RULES AND REGULATIONS
NURSE EDUCATION SCHOLARSHIP LOAN PROGRAM

A PROGRAM OF THE NORTH CAROLINA
STATE EDUCATION ASSISTANCE AUTHORITY

10 ALEXANDER DRIVE
P.O. BOX 14223
Research Triangle Park, NC  27709-4223
Adopted July 13, 1990
Amended:
February 08, 1991
February 14, 1992
February 12, 1993
March 18, 1994
July 1, 2000

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.0100 PURPOSE, SCOPE AND DEFINITIONS

.0101 PURPOSE

The purpose of the Nurse Education Scholarship Loan Program (NESLP) is to provide financial assistance and encouragement to qualified North Carolina residents on the basis of demonstrated financial need as determined by the Board of Directors of the State Education Assistance Authority (SEAA) and the financial aid administrator of the institution in which the student is enrolled. Applicants must be enrolled in nurse education programs to obtain a degree or certificate, be licensed to practice nursing and to pursue a professional career of nurse service in North Carolina.

Scholarship loans (hereinafter called "Loans") are awarded on the basis of demonstrated financial need and other criteria as determined by the Board of Directors of the SEAA.

.0102 SCOPE

Loans are available for study in nurse education programs located in North Carolina approved by the North Carolina Board of Nursing for study in instructional programs that lead to a degree or certificate which prepare one to be licensed as a registered nurse (RN) or a licensed practical nurse (LPN). Funding is contingent upon continued appropriations by the General
Assembly of North Carolina and cash repayments made to a revolving fund by previous borrowers who do not fulfill their service contract(s).

.0103 DEFINITIONS

The following definitions apply to terms used in the "Rules for the Nurse Education Scholarship Loan Program" (hereinafter 'NESLP rules'):

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

(b) Appeal Process - The procedure described at .0512 by which an applicant may seek reexamination of a decision by the Participating School.

(c) Approved Disciplines - Programs of nurse education, approved by the N.C. Board of Nursing, offered in participating schools and leading to licensure as an LPN or RN. Such programs are determined by the SEAA Board of Directors as consistent with the purpose and scope of the NESLP 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) Dependent Student - A student who meets the test of dependency required under the current in-force Federal regulations controlling student financial assistance authorized under Title IV of the Higher Education Act of 1965, as amended.

(i) Disability - Conditions described at .0508 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 NESLP agreement(s).

(j) 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.

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

(l) Federal Needs Analysis Methodology - The methodology currently in effect recognized by the SEAA Board of Directors for determining a student's financial Family Contribution (FC) available from income and assets to meet the student's educational expenses.

(m) Financial Hardship - The conditions described at .0509 affecting a loan applicant or recipient under the NESLP program.

(n) Financial Need - The difference between the student's cost of education or cost of attendance and the student's ability to pay those costs. For purposes of this program, "Financial Need" means the sum derived after subtracting from the cost of Attendance (CA), (1) the Family Contribution (FC) obtained under the federal needs analysis methodology currently in effect, and (2) any financial assistance awarded to the student under the auspices of the educational institution or with the knowledge of the educational institution the student attends.

(o) 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)
(p) Full-time Employment - Full-time employment for purposes of qualifying for cancellation of NESLP 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).

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

(r) 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.

(s) Independent Student - A student who meets the test of independency set forth in the current Federal regulations governing the awarding of financial aid under Title IV of the Higher Education Act of 1965, as amended (see .0514).

(t) 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 Licensed Practical Nurse (LPN) or 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.

(u) Practice/Discipline Approval - The process by which a recipient may seek specific approval for service cancellation at a practice site approved by SEAA.

(v) Practice Site - 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).

(w) 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 the SEAA Board with the responsibility for managing, operating and directly overseeing the NESLP program.

(x) Program Regulations or NESLP Rules - Rules and regulations for the administration of NESLP 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.

(y) Promissory Note - The legally enforceable agreement between
an NESLP 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.

(z) Satisfactory Academic Progress - The requirements of an educational institution that are recognized by the SEAA Board of Directors as sufficient for NESLP purposes in reviewing the academic forward progress of a student in the nurse education program for which the student was approved for a NESLP scholarship loan. A student deemed not in satisfactory progress by the educational institution is under no circumstances in satisfactory progress with the SEAA.

