



## **Rules Governing the North Carolina Teaching Fellows Program**

A Program of the State of North Carolina  
Administered by the University of North Carolina System Office, the North Carolina Teaching Fellows  
Commission, and the State Education Assistance Authority  
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Raleigh, NC 27604

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## PART I

### *Short Title, Purpose and Definitions*

#### **.0100. Short Title.**

The Rules Governing the North Carolina Teaching Fellows Program may hereinafter be cited and referred to as the “Program Rules.”

#### **.0101. The Program and its Purpose.**

The North Carolina Teaching Fellows Program (the “Program”) was established by the General Assembly in 2017, and further amended by the General Assembly in 2023, to provide financial assistance, in the form of forgivable loans, to certain students attending select educator preparation programs at institutions of higher education located in North Carolina. The purpose of the program is to recruit, prepare, and support students residing in or attending institutions of higher education located in North Carolina to become highly effective Science, Technology, Engineering, or Mathematics (“STEM”), special education, or elementary education teachers in the North Carolina public school system. Funding for the Program is contingent each year upon appropriations made available to the State Education Assistance Authority by the General Assembly.

#### **.0102. Scope of Administration.**

The Program is administered, as provided by statute, by the University of North Carolina System Office, in conjunction with the State Education Assistance Authority and the Teaching Fellows Commission.

#### **.0103. Definitions.**

Unless the context clearly indicates some other meaning, the following capitalized words and phrases shall have the corresponding meanings in the Program Rules:

- (a) “*Academic Progress*” means the standard or standards by which an Approved Institution measures a Teaching Fellow’s academic progress towards the completion of his or her Approved Educator Preparation Program, unless the Commission sets a higher standard for a Teaching Fellow’s academic progress, in which case the standard or standards set by the Commission shall govern.
- (b) “*Academic Semester*” means the summer, fall, or spring semester or trimester as defined by the student’s Approved Institution.
- (c) “*Academic Year*” means a period of time beginning on July 1 and ending on June 30 in which a student is expected to complete the equivalent of at least two semesters or three trimesters of academic work as defined by the Approved Institution.

- (d) “Act” means Part 3 of Article 23 of Chapter 116 of the North Carolina General Statutes, as existing at the date of adoption of the Program Rules, or as thereafter amended, and any subsequent budget or appropriations act affecting the Program.
- (e) “Approved Educator Preparation Program” means an educator preparation program at either a postsecondary constituent institution of the University of North Carolina or a private postsecondary institution operating in the State that has been selected by the Commission pursuant to G.S. § 116-209.62(f).
- (f) “Approved Institution” means a postsecondary constituent institution of the University of North Carolina or a private postsecondary institution operating in the State that has an educator preparation program that has been selected by the Commission pursuant to G.S. § 116-209.62(f) and that has executed a Participation Agreement.
- (g) “Authority” means the State Education Assistance Authority, a political subdivision of the State of North Carolina, created and enabled under Part 1 of Article 23 of Chapter 116 of the North Carolina General Statutes.
- (h) “Authorized School Official” means the official who is authorized by the Approved Institution to execute the Approved Institution’s responsibilities under the Program Rules.
- (i) “Commission” means the North Carolina Teaching Fellows Commission, established by the General Assembly under G.S. § 116-209.61(a), and authorized to determine program and forgivable loan recipient selection criteria and selection procedures.
- (j) “Date of Disbursement” means the date or dates on which the Authority funds the Loan. If the disbursement is made by check, it will be the date shown on the check. If the disbursement is made by electronic funds transfer, it will be the date the Loan funds are electronically transferred to the Approved Institution.
- (k) “Default” means the failure to make payments on a Loan for a period of 180 days that results in the Loan account being 180 days or more past due.
- (l) “Deferment” means the postponement of repayment of the Loan or Loans authorized by the Authority for an established period of time as determined by the Authority pursuant to Rule .0409.
- (m) “Forbearance” means the temporary postponement or reduction of monthly payments because of a Teaching Fellow’s financial hardship that is authorized by the Authority pursuant to Rule .0410.
- (n) “Full-time” means, in the context of employment, employment that is verified as full-time by the employing entity, which may be for a 10-month period for a school with a traditional school year or a 12 month period for a year-round school, regardless of the number of monthly salary installments a teacher requests as permitted by G.S. § 115C-302.1(b), and, in the context of education, academic attendance that is verified as full-time by the Approved Institution.
- (o) “Loan” means the loan provided to a Teaching Fellow under the Program for payment of the Teaching Fellow’s cost of attendance as determined in accordance with G.S. § 116-209.62(g),

