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Sequence Number: 03-03-13
Rule ID(s): 5386
File Date: 3/1/13
Effective Date: 8/29/13

Proposed Rule(s) Filing Form

Proposed rules are submitted pursuant to T.C.A. §§ 4-5-202, 4-5-207 in lieu of a rulemaking hearing. It is the intent of the Agency to promulgate these rules without a rulemaking hearing unless a petition requesting such hearing is filed within sixty (60) days of the first day of the month subsequent to the filing of the proposed rule with the Secretary of State. To be effective, the petition must be filed with the Agency and be signed by twenty-five (25) persons who will be affected by the amendments, or submitted by a municipality which will be affected by the amendments, or an association of twenty-five (25) or more members, or any standing committee of the General Assembly. The agency shall forward such petition to the Secretary of State.

Agency/Board/Commission:	Tennessee Student Assistance Corporation
Division:	Higher Education
Contact Person:	Peter Abernathy, Senior Associate Executive Director and Attorney
Address:	Suite 1510, Parkway Towers, 404 James Robertson Parkway, Nashville, TN
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Revision Type (check all that apply):
X Amendment
___ New
___ Repeal

Rule(s) Revised (**ALL** chapters and rules contained in filing must be listed here. If needed, copy and paste additional tables to accommodate multiple chapters. Please enter only **ONE** Rule Number/Rule Title per row)

Chapter Number	**Chapter Title**
1640-01-17	Tennessee Teaching Scholars Program
Rule Number	**Rule Title**
1640-01-17-.01	Introduction
1640-01-17-.02	General
1640-01-17-.03	Eligibility
1640-01-17-.04	Method of Selection
1640-01-17-.05	Loan Amount and Terms
1640-01-17-.06	Collections
1640-01-17-.07	Repealed
1640-01-17-.08	Appeals Procedures

Chapter 1640-01-17
Tennessee Teaching Scholars Program

Amendments

Rule 1640-01-17 is amended by inserting a "0" in the rule and/or chapter number throughout the rule where only a single digit is reflected to conform to *Tennessee Code Annotated* 1360-01-01-.03(a)1.(xi), which states there is to be no single digits on rule and chapter numbers.

Rule 1640-01-17 is amended by adding the new rule title "Collections" to the Table of Contents so that as amended the Table of Contents shall read:

1640-01-17-.06 Collections

Rule 1640-01-17 Table of Contents is amended by renumbering the rule title "Appeals Procedures" to accommodate the addition of the new rule so that as amended the Table of Contents shall read:

1640-01-01-.08 Appeals Procedures

Authority: T.C.A. §§ 49-4-201, 49-4-204, and 49-4-212

Rule 1640-01-17-.01 Introduction is amended deleting the current language in its entirety and substituting the following language so that as amended the rule shall read:

(1) These rules implement the Tennessee Teaching Scholars Program (TTSP) authorized by the Tennessee Teaching Scholars Act, T.C.A. § 49-4-212, in Public Chapter 392 of the 1995 Public Acts (hereinafter referred to as the "Act"). The Act provides for a forgivable loan program for exemplary students who desire to enter the teaching force in Tennessee. Participation in the program is limited to college juniors, seniors, and post-baccalaureate candidates admitted to teacher education programs in Tennessee. Persons receiving program awards who become public school teachers in Tennessee shall receive forgiveness of the program award balance based on one (1) year's teaching service for each year an award was received.

(2) The Tennessee Student Assistance Corporation (TSAC) shall administer the program under the regulations and criteria developed jointly with the Tennessee State Board of Education and the Tennessee Higher Education Commission (THEC). TSAC shall provide the Tennessee Department of Education (TDOE) with rosters of program participants completing teacher education programs including their areas of teaching endorsements. TDOE shall use these rosters for assisting in job placement and in considering waiver requests from local education agencies.

Authority: T.C.A. §§ 49-4-201, 49-4-204, and 49-4-212.

Rule 1640-01-17-.02 General is amended by deleting the current language in its entirety and substituting the following language so that as amended the rule shall read:

(1) Definitions. As used in these regulations (Chapter 1640-01-17):

(a) Academic year: A period of time, typically nine (9) months, and is composed of two (2) semesters.

(b) Act: T.C.A. § 49-4-212 as found in Public Chapter 392 of the Public Acts of 1995.

(c) Default: The failure of a recipient in repayment status to make installment payments for a period of two hundred seventy (270) consecutive days.

(d) Deferment: A period of time in which the student's payments may be postponed, pursuant to Rule 1640-01-17-.05(7).

(e) Eligible schools: Tennessee public schools approved by the Tennessee State Board of Education in which recipients may teach for cancellation credit towards their loans at a prekindergarten, kindergarten, elementary, or secondary level in Tennessee.

(f) Full-time teaching: A minimum of fifty percent (50%) of the recipient's weekly workload is devoted to teaching, exclusive of administrative, teaching assistance, after-school programs, counseling, or other assigned duties.

(g) Full year of teaching service: Two (2) semesters of full-time teaching. Recipients must teach at least ninety (90) days each semester, or one hundred eighty (180) days for the academic year.

(h) Grace period: A period of one (1) year that shall begin on the date the student completes his or her plan of study, in which repayment is not required, but interest shall accrue on the loan from the date of each disbursement.

(i) Plan of study: A plan of enrollment within which the applicant may complete requirements for licensure in an eligible field of study. The plan is transferable among Tennessee higher education institutions provided such transfer is approved by the receiving institution.

(j) Promissory Note: A signed statement certifying the candidate's intent to become a teacher in a public school system of Tennessee at the prekindergarten, kindergarten, elementary, or secondary level and their obligation to repay the loan should they fail to fulfill the teaching requirements.

(k) Repayment period: A period of not more than ten (10) years in which the loan will be repaid and shall begin at the end of the grace period, or when TSAC determines that the recipient has not complied with the requirements of the Act.

(l) Satisfactory progress: A standard of progress toward completion of the pursued plan of study during which the student maintains at least a 2.75 cumulative grade point average (GPA) on a 4.0 scale or, if required by the teacher education program at the institution attended, a higher cumulative GPA.

(m) TSAC: Tennessee Student Assistance Corporation.

(2) To be eligible for an award all undergraduate students must attend a Tennessee college or university on a full-time basis as determined by the institution's written policies, excluding periods of internship and/or student teaching. During such periods, undergraduate students must be enrolled at least half-time, but may be enrolled less than full-time if mandated by the written policies of the educational institution. Post-baccalaureate recipients must attend a Tennessee college or university on at least a half-time basis as determined by the institution's written policies.

(3) Funds received from this program are considered financial assistance for purposes of determining student assistance eligibility under programs authorized by Title IV of the Higher Education Act of 1965, as amended.

(4) All such loans shall be evidenced by notes payable to TSAC.

(5) Any applications received or approved shall be subject to the availability of funds.

(6) Applications must be submitted on TSAC-approved forms by April 15, which immediately precedes the academic year for which the student is applying. The April 15 cut-off date may be extended by the TSAC Associate Executive Director for Grant and Scholarship Programs should it be determined necessary for the purpose of utilizing all available funds.

