REGULATIONS GOVERNING
the
NEED-BASED SCHOLARSHIP LOAN PROGRAMS:

NURSE EDUCATION SCHOLARSHIP LOAN PROGRAM
STUDENT LOAN PROGRAM FOR HEALTH, SCIENCE AND
MATHEMATICS

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PART I
SHORT TITLE, PURPOSE AND DEFINITIONS

.0100. Short Title. The Regulations Governing the Need-Based Scholarship Loan Programs may hereinafter by cited by the State Education Assistance Authority, and are sometimes referred to, as the "Need-Based Program Regulations" or "these Regulations."

.0101. The Programs and Their Purpose. The Need-Based Scholarship Loan Programs are the Nurse Education Scholarship Loan Program (hereinafter referred to as "NESLP") and the Student Loan Program for Health, Science and Mathematics (hereinafter referred to as "HSM"). The Need-Based Scholarship Loan Programs provide financial assistance to qualified North Carolina residents enrolled in certain nurse education and other allied health, mathematics and science programs on the basis of demonstrated financial need in accordance with Article 23 of Chapter 116 of the North Carolina General Statutes, Section 90-171.65 of the General Statutes and these Regulations. The Programs are designed to increase the number of (i) registered nurses and licensed practical nurses, (ii) certified professionals in certain healthcare and related fields, and (iii) qualified teachers or instructors in the fields of mathematics and science by providing financial assistance for the requisite postsecondary education based upon demonstrated need and the recipient's commitment to work in North Carolina in the profession for which a need-based scholarship loan is received. Funding for both Programs is contingent each year upon appropriations made available to the State Education Assistance Authority by the General Assembly of the State of North Carolina and the availability of cash repayments collected from Recipients who do not qualify for or complete loan forgiveness under Part V of these Regulations.
.0102. Definitions. Unless the context clearly indicates some other meaning, the following capitalized words and phrases shall have the corresponding meanings in these Regulations:

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

(b) "Administrative Agreement" means the agreement, in a form acceptable to the Authority, by which a Participating School agrees to administer the Need-Based Scholarship Loan Programs in compliance with applicable State law and these Regulations.

(c) "Authority" or "SEAA" 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.

(d) "Authority Board" means the Board of Directors of the Authority.

(e) "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.

(f) "Loan" or "Program Loan" means the financial assistance provided to a Recipient under one of the Need-Based Scholarship Loan Programs for payment of the Recipient's cost of attendance, or a portion thereof, at a Participating School.

(g) "Participating School" means, in the case of the NESLP, any constituent institution of The University of North Carolina, any community college under the auspices of the State Board of Community Colleges, and any private nonprofit postsecondary institution located in North Carolina and duly chartered or incorporated under the laws of the State that offers an accredited program of nurse education leading to the awarding of a degree or certificate enabling the holder to sit for licensure as a Licensed Practical Nurse (LPN) or a Registered Nurse (RN) and, in the case of HSM, an institution of postsecondary education located in the United States and
duly chartered or incorporated under the laws of the state in which it is located and operating an accredited Qualified Program leading to the awarding of a degree or certificate enabling the holder to sit for licensure in an approved discipline for HSM.

(h) “Programs” means the Need-Based Scholarship Loan Programs.

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

(j) “Qualified Program” means any one of the programs of study at a Participating School approved by the executive director or the appropriate division director of the Authority for the Programs in accordance with G.S. § 90-171.65, in the case of the NESLP, and a duly adopted resolution of the Authority Board and these Regulations, in the case of the HSM.

(k) “Recipient” means the student who receives a Loan under one of the Need-Based Scholarship Loan Programs in accordance with these Regulations.

(l) “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.

(m) “Satisfactory Academic Progress” means the standard or standards by which a Participating School measures a student’s academic progress toward completion of the Qualified Program in which the Recipient is enrolled.