for one Academic Year or part of one Academic Year at an Approved Institution, and for payment of any expenses related to obtaining licensure.

- (p) *“Minimum Academic Requirements”* means the required minimum standard of academic measures like GPA, test scores, and other factors, as determined annually by the Commission pursuant to G.S. § 116-209.62(e).
- (q) *“North Carolina Public School”* means an elementary or secondary school located in North Carolina that is governed by a local board of education, charter school board of directors, regional school board of directors, the State Board of Education, or the chancellor of a University of North Carolina laboratory school.
- (r) *“Participation Agreement”* means the agreement, in a form acceptable to the Authority, by which an Approved Institution agrees to participate in the Program and assist the Authority in the administration of the Program in compliance with the Act and the Program Rules.
- (s) *“PIN”* means a personal identification number assigned by the Authority to a Teaching Fellow for the purpose of executing the Promissory Note electronically.
- (t) *“Program”* means the North Carolina Teaching Fellows Program.
- (u) *“Program Administrators”* means the University of North Carolina System Office, the State Education Assistance Authority, and the Teaching Fellows Commission.
- (v) *“Promissory Note”* means the legally enforceable agreement between a Teaching Fellow and the Authority which sets forth the terms and conditions under which the Authority advances funds to the Teaching Fellow for payment of (i) the Teaching Fellow’s cost of attendance as determined in accordance with G.S. § 116-209.62(g), or a portion thereof, at an Approved Institution and (ii) expenses related to obtaining licensure, and under which the Teaching Fellow repays the Loan in either service or cash.
- (w) *“Qualifying Licensure Area”* means – A STEM or special education licensure area that is identified in accordance with G.S. § 116-209.62(h) or a licensure area in elementary education for grades kindergarten through six (6).
- (x) *“Qualified Position”* means a position of Full-Time employment as a Teacher in a North Carolina Public School in a Qualifying Licensure Area and that meets the criteria for Loan forgiveness established by the Authority.
- (y) *“State”* means the State of North Carolina.
- (z) *“STEM”* means science, technology, engineering, and mathematics.
- (aa) *“Teacher”* means a person who holds at least a current, not provisional or expired, Class A license or a regular, not provisional or expired, vocational license issued by the State Board of Education whose major responsibility is to teach and who is employed to fill a Full-time, permanent position.
- (bb) *“Teaching Fellow”* means an individual who is awarded a forgivable Loan under the Teaching Fellows Program to pursue, on a Full-time basis, a degree in an Approved Educator Preparation Program in a Qualifying Licensure Area and who receives a Loan under the Program in accordance with the Program Rules.

(cc) *“TFP Director”* means the individual appointed by the Board of Governors of the University of North Carolina, pursuant to G.S. § 116-209.62(d), who is responsible for recruitment and coordination of recipients for the Program, performance of administrative functions to implement the Program, in coordination with the Authority, and the appointment of staff to the Commission.

(dd) *“UNC System Office”* means the University of North Carolina System Office.

