RULES AND REGULATIONS
NORTH CAROLINA PRINCIPAL FELLOWS PROGRAM

A Program of the North Carolina
Principal Fellows Commission

and

The North Carolina
State Education Assistance Authority

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.0100 PURPOSE, SCOPE AND DEFINITIONS

.0101 Purpose

The Principal Fellows Program (PFP) was created in 1993, effective for the 1994-95 academic year, by the North Carolina General Assembly. The purpose of the PFP is to provide a competitive, merit-based scholarship loan program available to individuals with teaching or relevant experience and of exceptional academic ability who desire to enter education administration in North Carolina public schools. Financial need is not a criterion for selection as a Principal Fellow. Fellows are selected by the North Carolina Principal Fellows Commission (an independent commission established by the North Carolina General Assembly) from among qualified individuals who make application for consideration and plan to study education administration in one of the participating educational institutions located in the State. Applicants must present clear intent to (1) enroll full-time as a first-year student in an education administration program, (2) not be employed full-time while enrolled, (3) obtain a degree, (4) be certified to practice as an education administrator and (5) pursue a career in school administration in North Carolina after completion of the program.

History Note: Authority N.C. Gen. Stat. § 116-74.42
Effective July 1, 1997.

.0102 Scope

Scholarship loans are available for full-time enrollment in the master’s school administration programs located in North Carolina and approved by the Commission that lead to a degree which prepares one to be certified as a School Administrator. Funding is contingent upon continued appropriations by the General Assembly of North Carolina. Cash repayments made by previous Principal Fellows who do not fulfill their service contract(s) are also available to fund future Principal Fellows.

History Note: Authority N.C. Gen. Stat. §§ 116-74.42 and 116-74.43
Effective July 1, 1997.

PFP is administered, as provided by statute, by the North Carolina Principal Fellows Commission in collaboration with the North Carolina State Education Assistance Authority (SEAA); both agencies are affiliated with The University of North Carolina, General Administration (UNC-GA). Rules to
administer the PFP are the responsibility of the Board of Directors of SEAA. Selection criteria, the selection process, selection outreach efforts, renewal and continuation criteria and liaison with the educational community are the responsibilities of the Principal Fellows Commission. The Commission is staffed and chaired by the Director of Principal Fellows Program. Upon naming Principal Fellows, the Commission transfers its decisions to SEAA which performs all fiscal administrative functions to implement the disbursement of funds, and either receipt of funds in the form of cash repayment or service forgiveness of the scholarship loan.

.0103 Definitions

The following definitions apply to terms used in the “Rules for the Principal Fellows Program” (hereinafter “PFP Rules” or “Program Regulations”):

(a) **Administrative Agreement** – An agreement between the SEAA and each Participating School in the PFP. This document defines the duties and responsibilities of each party to administer the scholarship loan program.

(b) **Appeal Process** – The procedure described in Rule .0509 by which an applicant may seek reexamination of a decision by the North Carolina Principal Fellows Commission or the SEAA.

(c) **Certificate of Receipt of Scholarship Loan Funds** – A document completed at the time of PFP check disbursement by the Principal Fellow to acknowledge receipt of funds. Subsequent disbursement under PFP will not be made unless certificate acknowledging previous disbursement is on file in SEAA.

(d) **Director of Principal Fellows Program** – Individual appointed by the Board of Governors of the University of North Carolina to chair and staff the Principal Fellows Commission. This position administers the selection, renewal, and continuation components of the Principal Fellows and the extracurricular enhancement activities of the PFP.

(e) **North Carolina Principal Fellows Commission or Principal Fellows Commission** – The twelve-member body, authorized by the General Assembly under G.S. 116-74.41, to determine selection criteria and procedures and to make the selection of Principal Fellows.

(f) **Notice of Intent to Seek Service Forgiveness** – Within 90 days after graduation from the academic program, the Principal Fellow must notify SEAA of his/her intent to seek, or to forego, service forgiveness of the scholarship loan.

(g) **Participating School** – An institution of postsecondary education located in North Carolina and operating a master’s program of school administration leading to the
awarding of a degree enabling the holder to sit for licensure as a School Administrator. 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 school administration. The Participating School must have entered into an Administrative Agreement for PFP with the SEAA.

(h) **Principal Fellow** – An individual who is awarded a merit-based scholarship loan to pursue, on a full-time basis, the master’s degree in an approved North Carolina school administrator program which includes an internship. The Principal Fellow also participates in enrichment activities developed by the PFP.

(i) **Promissory Note** – The legally enforceable agreement between a Principal Fellow and the SEAA which sets forth the terms and conditions under which the SEAA advances funds to the Principal Fellow for educational purposes and describes the conditions under which the Principal Fellow shall repay the scholarship loan in either service or cash.

(j) **Satisfactory Academic Progress** - The requirements adopted by the Principal Fellows Commission as sufficient for PFP purposes in reviewing the academic progress of a Principal Fellow in the school administration program for which the Principal Fellow was approved for a PFP scholarship loan. A Principal Fellow 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 Principal Fellows Commission’s satisfactory progress requirements if different from the institution’s requirements.

