RULES GOVERNING THE MILLENNIUM
TEACHER SCHOLARSHIP LOAN PROGRAM

A Program of the State of North Carolina
Administered by the State Education Assistance Authority

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Adopted by the Board of Directors July 15, 2005
Effective January 1, 2005
Amended by the Board of Directors August 11, 2008
Effective July 1, 2008
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PART I
SHORT TITLE, PURPOSE AND DEFINITIONS

.0100. Short Title.
The Regulations Governing the Millennium Teacher Scholarship Loan Program may hereinafter be cited by the State Education Assistance Authority, and referred to, as the “MTSLP Regulations” or “these Rules”.

.0101. The Program and its Purpose. The Millennium Teacher Scholarship Loan Program was established by the General Assembly of the State of North Carolina in “The Current Operations and Capital Improvements Appropriations Act of 2004 (S.L. 2004-124, s. 9.2(c)) to provide need-based financial aid, in the form of scholarship loans, to North Carolina high school seniors interested in preparing to teach in the State’s public schools who also enroll in certain Historically Black Colleges and Universities that do not have Teaching Fellows. Students are selected by the Participating Institutions among qualified high school seniors who: (i) apply for the Program; (ii) demonstrate financial need; (iii) plan to pursue a degree in teacher education; and (iv) demonstrate a commitment to teach in the State’s public schools. Funding for the Program is contingent each year upon appropriations made available to the State Education Assistance Authority by the General Assembly and the availability of cash repayments collected from Students who do not qualify for or complete loan forgiveness under Part IV of these Rules.

.0102. Definitions. Unless the context clearly indicates some other meaning, the following capitalized words and phrases shall have the corresponding meanings in these Rules:
(a) “Academic Progress” means the standard or standards by which a Participating Institution measures a student’s academic progress toward completion of the Teacher Education Program in which the Student is enrolled.
(b) “Academic Year” means a combination of school terms consisting of two semesters, two trimesters, or the equivalent thereof, beginning with the fall term of any year.
(c) “Administrative Agreement” means the agreement, in a form acceptable to the Authority, by which a Participating Institution agrees to participate in the Program and assist the Authority in the administration of the Program in compliance with applicable State laws and these Rules.
(d) “Authority” or “the SEAA” means the State Education Assistance Authority, a political subdivision of the State of North Carolina, created and enabled under Article 23 of Chapter 116 of the General Statutes.
(e) “FAFSA” means the federal form entitled, “Free Application for Federal Student Aid,” that is authorized and used by the United States Department of Education for assessing a student’s eligibility for Title IV student financial aid under the Higher Education Act of 1965, as amended.
(f) “Loan” or “Program Loan” means the financial aid provided to a Student under the Millennium Teacher Scholarship Loan Program for payment of the Student’s cost of attendance, or a portion thereof, at a Participating Institution.
(g) “Participating Institution” means Elizabeth City State University, Fayetteville State University, Winston-Salem State University, and any other constituent institution of The University of North Carolina designated by the General Assembly of the State for participation in the Program.
(h) “the Program” means the Millennium Teacher Scholarship Loan Program.
(i) “Promissory Note” means the legally enforceable agreement between a Student and the Authority which sets forth the terms and conditions under which the Authority advances funds to the Student for payment of the Student’s cost of attendance, or a portion thereof, at a Participating Institution and under which the Student repays the Loan in either service or cash.
(j) “Public School” means a North Carolina public school, including a charter school that is approved by the State, and a school operated by the United States government in North Carolina.
(k) “Student” means the student who receives a Loan under the Program in accordance with these Rules.
(l) “Residence Manual” means the most current edition of *A Manual to Assist the Public Institutions of North Carolina in the Matter of Student Residence Classification for Tuition Purposes* containing the definitions of residency for tuition purposes as adopted from time to time by the Board of Governors of The University of North Carolina.

(m) “State” means the State of North Carolina.