## **PART II**

### ***Eligibility Requirements***

#### **.0200. Initial Loan Eligibility Requirements.**

An applicant for a Loan is eligible to be considered for a Loan if the applicant:

- (a) Is, as of the date of the application, in one of the following categories. In the event the Commission further modifies these eligibility categories, the eligibility categories set by the Commission shall govern:
  - 1. A high school senior attending a school located in North Carolina.
  - 2. A student enrolled at an institution of higher education who intends to apply or has applied to transfer to an Approved Educator Preparation Program at an Approved Institution.
  - 3. A student enrolled in an Approved Institution, who intends to apply or has applied to transfer to an Approved Educator Preparation Program at the Approved Institution.
  - 4. An individual with a bachelor's degree seeking initial teacher licensure who intends to apply or has applied for enrollment at an Approved Educator Preparation Program.
- (b) Has complied with the application procedures set forth in the Program Rules;
- (c) Meets the Minimum Academic Requirements;
- (d) Becomes enrolled in an Approved Educator Preparation Program and is enrolled as a Full-time student;
- (e) Is eligible to receive financial assistance under Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. § 1070, et seq.;
- (f) Is not in default, or does not owe a refund, under any State loan or grant program; and
- (g) Agrees to work in a Qualified Position.

#### **.0201. Renewal Loan Eligibility Requirements.**

A Teaching Fellow is eligible to receive a Loan for an Academic Year immediately following the Academic Year for which the Teaching Fellow previously received a Loan if the Teaching Fellow:

- (a) Is honoring the terms of the Teaching Fellow's Promissory Note;
- (b) Meets the initial eligibility requirements of the Program Rules;
- (c) Is making Academic Progress;
- (d) Has not exceeded the maximum number of funding semesters available for the eligibility category set forth in Rule .0200(a) that is established by the Commission;
- (e) Has not exceeded the loan amounts for the recipient's eligibility category set forth in Rule .0200(a) that is established by the Commission and for the Program as set forth in G.S. § 116-209.62(g);
- (f) Has remained continuously enrolled in his or her Approved Education Program;



- (g) Participates in required Program activities, unless an exemption has been approved by the TFP Director; and
- (h) Remains otherwise eligible for a Loan under the Program Rules.

## PART III

### ***Application Procedures; Selection of Teaching Fellows and Loan Approval***

#### **.0300. Application and Supporting Documentation.**

- (a) *Application.* An applicant for a Loan under the Program must complete an application for the Program on a form provided on the Program website.
- (b) *Supporting Documentation.* The Program Administrators, collectively or separately, may require an applicant to submit documentation or additional information to substantiate information presented in the application. An application will not be considered complete until all supporting documentation requested has been received by the requesting Program Administrator.
- (c) *Applications for Renewal Loans.* A Teaching Fellow seeking a Loan to continue in his or her Approved Educator Preparation Program in the Academic Year immediately following the Academic Year for which the Teaching Fellow received a Loan must submit renewal information in a form acceptable to the Authority and in a manner consistent with the procedures set forth in the Program Rules.
- (d) *Responsibility to Update an Application.* If any information presented on the applicant's initial or renewal application changes, the applicant is responsible for notifying the Authority and the Approved Institution of any such change.

#### **.0301. Application Deadlines.**

The Program Administrators may set the application deadlines for the Program for each Academic Semester. An application for a Loan received after the applicable deadline may not be considered for a Loan.

#### **.0302. Selection of Teaching Fellows.**

The Commission shall select the Teaching Fellows for the Program from among those applicants who submit applications by the established deadline, meet the eligibility requirements of the Program Rules, meet the Minimum Academic Requirements, and meet the criteria for selection for awarding forgivable loans adopted by the Commission, which shall include the following criteria:

- (a) Grade point averages;
- (b) Performance on relevant career and college readiness assessments;
- (c) Experience, accomplishments and other criteria demonstrating qualities positively correlated with highly effective teachers, including excellent verbal and communication skills;

- (d) Demonstrated commitment to serve in a Qualifying Licensure area in a North Carolina Public School;
- (e) The intent of the applicant to complete his or her Approved Educator Preparation Program and to work in North Carolina in a Qualified Position; and
- (f) Any other factor consistent with the purpose of the Program.