(aa) 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 NESLP in cooperation with 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 many student assistance programs that are interinstitutional or statewide.

(bb) 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.
(cc) 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 NESLP scholarship/loan program.
.0200 ELIGIBILITY RULES

.0201 DOMICILE

A recipient of a NESLP 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.


.0202 ACCEPTANCE/ENROLLMENT IN A COURSE OF STUDY

A recipient must be enrolled in good standing at least half-time in a nurse education program leading to the designation of Licensed Practical Nurse (LPN), Associate Degree in Nursing (ADN) or Baccalaureate Degree in Nursing (BSN), the latter two designations qualifying the holders to apply for Registered Nurse (RN) licensure.

.0203 FINANCIAL NEED

(a) Financial need definition: Financial need is the difference between the student's Cost of Attendance (CA) and the student's ability to pay those costs. For purposes of this program, Financial Need means the sum obtained after subtracting from the
Cost of Attendance (CA): (1) the Family Contribution (FC) calculated under the federal needs analysis methodology currently in effect for the awarding of financial aid under Title V of the Higher Education Act of 1965, and (2) any financial assistance awarded to the student under the auspices of the educational institution or with the knowledge of the educational institution at the time NESLP selection is made.

(b) Cost of Attendance: The Financial Aid Officer (FAO) should use the same CA for NESLP as is used by the Participating School (PS) to award campus-based Federal Title IV Programs.

(c) Determination of Need: Determination of Need and Eligibility of an individual student to participate in NESLP is to be made by the financial aid official in the Participating School (PS) in which the student is enrolled. This award is subject to appeal under the appeal process which the PS may offer to students funded in any other programs of financial assistance in the institution. There is no right of appeal of such institutional decisions directly to the SEAA Board of Directors.

.0204 LOANS NOT AVAILABLE

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;
(b) recipients of scholarship loans under the North Carolina Nurse Scholars Program (NSP) during the same academic year;

(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 loan was previously granted, except where such coursework is being completed concurrently with a course load for which the student is funded in the succeeding curricular offering; (see .0403)

(e) enrollment during any period(s) in which the student is not in good standing in the nurse education program;

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

(g) educational credits through correspondence or extension courses.

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

.0205 CRITERIA FOR SELECTION OF RECIPIENTS

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

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(a) financial need;

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

(c) United States citizenship and North Carolina residency;

(d) student's willingness to enter into a contractual agreement with the State Education Assistance Authority (SEAA) to practice full-time as an LPN or RN in North Carolina following completion of the education program or repay in cash the amount received under NESLP plus interest at an annual rate of 10% (15% if domicile or employment is outside North Carolina);

(e) student's willingness to comply with the rules and regulations of NESLP.


.0206 METHOD OF SELECTION OF RECIPIENTS

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

a) the director of student aid or the director's designee shall select recipients from among eligible nurse education students enrolled in the PS;
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;

c) a priority for making NESLP awards among the applicants shall be established that, in the opinion of the PS, best meets the objectives for the program to produce candidates for full-time nursing practice in North Carolina;

d) in selecting a recipient the PS is, in fact, making a recommendation to SEAA that a scholarship loan of a certain amount be made in order to meet all or a portion of the student's educational expenses. The recommendation of a school will be final unless inconsistent or in conflict with NESLP Rules and Regulations. Schools may offer the award as "a recommendation for an award" or "a tentative award" until the award has been verified by SEAA through disbursement.

.0207 AGREEMENT TO WORK IN NORTH CAROLINA

(a) Upon completion of all required academic coursework and/or postgraduate training, loan recipients who desire to cancel their loan 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. For example, a student receiving the maximum annual award will be required to practice one year in North Carolina as an LPN or RN. Service repayment shall be in the level of practice for which the student was funded by NESLP. An
exception to this requirement is the recipient who earns the LPN certification, whose repayment is deferred to become an RN. This recipient may repay subsequently through approved service as an RN. Awards less than the maximum permitted will require less practice time.

