period</u>	<u>Must be in Cash or Service Repayment</u>
January 1-March 31	May 1	August 1
April 1-June 30	August 1	November 1
July 1-September 30	November 1	February 1
October 1-December 31	February 1	May 1

(b) The nurse must be employed full-time by a health care delivery agency in North Carolina in a position that requires licensure by the N.C. Board of Nursing as a part of the position description.

History Note: Amended March 18, 1994, Effective July 1, 1994.

#### **.0704 EXCLUSIONS**

(a) Self-employment is excluded for purposes of service cancellation of loans.

(b) Employment in military hospitals is excluded for purposes of service cancellation of loans.

History Note: Amended March 18, 1994, Effective July 1, 1994.

#### **.0705 CERTIFICATION OF SERVICE**

(a) The recipient must submit, upon employment, to SEAA a letter from an appropriate official on institutional letterhead stationery, or appropriately completed SEAA form, verifying the beginning date of full-time employment in order to receive approval of service for service cancellation of a NSP loan.

If the recipient fails to submit the appropriate employment verification within the grace period, the SEAA will consider the account to be due and payable and require cash payment of the loan.

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(b) SEAA will request a letter of certification of service from an institution or agency at the end of employment required to retire the promissory note for each year of the recipient's obligation.

(c) The SEAA reserves the right to conduct its own inquiries to verify fulfillment of loan commitments.

#### **.0706 PRACTICE APPROVAL**

The SEAA reserves the right to disapprove a practice location if not in accord with the purpose of the Program as stated in Rule .0101 and .0703.

#### **.0707 DEFERMENT**

Deferment of the loan commitment may be granted for a specified time period at the discretion of the SEAA upon receipt of a written deferment request and proper documentation of the deferment under the following circumstances:

(a) personal illness upon receipt of a written statement from a health care provider stating the nature and on-set of the illness and the tentative date that the recipient will be able to return to training or employment;

(b) maternity leave of absence for a period not to exceed the nine months of the pregnancy and three months after the

pregnancy, unless extended by the SEAA (not to exceed in any case a total of 18 months) due to extenuating circumstances, upon receipt of a written statement from a health care provider verifying the pregnancy;

(c) at least half-time enrollment in a program of nurse education leading to a higher degree related to nursing practice than the degree for which recipient received NSP funding.

(d) full-time enrollment, on a year-to-year basis, to extend no longer than the completion of education (in either nursing or another discipline), provided recipient continues to be enrolled in a full-time academic load.

Interest on the outstanding NSP loan balance shall accrue during the approved deferment and must be repaid either in cash or service cancellation. The granting of a period of deferment will not extend the maximum time permitted for service or cash repayment of the loan balance.

#### **.0708 FORBEARANCE**

Forbearance of the loan commitment may be granted for a specified time period at the discretion of the SEAA upon receipt of a written forbearance request and proper documentation in the following circumstances:

(a) recipient continues to be enrolled in at least a half-time academic load; or

(b) recipient is providing needed care to a family member who is sick or disabled;

(1) for purposes of this section a family member shall consist of spouse, child, parent or step-parent of the recipient; and

(2) forbearance for care of a family member shall be for a maximum of one year.

Repayment of the principal owed will be deferred during the period of approved forbearance. If interest is currently accruing on the NSP scholarship loan, it will continue to accrue during the time of forbearance and must be paid on a regular basis as agreed upon with SEAA.

History Note: Amended February 14, 1992, Eff. July 1, 1992.

#### **.0709 REINSTATEMENT OF SERVICE CANCELLATION**

Scholarship loan recipients who were ineligible to repay the loan through service and are currently repaying the loan by cash, having later become eligible for service cancellation, may repay the remaining outstanding balance of the loan(s) under the following conditions:

(a) Eligibility:

(1) recipient's account must be in current status with no past due payment(s) outstanding;

(2) recipient must hold a valid North Carolina RN license issued by the N.C. Board of Nursing;

(3) recipient must submit to SEAA appropriate practice information for approval of the practice agency.

(b) Repayment:

(1) Accrued Interest - If the recipient's account is in a current status and all current interest and all capitalized interest has not been paid, all current and capitalized interest may be cancelled in cash or through service.

(2) Principal - Scholarship loan recipients must work full-time in an approved practice site for a minimum of six months in order for this service to repay principal owed under NSP.