(k) **School Administrator** – A person employed full-time in a position as an assistant principal or principal at a North Carolina public school or at a school operated by the United States government in North Carolina and which will qualify as an eligible service repayment site.

(l) **SEAA** – The SEAA is a political subdivision created by G.S. 116-201 through 116-209.30 which operates as an administrative unit of The University of North Carolina – General Administration and which is authorized by the General Assembly to administer PFP in cooperation with the North Carolina Principal Fellows Commission, eligible institutions of the public university and private college and university sectors of postsecondary education. The SEAA is responsible for administration of most State-funded, need-based student assistance programs that are interinstitutional or statewide in nature.

(m) **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 SEAA.
(n) **SEAA Program Office or Program Officer** – The division of Health, Education and Welfare is charged as the North Carolina SEAA staff responsible for managing, operating, and directly overseeing the fiscal administrative functions to implement the disbursement of funds, and the receipt of funds in the form of cash repayment or services forgiveness of the scholarship loan pursuant to G.S. 116-74.42 and 116-74.43 and the authority of the SEAA Board.

(o) **SEAA Program Regulations or PFP Rules** – Rules and regulations for the administration of PFP for which the SEAA Board of Directors has responsibility. Section 116-74.42 of the General Statutes empowers the SEAA Board of Directors to promulgate such rules.

*History Note: Authority N.C. Gen. Stat. § 116-74.42 and 116-74.43*

*Effective July 1, 1997.*

*Revised effective July 1, 1999.*
.0200 ELIGIBILITY RULES

.0201 Domicile

History Note:  Authority N.C. Gen. Stat. § 116-74.42
Effective July 1, 1997
Repealed effective July 1, 1999.

.0202 Acceptance/Enrollment in A Course of Study

History Note:  Authority N.C. Gen. Stat. § 116-74.42
Effective July 1, 1997
Repealed effective July 1, 1999.

.0203 Scholarship Loans Not Available

History Note:  Authority N.C. Gen. Stat. § 116-74.42
Effective July 1, 1997.
Repealed effective July 1, 1999.

.0204 Criteria for Selection of Principal Fellows

History Note:  Authority N.C. Gen. Stat. 116-74.42
Effective July 1, 1997.
Repealed effective July 1, 1999.

.0205 Method of Selection of Principal Fellows

History Note:  Authority N.C. Gen. Stat. 116-74.42
Effective July 1, 1997.
Repealed effective July 1, 1999.
.0300 INITIAL SELECTION

.0301 Application and Supporting Information

History Note: Authority N.C. Gen. Stat. 116-74.42
Effective July 1, 1997
Repealed effective July 1, 1999.

.0302 Selection

Principal Fellows shall be selected by the North Carolina Principal Fellows Commission in accordance with the process and criteria for selection established by such Commission in the Principal Fellows Policy for Selection Standards.

History Note: Authority N.C. Gen. Stat. 116-74.42
Effective July 1, 1997
Amended Effective July 1, 1999.

.0303 SEAA Processing of PFP Award

SEAA will process the PFP award based on the Commission’s recommendation and compliance with the following criteria:

(a) the recipient is certified by the Participating School in which enrolled as a full-time school administration student;
(b) the disclosure statement and data sheet, completed by the applicant, are correct; and
(c) the Promissory Note is negotiated properly.

History Note: Authority N.C. Gen. Stat. § 116-74.42
Effective July 1, 1997.
.0304 Security for the Scholarship Loan

(a) Each scholarship loan must be secured by a Promissory Note signed by recipient.
(b) The recipient must complete and sign the Promissory Note before a notary public or a clerk of superior court who certifies the signing.

History Note: Authority N.C. Gen. Stat. § 116-74.42
Effective July 1, 1997.
.0400 RENEWAL LOANS

.0401 Time Limit

Scholarship loans are approved for only one academic year at a time.

History Note: Authority N.C. Gen. Stat. § 116-74.42
Effective July 1, 1997.

.0402 Renewal Applications

History Note: Authority N.C. Gen. Stat. 116-74.42
Effective July 1, 1997
Repealed effective July 1, 1999.

.0403 Repetition of Academic Work

History Note: Authority N.C. Gen. Stat. 116-74.42
Effective July 1, 1997
Repealed effective July 1, 1999.
.0500 GENERAL RULES

.0501 State Policy on Equal Opportunity

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

(b) No person domiciled in the State of North Carolina shall be denied participation in the PFP, be denied benefits of the PFP, or be subjected to discrimination under PFP because of race, color, age, sex, national origin, or religion or a disability.

History Note: Authority N.C. Gen. Stat. § 116-74.42
Effective July 1, 1997
Revised effective July 1, 1999.

.0502 Responsibilities of North Carolina Principal Fellows Commission

It is the Principal Fellows Commission’s responsibility to:

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

(b) determine selection criteria and methods of selection of Principal Fellows;

(c) select Principal Fellows and inform the SEAA of its decisions;

(d) approve standards for PFP renewal; and

(e) determine criteria for continuation in the PFP.

