

**RULES
OF
TENNESSEE STUDENT ASSISTANCE CORPORATION**

**CHAPTER 1640-01-03
GRADUATE NURSING LOAN-FORGIVENESS PROGRAM**

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1640-01-03-.01 INTRODUCTION.

- (1) These rules implement the Tennessee Graduate Nursing Loan Forgiveness Program authorized in T.C.A. §49-4-702 in 2006 Public Acts, Chapter 882 (hereinafter called the Act). The Act makes provision for loans and loan forgiveness to certain candidates for master's and post-master's degrees in nursing education. Loan forgiveness requires employment as a teacher or administrator in a Tennessee nursing education program at an eligible postsecondary institution upon completion of the program of study.
- (2) While the Act refers to the program as a "loan-scholarship," the Tennessee Student Assistance Corporation interprets the Act as establishing a loan forgiveness program because the Act requires the recipient to sign a promissory note that stipulates a repayment obligation. To avoid confusion, the working title of the program shall be the "Tennessee Graduate Nursing Loan Forgiveness Program."

Authority: T.C.A. §§ 49-4-201, 49-4-203, 49-4-204, 49-4-702 and 2006 Tenn. Pub. Acts Ch. 882. **Administrative History:** Original rule filed January 23, 1976; effective April 15, 1976. Amendment filed March 18, 1977; effective April 18, 1977. Repeal and new rule filed as a public necessity rule filed December 11, 2006; expires May 25, 2007. Original rule filed December 11, 2006; effective April 30, 2007. Amendment filed March 1, 2013; effective August 29, 2013.

1640-01-03-.02 DEFINITIONS.

- (1) As used in these rules (Chapter 1640-01-03):
 - (a) **Cost of Attendance:** The combined cost of tuition, mandatory fees, room and board, books, and other educational expenses as determined by the financial aid office of the eligible postsecondary institution.
 - (b) **Default:** The failure of a recipient in repayment status to make installment payments for a period of two hundred seventy (270) consecutive days.
 - (c) **Deferment:** A period of time in which the student's payments may be postponed, pursuant to Rule 1640-01-03-.08.
 - (d) **Eligible Academic Program:** A graduate program accredited by the National League for Nursing Accrediting Commission (NLNAC) and/or by the Commission on Collegiate Nursing Education (CCNE) and approved by the Tennessee Board of Nursing which leads to a master's or post-master's degree in a field of study which will qualify the

(Rule 1640-01-03-.02, continued)

graduate to become a teacher or administrator in a college or university nursing education program.

- (e) Eligible Postsecondary Institution:
 - 1. A Tennessee institution that is operated by the Tennessee Board of Regents of the state university and community college system;
 - 2. An institution in the University of Tennessee system;
 - 3. A Tennessee private postsecondary institution that is accredited by the Southern Association of Colleges and Schools (SACS); and
 - 4. An out-of-state institution that is accredited by a regional accrediting association and which uses distance education to deliver instruction to a graduate nursing loan recipient residing in the state of Tennessee.
- (f) Full-time enrollment: The minimum number of credit hours per term necessary to be considered a full-time student, as defined by the eligible postsecondary institution.
- (g) Grace period: The three (3) month period of time that begins when the recipient either completes his or her eligible academic program or no longer meets the graduate nursing loan eligibility requirements, and during which period of time interest accrues, but repayment is not required.
- (h) Graduate Nursing Loan: The loan-scholarship referenced in T.C.A. § 49-4-702.
- (i) Loan forgiveness: The partial or complete cancellation of a graduate nursing loan, as described in these rules.
- (j) Part-time enrollment: Enrollment in fewer credit hours per term than the number necessary to be considered a full-time student, as defined by the eligible postsecondary institution.
- (k) Priority Date: March 1 preceding the intended academic year of attendance, or such other date as TSAC may require.
- (l) Program Administrator: The TSAC staff member assigned administrative responsibility for the graduate nursing loan forgiveness program by the Associate Executive Director for Grant and Scholarship Programs.
- (m) Regional Accrediting Association: Approved accrediting agencies including the Middle States Association of Colleges and Schools, the New England Association of Schools and Colleges, the North Central Association of Colleges and Schools, the Northwestern Association of Schools and Colleges, the Southern Association of College and Schools, and the Western Association of Schools and Colleges.
- (n) Satisfactory Academic Progress: A standard of progress toward completion of the eligible academic program during which the student meets minimum academic requirements and progresses towards a degree as required by the nursing education program at the eligible postsecondary institution attended.
- (o) TSAC: Tennessee Student Assistance Corporation.
- (p) Year of continuous full-time employment: Nine (9) to twelve (12) months of continuous employment considered by the employer to be full-time.