NOTE: Service credit will be applied first to outstanding current interest and then to the outstanding principal amount.

History Note: Amended February 12, 1993, Eff. July 1, 1993.

## **.0800 SPECIFIC PRACTICE REQUIREMENTS**

### **.0801 PRACTICE SITE**

A NSP recipient must be employed in a position that requires Registered Nurse licensure by the N. C. Board of Nursing as a part of the position description in a health care delivery agency or institution in North Carolina. The nurse must work full-time as herein defined:

(a) Full-time employment for purposes of qualifying for cancellation of NSP debt means duty hours that are required by the employer as necessary to earn the salary and employee benefits equivalent to 40 duty hours per week.

(b) The recipient must submit to the SEAA documentation from an appropriate official certifying the official beginning (and ending) date(s) of full-time employment subject to the time limitations prescribed in section .0703 of these rules and regulations.

(c) A waiver may be requested for part-time employment for full-time service credit under both of the following conditions:

(1) be enrolled at least half-time in a higher degree nursing program, verified by the institution; and

(2) be employed as a nurse and earning a salary, exclusive of any employee benefits, equal to 40 duty hours per week, as verified by the employer.

**.0802 CONCURRENT FUNDING AND PRACTICE OBLIGATION**

Recipients may be approved by SEAA for concurrent practice for any periods of time for which they are fulfilling a service obligation other than that of the NSP, the Nurse Education Scholarship Loan Program (NESLP) or the Student Loan Program for Health, Science and Mathematics if such other service obligation is being performed in satisfaction of an agreement funded by a source other than the State of North Carolina or its agencies.

## **.0900 CASH REPAYMENT**

### **.0901 REPAYMENT**

Unless cancelled pursuant to section .0700, a scholarship loan shall be repaid with interest at the rate of ten percent (10%) per year. Cash repayment shall be completed within ten years after graduation from or termination of enrollment in a nursing education program for which the scholarship loan was awarded. Repayment shall commence not later than ninety (90) days following the licensing examination date for recipients who complete the nurse education program for which the loan was advanced or the termination of the scholarship loan, whichever event occurs first. For the purposes of this section, "termination of the scholarship loan" means:

- (a) the borrower's withdrawal from the nursing education program for which the scholarship loan was advanced prior to the successful completion of all academic course work;
- (b) the borrower's withdrawal from the nursing education program for failure to maintain satisfactory academic progress;
- (c) the borrower's failure to comply with the requirements of section .0700 for service cancellation;
- (d) the borrower's decision to decline further funding for which he or she is eligible; or

(e) the borrower's failure to meet the standards set by the Nurse Scholars Commission.

History Note: Amended February 14, 1992, Eff. July 1, 1992.

**.0902 RATE OF INTEREST**

All NSP awards shall bear interest at the rate of ten percent (10%) per year.

**.0903 COMPUTATION OF INTEREST**

Interest at the rate of ten percent (10%) per year shall be charged on each scholarship loan beginning ninety (90) days after completion of the nurse program or ninety (90) days after termination of the scholarship loan, whichever is earlier.

**.0904 CAPITALIZATION OF ACCRUED INTEREST**

No in-school interest is accrued on NSP loans. There is, therefore, no interest to be capitalized at the time that repayment of the obligation in cash is due.

**.0905 DATE DUE/DELINQUENCY/DEFAULT**

(a) If a recipient, for whatever reason, becomes ineligible to continue participation in the program, the total principal and interest owed becomes due and payable not later than ninety (90) days following withdrawal from nurse education.

(b) The principal and interest on the note(s) of a recipient who graduates from the nurse education program becomes due and payable 90 days following the first licensure examination or the failure to commence or continue full-time employment as a nurse in North Carolina.

(c) The graduate who writes the first NCLEX licensure examination after completion of nurse education and is not informed of examination results within the ninety (90) day grace period may be granted 30 days after notification of licensure to commence full-time employment as a nurse in North Carolina before the note(s) become due and payable.

(d) The total amount of the recipient's obligation is due and payable, however, SEAA may permit the recipient, upon request, to make installment payments of principal and interest.

(e) Installment payments of NSP indebtedness are due to be received in SEAA on the first day of each month.

(f) A recipient's account is past due and subject to penalties, if any, when the payment is not received within five (5) days of the due date which shall be the first day of each month.