History Note: Authority N.C. Gen. Stat. § 116-74.42
Effective July 1, 1997
Amended effective July 1, 1999.

.0503 Responsibilities of Participating Schools

(a) The dean or director of the school administration program shall designate a contact person for PFP. This contact person shall provide counseling and information to apprise eligible students of the PFP, the terms thereof, and requirements of and expectation of the
North Carolina General Assembly, the Principal Fellows Commission, the SEAA, and the Participating School.

(b) The dean or director (or a designee) of the school administration program in the Participating Schools shall be the contact person for purposes of confirming eligibility of Principal Fellows to continue in the professional program;

(c) Participating Schools shall designate the director of student aid or another officer charged with primary responsibility to carry out administrative and fiscal provisions of the PFP Administrative Agreement with the SEAA. Such officer shall be the official contact between the Participating School and SEAA on all policy and fiscal matters relating to PFP.

(d) Participating Schools shall review likely candidates for PFP based upon general standards of eligibility, and provide information to interested individuals as follow(s):
   (i) determine residency status for tuition payment purposes;
   (ii) inform potential candidates of the minimum selection criteria established by the Commission for the present award year;
   (iii) inform potential applicants of the requirement regarding the intent of applicants to practice school administration in North Carolina following completion of school administration education and certification;
   (iv) publicize the PFP awards to students and inform them to ensure that Principal Fellows understand that they must maintain good standing in accordance with Principal Fellows Policy for Selection Standards; and
   (v) complete forms, sent by the Director of Principal Fellows Program or SEAA, requesting verification of admission of the PFP applicant to the school administration education program and that the PFP applicant is a North Carolina resident for tuition purposes.

(e) Participating Schools shall serve as the primary conduit of information exchange between SEAA or Director of Principal Fellows Program and Principal Fellows during the time that such persons remain enrolled in the Participating School.

(f) Participating Schools shall provide with respect to Principal Fellows such information as may be requested by the Director of Principal Fellows Program, SEAA or the State Auditor, provided such data requests are not inconsistent with federal or State laws governing privacy of personal information.

(g) G.S. 116-74.42 (b) and (e) require coordination between the Director of Principal Fellows Program and Participating Schools to carry out the statutory requirement that “Extracurricular enhancement activities shall be coordinated with each Principal Fellow campus program and shall focus on the leadership development of PFP Fellows.”
.0504 Responsibilities of the North Carolina State Education Assistance Authority

(a) The SEAA has responsibility under Article 5C of Chapter 116 of the General Statutes and G.S. 116-74.42 (g) for the following functions:
   (i) to promulgate the SEAA Program Regulations necessary to administer the financial aspects of the scholarship loan program;
   (ii) to disburse, collect and monitor scholarship loan funds;
   (iii) to establish and enforce the terms and conditions of Promissory Notes executed by Principal Fellows;
   (iv) to approve service repayment agreements; and
   (v) to collect cash repayments required when service repayment is not completed.

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

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

.0505 Permissible Use of Scholarship Loans

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 Agreement to Work in North Carolina

(a) Upon completion of all required academic coursework and internship, Principal Fellows who were Principal Fellows for the entire program, received the degree for which funded,
and who desire to repay their scholarship by service shall agree to accept employment in North Carolina for a minimum of four years.

(b) Principal Fellows agree to follow all PFP Rules for scholarship loan forgiveness.

(c) Principal Fellows agree to keep the SEAA promptly apprised at all times of changes in circumstances affecting the repayment in service or cash of the PFP award(s).

History Note: Authority N.C. Gen. Stat. § 116-74.42
Effective July 1, 1997.

.0507 Correspondence

(a) A Principal Fellow is responsible for answering promptly all correspondence related to PFP from the Participating School, the Director of Principal Fellows Program and the SEAA Office.

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

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

History Note: Authority N.C. Gen. Stat. § 116-74.42
Effective July 1, 1997.

.0508 School Transfer

(a) A PFP award may be transferred from one Participating School to another Participating School prior to beginning the school administration program, provided the subsequent program of school administration is (1) of the same duration, (2) the amount of the PFP award is the same as the original PFP award and (3) the Principal Fellow was admitted to the institution to which the PFP award transfer is requested on or before the date of selection for the PFP award by the Commission.

(b) A Principal Fellow may be considered for renewal of PFP assistance in a different Participating School, provided:
(i) the Principal Fellow left the previously attended institution in good academic and social standing and was eligible to continue in the school administration program;
(ii) the Principal Fellow meets the Principal Fellows Commission’s requirements for continuation and renewal;
(iii) the subsequent program of school administration is approved by the Principal Fellows Commission as a Participating School;
(iv) the subsequent program of school administration is of the same duration; and
(v) the Principal Fellow will enter the school administration program to which a transfer is being made immediately.