(n) “Teacher Education Program” means the undergraduate teacher education program offered by a Participating Institution that qualifies a Student to teach in the Public Schools as a licensed teacher.
PART II
ELIGIBILITY REQUIREMENTS

.0200. General Rule. An applicant for a Program Loan is eligible to be considered by a Participating Institution, if, as of the date of the application, the applicant:
(a) has complied with the application procedures set forth in Part III of these Rules;
(b) is either a (i) North Carolina high school senior who is accepted for enrollment on a full-time basis at a Participating Institution and is a candidate for the Teacher Education Program at that institution or (ii) graduate of a North Carolina high school who is enrolled, or accepted for enrollment, on a full-time basis in a Teacher Education Program at a Participating Institution;
(c) is a North Carolina resident for tuition purposes in accordance with the Residence Manual;
(d) has financial need as determined by the “FAFSA” process;
(e) meets the academic standards set forth in the Administrative Agreement;
(f) has complied with the registration requirements of the Military Selective Service Act or is exempt from the registration requirements; and
(g) is not in default, or does not owe a refund, under any federal or state loan or grant program.

.0201. Renewal Loans. A Student is eligible to receive a Loan for an Academic Year immediately following the Academic Year for which the Student previously received a Loan if, as of the date of application for a renewal Loan, the Student:
(a) is honoring the terms of the Student’s Promissory Note and remains otherwise eligible for a Loan under Rule .0200 of these Rules;
(b) is maintaining Academic Progress in the Teacher Education Program for which the Student received a Loan;
(c) if, the Student is scheduled to repeat any course, or is enrolled in any remedial or developmental course, the repeated, remedial or developmental course is necessary in order for the Student to maintain Academic Progress in the Teacher Education Program and the repeated, remedial or developmental course does not constitute more than one-fourth of the academic credits for the semester, or equivalent term; and
(d) is not in default, or does not owe a refund, under any federal or state loan or grant program.
.0300. Application and Supporting Documentation.

(a) Application. An applicant for a Program Loan under the Program must sign and submit a completed application to the financial aid office of the Participating Institution, at which the applicant has applied for admission or is accepted for enrollment, on a form acceptable to the Participating Institution.

(b) FAFSA Required. Prior to submitting an application for a Program Loan in accordance with subsection (a) of this Rule .0300, an applicant must have completed and submitted a FAFSA in accordance with applicable federal law for the Academic Year for which the applicant is requesting a Program Loan.

(c) Academic Year Covered by an Application for a Program Loan. An application for the Program Loan may be submitted for no more than one Academic Year at a time.

(d) Supporting Documentation. The Participating Institution or the Authority, as the case may be, may require an applicant to submit documentation or additional information in support of the applicant’s application or in order to substantiate information presented in the application or the applicant’s FAFSA before the Participating Institution considers the applicant for a Program Loan or before the Authority approves a Program Loan for disbursement under Rule .0305. Such supporting documentation may include copies of recent federal and state income tax returns.

(e) Applications for Renewal Loans. A Student seeking a Program Loan to continue in the Teacher Education Program in the Academic Year immediately following the Academic Year for which the Student received a Loan must submit an application for a renewal Loan, in a form acceptable to the Participating Institution and in a manner consistent with the procedures set forth in this Rule .0300.

(f) Responsibility to Update an Application. If, at any time before an applicant is approved for a Program Loan under Rule .0305 of these Rules, any information contained in the applicant’s application or FAFSA changes, the applicant is responsible for notifying the Participating Institution of any such change.
.0301. Application Deadlines.

The appropriate division director of the SEAA is hereby authorized and directed to set the application deadlines for the Program for each Academic Year. An application for a Program Loan that is received after the applicable deadline will not be considered for a Loan.

.0302. Selection of Students.

(a) The director of financial aid, a qualified financial aid professional, or other individual so authorized by the director of financial aid of the Participating Institution shall, in consultation with the dean of the school of education, select students for the Program from among those applicants who meet the eligibility requirements of Rule .0200 and submit timely applications under Rule .0301 based on the following criteria:

i. the minimum level of financial need established by the Authority for the Program;

ii. intent of applicant to complete the Teacher Education Program in which enrolled, or accepted for enrollment, and to teach in a Public School following graduation and certification; and

iii. the priority established by the Participating Institution, and approved by the Authority in accordance with subsection (b) of this Rule .0302, for awarding Loans under the Program, including without limitation any priority given to applicants pursuing licensure in any critical shortage area as defined by The University of North Carolina Office of the President.

(b) The Authority, acting through the appropriate division director, or the director’s designee, shall:

i. establish the minimum level of financial need for the Program and notify the Participating Institutions of any change in the minimum level; and

ii. approve the priority, as referenced in subsection (a) of this Rule .0302, for awarding Loans under the Program.