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

.0200. General Rule. An applicant for a Program Loan is eligible to be considered by a Participating School, in the case of an applicant to the NESLP, or the Authority, in the case of an applicant to the HSM, if, as of the date of application, the applicant:

(a) has complied with the application procedures set forth in Part III of these Regulations;
(b) meets the requirements for North Carolina residency for tuition purposes in accordance with the Residence Manual;
(c) is enrolled, or accepted for enrollment, on at least a half-time basis in a Qualified Program at a Participating School;
(d) has unmet financial need as determined by a qualified financial aid professional at the Participating School, in the case of an applicant to the NESLP, or the Authority, in the case of an applicant to the HSM, in either case based upon the federal methodology in effect as of the date of application for the awarding of financial aid under Title IV of the Higher Education Act of 1965, as amended, and the applicable regulations promulgated thereunder;
(e) has either met the registration requirements of the Military Service Act or is excused therefrom, in accordance with G.S. § 143B-421.1; and
(f) is not in default, or does not owe a refund, under any federal or state loan or grant program.

.0201. Renewal Loans. A Recipient is eligible to receive a Loan for an Academic Year immediately following the Academic Year for which the Recipient previously received a Loan if, as of the date of application for a renewal Loan, the Recipient:

(a) is honoring the terms of the Promissory Note and is otherwise in compliance with these Regulations;
(b) is maintaining Satisfactory Academic Progress in the Qualified Program for which the Recipient previously received a Loan; and
(c) if, the Recipient is scheduled to repeat any course, or is enrolled in any remedial or developmental course, the repeated, remedial or developmental course is necessary in order for the Recipient to maintain Satisfactory Academic Progress in the Qualified Program for which the Recipient has applied for a renewal Loan and the repeated, remedial or developmental course does not constitute more than one-fourth of the academic credits for the semester, or equivalent term.
PART III
APPLICATION PROCEDURES; SELECTION OF RECIPIENTS AND LOAN APPROVAL

.0300. Application and Supporting Documentation.
   (a) Application. An applicant for a Program Loan under the NESLP must sign and submit a completed application to the financial aid office of the Participating School at which the applicant is enrolled, or accepted for enrollment, on a form acceptable to the Participating School and approved by the Authority; an applicant for a Program Loan under the HSM must sign and submit a completed application to the Authority on a form acceptable to the Authority.
   (b) FAFSA Required. Prior to submitting an application for a Program Loan in accordance with subsection (a) of this Rule .0300, an applicant must have completed and submitted a FAFSA in accordance with applicable federal law for the Academic Year for which the applicant is requesting a Program Loan.
   (c) Academic Year Covered by an Application for a Program Loan. An application for a Program Loan may be submitted for no more than one Academic Year at a time.
   (d) Supporting Documentation. The Authority or the Participating School may require an applicant to submit documentation or additional information in support of the applicant’s application or in order to substantiate information presented in the application or the corresponding FAFSA before considering the applicant for a Program Loan. Such supporting documentation may include copies of the applicant’s or the applicant’s parent’s most recent federal and state income tax returns.
   (e) Applications for Renewal Loans. A Recipient seeking a Program Loan to continue in a Qualified Program in the Academic Year immediately following the Academic Year for which the Recipient received a Loan
must submit an application for a renewal Loan in accordance with the procedures set forth in this Rule .0300.

(f) **Responsibility to Update an Application.** While an applicant's application for a Program Loan is pending with either the Authority or the Participating School, as the case may be, the applicant is responsible for notifying the Authority or the Participating School, as the case may be, of any change in information on the applicant's application pertaining to eligibility under Rule .0200.

(g) **Verification of Applications.** SEAA staff may contact a financial aid officer, the registrar's office, a dean or faculty member at the applicant's Participating School, staff of the applicant's secondary school or other sources as necessary in order to verify any information submitted on an application.

.0301. **Application Deadlines.** The appropriate division director of the SEAA is hereby authorized and directed to set the application deadlines for the Need-Based Scholarship Loan Programs for each Academic Year. An application for a Program Loan that is received after the applicable deadline will not be considered for a Loan.