History Note: Authority N.C. Gen. Stat. § 116-74.42
Effective July 1, 1997.
Revised effective July 1, 1999.

.0509 Appeal Process

All appeals by students regarding application selection, renewal, and continuation as a Principal Fellow must be directed in writing to the Director of Principal Fellows Program. The director shall consider the merits of the appeal and resolve the matter. The director may at his or her discretion submit the appeal to the Principal Fellows Commission for resolution.

All appeals by students regarding service or cash repayment must be directed in writing to the director of the SEAA Program Office, the Director of the Health, Education and Welfare Division of the SEAA. The Director of Health, Education and Welfare shall consider the merits of the appeal and may resolve the matter administratively or seek a decision of the SEAA Board of Directors.

History Note: Authority N.C. Gen. Stat. § 116-74.42
Effective July 1, 1997.
Revised effective July 1, 1999.
.0600 SCHOLARSHIP LOAN AMOUNTS

.0601 Annual Award Amounts

Annual award amounts shall be $20,000 per Principal Fellow.

History Note: Authority N.C. Gen. Stat. § 116-74.42
Effective July 1, 1997.

.0602 Maximum Aggregate Scholarship Loan Amounts

Maximum aggregate PFP loan amounts are $40,000 per Principal Fellow.

History Note: Authority N.C. Gen. Stat. § 116-74.42
Effective July 1, 1997.
.0700 SCHOLARSHIP LOAN FORGIVENESS

.0701 Scholarship Loan Forgiveness, Generally

The SEAA shall forgive a scholarship loan, and any interest accrued on such loan under Rule .0803, if, within six years after graduation from a school administrator program exclusive of any authorized deferment for extenuating circumstances, the Principal Fellow serves for four years as a School Administrator at an approved public school in North Carolina and otherwise complies with the Program Regulations.

History Note: Authority N.C. Gen. Stat. §§ 116-74.42 and 116-74.43
Effective July 1, 1997.

.0702 Eligibility for Scholarship Loan Forgiveness

To be eligible for scholarship loan forgiveness, a Principal Fellow must complete the two-year school administrator program supported by the scholarship loan and pass the school administration certification examination within 24 months following graduation from such school administrator program.

History Note: Authority N.C. Gen. Stat. §§ 116-74.42 and 116-74.43
Effective July 1, 1997.

.0703 Qualifying Service at an Approved Public School

Service as a School Administrator for the purpose of qualifying a Principal Fellow for forgiveness under Rule .0701 shall mean full-time employment as a School Administrator in a public school, by a local school administrative unit in North Carolina or by a school system operated by the United States government in North Carolina, continuously for a minimum period of one year.

(a) Full-time employment as a School Administrator: Full-time employment as a School Administrator means employment pursuant to a contract with a local school administrative unit in North Carolina, or a school system operated by the United States government in North Carolina, under which the Principal Fellow serves as a School Administrator on a full-time basis for the entire contract period, as defined by such unit or system, and earns the salary and employee benefits equivalent to 40 hours per week.
(b) **Exception to the one-year requirement:** The SEAA may forgive a portion of the scholarship loan based upon continuous full-time employment for a period of less than one year with one employer provided that:

(i) at the end of such period the Principal Fellow promptly transfers to a School Administrator position within another local school administrative unit in North Carolina or in another school system operated by the United States government in North Carolina, as the case may be, and completes the year in the position to which he transferred;

(ii) the local school administrative unit or school system from which the Principal Fellow is leaving releases the Principal Fellow from his contract with that unit or system; and

(iii) the local school administrative unit or school system hiring the Principal Fellow certifies to the SEAA that there is a compelling need for such Principal Fellow to transfer to such unit or system prior to completing his contract with the unit or system from which he is leaving.

(c) **Central Office Promotion:** A Principal Fellow who has been employed in an eligible School Administrator position and who, owing to extraordinary circumstances, is promoted to a system central office administrative position, may continue to be eligible for service repayment if the new position is determined to facilitate effective school administration. Such a determination shall be rendered by the Board of Directors of the SEAA after consultation with the Principal Fellows Commission.

(d) **Special Rule for Charter Schools:** A charter school approved by the State Board of Education of the State of North Carolina pursuant to Article 16 of Chapter 115C of the General Statutes is deemed a public school within the local school administrative unit where it is located.

(e) **Concurrent Service Obligations:** The SEAA may forgive a scholarship loan under Rule .0701 when the Principal Fellow’s full-time employment as a School Administrator also fulfills his obligation to another education or scholarship program only upon finding that (i) such other program is not funded by the State of North Carolina or any of its agencies or political subdivisions; and (ii) the Principal Fellow’s obligations to the other program will not interfere with his service obligations to the PFP.

*History Note: Authority N.C. Gen. Stat. §§ 116-74.42 and 116-74.43  
Effective July 1, 1997  
Amended effective July 1, 1999.*
.0704 Procedure for Obtaining Forgiveness

(a) Notice of Intent to Seek Service Forgiveness: Within 90 days after graduation from the school administrator program supported by the scholarship loan, the Principal Fellow shall notify the SEAA of his intent to seek, or to forego, the opportunity for service forgiveness under the Program Regulations.