.0303. Loan Amount.

Each Loan shall be in the amount of Six Thousand Five Hundred Dollars ($6,500) for the Academic Year ending June 30, 2005, and for each Academic Year thereafter, in the
amount established by the General Assembly or set by the appropriate division director of the Authority based on the total appropriation for the Program.

.0304. Promissory Note.

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

.0305. Loan Approval.

SEAA shall approve a Program Loan for disbursement to a Student if and only if:
(a) the Student is certified by the Participating Institution as eligible for the Program in accordance with these Rules;
(b) the Student’s Promissory Note is negotiated properly as required by Rule .0304; and
(c) the Student has complied with these Rules, the terms of the Promissory Note, and any Program procedures implemented by a Participating Institution or the Authority to facilitate the application process consistent with these Rules.

.0306. Transfers Between Participating Institutions.

A Loan under the Program shall not be transferable from one Participating Institution to another Participating Institution.

.0307. Loan Disbursement Procedures.

(a) Method of Disbursement. The SEAA shall disburse the proceeds of a Loan by:
   i. a check that is made payable to the Student, or that is made co-payable to the Student and the Participating Institution, and requires the personal endorsement or other written certification of the Student in order to be cashed or deposited in an account of the Student at a financial institution;
   ii. electronic funds transfer to an account maintained by the Participating Institution in accordance with 34 C.F.R. § 668.163, if authorized by the director of the appropriate division director of the SEAA; or
   iii. master check made payable to the Participating Institution for deposit in an account maintained by the Participating Institution in accordance with 34 C.F.R. § 668.163.
(b) **Roster Required.** In the case of disbursement under either clause (ii) or (iii) of subsection (a) of this Rule .0307, the electronic funds transfer or master check shall be accompanied by a roster identifying the Students and the Loan amount for each.

(c) **Refund Procedure.** Loan proceeds that are not disbursed to the Student shall be returned to SEAA within sixty (60) days of the beginning date of the term for which the proceeds were disbursed by electronic means or sixty (60) days from the date of the check.

(d) **Student Certification.** The Student shall execute a certificate, in a form acceptable to the SEAA, acknowledging the Student’s receipt of the Loan proceeds and the purposes for which the Loan is made.

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

**.0308. Use of Loan Proceeds.**

Program Loans shall be used only for payment of the cost of attendance at the Participating Institution as defined in Section 472 of the Higher Education Act of 1965, as amended (20 U.S.C. §1087ll).
.0400. Forgiveness through Service; General Rule.

The SEAA shall forgive a Loan, and any interest accrued on such Loan under Rule .0502, if, within seven years after graduation from a Participating School, exclusive of any authorized deferment for extenuating circumstances, the Student teaches on a full-time basis for one school year for each Loan received in a Public School approved by the SEAA in accordance with this Part IV, and the Student otherwise complies with the MTSLP Regulations. The SEAA shall apply this Rule .0400 sequentially, forgiving each Program Loan in the order that it was made to the Student.

.0401. Eligibility for Forgiveness through Service.

To be eligible for Loan forgiveness, a Student must complete the Teacher Education Program supported by the Loan and be qualified to teach in the public schools of the State under the standards for teacher certification adopted by the State Board of Education.

.0402. Procedure for Obtaining Service Forgiveness; Specific Employment Requirements.

(a) Notice of Intent to Seek Service Forgiveness. Within ninety (90) days after graduation from the Teacher Education Program supported by the Program Loan, the Student shall notify the Authority, in writing and in a form acceptable to the Authority, of the Student’s intent to seek, or to forego, the opportunity for forgiveness through service.

(b) Required Documentation. Within thirty (30) days of accepting a teaching position in a Public School, the Student shall submit written verification of that employment to the SEAA in a form acceptable to the SEAA. Thereafter, the Student shall provide the SEAA with verification of employment in each ensuing year until service is completed. Notwithstanding the foregoing provisions of this Rule .0402(b), the Authority reserves the right to conduct independent inquiries with regard to whether or not a Student’s employment qualifies for service forgiveness under Part IV of these Regulations.
(c) **Full-time Employment Defined.** Full-time employment for the purposes of these Rules shall mean teaching pursuant to a contract or letter of employment for not less than nine calendar months within one fiscal year.