.0302. **Selection of Recipients.**

(a) **NESLP.** The director of student aid, a qualified financial aid professional, or other individual so authorized by the director of student aid of the Participating School shall select Recipients of NESLP Loans from among those applicants who meet the eligibility requirements of Rule .0200 and submit timely applications under Rule .0301 based upon the following criteria:

i. amount of unmet financial need;

ii. intent of applicant to complete the nurse education program in which enrolled, or accepted for enrollment, and to practice nursing in North Carolina following graduation and licensure as an LPN or
RN, depending upon the Qualified Program in which enrolled, or accepted for enrollment; and

iii. the priority established by the Participating School for awarding Loans under the NESLP consistent with the objectives of the NESLP as set forth in G.S. § 90-171.65, including, but not limited to, any priority given to prior Recipients maintaining Satisfactory Academic Progress;

(b) *HSM.* The Authority, acting through staff designated by the appropriate division director, shall select Recipients of HSM Loans from among those applicants that meet the eligibility requirements of Rule .0200 and submit timely applications under Rule .0301 based upon the following criteria:

i. amount of unmet financial need;

ii. intent of applicant to complete the Qualified Program in which enrolled and to practice in the corresponding profession in North Carolina following graduation and licensure or certification;

iii. any priority for Qualified Programs determined, in the sole discretion of the appropriate division director of the Authority based upon data and other information available from the Office of Rural Health of the Department of Health and Human Services and other State agencies, to be most in need of producing graduates who are qualified to be licensed or certified in their respective health or teaching professions; and

iv. any other factor consistent with the purpose of the HSM and approved by the appropriate division director of the SEAA.

.0303. Maximum Loan Amounts. The appropriate division director of the Authority is hereby authorized and directed to set the maximum Loan amounts for each Academic Year and by Qualified Program based upon the total funds available for each Program and, in the case of the HSM, the priorities established pursuant to Rule .0302(b)iii.

.0304. Promissory Note.
(a) **NESLP.** An NESLP Loan shall be evidenced by a Promissory Note, properly executed by the Recipient and the notary public who witnesses the Recipient’s signature.

(b) **HSM.** An HSM Loan shall be evidenced by a Promissory Note, properly executed by the Recipient, the Recipient’s sureties and the notary public who witnesses the signatures.

.0305. Loan Approval.

SEAA shall approve a Program Loan for disbursement to a Recipient if and only if:

(a) in the case of the NESLP, the information pertaining to the Recipient on the roster of Recipients from the Participating School is correct and (i) the Loan amount is within the Loan limits set for the NESLP for the applicable Academic Year and (ii) the total amount of Loans listed on the roster does not exceed the total funds allocated to the Participating School for the Academic Year pursuant to G.S. § 90-171.65(b);

(b) the Recipient is certified by the Participating School in which enrolled, or accepted for enrollment, as enrolled, or accepted for enrollment, on at least a half-time basis in a Qualified Program;

(c) the information submitted on the Recipient’s applicant is true and accurate;

(d) the Promissory Note is negotiated properly; and

(e) the Recipient has complied with these Regulations, the terms of the Promissory Note and any Program procedures implemented by a Participating School or the Authority to facilitate the application process consistent with these Regulations.

.0306. Transfers Between Participating Schools.

(a) **NESLP.** A Loan under the NESLP shall not be transferable from one Participating School to another Participating School;
(b) **HSM.** An HSM Recipient may transfer from one Participating School to another Participating School and not forfeit the Program Loan provided that:

i. the SEAA receives notice of the transfer prior to disbursing the Loan proceeds;

ii. the Recipient remains eligible for a Loan under Part II of these Regulations upon being enrolled, or accepted for enrollment, at the Participating School to which the Recipient is transferring; and

iii. the amount of the Loan shall be the same as the amount for enrollment at the Participating School from which the Recipient is transferring.