**.0303. Loan Amount.**

- (a) Each Loan shall be in the amount established annually by the Authority based on available funds, the total appropriation for the Program, the prescribed statutory amount, the Teaching Fellow's Loan history, other financial aid received by the Teaching Fellow, and the Teaching Fellow's Approved Educator Preparation Program.
- (b) The Loan may be renewed for the statutorily prescribed maximum number of Academic Semesters. The Commission will establish the maximum number of Academic Semesters that applies to a Teaching Fellow under the categories of eligibility set forth in Rule .0200 in accordance with G.S. § 116-209.62(g).

**.0304. Use of Loan Proceeds.**

Loans shall be used only for (i) the Teaching Fellow's costs for tuition, fees, and books associated with the Teaching Fellow's enrollment in an Approved Educator Preparation Program, as determined by the Authority and the Teaching Fellows Commission in accordance with G.S. § 116-209.62(g), for one Academic Year or part of one Academic Year at an Approved Institution and (ii) expenses related to obtaining licensure.

**.0305. Time Limit.**

Loans are approved only for one Academic Year at a time.

**.0306. Loan Approval.**

The Authority shall approve a Loan for disbursement to a Teaching Fellow selected for the Program pursuant to Rule .0302 if:

- (a) The Teaching Fellow is certified by the Approved Institution as eligible for the Program in accordance with the Program Rules;
- (b) The Promissory Note is executed in accordance with the Program Rules; and
- (c) The Teaching Fellow has complied with the Program Rules, the terms of the Promissory Note, and any Program procedures implemented by the Program Administrators and the Approved Institution.

**.0307. Promissory Note.**

A Loan shall be evidenced by a Promissory Note, properly executed by the Teaching Fellow in compliance with the procedures established by the Authority.

**.0308. Transfers between Approved Educator Preparation Programs.**

- (a) *Approval by the TFP Director.* A Teaching Fellow may lose eligibility for a Loan under the Program if he or she transfers from one Approved Educator Preparation Program to another Approved Educator Preparation Program without the approval of the TFP Director.
- (b) *Academic Progress.* The TFP Director will not approve a transfer of a Teaching Fellow's Loan from one Approved Educator Preparation Program to another Approved Educator Preparation Program unless the Teaching Fellow is making Academic Progress.
- (c) *Promissory Note.* If the Teaching Fellow transfers from one Approved Educator Preparation Program to another Approved Educator Preparation Program, all of the terms and conditions of the Teaching Fellow's original Promissory Note remain in effect as if the Teaching Fellow had not transferred to a different Approved Institution.

## PART IV

### ***Repayment; Loan Forgiveness and Cash Repayment***

#### **.0400. Repayment; Generally.**

A Teaching Fellow must complete his or her Approved Educator Preparation Program, pass any applicable and required certification or licensure examination(s), have attended and completed all required Program activities unless an exemption has been approved by the TFP Director, and remain in good standing with the Program to be eligible for Loan forgiveness. Loans that are not forgiven through employment in a Qualified Position must be repaid in cash.

#### **.0401. Repayment Period.**

- (a) *Length.* The repayment period generally shall not exceed ten (10) years. The repayment period may be less than ten (10) years depending on the Teaching Fellow's Approved Educator Preparation Program and the amount of the Teaching Fellow's Loan or Loans.
- (b) *Commencement.* The repayment period begins on the first day of September after the completion of the Teaching Fellow's Approved Educator Preparation Program or ninety (90) days after graduation, whichever is later. If the Teaching Fellow's loan is terminated, as defined in Rule .0407(b), the repayment period begins ninety (90) days from the Teaching Fellow's termination from his or her Approved Educator Preparation Program.
- (c) *Status.* At all times during the repayment period, the Teaching Fellow shall be (1) employed in a Qualified Position, (2) making cash payments, or (3) in a period of approved Deferment or Forbearance.