(Rule 1640-01-03-.02, continued)

- (q) Year of continuous part-time employment: Nine (9) to twelve (12) months of continuous employment considered by the employer to be at least half-time but less than full-time.

Authority: T.C.A. §§ 49-4-201, 49-4-203, 49-4-204, and 49-4-702. **Administrative History:** Original rule filed January 23, 1976; effective April 15, 1976. Repeal and new rule filed as a public necessity rule on December 11, 2006; effective through May 25, 2007. Original rule filed December 11, 2006; effective April 30, 2007. Repeal and new rule filed March 1, 2013; effective August 29, 2013. Amendment filed December 27, 2013; effective May 31, 2014.

1640-01-03-.03 ELIGIBILITY.

- (1) To receive a graduate nursing loan a student must meet the following criteria:
 - (a) Be a citizen of the United States; and
 - (b) Be a resident of Tennessee, as defined by regulations promulgated by the Tennessee Board of Regents for the state university and community college system, under the authority of T.C.A. § 49-8-104 where applicable; and
 - (c) Hold an unencumbered Tennessee Registered Nurse License; and
 - (d) Be enrolled either part-time or full-time in an eligible academic program at an eligible postsecondary institution; and
 - (e) Provide written evidence of the student's intention to become employed full-time or part-time in a Tennessee nursing education program in a teaching or administrative capacity; and
 - (f) Maintain satisfactory academic progress; and
 - (g) Not owe a refund or repayment on any grant, and not be in default on any loan received at any postsecondary institution, under the provision of Title IV of the Higher Education Act of 1965, as amended, or a Tennessee student financial aid program; and
 - (h) Sign a promissory note before receiving any funds; and
 - (i) Agree to inform TSAC in writing when any change occurs in name, address, or school enrollment, and provide supporting documentation. After completing the program, the recipient shall continue to notify TSAC of any change in name or address, and when he or she has obtained a teaching or administrative position, changed teaching or administrative positions, or terminated teaching or administrative positions.
- (2) Eligibility is limited to four (4) years of full-time enrollment, or the equivalent part-time enrollment, with one (1) year of full-time enrollment equaling two (2) years of part-time enrollment.
- (3) In certain circumstances, a student may receive more than one graduate nursing loan. A borrower who received a (first) graduate nursing loan while earning a master's degree may apply for a (second) graduate nursing loan in a post-master's program. If the application for the second loan is successful, repayment of the first loan is deferred until the recipient enters repayment on the second loan, at which time repayment of both loans is expected. A borrower who is employed while receiving a second graduate nursing loan may apply that employment towards cancellation of the first graduate nursing loan provided that the cancellation requirements described elsewhere in these rules are met.

(Rule 1640-01-03-.03, continued)

- (4) Eligibility is subject to the availability of funds.

Authority: T.C.A. §§ 49-4-201, 49-4-203, 49-4-204, 49-4-702 and 2006 Tenn. Pub. Acts Ch. 882. **Administrative History:** Original rule filed January 23, 1976; effective April 15, 1976. Amendment filed March 18, 1977; effective April 18, 1977. Amendment filed July 17, 1991; effective October 29, 1991. Repeal and new rule filed as a public necessity rule on December 11, 2006; effective through May 25, 2007. Original rule filed December 11, 2006; effective April 30, 2007. Amendment filed March 1, 2013; effective August 29, 2013.

1640-01-03-.04 AWARD AMOUNT.

- (1) The maximum amount of the graduate nursing loan shall be seven thousand dollars (\$7,000) per year during periods of full-time enrollment and three thousand five hundred dollars (\$3,500) per year during periods of part-time enrollment, or such other amounts as may be established by TSAC, and shall in no instance exceed the student's cost of attendance. Awards are divided equally in disbursements of two (2) semesters or three (3) quarters payments.
- (2) The TSAC shall disburse the graduate nursing loan funds directly to eligible postsecondary institutions, which shall in turn credit the borrower's account or disburse funds to the eligible borrower with one (1) credit or payment at the beginning of each academic term attended.

Authority: T.C.A. §§ 49-4-201, 49-4-203, 49-4-204, and 49-4-702. **Administrative History:** Original rule filed January 23, 1976; effective April 15, 1976. Repeal and new rule filed as a Public necessity rule on December 11, 2006; effective through May 25, 2007. Original rule filed December 11, 2006; effective April 30, 2007. Amendment filed March 1, 2013; effective August 29, 2013.

1640-01-03-.05 APPLICATION PROCESS.