.0307. **Surety Requirement For HSM Loan.** Each Recipient of an HSM Loan is required to secure the agreement of two North Carolina residents over the age of eighteen (18) years to act as sureties for the Loan, unless the appropriate division director of the SEAA determines, upon consultation with general counsel to the Authority, that the Authority's rights as creditor are sufficiently protected by one surety. In the case of a Recipient who is married at the time the Promissory Note is negotiated, one of the sureties must also be the Recipient's spouse, provided that the spouse is a legal resident of North Carolina and is over the age of eighteen (18) years.

.0308. **Loan Disbursement Procedures.**

(a) **Method of Disbursement.** The SEAA shall disburse the proceeds of a Loan by:

i. a check that is made payable to the Recipient, or that is made co-payable to the Recipient and the Participating School, and requires the personal endorsement or other written certification of the Recipient in order to be cashed or deposited in an account of the Recipient at a financial institution;

ii. if authorized by the appropriate division director of the SEAA, electronic funds transfer to an account maintained by the Participating School in accordance with 34 C.F.R. § 668.163; or
iii. master check made payable to the Participating School for deposit in an account maintained by the Participating School in accordance with 34 C.F.R. § 668.163.

(b) **Roster Required.** In the case of disbursement under either ii or iii above, the electronic funds transfer or master check shall be accompanied by a roster identifying the Recipients and the Loan amount for each.

(c) **Refund Procedure.** Loan proceeds that are not disbursed to the Recipient shall be returned to SEAA within sixty (60) days of the beginning date of the school term for which they were issued or sixty (60) days from the date of the check, whichever occurs later.

(d) The appropriate division director of the SEAA is hereby authorized to develop, adopt and implement such policies and procedures as may be necessary from time to time to disburse Loan funds in accordance with these Regulations and applicable requirements of State law.

.0309. **Use of Loan Proceeds.** Program Loans shall be used only for payment of the cost of attendance at the Participating School as defined in Section 472 of the Higher Education Act of 1965, as amended (20 U.S.C. §1087II).
PART IV
PARTICIPATING SCHOOLS

.0400. Administrative Agreement Required.

(a) *NESLP.* In order to administer the NESLP on behalf of applicants for and Recipients of Program Loans, a Participating School must enter into an Administrative Agreement with the Authority by which the Participating School agrees to provide such assurances, certifications, performances, reports, information, and documents as may be required by the terms of the Administrative Agreement, these Regulations, or upon request of the Authority.

(b) *HSM.* In order for students enrolled, or accepted for enrollment, at a Participating School to be eligible for HSM, the Participating School must enter into an Administrative Agreement with the Authority by which the Participating School agrees to provide such assurances, certifications, performances, reports, information, and documents as may be required by the terms of the Administrative Agreement, these Regulations, or upon request of the Authority.

(c) *Term of Agreement.* Each Administrative Agreement between the Authority and a Participating School, upon proper execution, shall remain in effect until it is terminated pursuant to the terms of the Agreement.

.0401. Responsibilities of Participating Schools. Each Participating School shall be responsible for:

(a) designating the director of financial aid or another financial aid professional as the primary contact between the Participating School and the SEAA and charging that person or officer with the primary responsibility for carrying out the administrative and fiscal provisions of the Administrative Agreement;

(b) providing for the dissemination of information about and applications for the NESLP or HSM, as the case may be depending upon the scope of the Administrative Agreement;
(c) counseling applicants and Recipients about the NESLP or HSM, as the case may be depending upon the scope of the Administrative Agreement;
(d) determining residency status for tuition purposes;
(e) informing potential applicants of the purpose of the Need-Based Scholarship Loan Programs and the requirements for Loan forgiveness under Part V of these Regulations;
(f) certifying to the Authority that an applicant meets the eligibility requirements for a Program Loan under Rule .0200 and, in the case of a renewal Loan, under Rule .0201; and
(g) submitting the roster of Recipients to facilitate approval of Program Loans by the SEAA under NESLP in accordance with Rule .0305.