(b) Required Employment Documentation: Upon accepting employment as a School Administrator in a public school in North Carolina, the Principal Fellow shall submit a letter to the SEAA from the appropriate official of the local school administrative unit or school system operated by the United States government, verifying the beginning date of his full-time employment as a School Administrator. No later than 60 days after the end of each of the four years of service as a School Administrator, the Principal Fellow shall submit to the SEAA a letter from the appropriate official of the local school administrative unit or school system, verifying his employment with such unit or system for that year. Notwithstanding the foregoing requirements for employment documentation, the SEAA reserves the right to conduct independent inquiries with regard to whether a Principal Fellow’s employment qualifies for forgiveness under the Program Regulations.

(c) Provision for Pro-rata Forgiveness: The SEAA will administer scholarship loan forgiveness only after verifying that the Principal Fellow completed and documented his service as required by the Program Regulations. For each year of service as a School Administrator that is approved, completed and documented in accordance with the Program Regulations, the SEAA forgives one-fourth of the outstanding balance of principal and interest on the scholarship loan.

History Note: Authority N.C. Gen. Stat.§§ 116-74.42 and 116-74.43
Effective July 1, 1997.

.0705 Authorized Deferment for Extenuating Circumstances

(a) Procedure: At any time after graduation from the school administrator program supported by the scholarship loan, but no later than six years from such graduation, the Principal Fellow 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 Principal Fellow’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 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; and

(iii) unemployment as a School Administrator during any period of time not to exceed twelve (12) months per each occurrence during which the Principal Fellow is also conscientiously seeking and unable to obtain employment that qualifies for service forgiveness.

(c) Effect of Authorized Deferment: SEAA approval of a deferment under this Rule shall operate to extend the period of time during which the Principal Fellow must complete his service as a School Administrator 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.

History Note: Authority N.C. Gen. Stat. §§ 116-74.42 and 116-74.43
Effective July 1, 1997.

.0706 Reinstatement of Scholarship Loan Forgiveness

(a) A Principal Fellow who is required to commence cash repayment of his scholarship loan after graduation from the school administrator program supported by the loan may apply for reinstatement of the opportunity for scholarship loan forgiveness provided that:

(i) his scholarship loan account is in current status with respect to the cash payments;

(ii) the Principal Fellow is eligible for scholarship loan forgiveness under Rule .0702; and

(iii) the Principal Fellow otherwise complies with the Program Regulations.
(b) A Principal Fellow for whom the scholarship loan forgiveness opportunity is reinstated may have the balance of his scholarship loan forgiven under Rule .0701 provided that he complies with Rules .0703 and .0704.

(c) If the SEAA reinstates the Principal Fellow’s opportunity for scholarship loan forgiveness in accordance with this Rule, the SEAA shall not refund any cash payments remitted prior to the reinstatement.

History Note: Authority N.C. Gen. Stat.§§ 116-74.42 and 116-74.43
Effective July 1, 1997.
.0800 CASH REPAYMENT

.0801 Cash Repayment, Generally

When the SEAA determines that a scholarship loan, or any portion thereof, cannot be forgiven under Part .0700 of the Program Regulations, the Principal Fellow shall repay the scholarship loan to the SEAA in cash in accordance with this Part .0800.

History Note: Authority N.C. Gen. Stat. §§ 116-74.42 and 116-74.43
Effective July 1, 1997.

.0802 Commencement of Cash Repayment

(a) After completion of the Principal Fellows Program: A Principal Fellow who completes the school administrator program supported by the scholarship loan shall commence cash repayment no later than the earliest of:
   (i) the end of the twenty-seventh month following his completion of the school administrator program;
   (ii) thirty (30) days after he ceases to qualify for scholarship loan forgiveness under Part .0700 of the Program Regulations; or
   (iii) the date for which the SEAA determines that the Principal Fellow will not be able to serve for four years as a School Administrator at an approved public school in North Carolina within the period of time prescribed by Rule .0701.

(b) Upon termination of the scholarship loan: If the scholarship loan is terminated, the Principal Fellow shall commence cash repayment no later than ninety (90) days following the date on which the scholarship loan is terminated. For the purpose of the Program Regulations, a scholarship loan is terminated when the Principal Fellow:
   (i) withdraws from the school administrator program for which such loan was advanced;
   (ii) fails to meet any standard established by the Principal Fellows Commission; or
   (iii) declines further funding under the Principal Fellows Program.

History Note: Authority N.C. Gen. Stat. §§ 116-74.42 and 116-74.43
Effective July 1, 1997.
.0803 Interest Rate

Each scholarship loan shall bear interest at the rate of ten percent (10%) per year beginning ninety (90) days after the Principal Fellow completes the school administrator program or ninety (90) days after termination of the scholarship loan, whichever event occurs first.

History Note: Authority N.C. Gen. Stat. §§ 116-74.42 and 116-74.43
Effective July 1, 1997.