Authority: T.C.A. §§ 49-4-201, 49-4-204, and 49-4-212.

Rule 1640-01-17-.03 Eligibility is amended by deleting the current language in its entirety and substituting the following language so that as amended the rule shall read:

(1) The successful applicant must meet all of the following criteria:

(a) Be a citizen of the United States.

(b) Be a resident of Tennessee as defined by regulations promulgated by the Tennessee Board of Regents.

(c) Be admitted to or enrolled in a State-approved teacher education program at an accredited institution of higher education in Tennessee.

(d) Not be a licensed teacher, and not be employed, or previously employed, in a teaching position.

(e) Submit to TSAC a signed Promissory Note to teach full-time in a Tennessee public prekindergarten, kindergarten, elementary, or secondary school one (1) year for each year an award is received, or repay the loan should they fail to fulfill the teaching requirements.

(f) Submit to TSAC a letter of recommendation attesting to the student's commitment to teaching from an official of the teacher education program to which the student has been admitted.

(g) Not accept any financial aid that carries with it a conflicting service obligation. For the purposes of this program, participation in the Minority Teaching Fellows Program shall be considered as accepting aid that carries a conflicting service obligation.

(h) Submit a completed TSAC-approved application to TSAC by the established deadline.

(i) Submit to TSAC copies of all official college transcripts and the most recent test scores.

(j) Agree to inform TSAC in writing when any change occurs in name, address, or school enrollment, and provide supporting documentation. After obtaining teacher licensure, the recipient shall continue to notify TSAC of any change in name or address, and when he or she has obtained a teaching position, changed teaching assignments, or terminated teaching service.

(k) Not owe a refund or repayment on any grant, and is not in default on any loan, received at any postsecondary institution, under the provisions of Title IV of the Higher Education Act of 1965, as amended.

Authority: T.C.A. §§ 49-4-201, 49-4-204, and 49-4-212.

Rule 1640-01-17-.04 Method of Selection is amended by deleting the current language in its entirety and substituting the following language so that as amended the rule shall read:

(1) Each year that funds are available, preliminary ratings of applications will be made by the TSAC staff based upon criteria and rankings established by the Selection Committee, composed of representatives of the State Board of Education, the TDOE, THEC, a member of the Tennessee Association of Student Financial Aid Administrators (TASFAA) from a postsecondary institution, and the Executive Director of TSAC or his or her designee. The Selection Committee will then review the top rated candidates to determine the final selections.

(2) The following priority groups have been established for this program:

(a) First priority shall be given to eligible renewal applicants who have maintained a cumulative GPA of at least 2.75 on a 4.0 scale, or higher if required by the teacher education program at the student's institution of higher education.

(b) Second priority shall be given to eligible non-teachers holding a bachelor's degree or higher who pledge to become teachers and who have at least a 2.75 cumulative GPA on a 4.0 scale for the highest degree attained, or a cumulative GPA of at least 2.75 on a 4.0 scale for graduate level studies, provided they have completed at least twelve (12) semester hours or the equivalent at the graduate level. A higher GPA may be required if mandated by the teacher education program at the student's institution of higher education.

(c) Third priority shall be given to eligible college juniors and seniors who possess a college cumulative GPA of at least 2.75, or higher if required by the teacher education program at the student's institution of higher education.

(3) Until all qualified applicants from the higher priority group(s) who have submitted their applications by the deadline have been offered the award, no applicants from a lower group may be considered for selection.

Authority: T.C.A. §§ 49-4-201, 49-4-204, and 49-4-212.

Rule 1640-01-17-.05 Loan Amount and Terms is amended by deleting the current language in its entirety and substituting the following language so that as amended the rule shall read:

(1) All loans shall be evidenced by promissory notes payable to TSAC. The maximum award available to any student shall be established by the Board of Directors of TSAC. If the recipient receives other educational assistance for the same period(s), the total assistance including this award is limited to the recipient's cost of attendance, as determined by the institution's financial aid office.

(a) For less than full-time study (twelve (12) semester hours), for undergraduate students in their final semester the amount of the award for one (1) academic year shall be determined based upon the following per term class load:

1. 6-8 credit hours - 50% of the academic year amount.

2. 9-11 credit hours - 75% of the academic year amount.

(b) For graduate students attending less than full-time, as determined by the institution, the amount of the award for one (1) academic year shall be determined based upon the following per term class load:

1. half-time – 50% of the academic year amount.

2. greater than half-time, but less than full-time – 75% of the academic year amount.

(2) Funds will be sent by Automated Clearing House (ACH) to the institution's financial aid office or business office in the recipient's name and shall be disbursed on a semester pro-rata basis. The institution will be directed to deliver the funds to the recipient. Prior to disbursing the funds to the student, the institution shall ensure that the recipient is enrolled in a teacher education program for the number of hours for which the funds are being issued for the appropriate academic term, and is making satisfactory progress in accordance with the Act. If the recipient receives other educational assistance for the same period, the total assistance including this award is limited to the recipient's cost of attendance, as determined by the institution's financial aid office.

(3) The awards may be transferred from one eligible institution of higher education to another provided that a TSAC-approved transfer form is submitted to TSAC.

(4) Cancellation

(a) For each year of full-time teaching service at an eligible school, as defined in these regulations, the recipient shall receive cancellation credit of one (1) academic year's award (the equivalent of two (2) semesters) toward repayment of the loan. If a recipient teaches in an eligible school that is high priority or on warning status as designated by the Tennessee Department of Education or the State Board of Education, the recipient's obligation will be canceled at a rate of one and one third (1 1/3) of the total annual award.

(b) Fractions of a year may be credited in one (1) semester or one-half (1/2) year increments toward cancellation for recipients who begin or end full-time teaching in the middle of an academic year in a Tennessee public school. At the end of such period, cancellation credit will be applied upon receipt of verification of the completion of such service.

(c) A grace period of one (1) year will be granted to allow the recipient the opportunity to secure employment to begin cancellation credit. When a recipient has obtained a full-time teaching position at an eligible school, some or all of the grace period may be waived at the recipient's written request.

(d) Recipients in teaching positions that qualify them for cancellation credit must notify TSAC of that teaching status. Individuals whom TSAC has determined to be in a full-time teaching position at an eligible school shall be granted a postponement on repayment to allow them the opportunity to complete a full year of teaching. At the end of such period, cancellation credit will be applied upon receipt of the verification of such service.

(e) The debt shall be canceled due to the death of the recipient upon documentation deemed acceptable by TSAC.

(f) If a recipient is determined to be totally and permanently disabled under the standards established by T.C.A., Title 8, Chapter 36, Part 5, for determining disability for members of the Tennessee Consolidated Retirement System, the outstanding debt shall be canceled. A recipient is not considered totally and permanently disabled on the basis of a condition that existed prior to his or her application unless the recipient's condition has substantially deteriorated since he or she submitted the application. If at any time subsequent to an initial determination of disability the recipient's condition

improves to the point where a total and permanent disability no longer exists, TSAC may reinstate any outstanding debt previously canceled.