(d) **Certain Service Ineligible.** Service as a tutor, substitute teacher, part-time teacher, lateral-entry teacher, administrator or service in a nonpublic school, community college or institution of higher education may not be used to discharge any amount of a Program Loan under Rule .0400.

(e) **Concurrent Employment Obligations.** The SEAA may forgive a Loan under Rule .0400 when the Student’s full-time employment qualifies under these Rules for forgiveness through service and such employment also fulfills the Student’s obligation to another education or scholarship program only upon finding that:

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

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

.0403. Authorized Deferment for Extenuating Circumstances.

(a) **Procedure.** At any time after graduation from the Teacher Education Program supported by the Loan, but no later than seven years from such graduation, or at any time while enrolled at a Participating Institution, in the case of a Student who is no longer receiving a Program Loan, the Student 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 staff, of the reason for the deferment and specify the period of time, by beginning and ending dates, covered by the deferment request.

(b) **Extenuating Circumstances.** The SEAA may authorize a deferment if and only if one of the following extenuating circumstances is substantiated by the Student’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 MTSLP 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 Student’s immediate family, who is sick or disabled, in either case for a period not to exceed twelve (12) months per each occurrence;

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

iv. full-time enrollment, immediately succeeding the Student’s enrollment in or graduation from a Participating Institution, at the same Participating Institution or any accredited postsecondary institution located within the United States for a period not to exceed thirty-six (36) months.

(c) Effect of Authorized Deferment. The Authority’s approval of a deferment under this Rule. 0403 shall operate to extend the period of time during which the Student must complete the Student’s service as a teacher under Rule .0401 by the amount of time for which the Authority authorized the deferment under subsection (b) of this Rule.

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

.0404. Reinstatement of Forgiveness through Service.

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

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

   ii. the Student is eligible for forgiveness through service under Rule .0401; and

   iii. the Student otherwise is in compliance with these Rules.

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

(c) If the SEAA reinstates the Student’s opportunity for forgiveness in accordance with this Rule .0404, the SEAA shall not refund any cash payments remitted prior to the reinstatement
PART V

CASH REPAYMENT

.0500. Cash Repayment, Generally
When the SEAA determines that a Loan, or any portion thereof, cannot be forgiven under Part IV of the MTSLP Regulations, the Student shall repay the Loan to the SEAA in cash in accordance with this Part V and the terms of the Promissory Note.

.0501. Commencement of Cash Repayment.
(a) After graduation from a Participating Institution. If the Student completes the Teacher Education Program and graduates from the Participating Institution, the Student shall commence repayment of principal and interest no later than ninety (90) days following the earliest of:
   i. the graduation date, unless the Student has provided notice of intent to seek service forgiveness in accordance with Rule .0402(a).
   ii. the date on which the SEAA notifies the Student that the Student’s employment does not qualify for forgiveness through under Part IV of these Rules;
   iii. the date on which the Student notifies the SEAA that the Student does not intend to seek forgiveness through service; or
   iv. the date on which the SEAA determines that the Student will not be able to satisfy the requirements of Part IV of these Rules with regard to any portion of the Student’s outstanding Loan.
(b) Upon termination of the Program Loan. If the Loan is terminated prior to the Student’s graduation, the Student shall commence cash repayment no later than ninety (90) days following the date on which the scholarship loan is terminated. For the purpose of this Rule .0501(b), a Loan is terminated upon the occurrence of any of the following events:
   i. the Student withdraws from the Teacher Education Program for which the Loan was advanced without requesting an authorized deferment under Rule .0403 within ninety (90) days of such withdrawal;
ii. the Student declines further funding under the Program without requesting an authorized deferment under Rule .0403;

iii. determination by the Participating Institution or the Authority that the Student is no longer eligible for a Program Loan under Part II of these Rules and the Student does not request an authorized deferment under Rule .0403 within ninety (90) days of such determination.

.0502. Accrual of Interest.

Each Program Loan shall bear and accrue interest at the rate set forth in the Promissory Note beginning ninety (90) days after graduation from the Teacher Education Program supported by the Loan or the date on which cash repayment is required under Rule .0501, whichever is earlier.

.0503. Repayment Period and Terms.