(b) For each calendar month of approved, full-time employment (for a minimum of six months with one employer) as a Licensed Practical Nurse (LPN) or a Registered Nurse (RN) in North Carolina, the recipient's obligation will be cancelled, based upon the principal amount, at the rates of:

1. a BSN or ADN holder licensed in North Carolina as a RN -- $417.00; and
2. a certificate holder licensed in North Carolina as an LPN -- $250.00;

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

1. Full-time employment for purposes of qualifying for cancellation of NESLP debt means duty hours which 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 NESLP Rules and Regulations for service cancellation.
.0300 INITIAL APPLICATION

.0301 APPLICATION AND SUPPORTING INFORMATION

(a) Application to be considered for a NESLP loan should be made, on a form suitable to the Participating School, to the financial aid office at the Participating School in which the applicant is enrolled, applying to, or admitted to enroll in a nurse education program leading to licensure as an LPN or an RN;

(b) Loan applicants will be required to submit documentation required by the institution of all applicants for need-based financial assistance;

(c) Loan applicants must also complete (1) a Promissory Note which details the amount of the NESLP loan and the terms and conditions of repayment and (2) a Disclosure Statement regarding their understanding of the NESLP Program;

(d) The SEAA staff may contact the student aid office or other sources of information which it deems necessary to verify all information submitted on each loan application.
.0302 SELECTION

Recipients of NESLP loans will be selected by the director of student aid, financial aid officer, or an individual designated in the financial aid office of participating schools.

Participating schools shall use selection criteria specified in section .0502 (General Rules) and any other measures that the Participating School may determine to insure that the interests of the Program are met.

.0303 APPROVAL

SEAA will approve the NESLP award provided:

(a) the Roster of Transmittal from the Participating School (PS) is correct and all awards are within individual loan limits and the total amount of funds allocated to the PS;

(b) the Disclosure Statement, completed by the applicant, is correct;

(c) the Promissory Note is negotiated properly; and

(d) the applicant has complied with rules and regulations, terms of the promissory note and program policies and requests if applicant previously has received a NESLP award.

.0304 SECURITY FOR THE LOAN

(a) Each 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.

.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;

(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

Loans 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 student aid office for a NESLP award. An application shall be filed annually by the applicant with the Participating School in order to be considered. The recipient must be making satisfactory academic progress, as defined by the participating school, to be eligible for renewal.

A NESLP recipient who transfers to another participating school is eligible for NESLP funding in the second participating school provided the recipient was making satisfactory academic progress, as defined by the school, and is eligible to return to the previous institution.

.0403 REPETITION OF ACADEMIC WORK

Loan recipients who repeat academic work are not eligible for NESLP financial assistance until the academic deficiencies are removed, except
where coursework is being repeated concurrently with a course load, appropriate for the NESLP 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 NESLP because of race, color, age, sex, national origin, or a handicapping condition.


.0502 RESPONSIBILITIES OF PARTICIPATING SCHOOLS

(a) Participating Schools (or institutions) which award NESLP loans to enrolled students 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 matters relating to NESLP;
(b) Institutions shall provide counseling and information to apprise eligible students of NESLP, the terms thereof, the requirements of and expectations of the North Carolina General Assembly, SEAA and the Institution;

(c) Institutions shall screen likely candidates for NESLP, based upon general standards of eligibility, and select eligible recipients as follows:

(1) determine residency status for tuition payment purposes;

(2) determine the financial need of the applicant and set the NESLP award amount;

(3) evaluate the intent of applicant to practice nursing in North Carolina following completion of nurse education and licensure;

(4) establish a priority for making NESLP awards among applicants that, in the opinion of the Institution, best meets the objectives for the program to produce candidates for full-time nursing practice in North Carolina;

(5) perform administrative duties to receive and review student applications, select recipients, determine eligibility amount, notify students of awards, provide financial aid counseling, verify student enrollment, review academic progress, consider
appeals by students, receive NESLP funds and credit student accounts.

(d) Institution 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) Institution shall provide with respect to NESLP 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.

.0503 RESPONSIBILITY OF THE STATE EDUCATION ASSISTANCE AUTHORITY

(a) The State Education Assistance Authority (SEAA) has responsibility under Article 9D 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 NESLP Participating School;

(c) SEAA shall inform Participating School(s) in a timely manner of funds available for NESLP 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.