(5) Repayment

(a) The loan must be repaid should the recipient choose not to honor the terms and conditions of the loan agreement. Repayment will include the full amount of the loan funds received plus interest accrued from the date of each disbursement of the award. The interest accrued is determined by an interest rate of nine percent (9%) per annum. Repayment may be in whole or in monthly installments of at least one hundred dollars ($100) over a period of not more than ten (10) years from the end of the grace period. Payments of less than the amount required to amortize the loan within ten (10) years may be made only if the recipient documents to TSAC's satisfaction his or her inability to make payments of that amount. All interest shall be based upon the unpaid balance of the loan. The accrued interest may be capitalized.

(b) Repayment for recipients who complete the plan of study shall begin upon demand by TSAC, or in the first month following the end of the grace period. Interest shall begin to accrue on the date of each disbursement of the award(s).

(c) Repayment for recipients who fail to complete the funded plan of study shall begin upon demand by TSAC, or in the first month after TSAC has determined that the student is no longer enrolled in a teacher education program or other failure to comply with the terms of the agreement. Repayment will include the full amount of the loan funds received plus interest accrued from the date of disbursement and shall be based upon the nine percent (9%) per annum interest rate from the date of each disbursement. Repayment may be made in whole or monthly installments over a period of not more than ten (10) years from the date of failure to complete the plan of study. All interest shall be based upon the unpaid balance of the loan. The accrued interest may be capitalized. If a borrower issues a check, draft, warrant or electronic funds transfer, which is subsequently returned to TSAC for reason of insufficient funds, a stop payment order by the issuer, or any other reason, the payment to which these funds was applied shall be reversed on the borrower's account and interest shall continue to accrue from the date of the last valid payment.

(d) Repayment of principal and interest will be prorated for partial service cancellation to reflect each full academic year. Such repayment shall begin upon demand by TSAC, or in the first month following termination of the creditable teaching service. Repayment of the non-canceled portion of the loan may be made in whole or in monthly installments over the remaining months of the ten (10) year repayment period. All interest shall be based upon the unpaid balance of the loan. The accrued interest may be capitalized. Minimum monthly payments of one hundred dollars ($100) will be required unless an exception as described in (5)(a) of this rule is granted.

(e) If a recipient should re-enter teaching at an eligible school after commencing monetary repayment, the repayments already made cannot be returned to the recipient. However, any additional repayment balances that were not in arrears at the time of the reentry into teaching may be canceled by subsequent teaching service.

(6) Repayment of principal may be deferred, but interest shall accrue, during any period while the recipient is enrolled at least half-time at an accredited institution of higher learning. The recipient may also be eligible for deferment during any period he or she is enrolled part time in a State-approved teacher education program at a Tennessee institution of higher education, and is making satisfactory progress toward teacher licensure in accordance with the institution's written policy, or in other extenuating circumstances as determined by the Associate Executive Director for Grant and Scholarship Programs of TSAC. To be eligible for

deferment the recipient must request a deferment in writing and complete a TSAC-approved deferment form on a semi-annual basis.

(7) Deferments must be verified on a semi-annual basis and supporting documentation shall be provided to TSAC if requested. A student may be granted a deferment based on one or more of the following reasons:

(a) Enrollment not seeking a teaching certificate: The student is still enrolled in an accredited institution but is no longer seeking a teaching licensure, and shall not exceed three (3) years.

(b) Enrollment seeking a teaching certificate: The student has not yet completed the requirements for a teaching licensure, is still enrolled at least half-time at an accredited postsecondary institution, is making satisfactory progress toward a teacher licensure, and shall not exceed four (4) years.

(c) Hardship: A period of time in which the recipient is unable to make payments due to financial, medical, or personal circumstances beyond the recipient's control, or other extenuating circumstances approved by the Associate Executive Director for Grant and Scholarship Programs. Such period of hardship shall not exceed two (2) years.

(d) Military duty: The student has been called into active duty and shall not exceed the time of deployment.

Authority: T.C.A. §§ 49-4-201, 49-4-204, and 49-4-212.

Rule 1640-01-17-.06 Collections is added as a new rule so that as amended the rule shall read:

(1) Due diligence requirements shall consist of the following:

(a) Provide the recipient with a signed copy of the promissory note.

(b) Notify the recipient of the repayment requirements during the grace period.

(c) Notify the recipient of repayment requirements during an approved period of deferment.

(d) Attempt to contact the recipient on no less than three separate occasions during the two hundred and seventy (270) day period in which no payments are received, beginning with the thirtieth (30th) day of delinquency and subsequent contacts no less than ninety (90) days apart.

(2) TSAC's collection activity will begin when the recipient is no longer honoring the repayment obligation. TSAC will exercise due diligence to contact the student to resolve the delinquency.

(3) TSAC will consider a recipient to be delinquent if the recipient fails to make an installment payment within thirty (30) days of the due date. Upon delinquency, TSAC will attempt to contact the recipient to give notice of the delinquency, inform the recipient of the consequences of default, and encourage the recipient to make payments as provided under the promissory note.

(4) TSAC will consider a recipient to be in default if the recipient fails make a payment for a period of two hundred seventy (270) consecutive days.

(5) Once the recipient is in default, TSAC may take one or more of the following actions:

(a) Assign the defaulted loan(s) to a collection agency.

1. Collection costs may be added to the defaulted loan at a rate not to exceed twenty (20%) of the original principal balance. Payments on the combined principal, interest, and collection costs shall not exceed an amount determined to be reasonable and affordable.

(b) Report to credit bureaus the default status of each loan.

(c) Make the student ineligible for state student aid programs.

(d) Submit an order of suspension, denial, or revocation to the appropriate licensing board for any Tennessee-issued professional license held by the recipient.

Authority: T.C.A. §§ 49-4-201, 49-4-204, and 49-4-212.

Rule 1640-01-17-.08 Appeals Procedures is added as a new rule to accommodate the addition of the new rule (.-06) and is further amended by replacing the phrase "Grants and Scholarships" with "Grant and Scholarship Programs" where it appears within the rule so that as amended the rule shall read:

(1) TSAC shall provide written notice to a student of an adverse decision relative to a student's application for scholarship or scholarship award. A student who disagrees with such decision and wants the decision reviewed must request a review of the decision in writing. The student's request for review must be received by TSAC within ten (10) business days of the date of the written notice provided by TSAC. Such request shall include a statement of the reason or reasons for the request for review and all information supporting the student's position regarding the decision.

(2) Review of the TSAC decision shall be made by the TSAC Associate Executive Director for Grant and Scholarship Programs, who shall issue a written decision to the student. A student who disagrees with such decision and wants the decision reviewed must request a further review of that decision in writing. The student's request for review must be received by TSAC within ten (10) business days of the date of the decision. Such request shall include a statement of the reason or reasons for request for review and all relevant supporting information.

(3) Review of the decision of the TSAC Associate Executive Director for Grant and Scholarship Programs shall be made by the TSAC Executive Director, who shall issue a written decision to the student. A student who disagrees with such decision and wants the decision reviewed must request a further review of that decision in writing. The student's request for review must be received by TSAC within ten (10) business days of the date of the decision. Such request shall include a statement of the reason or reasons for request for review and all relevant supporting information.

