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Email: publications.information@tn.gov

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Sequence Number: 02-12-24
Rule ID(s): 10040
File Date: 2/21/2024
Effective Date: 5/21/2024

Rulemaking Hearing Rule(s) Filing Form

Rulemaking Hearing Rules are rules filed after and as a result of a rulemaking hearing (Tenn. Code Ann. § 4-5-205).

Pursuant to Tenn. Code Ann. § 4-5-229, any new fee or fee increase promulgated by state agency rule shall take effect on July 1, following the expiration of the ninety (90) day period as provided in § 4-5-207. This section shall not apply to rules that implement new fees or fee increases that are promulgated as emergency rules pursuant to § 4-5-208(a) and to subsequent rules that make permanent such emergency rules, as amended during the rulemaking process. In addition, this section shall not apply to state agencies that did not, during the preceding two (2) fiscal years, collect fees in an amount sufficient to pay the cost of operating the board, commission or entity in accordance with § 4-29-121(b).

Agency/Board/Commission:	Tennessee Student Assistance Corporation
Division:	Education
Contact Person:	Rachel Hitt
Address:	312 Rosa L. Parks, 9 th Floor
Phone:	615.253.7462
Email:	rachel.a.hitt@tn.gov

Revision Type (check all that apply):

☐ Amendment
☒ New
☐ Repeal

☐ Content based on previous emergency rule filed on x/xx/xxxx
☐ Content is identical to the emergency rule

Rule(s) (ALL chapters and rules contained in filing must be listed here. If needed, copy and paste additional tables to accommodate multiple chapters. Please make sure that **ALL** new rule and repealed rule numbers are listed in the chart below. Please enter only **ONE** Rule Number/Rule Title per row.)

Chapter Number	Chapter Title
1640-01-32	Tennessee Future Teacher Scholarship
Rule Number	Rule Title
1640-01-32-.01	Definitions
1640-01-32-.02	Application and Selection
1640-01-32-.03	Loan Amount and Terms
1640-01-32-.04	Collections
1640-01-32-.05	Appeal and Exception Process

Place substance of rules and other info here. Please be sure to include a detailed explanation of the changes being made to the listed rule(s). Statutory authority must be given for each rule change. For information on formatting rules go to

<https://sos.tn.gov/products/division-publications/rulemaking-guidelines>.

NEW RULES:

RULES OF TENNESSEE STUDENT ASSISTANCE CORPORATION

CHAPTER 1640-01-32

TENNESSEE FUTURE TEACHER SCHOLARSHIP PROGRAM

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1640-01-32-.02	Application and Selection	1640-01-32-.05	Appeal and Exception Process
1640-01-32-.03	Loan Amount and Terms		

1640-01-32-.01 DEFINITIONS.

The following definitions are to be used for Chapter 1640-01-32:

- (1) Academic year: Three (3) consecutive semesters beginning with a fall semester and including the spring and summer semesters immediately succeeding the fall semester.
- (2) Act: Chapter 381 of the Public Acts of 2023, as set forth in Tenn. Code Ann. § 49-4-701.
- (3) Approved Educator Preparation Program (EPP): This term is defined in the Act.
- (4) Critical shortage subject area: This term is defined in the Act.
- (5) Default: The failure of a candidate in repayment status to make a minimum of one (1) installment payment during a period of two hundred seventy (270) consecutive calendar days.
- (6) Deferment: A period of time in which the candidate's payments may be postponed, pursuant to section .05(5) of this Rule.
- (7) Eligible candidate: This term is defined in the Act.
- (8) FAFSA: This term is defined in T.C.A. § 49-4-902.
- (9) Full-time enrollment: The number of semester hours required for full-time enrollment in an Approved EPP as determined by the postsecondary institution attended.
- (10) Full-time teaching: A minimum of fifty percent (50%) of the candidate's weekly workload is devoted to teaching, exclusive of administrative, teaching assistance, after-school programs, counseling, or other assigned duties.
- (11) Full year of teaching service: Two (2) semesters of full-time teaching. Candidates must teach at least ninety (90) days each semester and one hundred eighty (180) calendar days for the academic year.
- (12) Gift aid: This term is defined in the Act.
- (13) Grace period: A period of up to one (1) year that begins on the date the candidate completes the Approved EPP.