.0504 PERMISSIBLE USE

Loans shall be used only for payment of tuition, required fees, institutional equipment, training materials and books, living expenses, and other educationally-related expenses.
.0505 CORRESPONDENCE

(a) A recipient is responsible for answering promptly all correspondence 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 loan status while the contract is in force.

(c) Failure to fulfill (a) and (b) may disqualify the applicant from further NESLP consideration.

.0506 SURETIES (COSIGNERS)

Cosigners are not required for this program.

.0507 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.

.0508 DISABILITY

(a) In the event that a recipient becomes, in the opinion of a competent medical authority, mentally or physically disabled after incurring a NESLP 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: Amended March 18, 1994, Effective July 1, 1994

.0509 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.

History Note: Amended March 18, 1994, Effective July 1, 1994
.0510 TRANSFER

(a) An NESLP award may not be transferred from one Participating School to another Participating School;

(b) An NESLP recipient may be considered for further NESLP assistance in a different Participating School, provided:

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

(2) the subsequent award will be for the same or a higher degree.

.0511 INELIGIBILITY

Loans shall become due and payable by the borrower within ninety (90) days after (a) the borrower's withdrawal from school prior to the successful completion of all academic coursework; (b) the borrower's ceasing to remain in good standing academically and/or removal from school prior to the successful completion of all required coursework. 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)
.0512 APPEAL PROCESS

All appeals by students regarding NESLP should be directed to the designated individual in the financial aid office who is responsible for NESLP administration in the Participating School.

The Participating School shall use the appellate procedure established by the FS to appeal decisions of the institution as it makes student financial aid decisions.

There is no appeal of a Participating School decision directly to the SEAA Board of Directors.

.0513 DEPENDENT STUDENT

A dependent student is an applicant who does not meet the requirements set forth in .0514 to be considered an Independent Student.

.0514 INDEPENDENT STUDENT

A student is considered an independent applicant for NESLP assistance if he or she meets any one of the following criteria:

(a) is 24 years old by December 31 of the academic year for which he or she will be enrolled;

(b) is a veteran of the U.S. Armed Forces;
(c) is an orphan or a ward of the court;

(d) has legal dependents other than a spouse;

(e) is a married student;

(f) is a graduate or professional student; or

(g) is a student for whom a financial aid administrator determined and documents the student's independent status on the basis of unusual circumstances.

NOTE: NESLP adopts the definition of an Independent Student applicable to Title IV Federal Student Aid Programs. Any changes in the definition contained in these rules are automatically adopted on the effective date of any such change in Federal Regulations.
.0600 - LOAN AMOUNTS

.0601 MINIMUM AMOUNT

The annual minimum NESLP loan per student is $400.

.0602 AWARDS

Awards are to be made only in whole dollar amounts not fractional dollars.

.0603 MAXIMUM ANNUAL LOAN AMOUNTS

Maximum loan amounts are as follows:

(a) Associate Degree Programs (ADN) - $3000 per year;

(b) Certificate Programs (LPN) - $3000 per year; and

(c) Baccalaureate Degree Programs (BSN) - $5000 per year.

.0604 MAXIMUM AGGREGATE LOAN AMOUNTS

Maximum aggregate loan amounts are as follows:

(a) Associate Degree Programs (ADN) - $6000;
(b) Certificate Programs (LPN) - $3000; and

c) Baccalaureate Degree Programs (BSN) - $20,000.


.0605 APPROPRIATION AND ALLOCATION OF INSTITUTIONAL LOAN AMOUNTS

(a) The General Assembly of North Carolina shall appropriate and allocate total NESLP funds to the three sectors of eligible institutions offering recognized nurse education programs:

(1) the Community Colleges;

(2) the institutions in The University of North Carolina;

(3) the private nonprofit colleges in North Carolina.

(b) The State Board of Community Colleges and the Board of Governors of The University of North Carolina shall allocate or reallocate NESLP funds among their respective constituent institutions which have nurse education programs. The manner of allocation or reallocation shall be determined by each respective governing body. The SEAA shall distribute NESLP funds to private nonprofit colleges which offer nurse education degree programs in a manner determined by the Board of SEAA after consultation with the North Carolina
.0700 GENERAL PRACTICE RULES

.0701 CANCELLATION
(a) Loans may be cancelled with interest on the basis of full-time employment as a nurse in an approved site in North Carolina. All NESLP loans cancelled through service must be cancelled within seven years after graduation from a nurse education program.