(4) Review of the decision of the TSAC Executive Director shall be made by the TSAC Appeals Committee, who shall issue a written decision to the student. The decision of the TSAC Appeals Committee is the final administrative remedy. There shall be no right to judicial review of a decision of the TSAC Appeals Committee.

Authority: T.C.A. §§ 49-4-201, 49-4-204, and 49-4-212.

The vote by the Agency on these rules was as follows:

Board Member	Aye	No	Abstain	Absent	Signature (if required)
Governor Haslam, by Mr. Mark Cate	X				
Dr. Richard Rhoda by Russ Deaton	X				
Dr. Claude Pressnell	X				
Mr. David H. Lillard, Jr., by Joy Harris	X				
Comptroller Justin P. Wilson, by Ms. Faye Weaver	X				
Commissioner Mark Emkes, by Greg Turner	X				
Commissioner Kevin Huffman, by Mr. Morgan Branch	X				
Chancellor John Morgan	X				
Dr. Joe Dipietro, by Dr. Keith Carver	X				
Betty Sue McGarvey	X				
Dr. J. Gary Adcox	X				
Mr. John Brandt	X				
Mr. William Samuel Stuard, Jr.				X	
Mr. Will Pinkston	X				
Mr. Jeff Wilson	X				
LaSimba Gray	X				
Mr. John Alexander Peek	X				

I certify that this is an accurate and complete copy of proposed rules, lawfully promulgated and adopted by the TSAC Board of Directors on 03/15/2012, and is in compliance with the provisions of T.C.A. § 4-5-222. The Secretary of State is hereby instructed that, in the absence of a petition for proposed rules being filed under the conditions set out herein and in the locations described, he is to treat the proposed rules as being placed on file in his office as rules at the expiration of sixty (60) days of the first day of the month subsequent to the filing of the proposed rule with the Secretary of State.

Date: 10.11.12

Signature: Richard G. Rhoda

Name of Officer: Richard G. Rhoda

Title of Officer: Executive Director

Subscribed and sworn to before me on: 10/11/2012

Notary Public Signature: Constance A. [illegible]

My commission expires on: 1/7/2013

All proposed rules provided for herein have been examined by the Attorney General and Reporter of the State of Tennessee and are approved as to legality pursuant to the provisions of the Administrative Procedures Act, Tennessee Code Annotated, Title 4, Chapter 5.

R E Cooper Jr.

Robert E. Cooper, Jr.
Attorney General and Reporter

1-31-13
Date

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Filed with the Department of State on: 3/1/13

Effective on: 8/29/13

Tre Hargett
Secretary of State

Regulatory Flexibility Addendum

Pursuant to T.C.A. §§ 4-5-401 through 4-5-404, prior to initiating the rule making process as described in T.C.A. § 4-5-202(a)(3) and T.C.A. § 4-5-202(a), all agencies shall conduct a review of whether a proposed rule or rule affects small businesses.

The agency shall consider without limitation, certain methods of reducing the impact of the proposed rule on small businesses while remaining consistent with health, safety and well-being and those methods are as follows: the extent to which the proposed rule or rules may overlap, duplicate, or conflict with other federal, state, and local governmental rules; clarity, conciseness, and lack of ambiguity in the proposed rule or rules; the establishment of flexible compliance and/or reporting requirements for small businesses; the establishment of friendly schedules or deadlines for compliance and/or reporting requirements for small businesses; the consolidation or simplification of compliance or reporting requirements for small businesses; the establishment of performance standards for small businesses as opposed to design or operational standards required in the proposed rule; and the unnecessary creation of entry barriers or other effects that stifle entrepreneurial activity, curb innovation, or increase costs.

Description of Proposed Amendments

The Tennessee Student Assistance Corporation (TSAC) intends to file the proposed rules pursuant to T.C.A. § 4-5-202 in lieu of a rulemaking hearing to amend the current rules of Chapter 1640-01-17 Tennessee Teaching Scholars Program. It is the intent of TSAC to promulgate these rules without a public rulemaking hearing unless a petition requesting such hearing is filed within sixty (60) days after the first day of the month subsequent to the filing of the proposed rule with the Secretary of State.

The proposed changes to the rule include adding a section that will provide TSAC with a greater opportunity to collect payments from recipients who do not fulfill the required service obligation; providing the specific number of days recipients must teach to receive loan forgiveness; defining the term "default" as used by the TSAC Loan Administration Division; providing a hardship deferment for recipients who are unable to make payments; and to address various technical corrections and housekeeping matters.

Regulatory Flexibility Analysis - Methods of Reducing the Impact of Rules on Small Businesses

1. Overlap, duplicate, or conflict with other federal, state, and local governmental rules:

   The proposed rules will not overlap, duplicate, or conflict with other federal, state, and local governmental rules.

2. Clarity, conciseness, and lack of ambiguity in the rule or rules:

   The proposed rules were patterned to ensure clarity and conciseness of the language of the rules and to eliminate possible ambiguity in the interpretation of the rules.

3. Flexible compliance and/or reporting requirements for small businesses:

   The proposed rules were drafted to facilitate administration of the program for all postsecondary education institutions.

4. Friendly schedules or deadlines for compliance and/or reporting requirements:

   TSAC worked diligently with key postsecondary education institution personnel to ensure that proposed compliance and/or reporting requirements can be practically applied by institutions administering the program.

5. Consolidation or simplification of compliance or reporting requirements:

The proposed rules were drafted to ensure solid, easily interpreted, compliance and reporting requirements.

6. Performance standards for small businesses:

   TSAC expects all education institutions engaged in the administration of the Tennessee Teaching Scholars Program to comply with all applicable rules.

7. Barriers or other effects that stifle entrepreneurial activity, curb innovation, or increase costs:

   The proposed rules do not contain any foreseeable inhibitors to small business entrepreneurial activities.

Furthermore, the statute requires that the agency, as part of the rulemaking process for any proposed rule that may have an impact on small businesses, shall prepare an economic impact statement as an addendum for each rule. The statement shall include the following: the type or types of small businesses and an identification and estimate of the number of small businesses subject to the proposed rule that would bear the cost of, and/or directly benefit from the proposed rules; the projected reporting, recordkeeping and other administrative costs required for compliance with the proposed rule, including the type of professional skills necessary for preparation of the report or record; a statement of the probable effect on impacted small businesses and consumers; a description of any less burdensome, less intrusive or less costly alternative methods of achieving the purpose and/or objectives of the proposed rule that may exist, and to what extent, such alternative means might be less burdensome to small businesses; a comparison of the proposed rule with any federal or state counterparts; and analysis of the effect of the possible exemption of small businesses from all or any part of the requirements contained in the proposed rule.

Economic Impact Statement

1. Types of small businesses directly affected:

   Independent postsecondary education institutions that employ fifty (50) or fewer full-time employees that have students in attendance receiving this grant program.

2. Projected reporting, recordkeeping, and other administrative costs:

   There are no significant changes in reporting, recordkeeping, or other administrative costs that will result from the promulgation of these proposed rules.

3. Probable effect on small businesses:

   The proposed rules were drafted to facilitate administration of the program for all postsecondary institutions and should have a positive effect on the independent postsecondary institutions employing fifty (50) or fewer full-time employees.