#### **.0402. Interest Accrual.**

Each Loan shall accrue interest at the rate set forth in the Promissory Note beginning on the date the repayment period begins as set forth in Rule .0401 until the Loan is paid in full. Interest continues to accrue throughout the repayment period, including while the Teaching Fellow is employed in a Qualified Position, while the Teaching Fellow is making cash payments, and during any period of Deferment or Forbearance.

#### **.0403. Loan Forgiveness; General Rules.**

Unless otherwise specified in the Teaching Fellow's Promissory Note, the following rules apply to Loan forgiveness.

##### (a) *Rate of Loan Forgiveness.*

1. A Loan that is disbursed for an Academic Year, or part of an Academic Year will be forgiven for one year of Full-time employment as a Teacher in a Qualified Position.

2. Employment for less than Full-Time as a Teacher in a Qualified Position may qualify for a period of Loan forgiveness at a rate determined by the Authority.
  3. The rate of Loan forgiveness is the same regardless of the number of Loan disbursements per Academic Year and the amount of the Loan.
- (b) *Sequentially*. Generally, Loans will be forgiven sequentially; forgiving each Loan in the order that it was made to the Teaching Fellow. A Teaching Fellow may request that a Loan be forgiven out of sequence of disbursement if the Teaching Fellow's requirements for a Qualified Position at the later Date of Disbursement is the only qualifying employment for the Loans reported to be available to the Teaching Fellow at the time the Teaching Fellow is seeking forgiveness.
- (c) *Qualified Position*. A Teaching Fellow will be subject to the requirements of a Qualified Position, including any specific employment requirements related to rate of forgiveness, effective as of the Date of Disbursement of the Loan.
- (d) *Part-Time Employment*. Part-time employment does not qualify for Loan forgiveness.
- (e) *Ineligible Positions*. Employment in a Public School as a tutor, substitute teacher, teacher assistant, part-time teacher, lateral-entry teacher, or school administrator or other positions identified by the Authority shall not qualify for Loan forgiveness.
- (f) *Public School Exclusive*. Employment at nonpublic schools or postsecondary institutions does not qualify for Loan forgiveness.

**.0404. Loan Forgiveness; Procedures and Specific Employment Requirements.**

- (a) *Notice of Intent to Seek Loan Forgiveness*. Within ninety (90) days after graduation from or completion of an Approved Educator Preparation Program, the Teaching Fellow shall notify the Authority, in a form acceptable to the Authority, of the Teaching Fellow's intent to repay the Loan or Loans in cash or seek Loan forgiveness through employment in a Qualified Position.
- (b) *Submission and Approval of Teaching Fellows Loan Forgiveness Application*. A Teaching Fellow must complete a Teaching Fellow loan forgiveness application in a format acceptable to the Authority prior to the date the Loan enters repayment in order to avoid being billed for monthly cash payments. A Teaching Fellow must receive approval, from the Authority, that the employment for which the Teaching Fellow seeks forgiveness meets the standards for a Qualified Position in order for the Authority to suspend payments for the year of qualifying employment.
- (c) *Required Documentation*. Within thirty (30) days of beginning employment in a Qualified Position, the Teaching Fellow shall submit written verification of that employment to the Authority in a format acceptable to the Authority. If the Teaching Fellow changes his or her employment, he or she shall provide the Authority with verification of employment in each subsequent Qualified Position until all Loans are forgiven or the Teaching Fellow commences cash repayment, whichever occurs first. The Authority reserves the right to conduct

independent inquiries with regard to whether or not a Teaching Fellow's employment qualifies for Loan forgiveness under the Program Rules.

- (d) *Concurrent Employment Obligations.* A Teaching Fellow's employment is not eligible for Loan forgiveness if said employment is being used for loan forgiveness for any other State-funded program administered by the Authority.

**.0405. Loan Forgiveness; Reinstatement.**

- (a) A Teaching Fellow who is repaying the Loan or Loans in cash may apply for reinstatement of the opportunity for Loan forgiveness provided that the Teaching Fellow is still eligible for Loan forgiveness under the terms of his or her Promissory Note.
- (b) A Teaching Fellow for whom the opportunity for forgiveness is reinstated may have the balance of his or her Loan or Loans forgiven.
- (c) If the Authority reinstates the Teaching Fellow's opportunity for Loan forgiveness, the Authority shall not refund any cash payments remitted prior to the reinstatement.