(b) Loans are cancelled for each calendar month of approved full-time employment as an LPN or as an RN, based upon the principal amount, at the rates of:

1. a BSN or ADN holder licensed in North Carolina as an RN $417.00; and
2. a certificate holder licensed in North Carolina as an LPN $250.00

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

(d) Service repayment cannot begin before completion of the degree or certificate for which funding was received;

(e) Service repayment of a loan for education to become an RN must be repaid through employment as an RN;

(f) Service repayment of a loan for education to become an LPN may be repaid through employment as an LPN or as an RN.
(f) Loans shall be cancelled sequentially, with the initial loan being cancelled first.


.0702 EXAMINATIONS

(a) Licensure examinations 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 licensure, but no refund shall be given for any cash payments made during a period of ineligibility for service repayment.

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:
Graduation Begin 90-Day Must be in Cash
Date Grace Period or Service Repayment
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 which 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 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 is responsible for submitting, 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 NESLP 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.

(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 Authorized Deferment for Extenuating Circumstances

(a) Procedure: The borrower may apply to the SEAA for an authorized deferment for 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 only if one of the following extenuating circumstances is substantiated by the borrower’s request:

- personal illness upon receipt of a written statement from a health care provider stating the nature of the illness and the tentative date that the recipient will be able to return to training or employment;
(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 Principal Fellow’s immediate family, who is sick or disabled, in either case for a period not to exceed twelve (12) months per each occurrence;

(iii) at least half-time continuous enrollment in a curriculum program leading to a degree at least equal in level (diploma, associate, or bachelors) to the degree for which funding was received; and

(iv) unemployment during any period of time not to exceed twelve (12) months per each occurrence during which the borrower is also conscientiously seeking and unable to obtain employment.

(c) Effect of Authorized Deferment: SEAA approval of a deferment under this Rule shall not operate to extend the period of time beyond the ten (10) year period during which the borrower must complete his service and/or cash repayment under Rule .0701 by the amount of time covered by the authorized deferment.

(d) Interest Accrual: Interest on the scholarship loan shall continue to accrue during any period of authorized deferment.


.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. Interest is accruing on the NESLP scholarship loan and must be paid on a regular basis as agreed upon with SEAA.


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.0709 REINSTATEMENT OF SERVICE CANCELLATION

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 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 - 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 NESLP.

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

.0800 - SPECIFIC PRACTICE REQUIREMENTS

.0801 PRACTICE SITE

A NESLP recipient must be employed in a position which requires 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 NESLP 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 NESLP, the Nurse Scholars Program 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 under section .0700 through service as a nurse in North Carolina, loan recipients shall repay the NESLP loan with interest. 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. Such repayment shall begin not later than ninety (90) days following:

(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 and/or removal from the nurse education program prior to the successful completion of all required coursework;

(c) completion of academic requirements if the borrower does not take the licensing examination at the next offering after completion of requirements; or

(d) licensing examination date if borrower writes the examination but does not begin full-time nursing in an approved site.


.0902 RATE OF INTEREST
(a) For recipients who maintain their domicile and employment in North Carolina the rate of interest will be ten percent (10%) per year for all notes made on or after July 1, 1989;

(b) For recipients who maintain a domicile or employment outside North Carolina at the time the loan(s) become due, the rate of interest during repayment will be fifteen percent (15%) per year for all notes made on or after July 1, 1989.

.0903 COMPUTATION OF INTEREST

Each scholarship loan shall bear interest at the rate determined by the SEAA under Rule .0902 beginning ninety (90) days after completion of the nurse program or ninety (90) days after termination of the scholarship loan, whichever is earlier.

History Note: Authority N.C. Gen. Stat. § 90-171.65
Effective July 1, 2000

.0904 CAPITALIZATION OF ACCRUED INTEREST

History Note: Authority N.C. Gen. Stat. § 90-171.65
Effective July 13, 1990
Repealed effective July 1, 2000.

.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 become 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 licensure examination after completion of nurse education and who 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 NESLP 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.
A delinquent account, as described in (f), is considered in default if it is not current within 120 days from the date due and is subject to collection procedures incident to such default.

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 NESLP "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:

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$ 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.