4. Less burdensome, intrusive, or costly alternative methods:

   As these proposed rules present no foreseeable cost to small businesses, there is no alternative method to propose.

5. Comparison with federal and state counterparts:

   There are no federal or state counterparts to the issues addressed by these proposed rules.

6. Effect of possible exemption of small businesses:

   There will be no exemptions created by these proposed rules.

Impact on Local Governments

Pursuant to T.C.A. §§ 4-5-220 and 4-5-228 "any rule proposed to be promulgated shall state in a simple declarative sentence, without additional comments on the merits of the policy of the rules or regulation, whether the rule or regulation may have a projected impact on local governments."

The rules for the Tennessee Teaching Scholars Program Chapter 1640-01-17, as amended, shall have no projected impact on local governments.

Additional Information Required by Joint Government Operations Committee

All agencies, upon filing a rule, must also submit the following pursuant to T.C.A. § 4-5-226(i)(1).

(A) A brief summary of the rule and a description of all relevant changes in previous regulations effectuated by such rule;

The proposed rule acts to adopt changes to the Tennessee Teaching Scholars Program Chapter 1640-01-17 as proposed rules. These rules regulate a loan forgiveness program pursuant to T.C.A § 49-4-212, encouraging exemplary students to enter the teaching field. Participation in this loan forgiveness program is limited to college juniors, seniors and post-baccalaureate students formally admitted to a teacher education program in Tennessee. The award carries a service obligation of one year's teaching service for each year an award was received. Awards are up to $4,500 per academic year.

The proposed changes to the rules include adding a section that will provide TSAC with a greater opportunity to collect payments from recipients who do not fulfill the required service obligation; providing the specific number of days recipients must teach to receive loan forgiveness; defining the term "default" as used by the TSAC Loan Administration Division; providing a hardship deferment for recipients who are unable to make payments; and to address various technical corrections and housekeeping matters.

(B) A citation to and brief description of any federal law or regulation or any state law or regulation mandating promulgation of such rule or establishing guidelines relevant thereto;

Tenn. Code Ann. § 49-4-212 authorizes TSAC to administer the Tennessee Teaching Scholars Program Chapter and Tenn. Code Ann. §§ 49-4-204 and 49-4-212 authorizes TSAC to promulgate rules and regulations relative to such program.

(C) Identification of persons, organizations, corporations or governmental entities most directly affected by this rule, and whether those persons, organizations, corporations or governmental entities urge adoption or rejection of this rule;

TSAC, the Tennessee Higher Education Commission (THEC), the Tennessee Independent Colleges and Universities Association, the Tennessee Association of Student Financial Aid Administrators, Tennessee postsecondary institutions, and those students with a financial need attending or planning to attend eligible postsecondary institutions in Tennessee are most directly affected by these proposed rules.

The aforementioned organizations, corporations, institutions, governmental entities, and individuals directly affected by this rule urge adoption of the proposed rules.

(D) Identification of any opinions of the attorney general and reporter or any judicial ruling that directly relates to the rule;

There are no opinions of the Attorney General and reporter or any judicial ruling that directly relates to the rule.

(E) An estimate of the probable increase or decrease in state and local government revenues and expenditures, if any, resulting from the promulgation of this rule, and assumptions and reasoning upon which the estimate is based. An agency shall not state that the fiscal impact is minimal if the fiscal impact is more than two percent (2%) of the agency's annual budget or five hundred thousand dollars ($500,000), whichever is less;

There is no financial impact resulting from the proposed rule changes.

(F) Identification of the appropriate agency representative or representatives, possessing substantial knowledge and understanding of the rule;

Peter Abernathy, TSAC Senior Associate Executive Director and Staff Attorney, and Tim Phelps, TSAC Associate Executive Director for Grants and Scholarships.

(G) Identification of the appropriate agency representative or representatives who will explain the rule at a scheduled meeting of the committees;

Peter Abernathy, TSAC Senior Associate Executive Director and Staff Attorney, and Tim Phelps, TSAC Associate Executive Director for Grants and Scholarships.

(H) Office address, telephone number, and email address of the agency representative or representatives who will explain the rule at a scheduled meeting of the committees; and

Peter Abernathy Senior Associate Executive Director and Staff Attorney Tennessee Student Assistance Corporation Suite 1510, Parkway Towers 404 James Robertson Parkway Nashville, TN 37243 615.532.6065 Peter.Abernathy@tn.gov Tim Phelps Associate Executive Director for Grants and Scholarships Tennessee Student Assistance Corporation Suite 1510, Parkway Towers 404 James Robertson Parkway Nashville, TN 37243 615.253.7441 Tim.Phelps@tn.gov

(I) Any additional information relevant to the rule proposed for continuation that the committee requests.

There is none received to date.

RULES OF
TENNESSEE STUDENT ASSISTANCE CORPORATION

CHAPTER 1640-01-17
TENNESSEE TEACHING SCHOLARS PROGRAM

TABLE OF CONTENTS

1640-01-17-.01	Introduction	1640-01-17-.05	Loan Amount and Terms
1640-01-17-.02	General	1640-01-17-.06	~~Appeals Procedure~~ Collections
1640-01-17-.03	Eligibility	1640-01-17-.07	Repealed
1640-01-17-.04	Method of Selection	1640-01-17-.08	Appeals Procedure

1640-01-17-.01 INTRODUCTION.

(1) These rules implement the Tennessee Teaching Scholars Program (TTSP) authorized by the Tennessee Teaching Scholars Act, T.C.A. § 49-4-212, in Public Chapter 392 of the 1995 Public Acts (hereinafter referred to as the "Act"). The Act ~~provided~~ provides for a forgivable loan program for exemplary students who desire to enter the teaching force in Tennessee. Participation in the program is limited to college juniors, seniors, and post-baccalaureate candidates admitted to teacher education programs in Tennessee. Persons receiving program awards who become public school teachers in Tennessee shall receive forgiveness of the program award balance based on one (1) year's teaching service for each year an award was ~~made~~received.

(2) The Tennessee Student Assistance Corporation (TSAC) ~~is assigned to~~shall administer the program under the regulations and criteria developed jointly with the Tennessee State Board of Education ~~(SBE)~~ and the Tennessee Higher Education Commission (THEC). TSAC shall provide the Tennessee Department of Education (TDOE) with rosters of program participants completing teacher education programs including their areas of teaching endorsements. TDOE shall use these rosters for assisting in job placement and in considering waiver requests from local education agencies.

Authority: *T.C.A. §§ 49-4-201, 49-4-204, and 49-4-212.* ***Administrative History:*** *Original rule filed February 7, 1996; effective June 28, 1996. Amendment filed February 3, 2005; effective June 28, 2005. Repeal and new rule filed December 6, 2007, effective April 29, 2008.*

1640-01-17-.02 GENERAL.

(1) Definitions. As used in these regulations (Chapter 1640-01-17):

(a) ~~"~~Academic year~~"~~: ~~is A~~a period of time, typically nine (9) months, and is composed of two (2) semesters.

(b) ~~"~~Act~~"~~: ~~is~~ T.C.A. § 49-4-212 as found in Public Chapter 392 of the Public Acts of 1995.