**.0406. Cash Repayment, Generally.**

When the Authority determines that a Loan cannot be forgiven under the Program Rules, the Teaching Fellow shall repay the principal and all accrued interest to the Authority in cash in accordance with the Program Rules and the terms of the Promissory Note.

**.0407. Cash Repayment; Commencement.**

- (a) *After Completion of the Approved Educator Preparation Program.* If the Teaching Fellow graduates from or completes the Approved Educator Preparation Program, he or she shall commence cash repayment of the Loan or Loans beginning on the first day of September after completion of the Teaching Fellow's Approved Educator Preparation Program or ninety (90) days after graduation, whichever is later, unless the Teaching Fellow is employed in a Qualified Position.
- (b) *Termination of the Loan or Loans.* If a Loan is terminated before the Teaching Fellow graduates from or completes the Approved Educator Preparation Program, the Teaching Fellow shall commence cash repayment beginning ninety days (90) days from the date on which the Loan or Loans are terminated. A Loan is terminated upon the occurrence of any of the following events:
  - 1. The date the Teaching Fellow is no longer enrolled in his or her Approved Educator Preparation Program;
  - 2. Withdrawal from the Approved Educator Preparation Program, if the Teaching Fellow does not transfer to a different Approved Educator Preparation Program within 90 days from the withdrawal date;

3. The date the Commission or the Authority determine that the Teaching Fellow has failed to meet the standards set by the Commission; or
4. The date the Commission or the Authority determines that the Teaching Fellow is no longer eligible for a Loan under the policies for the Program established by the Commission and the Program Rules.

**.0408. Cash Repayment Period and Terms.**

- (a) *Monthly Installments.* The Teaching Fellow shall repay the Loan or Loans according to a schedule of monthly installments established by the Authority that provides for repayment of the Loan or Loans in full within ten (10) years or less depending on the amount borrowed and the number of years prescribed for the Teaching Fellow's Approved Educator Preparation Program as set out in the applicable Promissory Note.
- (b) *Application of Loan Payments.* Cash payments will be applied first to fees, including collection fees incurred in the event the Teaching Fellow is in Default, then to accrued, unpaid interest, and the remainder to principal.

**.0409. Deferment.**

- (a) *Procedure.* A Teaching Fellow may apply for a Deferment in a manner approved by the Authority.
- (b) *Types of Deferment.* The Authority may authorize a Deferment if one of the following circumstances is substantiated by the Teaching Fellow's request:
  1. Personal illness for a period of time not to exceed twelve (12) months per each occurrence;
  2. Family medical leave, which means maternity or paternity leave upon the birth or adoption of a child or leave to provide necessary care for a member of the Teaching Fellow's immediate family who is sick or disabled, in either case for a period of time not to exceed twelve (12) months per each occurrence;
  3. Unemployment for a period of time not to exceed twenty-four (24) months during which the Teaching Fellow is conscientiously seeking and unable to obtain employment;
  4. Full-time enrollment at any accredited postsecondary institution located within the United States for a period of time not to exceed twenty-four (24) months;
  5. A member of the National Guard or a reserve component who is ordered to report for military service as that term is defined in 50 § U.S.C. 3911(2);
  6. Residing in or employed in an area that is a disaster area as that term is defined in 42 U.S.C. § 5204(2); or
  7. Any other reason that the Authority finds is consistent with the purposes and goals of the Program for a period of time not to exceed twenty-four (24) months.



- (c) *Effect of Deferment.* The Authority's approval of a Deferment may extend the repayment period by the amount of time for which the Authority authorized the Deferment.
- (d) *Interest Accrual.* Interest on all Loans shall continue to accrue during all periods of Deferment.