- (1) The student must apply to TSAC for the graduate nursing loan by the established priority application date as required by TSAC.
- (2) First priority shall be given to renewal applicants received by the priority application date.
- (3) Second priority shall be given to applicants who provide satisfactory evidence to TSAC that they expect to enter a full-time teaching position in a Tennessee nursing education program immediately upon completion of their master's or post-master's degree program and who apply by the priority application date.
- (4) Third priority shall be given to applicants who provide satisfactory evidence to TSAC that they expect to enter a part-time teaching position in a Tennessee nursing education program immediately upon completion of their master's or post-master's degree program and who apply by the priority application date.
- (5) Fourth priority will be given to applicants who provide satisfactory evidence to TSAC that they expect to enter a full-time administrative position in a Tennessee nursing education program immediately upon completion of their master's or post-master's degree program and who apply by the priority application date.
- (6) Fifth priority will be given to applicants who provide satisfactory evidence to TSAC that they expect to enter a part-time administrative position in a Tennessee nursing education program immediately upon completion of their master's or post-master's degree program and who apply by the priority application date.

(Rule 1640-01-03-.05, continued)

- (7) Sixth priority shall be given to applications received after the priority application date. Applications will be awarded based on the date of receipt.
- (8) Applicants shall be grouped according to the priority assigned to their application. Should available funds be exhausted before all eligible applicants have received an award, applicants in the lowest priority grouping for which funds are available shall be distinguished by the date of receipt of their application by TSAC and awards shall be made to those applicants with the earliest dates of receipt until all available funds are expended.

Authority: T.C.A. §§ 49-4-201, 49-4-203, 49-4-204, and 49-4-702. **Administrative History:** Original rule filed January 23, 1976; effective April 15, 1976. Amendment filed March 18, 1977; effective April 18, 1977. Repeal and new rule filed as a Public necessity rule on December 11, 2006; effective through May 25, 2007. Original rule filed December 11, 2006; effective April 30, 2007. Repeal and new rule filed March 1, 2013; effective August 29, 2013.

1640-01-03-.06 INTEREST.

- (1) Interest shall accrue at the rate of nine percent (9%) per year or such other rate as shall be established by TSAC after completion of the program. All interest shall be based upon the unpaid balance of the loan. The accrued interest may be capitalized.

Authority: T.C.A. §49-4-201, 49-4-203, 49-4-204, 49-4-702, and 2006 Tenn. Pub. Acts Ch. 882. **Administrative History:** Original rule filed January 23, 1976; effective April 15, 1976. Repeal and new rule filed as a Public necessity rule on December 11, 2006; effective through May 25, 2007. Original rule filed December 11, 2006; effective April 30, 2007. Repeal and new rule filed December 27, 2013; effective May 31, 2014.

1640-01-03-.07 REPAYMENT.

- (1) The graduate nursing loan must be repaid unless cancelled as described elsewhere in these rules. Repayment will include the full amount of the graduate nursing loan received plus accrued interest.
- (2) Repayment shall begin at the end of the grace period, or upon demand by TSAC, and shall be in monthly installments over a period of no more than eight (8) years, provided that payments must be a minimum of one hundred dollars (\$100) per month.
- (3) The graduate nursing loan and accrued interest may be prepaid in whole or part at any time without penalty.
- (4) If the borrower of a graduate nursing loan is determined to have received the award based on inaccurate application information, the full amount of the loan and accrued interest shall become due immediately.
- (5) If the borrower fails to complete an enrollment period for any reason, the postsecondary institution must determine if any of the graduate nursing loans should be returned to TSAC. The postsecondary institution should use its own institutional refund policy to calculate the refund amount. If the student withdraws after the refund period is over, the postsecondary institution must follow the Return of Title IV guidelines, if applicable, to calculate any return of the graduate nursing loan.
- (6) If a borrower issues a check, draft, or warrant, 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. Additionally, TSAC may charge a reasonable service fee for such a transaction.

(Rule 1640-01-03-.07)

Authority: T.C.A. §§ 49-4-201, 49-4-203, 49-4-204, and 49-4-702. **Administrative History:** Original rule filed January 23, 1976; effective April 15, 1976. Amendment filed March 18, 1977; effective April 18, 1977. Repeal and new rule filed as a public necessity rule on December 11, 2006; effective through May 25, 2007. Original rule filed December 11, 2006; effective April 30, 2007. Repeal and new rule filed March 1, 2013; effective August 29, 2013. Amendments filed December 27, 2013; effective May 31, 2014.

1640-01-03-.08 DEFERMENT.