(c) Default: The failure of a recipient in repayment status to make installment payments for a period of two hundred seventy (270) consecutive days.

(~~c~~d) ~~"~~Deferment~~"~~: ~~is A~~a period of time in which the student's payments may be postponed, pursuant to Rule 1640-01-17-.05(7).

(~~d~~e) ~~"~~Eligible schools~~"~~: ~~in which recipients may teach for credit toward their loans are those~~Tennessee public schools approved by the Tennessee State Board of Education in which recipients may teach for cancellation credit towards their loans ~~for teaching~~ at ~~the~~ a prekindergarten, kindergarten, elementary, or secondary level in Tennessee.

(~~e~~f) ~~"~~Full-time teaching~~"~~: ~~will be determined on the basis that~~ A~~a~~ minimum of fifty percent (50%) of the recipient's weekly workload is devoted to teaching, exclusive of administrative, teaching assistance, after-school programs, counseling, or other assigned duties.

(~~f~~g) ~~"~~Full year of teaching service~~"~~: ~~shall be~~ T~~t~~wo (2) semesters of full-time teaching. Recipients must teach at least ninety (90) days each semester, or one hundred eighty (180) days for the academic year.

(~~g~~h) ~~"~~Grace period~~"~~: ~~is~~ A~~a~~ period of one (1) year that shall begin on the date the student completes his or her plan of study, in which repayment is not required, ~~and~~ but interest shall accrue on the loan from the date of each disbursement.

~~(h) "Letter of Recommendation" is a letter provided by an official of a State-approved teacher education program to which the student has been admitted attesting to the student's commitment to teaching and potential for success as a teacher.~~

~~(i) "Minority" is a person who is: African American, a person having origins in any of the black racial groups of Africa; Hispanic, a person of Mexican, Puerto Rican, Cuban, Central or South American, or other Spanish culture or origin, regardless of race; Asian American, a person having origins in any of the original peoples of the Far East, Southeast Asia, the Indian subcontinent, or the Pacific Islands; or Native American, a person having origins in any of the original peoples of North America.~~

(~~j~~i) ~~"~~Plan of study~~"~~: ~~is~~ A~~a~~ plan of enrollment ~~not to exceed four (4) academic years (the equivalent of eight (8) semesters)~~ within which the applicant may complete requirements for licensure in an eligible field of study. The plan is transferable among Tennessee higher education institutions provided such transfer is approved by the receiving institution ~~and can be completed within the four-year time period calculated from the date of original award disbursement~~.

(j) Promissory Note: A signed statement certifying the candidate's intent to become a teacher in a public school system of Tennessee at the prekindergarten, kindergarten, elementary, or secondary level and their obligation to repay the loan should they fail to fulfill the teaching requirements.

(k) ~~"~~Repayment period~~"~~: ~~is~~ A~~a~~ period of not more than ten (10) years in which the loan will be repaid and shall begin at the end of the grace period, or when TSAC determines that the recipient has not complied with the requirements of the Act.

(l) ~~"~~Satisfactory progress~~"~~: ~~is~~ A~~a~~ standard of progress toward completion of the pursued plan of study during which the student maintains at least a 2.75 cumulative grade point average (GPA) on a 4.0 scale or, if required by the teacher education program at the institution attended, a higher cumulative GPA.

~~(m) "Statement of Intent" is a signed statement from a candidate certifying his or her intent to become a teacher in a public school system of Tennessee at the prekindergarten, kindergarten, elementary, or secondary level.~~

(m) TSAC: Tennessee Student Assistance Corporation.

(2) To be eligible for an award all undergraduate students must attend a Tennessee college or university on a full-time basis as determined by the institution's written policies, excluding periods of internship~~/~~ and/or student teaching. During such periods, undergraduate students must be enrolled at least half-time, but may be enrolled less than full-time if mandated by the

written policies of the educational institution. Post-baccalaureate ~~students~~ recipients must attend a Tennessee college or university on at least a half-time basis as determined by the institution's written policies.

(3) Funds received from this program are considered financial assistance for purposes of determining student ~~aid~~ assistance eligibility under programs authorized by Title IV of the Higher Education Act of 1965, as amended.

(4) All such loans shall be evidenced by notes payable to TSAC.

(5) Any applications received or approved shall be subject to the availability of funds.

(6) Applications must be submitted on TSAC-approved forms by April 15, which immediately precedes the academic year for which the student is applying. The April 15 cut-off date may be extended by the TSAC Associate Executive Director for Grant and Scholarship Programs should it be determined necessary for the purpose of utilizing all available funds.

Authority: *T.C.A. §§ 49-4-201, 49-4-204, and 49-4-212.* ***Administrative History:*** *Original rule filed February 7, 1996; effective June 28, 1996. Amendment filed February 3, 2005; effective June 28, 2005. Repeal and new rule filed December 6, 2007, effective April 29, 2008.*

1640-01-17-.03 ELIGIBILITY.

(1) The successful applicant must meet all of the following criteria:

(a) Be a citizen of the United States.

(b) Be a resident of Tennessee as defined by regulations promulgated by the Tennessee Board of Regents.

(c) Be admitted to or enrolled in a State-approved teacher education program at an accredited institution of higher education in Tennessee.

(d) Not be a licensed teacher, and not be employed, or previously employed, in a teaching position.

(e) Submit to TSAC a signed ~~Statement of Intent~~Promissory Note to teach full-time ~~one year for each year an award is received~~ in a Tennessee public prekindergarten, kindergarten, elementary, or secondary school one (1) year for each year an award is received, or repay the loan should they fail to fulfill the teaching requirements.

(f) Submit to TSAC a ~~L~~letter of ~~R~~recommendation attesting to the student's commitment to teaching from an official of ~~a State-approved~~the teacher education program to which the student has been admitted.

(g) Not accept any financial aid that carries with it a conflicting service obligation. For the purposes of this program, participation in the Minority Teaching Fellows Program shall be considered as accepting aid that carries a conflicting service obligation.

(h) Submit a completed TSAC-approved application to TSAC by the established deadline ~~on a TSAC-approved application~~.

(i) Submit to TSAC copies of all official college transcripts and the most recent test scores.

(j) Agree to inform TSAC in writing when any ~~significant~~ change ~~in his or her status~~ occurs in name, address, or school enrollment, and provide supporting documentation ~~to support it. This shall include, but is not limited to changes in name, address, and enrollment.~~ After obtaining teacher licensure, the recipient shall continue to notify TSAC of any change in name or address, and~~shall also inform TSAC~~ when he or she has obtained a teaching position, changed teaching assignments, or terminated teaching service.

(k) ~~Shall~~ ~~N~~not owe a refund or repayment on any grant, and is not in default on any loan, received at any postsecondary institution, under the provisions of Title IV of the Higher Education Act of 1965, as amended.

Authority: *T.C.A. §§ 49-4-201, 49-4-204, and 49-4-212.* ***Administrative History:*** *Original rule filed February 7, 1996; effective June 28, 1996. Repeal and new rule filed December 6, 2007, effective April 29, 2008.*

1640-01-17-.04 METHOD OF SELECTION.