(a) Repayment Period; Monthly Installments. When a Program Loan matures for cash repayment under Part V of these Regulations, the Student shall be required to repay the Loan in each case according to a schedule of monthly installments established by the SEAA that provides for payment of the Loan in full within ten years of the date on which cash repayment is commenced pursuant to Rule .0501.

(b) Extension of the Repayment Period. The SEAA may, upon the request of a Student, grant an authorized deferment based on documentation of an extenuating circumstance under Rule .0403(b) and thereby extend the repayment period for a Loan by the period of time covered by the authorized deferment.

(c) Forbearance at the Discretion of the SEAA. If the Student documents extenuating financial circumstances for the SEAA, the SEAA may reduce the Student’s monthly payment temporarily and thereby extend the total period of time within which the Student will be required to repay the Loan in full.

(d) Maximum Term. In no event, however, shall an authorized deferment, series of authorized deferments, or a temporary reduction in payments under this Rule .0503 operate to extend the repayment term beyond fifteen (15) years from the date on which repayment commenced.
PART VI

LOAN CANCELLATION DUE TO DEATH OR DISABILITY

.0600. Death of Student.

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

(b) After completion of the Teacher Education Program. If a Student dies after completing the Teacher Education Program supported by the Loan, the SEAA shall cancel the Loan and not pursue a claim against the Student’s estate provided that the Student was either eligible for or pursuing forgiveness through service under Part IV of these Regulations.

(c) After commencement of cash repayment. If the Student is required to repay any Loan in cash under Part V of these Regulations, the outstanding balance on the Loan may be recovered from the Student's estate or cancelled in the discretion of the appropriate division director of the Authority.

.0601. Disability.

The appropriate division director of the Authority is authorized to cancel an outstanding Program Loan upon a finding that the permanent disability of a Student creates the impossibility that the Student will be able to satisfy the requirements of Part IV of these Regulations within seven years of graduation from or termination of enrollment in the Teacher Education Program supported by the Loan. Such finding must be documented by the opinion of a doctor of medicine or osteopathy that is legally licensed to practice in a state on a form prescribed by the SEAA.
.0700. Administrative Agreement Required
(a) In order to administer the Program on behalf of applicants for and Students receiving Program Loans, a Participating Institution must enter into an Administrative Agreement with the Authority by which the Participating Institution agrees to provide such assurances, certifications, performances, reports, information, and documents as may be required by the terms of the Administrative Agreement, these Rules, or upon request of the Authority.
(b) Each Administrative Agreement between the Authority and a Participating Institution, upon proper execution, shall remain in effect until it is terminated pursuant to the terms of the agreement.

.0701. Responsibilities of Participating Institutions.
In addition to the responsibilities set forth in Part III of these Rules, each Participating Institution shall be responsible for:
(a) designating the director of financial aid or another financial aid professional as the primary contact between the Participating Institution and the SEAA and charging that person or officer with the primary responsibility for carrying out the administrative and fiscal provisions of the Administrative Agreement;
(b) providing for the dissemination of information about and applications for the Program, as the case may be depending upon the scope of the Administrative Agreement;
(c) counseling applicants and Students about the Program depending upon the scope of the Administrative Agreement;
(d) determining residency status for tuition purposes;
(e) informing potential applicants of the purpose of the Program and the requirements for Loan forgiveness under Part IV of these Rules;
(f) determining the financial need of each applicant enrolled, or accepted for enrollment, at the Participating Institution based upon the federal methodology, in effect as of the date of application, for the awarding of financial aid under Title IV of the Higher
Education Act of 1965, as amended, and the applicable regulations promulgated there under;
(g) evaluating the intent of each applicant to teach in North Carolina following completion of a Teacher Education Program and subsequent licensure;
(h) selecting applicants to receive Program Loans in accordance with Rule .0302; and
(i) certifying to the Authority that each Student meets the eligibility requirements for a Program Loan under Rule .0200 and, in the case of a renewal Loan, under Rule .0201;

.0702. Audit Requirements.
Each Participating Institution shall be subject to an annual examination by the State Auditor or the Authority pursuant to the audit process designated by the Authority to determine whether the Participating Institution has complied with the terms of the Administrative Agreement and the applicable provisions of these Rules.
PART VIII
PROGRAM ADMINISTRATION

.0800. The Authority as Program Administrator.

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

.0801. Interpretive Guidance.

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