- (1) Repayment shall be deferred, but interest shall continue to accrue, while the recipient is employed in a Tennessee nursing education program in a teaching or administrative capacity.
- (2) Repayment shall be deferred, but interest shall continue to accrue, while the student is seeking the post-master's degree after first receiving the loan to obtain their master's degree.
- (3) Repayment shall be deferred if 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.
- (4) For repayment to be deferred, recipients shall provide employment verification as required by TSAC.

Authority: T.C.A. §§ 49-4-201, 49-4-203, 49-4-204, and 49-4-702. **Administrative History:** Original rule filed January 23, 1976; effective April 15, 1976. Amendment filed March 18, 1977; effective April 18, 1977. Repeal and new rule filed as a public necessity rule on December 11, 2006; effective through May 25, 2007. Original rule filed December 11, 2006; effective April 30, 2007. Repeal and new rule filed March 1, 2013; effective August 29, 2013.

1640-01-03-.09 CANCELLATION/FORGIVENESS.

- (1) For each year of continuous full-time employment in a Tennessee nursing education program in a teaching or administrative capacity, the borrower shall receive a credit of twenty-five percent (25%) of the amount borrowed, plus accrued interest on that portion of the debt cancelled. Cancellation credit will be applied at the end of each year and upon receipt of verification of such service.
- (2) For each year of continuous part-time employment in a Tennessee nursing education program in a teaching or administrative capacity, the borrower shall receive a credit of twelve and one-half percent (12.5%) of the amount borrowed, plus accrued interest on that portion of the debt cancelled.
- (3) To receive cancellation credit, the borrower shall provide employment verification as required by the TSAC.
- (4) Cancellation credit shall not begin until the borrower completes the program of study for which the graduate nursing loan was provided.
- (5) The debt shall be cancelled on the basis of conclusive evidence that the borrower has died or has been totally and permanently disabled and cannot perform the teaching obligation outlined in the regulations. The borrower is not considered totally and permanently disabled on the basis of a condition that existed prior to the loan application. If, at any time subsequent to an initial determination of disability, the borrower's condition improves to the point where a to-

tal and permanent disability no longer exists, the TSAC may reinstate any outstanding debt previously cancelled.

Authority: T.C.A. §§ 49-4-201 and 2006 Tenn. Pub. Acts Ch. 882. **Administrative History:** Original rule filed as a public necessity rule on December 11, 2006; effective through May 25, 2007. Original rule filed December 11, 2006; effective April 30, 2007. Amendment filed March 1, 2013; effective August 29, 2013.

1640-01-03-.10 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 percent (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, 49-4-203, 49-4-204, and 49-4-702. **Administrative History:** Original rule filed March 1, 2013; effective August 29, 2013.

1640-01-03-.11 LEAVE OF ABSENCE.

- (1) Unless a leave of absence is granted, terms of enrollment must be continuous (other than the summer term), and a period of non-attendance (other than the summer term) will cause a recipient to enter repayment with no opportunity to regain eligibility.
- (2) A student may be granted medical or personal leave of absence from attendance at an eligible postsecondary institution and resume receiving the nursing loan upon resumption of the student's attendance at an eligible postsecondary institution so long as all other applicable eligibility criteria are met. An eligible postsecondary institution may grant leaves of absence only for medical or personal reasons. Allowable medical or personal reasons shall include, but not be limited to, illness of the student, illness or death of an immediate family member, extreme financial hardship of the student or student's immediate family, a military obligation of the student or family member, an obligation to fulfill a religious commitment expected of all individuals of that faith, or other extraordinary circumstances beyond the student's control where continued attendance by the student creates a substantial hardship. In the event an institution denies a student's request for a medical or personal leave of absence, the student may seek relief from the decision in accordance with Rule 1640-01-03-.12.

Authority: T.C.A. §§ 49-4-201, 49-4-203, 49-4-204, and 49-4-702. **Administrative History:** Original rule filed as a public necessity rule on December 11, 2006; effective through May 25, 2007. Original rule filed December 11, 2006; effective April 30, 2007. Repeal and new rule filed March 1, 2013; effective August 29, 2013.

1640-01-03-.12 APPEALS PROCEDURE.

- (1) TSAC shall provide written notice to a student of an adverse decision relative to a student's application for an award or request for a leave of absence. 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 Program, 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.

(Rule 1640-01-03-.12, continued)

Authority: T.C.A. §§ 49-4-201, 49-4-203, 49-4-204, and 49-4-702. **Administrative History:** Original rule filed as a public necessity rule on December 11, 2006; effective through May 25, 2007. Original rule filed December 11, 2006; effective April 30, 2007. Repeal and new rule filed March 1, 2013; effective August 29, 2013.