.0402 Additional Requirements for Participating Schools under the NESLP. In addition to the responsibilities listed in Rule .0401, Participating Schools in the NESLP shall be responsible for:

(a) determining unmet financial need based upon the federal methodology in effect as of the date of each application for the awarding of financial aid under Title IV of the Higher Education Act of 1965, as amended, and the applicable regulations promulgated thereunder;
(b) evaluating the intent of each applicant to practice nursing in North Carolina following completion of a Qualified Program of nurse education and subsequent licensure; and
(c) establishing a priority for making NESLP awards among applicants who, in the opinion of the Participating School, best meets the objectives for the Program to produce candidates for full-time nursing practice in North Carolina;

.0403 Audit Requirements. Each Participating School shall be subject to an annual examination by the State Auditor or the Authority pursuant to the audit process designated by the Authority to determine whether the Participating School has complied
with the terms of the Administrative Agreement and the applicable provisions of these Regulations.

**PART V**

**LOAN FORGIVENESS**

.0500. **General Rule.** The SEAA shall forgive a Loan, and any interest accrued on such Loan under Rule .0602, if, within ten years after graduation from a Participating School, exclusive of any authorized deferment for extenuating circumstances, the Recipient works for one year for each year the Recipient received the Loan in a position and at a location in North Carolina approved by the SEAA in accordance with this Part V, and the Recipient otherwise complies with these Regulations. The SEAA shall apply this Rule .0500 sequentially, forgiving each Program Loan in the order that it was made to the Recipient.

.0501. **Eligibility for Loan Forgiveness.** To be eligible for Loan forgiveness, a Recipient must complete the Qualified Program supported by the Loan and pass the applicable certification or licensure examination. If the Recipient fails to pass the first two successive licensure examinations offered following the Recipient’s graduation, the Recipient must begin repaying the Loan or Loans in cash in accordance with Part VI of these Regulations.

.0502. **Specific Employment Requirements; Manpower Shortage Areas.**

(a) *Specific Employment Requirements and Manpower Shortage Areas by Qualified Program.* The appropriate division director is hereby authorized and directed to develop, adopt and implement the specific employment requirements, including but not limited to nature of employment, populations served and employing entity, for each Qualified Program and to designate, after consultation with the State Department of Health and Human Services, the manpower shortage areas for each Qualified Program. Such employment requirements and manpower shortage areas shall be updated at least annually and posted at the Authority’s website (www.ncseaa.edu).
(b) *Applicable Employment Requirements.* The specific employment requirements and the manpower shortage areas in effect at the time the Recipient first receives a Program Loan shall apply when the Recipient becomes eligible for Loan forgiveness under Rule .0501, unless the appropriate division director of the SEAA determines in a given case that circumstances warrant applying the specific employment requirements in effect at the time qualifying employment is commenced.

(c) *Full-time Employment Defined.* Full-time employment shall mean employment pursuant to a contract or letter of employment in a position that:

i. meets the specific employment requirements for the corresponding Qualified Program as adopted by the SEAA pursuant to subsection (a) of this Rule and is in an location in North Carolina approved by the SEAA in accordance with the designated manpower shortage areas adopted by the Authority pursuant to subsection (a) of this Rule; and

ii. earns the salary and employee benefits equivalent to forty (40) hours per week.

(d) *Part-time Employment.* Part-time employment that is equivalent to at least twenty (20) hours per week may be approved for a Recipient, if in the judgment of the appropriate division director based upon documented circumstances, the Recipient is unable to work full-time. If part-time employment is approved, the SEAA will forgive the Loan on a prorated basis, but the period of approved part-time employment will not extend the period of time within which the Recipient is obligated to repay the Loan under the Promissory Note.

(e) *Concurrent Employment Obligations.* The SEAA may forgive a Loan under Rule .0500 when the Recipient’s full-time employment qualifies under this Rule .0502 and such employment also fulfills the Recipient’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 Recipient's obligations to the other program will not interfere with the Recipient's ability to comply with these Regulations.

.0503. Procedure for Obtaining Loan Forgiveness.