**.0410. Forbearance.**

- (a) *Procedure.* A Teaching Fellow may apply to the Authority for a Forbearance for intervals of time not to exceed an aggregate of twenty-four (24) months in a manner approved by the Authority.
- (b) *Effect of Forbearance.* The Authority's approval of a Forbearance may extend the Teaching Fellow's repayment period.
- (c) *Interest Accrual.* Interest on all Loans shall continue to accrue during all periods of Forbearance.

**.0411. Cash Repayment; Default.**

- (a) *Declaration of Default.* In the event of the Teaching Fellow's Default under the terms of his or her Promissory Note, the Authority may declare the entire unpaid balance of principal and interest immediately due and payable. Default shall preclude the Teaching Fellow from receiving additional Loans under the Program or any other Program administered by the Authority. Default may occur at any time after the Date of Disbursement.
- (b) *Consequences of Default.* The Authority may disclose to credit bureau organizations that the Teaching Fellow has defaulted on the Loan and may obtain credit reports on the Teaching Fellow. Defaulted Loans reported to credit bureaus, may adversely affect a Teaching Fellow's credit rating. The Authority will pursue all available means of collection under North Carolina law, including without limitation, setoff of State income tax refunds, State lottery winnings offset, wage garnishment, referral to the North Carolina Attorney General's Office for collection, and referral to external collection agencies.
- (c) *Collection Fees Owed.* In the event of the Teaching Fellow's Default under the terms of his or her Promissory Note, the Teaching Fellow will be responsible for payment of all collection fees that may be incurred by the Authority for the use of the external collection agencies.

## PART V

### ***Loan Cancellation Due to Death or Disability***

#### **.0500. Death of Teaching Fellow.**

- (a) *While the Teaching Fellow is enrolled in an Approved Institution.* If a Teaching Fellow dies while the Teaching Fellow is enrolled in an Approved Educator Preparation Program supported by the Loan or Loans, the Authority shall cancel the Loan or Loans and not pursue a claim against the Teaching Fellow's estate.
- (b) *While in a Qualified Position.* If a Teaching Fellow dies while employed in a Qualified Position, the Authority shall cancel the Loan or Loans and not pursue a claim against the Teaching Fellow's estate.
- (c) *While in Cash Repayment.* If the Teaching Fellow is in cash repayment, the outstanding balance on the Loan or Loans may be recovered from the Teaching Fellow's estate or cancelled at the discretion of the Authority.

#### **.0501. Disability.**

The Authority is authorized to forgive the Teaching Fellow's Loan or Loans upon a finding that the Teaching Fellow cannot fulfill requirements for Loan forgiveness or cash repayment because of the Teaching Fellow's permanent disability, in accordance with G.S. § 116-209.63(b). This finding must be documented by a doctor of medicine or osteopathy that is legally licensed to practice in a state of the United States.

## PART VI

### *Approved Institutions*

#### **.0600. Participation Agreement Required.**

In order to administer the Program on behalf of applicants and Teaching Fellows, an Approved Institution shall enter into a Participation Agreement with the Authority.

#### **.0601. Responsibilities of Approved Institutions.**

An Institution shall be responsible for:

- (a) Designating an Authorized School Official as the primary contact between the Approved Institution and the Authority and charging that person with the primary responsibility for executing the Approved Institution's responsibilities under the Program Rules;
- (b) Complying with the Loan disbursement procedures;
- (c) Complying with the refund procedures; and
- (d) Certifying to the Authority that an applicant meets the eligibility requirements for a Loan under the Program Rules.