(1) Each year that funds are available, preliminary ratings of applications will be made by the TSAC staff based upon ~~established~~ criteria and rankings established by the Selection Committee, composed of representatives of the ~~SBE~~State Board of Education, the TDOE, THEC, a member of the Tennessee Association of Student Financial Aid Administrators (TASFAA) from a postsecondary institution, and the Executive Director of TSAC or his or her designee. The Selection Committee will then review the top rated candidates to determine the final selections.

(2) The following priority groups have been established for this program:

(a) First priority shall be given to eligible renewal applicants who have maintained a cumulative GPA of at least 2.75 on a 4.0 scale, or higher if required by the teacher education program at the student's institution of higher education.

(b) Second priority shall be given to eligible non-teachers holding a bachelor's degree or higher who pledge to become teachers and who have at least a 2.75 cumulative GPA on a 4.0 scale for the highest degree attained, or a cumulative GPA of at least 2.75 on a 4.0 scale for graduate level studies, provided they have completed at least twelve (12) semester hours or the equivalent at the graduate level. A higher GPA may be required if mandated by the teacher education program at the student's institution of higher education.

(c) Third priority shall be given to eligible college juniors and seniors who possess a college cumulative GPA of at least 2.75, or higher if required by the teacher education program at the student's institution of higher education.

(3) Until all qualified applicants from the higher priority group(s) who have submitted their applications by the deadline have been offered the ~~loan~~award, no applicants from a lower group may be considered for selection.

~~(4) The ranking of applicants must consider grade point average, minority status, and teacher shortages in subject areas. It may also include standardized test scores, evidence of commitment (experiences that would indicate an interest in teaching), and other such factors that shall be identified as relevant to meeting the goals and interests of the Act.~~

Authority: *T.C.A. §§ 49-4-201, 49-4-204, and 49-4-212.* ***Administrative History:*** *Original rule filed February 7, 1996; effective June 28, 1996. Repeal and new rule filed December 6, 2007, effective April 29, 2008.*

1640-01-17-.05 LOAN AMOUNT AND TERMS.

(1) All loans shall be evidenced by promissory notes payable to TSAC. The maximum award available to any student shall be established by the Board of Directors of TSAC. If the recipient receives other educational assistance for the same period(s), the total assistance including this award is limited to the recipient's cost of attendance, as determined by the ~~college~~ institution's financial aid office.

(a) For less than full-time study (twelve (12) semester hours), for undergraduate students in their final semester the amount of the award for one (1) academic year shall be determined based upon the following per term class load:

1. 6-8 credit hours - 50% of the academic year amount.

2. 9-11 credit hours - 75% of the academic year amount.

(b) For graduate students attending less than full-time, as determined by the institution, the amount of the award for one (1) academic year shall be determined based upon the following per term class load:

1. half-time – 50% of the academic year amount.

2. greater than half-time, but less than full-time – 75% of the academic year amount.

(2) Funds will be sent by ~~warrant or~~ Automated Clearing House (ACH) ~~one (1) term at a time~~ to the ~~financial~~ institution's financial aid office or business office in the recipient's name and shall be disbursed on a semester pro-rata basis. ~~If the institution participates in ACH, the funds will be sent by direct deposit to the institution and~~ T~~t~~he institution will be directed to deliver the funds to the recipient. Prior to disbursing the ~~warrant or ACH~~funds to the student, the institution shall ensure that the recipient is enrolled in a teacher education program for the number of hours for which the ~~warrant or ACH~~funds are being ~~is~~ issued for the appropriate academic term, and is making satisfactory progress in accordance with the Act. If the recipient receives other educational assistance for the same period, the total assistance including this award is limited to the recipient's cost of attendance, as determined by the institution's financial aid office.

(3) The awards may be transferred from one eligible institution of higher education to another provided that a TSAC-approved transfer form is submitted to TSAC.

(4) Cancellation

(a) For each year of full-time teaching service at an eligible school, as defined in these regulations, the recipient shall receive cancellation credit of one (1) academic year's award (the equivalent of two (2) semesters) toward repayment of the loan. If a recipient teaches in an eligible school that is high priority or on warning status as designated by the Tennessee Department of Education or the ~~SBE~~State Board of Education, the recipient's obligation will be canceled at a rate of one and one third (1 1/3) of the total annual award.

(b) Fractions of a year may be credited in one (1) semester or one-half (1/2) year

increments toward cancellation for recipients who begin or end full-time teaching in the middle of an academic year in a Tennessee public school. At the end of such period, cancellation credit will be applied upon receipt of verification of the completion of such service.

(c) A grace period of one (1) year will be granted to allow the recipient the opportunity to secure employment to begin cancellation credit. When a recipient has obtained a full-time teaching position at an eligible school, some or all of the grace period may be waived at ~~his or her~~the recipient's written request.

(d) Recipients in teaching positions that qualify them for cancellation credit must notify TSAC of that teaching status. Individuals whom TSAC has determined to be in a full-time teaching position at an eligible school shall be granted a postponement on repayment to allow them the opportunity to complete a full year of teaching. At the end of such period, cancellation credit will be applied upon receipt of the verification of such service.

(e) The debt shall be canceled ~~in case of~~due to the death of the recipient upon documentation deemed acceptable by TSAC.

(f) If a recipient is determined to be totally and permanently disabled under the standards established by T.C.A., Title 8, Chapter 36, Part 5, for determining disability for members of the Tennessee Consolidated Retirement System, the outstanding debt shall be canceled. A recipient is not considered totally and permanently disabled on the basis of a condition that existed prior to his or her application unless the recipient's condition has substantially deteriorated since he or she submitted the application. If at any time subsequent to an initial determination of disability the recipient's condition improves to the point where a total and permanent disability no longer exists, TSAC may reinstate any outstanding debt previously canceled.

(5) Repayment

(a) The loan must be repaid should the recipient choose not to honor the terms and conditions of the loan agreement. Repayment will include the full amount of the loan funds received plus interest accrued from the date of each disbursement of the ~~loan~~award~~, and shall be based upon a nine percent (9%) per annum interest rate calculated from the date of original award~~. The interest accrued is determined by an interest rate of nine percent (9%) per annum. Repayment may be in whole or in monthly installments of at least one hundred dollars ($100) over a period of not more than ten (10) years from the end of the grace period. Payments of less than the amount required to amortize the loan within ten (10) years may be made only if the recipient documents to TSAC's satisfaction his or her inability to make payments of that amount. All interest shall be based upon the unpaid balance of the loan. The accrued interest may be capitalized.

(b) Repayment for recipients who complete the plan of study shall begin upon demand by TSAC, or in the first month following the end of the grace period. Interest shall begin to accrue on the date of each disbursement of the award(s).

(c) Repayment for recipients who fail to complete the funded plan of study shall begin upon demand by TSAC, or in the first month after TSAC has determined that the student is no longer enrolled in a teacher education program or other failure to comply with the terms of the agreement. Repayment will include the full amount of the loan funds received plus interest accrued from the date of disbursement and shall be based upon the nine percent (9%) per annum interest rate from the date of each

disbursement. Repayment may be made in whole or monthly installments over a period of not more than ten (10) years from the date of failure to complete the plan of study. All interest shall be based upon the unpaid balance of the loan. The accrued interest may be capitalized. ~~Interest shall begin to accrue on the date of disbursement.~~ If a borrower issues a check, draft, warrant or electronic funds transfer, which is subsequently returned to TSAC for reason of insufficient funds, a stop payment order by the issuer, or any other reason, the payment to which these funds was applied shall be reversed on the borrower's account and interest shall continue to accrue from the date of the last valid payment.