- (14) IRP: Institutional Review Panel.
- (15) Part-time enrollment: The number of semester hours required for part-time enrollment in an Approved EPP as determined by the postsecondary institution attended.
- (16) Promissory note: A signed statement certifying the candidate's intent to become a teacher in a targeted setting for at least four (4) consecutive years and their obligation to repay the loan should they fail to complete the Approved EPP or fulfill the teaching requirements.
- (17) Targeted setting: This term is defined in the Act.
- (18) TELS: Tennessee Education Lottery Scholarship.
- (19) Tuition and mandatory fees: The tuition and mandatory fees required for the enrollment or attendance of a student at an eligible postsecondary institution that are charged to all students for coursework leading to completion of an approved undergraduate EPP, and do not include fees charged for TN eCampus, online courses, specific programs of study, books, or supplies even if such fees are considered necessary for enrollment.
- (20) TSAC: Tennessee Student Assistance Corporation.

Authority: T.C.A. §§ 49-4-204 and 49-4-701. **Administrative History:** Original rule filed:

1640-01-32-.02 APPLICATION AND SELECTION.

- (1) All applications, including renewal applications, must be submitted on a TSAC-approved form prior to the published deadline each academic year.
- (2) All application and FAFSA deadlines shall be determined by the TSAC Executive Director and published on TSAC's website. The TSAC Executive Director is authorized to modify published deadlines for well-documented extraordinary causes, where necessary to protect the public interest.
- (3) Renewal applicants shall be awarded before new applicants in each academic year. All new eligible applicants shall be awarded on a first-come, first-served basis until all appropriated funds are awarded.
- (4) New applicants must submit a letter of recommendation attesting to the applicant's commitment to teaching from an official of the Approved EPP to which the applicant has been admitted.
- (5) Candidates of the Tennessee Future Teacher Scholarship are not permitted to accept, or have accepted, any other financial aid that requires teaching service following the conclusion of the Approved EPP.
- (6) Candidates must not currently be in default or owe a refund on a federal Title IV educational loan or Tennessee educational loan.
- (7) Candidates agree to inform TSAC in writing and provide supporting documentation within thirty (30) days of any change that occurs in name, address, school enrollment, obtainment of a teaching position, change in teaching assignments, or termination of teaching service.

Authority: T.C.A. §§ 49-4-204 and 49-4-701. **Administrative History:** Original rule filed

1640-01-32-.03 LOAN AMOUNT AND TERMS.

- (1) All loan amounts shall be equal to the cost of the candidate's tuition and mandatory fees less gift aid as described in the Act. All tuition waivers and discounts for which a student or parent qualifies shall first be deducted from the student's tuition and mandatory fees before gift aid is credited. Candidates shall execute promissory notes payable to TSAC in amounts equal to the full value of the loan amount.