#### **.0602. Loan Disbursement Procedures.**

- (a) *Method of Disbursement.* The Authority shall disburse the proceeds of the Loan by electronic funds transfer based on information provided by the Approved Institution. Upon receipt of the Loan funds from the Authority, the Approved Institution shall deposit the funds into a separate general ledger account within the Approved Institution's accounting system identified as the "Teaching Fellows Program Account."
- (b) *Roster Required.* A roster identifying the Teaching Fellows and the Loan amount for each Teaching Fellow will be sent to the Approved Institution at the time of the electronic funds transfer.
- (c) *Timing of Disbursements.* Disbursements may be on an annual, semester, or quarter basis, depending on the Teaching Fellow's Approved Educator Preparation Program and Approved Institution.
- (d) *Posting of Disbursements.* The Approved Institution shall post the Loan amount to each Teaching Fellow's account within ten (10) days after the receipt of the roster or within ten (10) days after the beginning date of the term for which the proceeds of the Loan were disbursed, whichever is later.
- (e) *Refund Procedure.* Loan funds that are not disbursed to the Teaching Fellow or are adjusted due to eligibility or enrollment changes shall be returned to the Authority within sixty (60) days of the date the determination is made that a change in enrollment or eligibility will result in the need for a return of funds. In addition, Approved Institutions are responsible for fully

reconciling the accuracy of disbursements made in each Academic Year under the Program Rules. An Approved Institution shall return any State funds owed from the prior Academic Year to the Authority by September 1.

- (f) *Certification of Receipts.* The Approved Institution shall certify the Teaching Fellow's eligibility for the Program and certify that Loan funds received by electronic funds transfer have been credited to the Teaching Fellow's account.

**.0603. Audit Requirements.**

An Approved Institution shall be subject to examination by the Authority and audit by the State Auditor to determine, among other things, whether the Approved Institution has complied with the terms of the Participation Agreement, the Program Rules, the Act, and all other applicable laws and regulations.

**.0604. Inspection of Records.**

Each Approved Institution shall make all Program records available to the Authority and the State Auditor for inspection upon request. All Program records must be retained by the Approved Institution for a period of five years from the close of the Approved Institution's fiscal year or until all review findings and audit exceptions have been resolved, whichever is later.

**.0605. Refund of Loan Funds.**

Approved Institutions shall be responsible for the return of State funds for Teaching Fellows who are deemed ineligible under the Act and the Program Rules and for withdrawals and enrollment adjustments in accordance with Rule .0602(e) and the Authority's policies for return of funds for State-funded assistance programs.

**.0606. Continuing Institutional Eligibility of Approved Institutions.**

If a review or audit by the Authority or the State Auditor documents violations of the Act or Program Rules, the Approved Institution may be required to remedy those violations through the return of State funds and changes in procedures at the Approved Institution. If the Approved Institution's remedy does not, in the opinion of the Authority, constitute immediate and satisfactory action, the Authority may withhold disbursement of Program funds and/or withdraw approval to participate in the Program.

## **Part VII**

### ***Program Administration***

#### **.0700. Program Administrators.**

The Authority, in consultation with the other Program Administrators, is authorized and directed to develop, adopt and implement such policies, procedures and forms as necessary from time to time in order for the Authority to administer the Program in accordance with the Program Rules, policies established by the Commission, and in compliance with the Act. In the event of any conflict between the Act and the Program Rules, the Executive Director of the Authority is authorized to implement temporary policies in compliance with any amendments to the Act pending action by the Board of Directors to amend the Program Rules.

#### **.0701. Interpretive Guidance.**

The Authority may, from time to time, issue guidance for interpreting the Program Rules in the form of policy memoranda or questions and answers. The Authority shall disseminate such interpretive guidance to all Approved Institutions. All interpretive guidance shall have the force and effect of the Program Rules.

I, Andrea Poole, Executive Director and Secretary of the Board of Directors of the State Education Assistance Authority, DO HEREBY CERTIFY that the foregoing is a true and exact copy of the Rules Governing the North Carolina Need-Based Scholarship Program, as amended and adopted by the Board of Directors of the Authority on April 26, 2024, and as approved as final pursuant to the authority delegated to me; these Rules are in full force and effect.

WITNESS my hand and seal of the Authority, this the 2, day of May 2024.

Andrea Poole

Andrea Poole  
Executive Director and Secretary of the Board of Directors