(d) Repayment of principal and interest will be prorated for partial service cancellation to reflect each full academic year~~to reflect the portion of the teaching obligation not completed~~. Such repayment shall begin upon demand by TSAC, or in the first month following termination of the creditable teaching service. Repayment of the non-canceled portion of the loan may be made in whole or in monthly installments over the remaining months of the ten (10) year repayment period. All interest shall be based upon the unpaid balance of the loan. The ~~A~~accrued interest may be capitalized. Minimum monthly payments of one hundred dollars ($100) will be required unless an exception as described in (5)(a) of this rule is granted.

(e) If a recipient should re-enter teaching at an eligible school after commencing monetary repayment, the repayments already made cannot be returned to the recipient. However, any additional repayment balances that were not in arrears at the time of the reentry into teaching may be canceled by subsequent teaching service.

(6) Repayment of principal may be deferred, but interest shall accrue, during any period while the recipient is enrolled at least half-time at an accredited institution of higher learning. The recipient may also be eligible for deferment during any period he or she is enrolled part time in a State-approved teacher education program at a Tennessee institution of higher education, and is making satisfactory progress toward teacher licensure in accordance with the institution's written policy, or in other extenuating circumstances as determined by the Associate Executive Director for Grant and Scholarship Programs of TSAC. To be eligible for deferment the recipient must request a deferment in writing and complete a TSAC-approved deferment form on a semi-annual basis.

(7) Deferments must be verified on a semi-annual basis and supporting documentation shall be provided to TSAC if requested. A student may be granted a deferment based on one or more of the following reasons:

(a) ~~"~~Enrollment not seeking a teaching certificate~~"~~: ~~in which~~ T~~t~~he student is still enrolled in an accredited institution but is no longer seeking a teaching licensure, and shall not exceed three (3) years.

(b) ~~"~~Enrollment seeking a teaching certificate~~"~~: ~~in which~~ T~~t~~he student has not yet completed the requirements for a teaching licensure, ~~and~~ is still enrolled at least half-time at an accredited postsecondary institution, ~~and~~ is making satisfactory progress toward a teacher licensure, and shall not exceed four (4) years.

(c) ~~"~~Hardship~~"~~: ~~is~~ A~~a~~ period of time in which the ~~student~~ recipient is ~~not~~ unable to make payments due to financial, medical, or personal circumstances beyond the recipient's control, or other extenuating circumstances approved by the Associate Executive Director for Grant and Scholarship Programs. Such period of hardship~~and~~ shall not exceed two (2) years.

(d) "Military duty": ~~in which a~~The student has been called into active duty and shall not exceed the time of deployment.

Authority: *T.C.A. §§ 49-4-201, 49-4-204, and 49-4-212.* ***Administrative History:*** *Original rule filed February 7, 1996; effective June 28, 1996. Amendment filed June 30, 2000; effective October 28, 2000. Amendment filed August 6, 2002; effective December 27, 2002. Amendments filed February 3, 2005; effective June 28, 2005. Repeal and new rule filed December 6, 2007, effective April 29, 2008.*

1640-01-17-.06 COLLECTIONS.

(1) Due diligence requirements shall consist of the following:

(a) Provide the recipient with a signed copy of the promissory note.

(b) Notify the recipient of the repayment requirements during the grace period.

(c) Notify the recipient of repayment requirements during an approved period of deferment.

(d) Attempt to contact the recipient on no less than three separate occasions during the two hundred and seventy (270) day period in which no payments are received, beginning with the thirtieth (30th) day of delinquency and subsequent contacts no less than ninety (90) days apart.

(2) TSAC's collection activity will begin when the recipient is no longer honoring the repayment obligation. TSAC will exercise due diligence to contact the student to resolve the delinquency.

(3) TSAC will consider a recipient to be delinquent if the recipient fails to make an installment payment within thirty (30) days of the due date. Upon delinquency, TSAC will attempt to contact the recipient to give notice of the delinquency, inform the recipient of the consequences of default, and encourage the recipient to make payments as provided under the promissory note.

(4) TSAC will consider a recipient to be in default if the recipient fails make a payment for a period of two hundred seventy (270) consecutive days.

(5) Once the recipient is in default, TSAC may take one or more of the following actions:

(a) Assign the defaulted loan(s) to a collection agency.

1. Collection costs may be added to the defaulted loan at a rate not to exceed twenty (20%) of the original principal balance. Payments on the combined principal, interest, and collection costs shall not exceed an amount determined to be reasonable and affordable.

(b) Report to credit bureaus the default status of each loan.

(c) Make the student ineligible for state student aid programs.

(d) Submit an order of suspension, denial, or revocation to the appropriate licensing board for any Tennessee-issued professional license held by the recipient.

Authority: *T.C.A. §§ 49-4-201, 49-4-204, and 49-4-212.* ***Administrative History:***

1640-01-17-.07 REPEALED.

Authority: T.C.A. §§ 49-4-201, 49-4-204, and 49-4-212. Administrative History: Original rule filed February 7, 1996; effective June 28, 1996. Repeal of rule filed December 6, 2007; effective April 29, 2008.

1640-01-17-.08 APPEALS PROCEDURE.

(1) TSAC shall provide written notice to a student of an adverse decision relative to a student's application for scholarship or scholarship award. A student who disagrees with such decision and wants the decision reviewed must request a review of the decision in writing. The student's request for review must be received by TSAC within ten (10) business days of the date of the written notice provided by TSAC. Such request shall include a statement of the reason or reasons for the request for review and all information supporting the student's position regarding the decision.

(2) Review of the TSAC decision shall be made by the TSAC Associate Executive Director for Grants and Scholarships Programs, who shall issue a written decision to the student. A student who disagrees with such decision and wants the decision reviewed must request a further review of that decision in writing. The student's request for review must be received by TSAC within ten (10) business days of the date of the decision. Such request shall include a statement of the reason or reasons for request for review and all relevant supporting information.

(3) Review of the decision of the TSAC Associate Executive Director for Grants and Scholarships Programs shall be made by the TSAC Executive Director, who shall issue a written decision to the student. A student who disagrees with such decision and wants the decision reviewed must request a further review of that decision in writing. The student's request for review must be received by TSAC within ten (10) business days of the date of the decision. Such request shall include a statement of the reason or reasons for request for review and all relevant supporting information.

(4) Review of the decision of the TSAC Executive Director shall be made by the TSAC Appeals Committee, who shall issue a written decision to the student. The decision of the TSAC Appeals Committee is the final administrative remedy. There shall be no right to judicial review of a decision of the TSAC Appeals Committee.

Authority: *T.C.A. §§ 49-4-201, 49-4-204, and 49-4-212.* ***Administrative History:*** *Original rule filed February 7, 1996; effective June 28, 1996. Repeal and new rule filed December 6, 2007, effective April 29, 2008.*