(a) Notice of Intent to Seek Service Forgiveness. Within ninety (90) days after graduation from the Qualified Program supported by the Program Loan, the Recipient shall notify the SEAA, in writing and in a form acceptable to the SEAA, of the Recipient's intent to seek, or to forego, the opportunity for Loan forgiveness.

(b) Required Documentation. Within thirty (30) days of accepting employment with which the Recipient seeks to qualify for Loan forgiveness, the Recipient shall submit written verification of that employment to the SEAA in a form acceptable to the SEAA. No later than sixty (60) days after the end of each twelve-month period of employment, the Recipient shall submit to the SEAA written verification of continued employment in a form acceptable to the SEAA. Notwithstanding the foregoing provisions of this Rule .0503, the SEAA reserves the right to conduct independent inquiries with regard to whether or not a Recipient's employment qualifies for forgiveness under Part V of these Regulations.

.0504. Provision for Pro-rata Loan Forgiveness. The SEAA will forgive a Loan only after first verifying that the Recipient completed and documented the requisite employment for the Recipient's Qualified Program as required by Rule .0503. For each twelve-month period of approved employment that is verified and documented in accordance with Rule .0503, the Authority will forgive that portion of the Program Loan that corresponds to one Academic Year of funding plus any accrued, unpaid interest on that portion. Loan forgiveness may be prorated by calendar month for employment of less than twelve months based upon a formula approved by the appropriate division director of the SEAA.
.0505. Authorized Deferment for Extenuating Circumstances.

(a) Procedure. At any time after graduation from the Qualified Program supported by a Loan, but no later than ten years from such graduation, a Recipient may apply to the SEAA for an authorized deferment of the Recipient's obligation under the Promissory Note based upon extenuating circumstances. Such application for an authorized deferment shall contain documentation, satisfactory to the SEAA, of the reason for the deferment and specify the period of time, by beginning and ending dates, covered by the deferment request.

(b) Extenuating Circumstances: The SEAA may authorize a deferment if and only if one of the following extenuating circumstances is substantiated by the Recipient's request:

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

ii. family medical leave, which for the purpose of the Program Regulations means maternity or paternity leave upon the birth or adoption of a child or leave to provide necessary care for a member of the Recipient'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 Recipient is also conscientiously seeking and unable to obtain employment that qualifies for Loan forgiveness under Part V of these Regulations; and

iv. full-time enrollment at an accredited postsecondary institution located within the United States for a period not to exceed twelve (12) months.

(c) Effect of Authorized Deferment. The Authority's approval of a deferment under this Rule .0505 shall operate to extend the period of time within which
the Recipient must complete the Recipient’s employment under this Part V in order to obtain Loan forgiveness. Such extension of time shall not exceed the period of time covered by the authorized deferment.

(d) **Interest Accrual.** Interest on the Program Loan shall continue to accrue during any period of authorized deferment in accordance with Rule .0602.

**.0506. Reinstatement of Scholarship Loan Forgiveness.**

(a) A Recipient who is required to commence cash repayment of a Program Loan pursuant to Rule .0600 may apply to the Authority for reinstatement of the opportunity for Loan forgiveness provided that:

i. the Recipient is current with cash payments on the Loan;

ii. the Recipient is eligible for Loan forgiveness under Rule .0501; and

iii. the Recipient otherwise is in compliance with these Regulations.

(b) A Recipient who becomes eligible for Loan forgiveness under this Rule .0506 may have the balance of the Recipient’s Program Loan forgiven under Rule .0500 provided that the Recipient complies with Rules .0502 and .0503.

(c) If the SEAA reinstates the Recipient’s opportunity for Loan forgiveness in accordance with this Rule 0506, the SEAA shall not refund any cash payments remitted prior to the reinstatement.
PART VI
CASH REPAYMENT

.0600 General Rule for Cash Repayment. When the SEAA determines that a Program Loan, or any portion thereof, cannot be forgiven under Part V of these Regulations, the Recipient shall repay the Loan to the SEAA in cash in accordance with this Part VI and the terms of the Promissory Note.