.0804 Repayment Period

(a) After completion of the Principal Fellows Program: A Principal Fellow, who completes the school administrator program supported by the scholarship loan and is required to repay such scholarship loan in cash, shall repay all of his indebtedness under the PFP to the SEAA within twelve (12) years after completion of the school administrator program.

(b) Upon termination of the scholarship loan: If a scholarship loan is terminated for any reason prior to the Principal Fellow’s completion of the school administrator program supported by such scholarship loan, the Principal Fellow shall repay all of his indebtedness under the Principal Fellows Program to the SEAA within ten (10) years after the date on which the scholarship loan is terminated.

(c) Extension of the Repayment Period: If a Principal Fellow, after completion of the PFP, requests and is granted an authorized deferment for extenuating circumstances under Rule .0705, the period of time covered by such deferment shall extend the total period of time within which the Principal Fellow must repay his scholarship loan in cash by the amount of time covered by the authorized deferment. If the Principal Fellow presents extenuating financial circumstances to the SEAA, the SEAA may reduce the Principal Fellow’s monthly payment temporarily and thereby extend the total period of time within which the Principal Fellow should repay his scholarship loan in cash. In no event, however, shall an authorized deferment, series of authorized deferments, or a temporary reduction in payments operate to extend the cash repayment period more than fifteen (15) years beyond the Principal Fellow’s graduation date.

History Note: Authority N.C. Gen. Stat. §§ 116-74.42 and 116-74.43
Effective July 1, 1997.
.0805 Repayment Terms

(a) *Monthly Installments:* A Principal Fellow shall repay his indebtedness under the Principal Fellows Program in equal monthly installments in accordance with a scheduled established by the SEAA.

(b) *Interest Accrual:* Interest shall accrue on the unpaid principal balance of the scholarship loan throughout the repayment period, including any period of authorized deferment for extenuating circumstance.

*History Note: Authority N.C. Gen. Stat.§§ 116-74.42 and 116-74.43  
Effective July 1, 1997.*

.0806 Default

(a) *Declaration of Default:* In the event of default, the SEAA may declare the entire unpaid balance of principal and interest under the Promissory Note immediately due and payable. The following events shall constitute a default under the Promissory Note:

(i) Failure to commence qualifying service as a School Administrator or cash repayment as required by the Program Regulations;

(ii) Failure to remit a payment to the SEAA when due;

(iii) Failure to comply with any term or condition of the Promissory Note;

(iv) Failure to notify the SEAA of a change in the Principal Fellow’s name, address, school enrollment status or employment status;

(v) Failure to provide verification of employment as required by the Program Regulations; or

(v) Any false representation or statement made or furnished to the SEAA by the Principal Fellow in connection with executing the Promissory Note.

The failure or delay on the part of the SEAA to exercise its option under this Section .0806 shall not constitute a waiver of the right to exercise such option in the event of a continuing or future default.

(b) *Consequences of Default:* Upon default, the SEAA will notify the Principal Fellow of such default and its exercise of the option to declare the entire unpaid balance due and payable in accordance with the Promissory Note. Written notice of default shall be effective if sent by certified mail, return receipt requested, and addressed to the Principal
Fellow at the last known address on file with the SEAA. Refusal at or failure of delivery to such address shall be deemed delivery after seven days. Upon default, the SEAA Program Office, or its authorized agents, may disclose to credit reporting agencies the fact of the default along with other identifying information. Default shall also preclude the Principal Fellow from participating further and receiving any future award in the Principal Fellows Program.

.0900 SCHOLARSHIP LOAN CANCELLATION

.0901 Death of A Principal Fellow

(a) While the Principal Fellow is enrolled in a school administrator program: If a Principal Fellow dies while he is enrolled in a school administrator program in a Participating School, the SEAA shall cancel the Principal Fellow’s Promissory Note and not pursue a claim against his estate provided that the Principal Fellow was enrolled in a Participating School and in compliance with the academic standards of the Commission and the Program Regulations at the time of death.

(b) After completion of the PFP: If a Principal Fellow dies after completing the school administrator program supported by the scholarship loan, the SEAA shall cancel the Principal Fellow’s Promissory Note and not pursue a claim against his estate provided that the Principal Fellow was eligible for service forgiveness under Part .0700 of Program Regulations.

(c) After termination of the scholarship loan and commencement of cash repayment: If the scholarship loan is terminated and the Principal Fellow is required to repay his indebtedness to the SEAA in cash, the scholarship loan shall not be cancelled upon the Principal Fellow’s death, and the SEAA may seek to recover the debt from the Principal Fellow’s estate.

History Note: Authority N.C. Gen. Stat. §§ 116-74.42 and 116-74.43
Effective July 1, 1997

.0902 Permanent Disability

The SEAA shall cancel a scholarship loan upon a finding that the permanent disability of a Principal Fellow creates the impossibility that the Principal Fellow will be able to work as a school administrator, in accordance with the Program Regulations, for four years within six years after completion of the school administrator program supported by the scholarship loan. To apply for cancellation under this Section .0902, the Principal Fellow must submit the written opinion of a licensed medical authority to the SEAA on a form prescribed by the SEAA.