(g) A delinquent account, as described in (f), is considered in default if it becomes 120 days delinquent and is subject to collection procedures incident to such default.

(h) Late payment fees or penalties may be assessed if the debtor is chronically late in making payments due.

#### **.0906 COLLECTION OF PAST DUE ACCOUNTS**

(a) Garnishment of Wages - State Government Employees

After unsuccessful attempts have been made to collect past due accounts of State employees who are also loan recipients, the following actions shall be taken:

(1) Recipient will receive a written notice stating that full restitution of the amount owed is a condition of continued employment (Chapter 143, Article 59 of the North Carolina General Statutes);

(2) Thirty (30) days or less after receipt of this notice, affected delinquent borrowers must make satisfactory arrangements with the SEAA to repay the

total amount owed by a specified time period;

(3) State employees with delinquent accounts who do not make arrangements to repay their loan obligations in full will have steps taken to terminate their employment as provided by statute unless the employee is pursuing administrative or judicial remedies.

(b) Garnishment of Wages - Private Sector Employees

Following unsuccessful attempts to collect past due accounts of delinquent borrowers who are employed in the private sector and located in North Carolina, the past due debt will be declared in default and transferred to the Office of the Attorney General at SEAA to seek settlement through the entry of a judgment whereby the provisions of Chapter 105B-1 to 105-5 of the General Statutes may be employed in a judgment. The statute permits a court to garnish salaries and wages as a means of enforcing a judgment against a debtor owing a debt to SEAA;

(c) Set Off Debt Collection

The following actions will be taken against NSP "debtors" in an effort to collect delinquent accounts of fifty dollars (\$50) or more from loan recipients who are also North Carolina residents:

(1) The SEAA will submit the names of North Carolina delinquent loan recipients to the Department of Revenue pursuant to General Statutes 105-105A-2. SEAA will request that the State Income Tax refunds be set aside for the total amount owed to SEAA;

(2) "Debtor" is defined as "any individual owing money to or having a delinquent account with any claimant agency which obligation has not been adjudicated satisfactorily by court order, set aside by court order, or discharged in bankruptcy." As a general policy, delinquent accounts of ninety (90) days or less will not be submitted to the Department of Revenue;

(3) Upon written notification from the Department of Revenue that a debtor is entitled to a refund, the SEAA will send written notification to the debtor and to the Department of Revenue asserting rights to the refund or any part thereof. Objections to the claim must be filed in writing with the SEAA;

(4) If a claim is contested, SEAA will notify the Department of Revenue and indicate a date by which final determination of this claim might be reasonably expected;

(5) The SEAA shall afford the delinquent borrower the right of appeal specified under G.S. 105A-2;

(6) If the claim is paid or otherwise settled, SEAA will notify the Department of Revenue immediately so that the tax refund can be released.

**.0907 SUIT FOR COLLECTION**

(a) If it becomes necessary to refer a defaulted account to an attorney for legal action, the maker of the Promissory Note will be charged an additional amount or the cost of the litigation, including court costs and any attorney fees;

(b) If it becomes necessary to refer a defaulted account to a collection agency or if legal action is brought by the collection agency, the maker of the Promissory Note will be charged the collection agency fee and/or any costs incurred for litigation, including attorney's fees;

(c) When an account is delinquent for the time set forth in these rules, it shall be declared defaulted and referred to the Office of the Attorney General at SEAA to seek the powers of the Courts of North Carolina to effect recovery.

**.0908 ELIGIBILITY CRITERIA FOR REINSTATEMENT OF SERVICE OPTION**

See .0709 for these criteria.

**.0909 WRITE-OFF POLICY**

Termination of collection activity on an account, the closing of the associated account file, and the transfer of the account from an active to a write-off status for accounting and reporting purposes shall occur only after completion of all collection efforts required by these rules and regulations and the determination of the Attorney General's Office that a judgment is uncollectible.

Approval for the transfer of an account from an active to a written-off status will require written approval by the following individuals based upon the amount being written off:

- \$ 0 - 25 - Repayment Clerk and Repayment Specialist
- \$ 26 - 500 - Repayment Specialist and Assistant Director
- \$501 and up - Assistant Director and Executive Director on behalf of the SEAA Board of Directors.

History Note: Adopted February 14, 1992, Eff. July 1, 1992.