.0601. Commencement of Cash Repayment.

(a) After graduation from a Participating School. A Recipient who completes the Qualified Program supported by the Program Loan and graduates from the Participating School shall commence cash repayment no later than ninety (90) days following the earliest of:

i. the date on which the Recipient passes the applicable certification or licensure examination;

ii. the date on which the Recipient fails to pass the applicable certification or licensure examination upon the Recipient’s second successive attempt to pass such examination following graduation from the Qualified Program at a Participating School;

iii. the date on which the SEAA notifies the Recipient that the Recipient’s employment does not qualify for Loan forgiveness under Part V of these Regulations; or

iv. the date for which the SEAA determines that the Recipient will not be able to satisfy the requirements for Part V of these Regulations with regard to any portion of the Recipient’s outstanding Loan.

(b) Upon termination of the Program Loan. If the Program Loan is terminated, the Recipient shall commence cash repayment no later than ninety (90) days following the date on which the Loan is terminated. For the purpose of these Regulations, a scholarship loan is terminated when the Recipient:

i. withdraws from the Qualified Program for which such Loan was advanced; and
ii. fails to maintain Satisfactory Academic Progress at the Participating School.

.0602. Computation of Interest. Each Program Loan shall bear and accrue interest at the rates set forth in the Promissory Note beginning on the date the proceeds of the Loan are disbursed by the SEAA, in the case of the applicable in-school interest rate, and beginning ninety (90) days after graduation from the Qualified Program supported by the Loan or ninety (90) days after termination of the Program Loan under Rule .0601(b), whichever event occurs first, in the case of the rate applicable after graduation or withdrawal from the Participating School.

.0603. Capitalization of Interest.

Repealed effective January 1, 2005, for all Loans that mature for repayment on or after that date.

.0604 Repayment Period. When a Program Loan matures for cash repayment under these Regulations, the Recipient shall be required to repay the Loan in each case according to a schedule established by the SEAA that provides for payment of the Loan in full within ten years of the date on which cash repayment is required under this Part VI.
PART VII

LOAN CANCELLATION DUE TO DEATH OR DISABILITY

.0700. Death of Recipient. If a Recipient dies before the Recipient’s Loan is forgiven under Part V of these Regulations or repaid in full in cash under Part VI, the outstanding balance may be recovered from the Recipient’s estate or, in the case of a Loan under the HSM, the Recipient’s sureties, or cancelled in the discretion of the Authority Board.

.0701. Disability. The executive director of the Authority is authorized to cancel an outstanding Program Loan upon a finding that the permanent disability of a Recipient creates the impossibility that the Recipient will be able either to satisfy the requirements of Part V of these Regulations within ten years of graduation from or termination of enrollment in the Qualified Program supported by the Loan. Such 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 SEAA.
PART VIII
PROGRAM ADMINISTRATION

.0800. **The Authority as Program Administrator.** The appropriate division director of the Authority is hereby authorized and directed to develop, adopt and implement such policies, procedures and forms as may be necessary from time to time in order for the Authority to administer the Program in accordance with these Regulations and in compliance with applicable State law.

.0801. **Interpretive Guidance.** The executive director or the appropriate division director of the Authority may, from time to time, issue guidance for interpreting these Regulations in the form of policy memoranda or questions and answers. The Authority shall disseminate such interpretive guidance to all Participating Schools. All interpretive guidance shall have the force and effect of these Regulations pursuant to Rule .0800.

I, Steven E. Brooks, Executive Director and Secretary of the Board of Directors of the Authority, DO HEREBY CERTIFY that the foregoing is a true and exact copy of the Regulations Governing the Need-Based Scholarship Loan Programs as amended pursuant to a resolution of the board of the Authority of July 15, 2005 and as approved as final pursuant to the authority delegated to me; these Rules are in full force and effect and have not been rescinded.

WITNESS my hand and seal of the Authority, this the 15th day of July, 2005.

[Signature]
Steven E. Brooks
Executive Director