History Note: Authority N.C. Gen. Stat. §§ 116-74.42 and 116-74.43
Effective July 1, 1997.
APPENDIX
This appendix contains the rules for the selection, renewal, and participation in the Principal Fellows Program as adopted by the Principal Fellows Program Commission.

Principal Fellows Policy for Selection Standards

.0100 Eligibility Rules
  .0101 Domicile
  .0102 Acceptance/Enrollment in A Course of Study
  .0103 Scholarship Loans Not Available
  .0104 Criteria for Selection of Principal Fellows
  .0105 Method of Selection of Principal Fellows

.0200 Initial Selection
  .0201 Application and Supporting Information
  .0202 Selection

.0300 Renewal Loans
  .0301 Renewal of the Scholarship Loan
  .0302 Repetition of Academic Work

.0400 NC Principal Fellows Program Rules

.0500 Appeal Process
APPENDIX
Principal Fellows Policy for Selection Standards

.0100 ELIGIBILITY RULES

.0101 Domicile

A recipient of a PFP scholarship loan must be a citizen of the United States and a resident (domiciled in North Carolina by the time he begins) for tuition payment pursuant to G.S. 116-74.42 (d) of the document, A Manual to Assist the Public Higher Education Institutions of North Carolina in the Matter of Student Residence Classification for Tuition Purposes in effect at the time of the recipient’s application.

History Note: Authority N.C. Gen. Stat. § 116-74.42
Effective July 1, 1999.

.0102 Acceptance/Enrollment in A Course of Study

A Principal Fellow must be enrolled in good standing as a full-time student, as determined by the Participating School, in a school administration education program leading to a master’s degree in school administration.

History Note: Authority N.C. Gen. Stat. § 116-74.42
Effective July 1, 1999.

.0103 Scholarship Loans Not Available

Scholarship loans are not available for:

(a) individuals who owe a refund on a Federal or State scholarship or grant who are in default on Perkins Loans or Stafford Student Loans (including Supplemental Loans [SLS] and Parental Loans for Undergraduate Students [PLUS]) or other educational loans;
(b) repeating academic coursework for which a scholarship loan was previously granted, except where such limited repeat coursework (not to exceed three credit hours) is being completed concurrently with a course load for which the Principal Fellow is funded in the succeeding curricular offering;
(c) enrollment during any period(s) in which the Principal Fellow is not in good standing in the school administrator program, PFP or does not meet renewal and/or continuation criteria of the Principal Fellows Commission;

(d) enrollment in educational institutions which do not offer school administration programs in North Carolina and which are not Participating Schools in PFP;

(e) educational credits through correspondence or extension courses;

(f) enrollment in a school administration program on less than a full-time basis;

(g) individuals who do not reflect personal or scholastic behavior of high moral and ethical standards; or

(h) enrollment in a school administration program while employed full-time.

History Note: Authority N.C. Gen. Stat. § 116-74.42
Effective July 1, 1999.

.0104 Criteria for Selection of Principal Fellows

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

(a) a strong academic record (grade point average) in the baccalaureate degree or in the last sixty (60) hours of study;

(b) evidence of effective leadership and management potential;

(c) evidence of superior communication skills;

(d) have at least four years of successful teaching experience or relevant experience;

(e) student’s acceptance in the first year of a school administration program for which PFP scholarship loans are awarded prior to receiving the award;

(f) United States citizenship and a resident domiciled in North Carolina;

(g) evidence of high moral and ethical standards;

(h) student’s willingness to relocate to be able to practice as a School Administrator in North Carolina;

(i) student’s willingness to enter into a contractual agreement with the SEAA to practice full-time as a School Administrator in North Carolina following completion of the education program or repay in cash the amount received under PFP plus interest at an annual rate of ten percent (10%); and

(j) student’s willingness to comply with the Program Regulations.
.0105 Method of Selection of Principal Fellows

The following method of selection of Principal Fellows shall be employed for PFP:

(a) the Director of Principal Fellows Program and the dean or director of the school administration program or the dean or director’s designee in the Participating School shall publicize the availability of the PFP and make applications available for all interested individuals;

(b) the intent of the Principal Fellow to practice school administration in North Carolina following the acquisition of the desired education and subsequent certification shall be evaluated; and

(c) a priority for making PFP awards among the eligible students shall be established that, in the opinion of the Principal Fellows Commission, best meets the objectives for the program to produce the most outstanding candidates for full-time school administration in North Carolina.
.0200 INITIAL SELECTION

.0201 Application and Supporting Information

(a) Application to be considered for a PFP scholarship loan must be made on forms approved by the North Carolina Principal Fellows Commission.

(b) Scholarship applicants must agree to execute: (1) a Promissory Note which details the amount of the PFP award and the terms and conditions of repayment; and (2) a disclosure statement regarding their understanding of the PFP.

(c) The Director of Principal Fellows Program and SEAA Program Office may contact the student aid office, the dean or director of the school administration program, or other sources of information which are deemed necessary to verify all information submitted on each scholarship loan application and disclosure statement. The applicant, by means of applying, grants a waiver to all privacy requirements in order to be considered as a PFP nominee.

History Note: Authority N.C. Gen. Stat. § 116-74.42
Effective July 1, 1999.

.0202 Selection

Principal Fellows of PFP scholarship loans shall be selected by the North Carolina Principal Fellows Commission based upon selection criteria which the Commission has adopted.

History Note: Authority N.C. Gen. Stat. § 116-74.42
Effective July 1, 1999.
.0300 RENEWAL LOANS

.0301 Renewal of the Scholarship Loan

The Principal Fellow must be evaluated each year by the Participating School and the SEAA for renewal of the PFP award based upon criteria adopted by the Principal Fellows Commission and the potential duration of the initial award. The Principal Fellow must be in compliance with PFP rules. In addition, the following standards must be met:

(a) renewal of the scholarship beyond the first year is based upon academic performance in the preceding academic year (fall, spring, and any subsequent summer sessions); and

(b) the Principal Fellow must maintain a 3.2 GPA in the first year of the academic program to be eligible to renew the award for the second year of funding. Principal Fellows are provided the renewal GPA requirements at the time the award is offered.

Renewal awards are made subject to appropriations by the North Carolina General Assembly for the PFP.

History Note: Authority N.C. Gen. Stat. § 116-74.42
Effective July 1, 1999.

.0302 Repetition of Academic Work

Principal Fellows who repeat academic work are not eligible for PFP financial assistance, except where limited coursework (not to exceed three credit hours) is being repeated concurrently with a course load, appropriate for the PFP award, in the succeeding curricular offerings.

History Note: Authority N.C. Gen. Stat. § 116-74.42
Effective July 1, 1999.
.0400 NC PRINCIPAL FELLOWS PROGRAM
RULES

1. A Principal Fellow will remain in good standing academically.
2. A Principal Fellow will remain in good standing in the internship.
3. A Principal Fellow will remain in good standing in the Master of School Administration (MSA) degree program in which enrolled.
4. A Principal Fellow will remain in good standing at the institution in which enrolled.
5. A Principal Fellow will remain in good standing with the North Carolina Principal Fellows Program (PFP):
   (a) By maintaining the standards for selection as a Principal Fellow;
   (b) By fully participating in required Principal Fellows Program activities;
   (c) By obtaining a leave of absence from a state position while participating in the program, by not working more than 20 hours per week on a part-time basis as allowed by the Principal Fellows Commission, and by not accepting an employment contract with an effective date prior to the date of graduation from the MSA program; and
   (d) By complying with all rules and standards of the Principal Fellows Program.
6. A Principal Fellow will remain in good standing with the State Education Assistance Authority (SEAA).
7. A Principal Fellow must uphold and exemplify the high moral and ethical standards expected of educators.
8. A Principal Fellow must not engage in misconduct as defined below:
   (a) Conduct that constitutes behavior of such a nature to indicate that person is unfit to continue as a Fellow;
   (b) Conduct that constitutes a violation of local, state or federal law;
   (c) Conduct that constitutes willful violations of the rules and standards of the Principal Fellows Program;
   (d) Conduct unbecoming a Principal Fellow that is detrimental to the position of trust they hold as educators;
   (e) Engage in falsification of any documentation of the Principal Fellows Program, SEAA or the State of NC, in whatever form, or intentional misrepresentation of facts or circumstances related to the PFP;
   (f) Engage in insubordination defined as failure or refusal to carry out a reasonable rule and/or order of the PFP, the SEAA, the institution of record or the internship site; or
   (g) Any other conduct for which no reasonable person should expect notice that such behavior is unacceptable.
9. Minor violation(s) of any of the above rules may result in lesser sanctions than loss of the scholarship.

10. Violation(s) of any of the above rules may result in the withdrawal of the scholarship loan, revocation of the scholarship loan, dismissal from the PFP and/or loss of the privilege of membership in the program.

11. As a result of the loss of the scholarship, an individual will automatically enter into cash repayment of the scholarship loan beginning 90 days from the loss of the scholarship.

I, ________________________________________________________, the undersigned, have received, read, understood and agreed to abide by the above rules for the NC Principal Fellows Program.

______________________________  ______________________
Signature                  Date

History Note: Authority N.C. Gen. Stat. § 116-74.42
               Effective July 1, 1999.
.0500 APPEAL PROCESS

All appeals by students regarding application selection, renewal, and continuation as a Principal Fellow must be directed in writing to the Director of Principal Fellows Program. The director shall consider the merits of the appeal and resolve the matter. The director may at his or her discretion submit the appeal to the Principal Fellows Commission for resolution.

History Note: Authority N.C. Gen. Stat. § 116-74.42
Effective July 1, 1999.