- (2) Loan amounts based on enrollment status will be determined in the same manner as enrollment status for the HOPE scholarship.
- (3) Cancellation
 - (a) The entire loan amount is cancelled for candidates who complete full-time teaching employment in a targeted setting for four (4) consecutive years after completion of the Approved EPP.
 - (b) Candidates who begin or end full-time teaching in a targeted setting that does not equal a full academic year, shall receive proportionate credit towards the total amount owed under the promissory note.
 - (c) A candidate's targeted setting is established at the time teaching service begins. If the targeted setting subsequently is eliminated from the list of distressed or at-risk counties or critical shortage subject areas as determined by the Department of Education, the candidate will receive full cancellation of the loan amount upon completion of the four-year teaching service period in the original targeted setting.
 - (d) A grace period of up to one (1) year will be afforded to allow the candidate an opportunity to secure employment to begin full-time employment before any outstanding loan amounts would otherwise be due. When a candidate has obtained a full-time teaching position in a targeted setting, the remaining balance of the grace period will be waived by TSAC. Exceptions to the one (1) year grace period may be requested in writing by the candidate for extraordinary circumstances.
 - (e) Candidates teaching in targeted settings that meet the requirements for the loan forgiveness must notify TSAC of such teaching status. Individuals whom TSAC has verified to be teaching in a targeted setting shall be granted a postponement on repayment. At the end of such period, cancellation credit will be applied upon receipt of the verification of such service.
 - (f) The debt shall be canceled due to the death of the candidate upon documentation deemed acceptable by TSAC.
 - (g) If a candidate 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 candidate is not considered totally and permanently disabled on the basis of a condition that existed prior to his or her application unless the candidate's condition has substantially deteriorated since he or she submitted the application. If at any time subsequent to an initial determination of disability the candidate's condition improves to the point where a total and permanent disability no longer exists, TSAC may reinstate any outstanding debt previously canceled.
- (4) Repayment
 - (a) Repayment shall begin in the first month following the end of the grace period for candidates who complete the Approved EPP but who fail to enter teaching service in a targeted setting. For candidates who fail to complete the Approved EPP repayment will begin upon demand by TSAC.
 - (b) Repayment of any remaining amount of the loan funds received may be in whole or monthly payments of at least one hundred dollars (\$100) over a period of not more than ten (10) years from the end of the grace period or when TSAC determines that the candidate has not complied with the requirements of the Act. Payments of less than the amount required to amortize the loan within ten (10) years may be made only if the candidate documents to TSAC's satisfaction his or her inability to make payments of that amount.

- (c) 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.
 - (d) If a candidate should re-enter teaching at an eligible school after commencing monetary repayment, the repayments already made will not be returned to the candidate. 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.
- (5) Deferment
- (a) Repayment of principal may be deferred for a period of time in which the candidate is unable to make payments due to documented extraordinary circumstances. Documentation must be submitted to TSAC for approval and verified on a semi-annual basis. Deferment may be granted for any of the following reasons:
 - 1. The candidate is still enrolled in an accredited institution but is no longer seeking a teaching licensure or enrolled in an Approved EPP and shall not exceed three (3) years.
 - 2. A period of time in which the candidate is unable to make payments due to extraordinary financial, medical, or personal circumstances beyond the candidate's control and shall not exceed two (2) years.
 - 3. Borrowers who have begun qualified teaching service may receive a one-year deferment to secure another qualified teaching position in Tennessee.
 - 4. The candidate has been called into active military duty and shall not exceed the time of deployment.

Authority: T.C.A. §§ 49-4-204 and 49-4-701. **Administrative History:** Original rule filed:

1640-01-32-.04 COLLECTIONS.

- (1) TSAC's collection activity will begin when the candidate is no longer honoring the repayment schedule. TSAC will exercise due diligence to contact the candidate to resolve the delinquency at the last known address/contact information provided by the candidate to TSAC as provided herein at .02(7).
- (2) TSAC's due diligence requirements include:
 - (a) Providing the candidate with a signed copy of the promissory note.
 - (b) Notifying the candidate of the repayment requirements during the grace period.
 - (c) Notifying the candidate of repayment requirements during an approved period of deferment.
 - (d) Attempting to contact the candidate no less than once per month during the two hundred and seventy (270) day period in which no payments are received, beginning with the thirtieth (30th) day of delinquency.
- (3) TSAC will consider a candidate to be delinquent if the candidate fails to make an installment payment within thirty (30) days of the due date. Upon delinquency, TSAC will attempt to contact the candidate to give notice of the delinquency and inform the candidate of the consequences of default.
- (4) TSAC will consider a candidate to be in default if the candidate fails to make a payment for a period of two hundred seventy (270) consecutive days.

- (5) Once the candidate is in default, TSAC may take one (1) or more of the following actions:
- (a) Assign the defaulted loan(s) to a collection agency. 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 and collection costs shall not exceed an amount determined to be reasonable and affordable
 - (b) Assign the defaulted loan(s) to the Office of the Attorney General for collection.
 - (c) Make the candidate ineligible for state student aid programs.
 - (d) Report the default to one (1) or more of the credit reporting agencies.

Authority: T.C.A. §§ 49-4-204 and 49-4-701. **Administrative History:** Original rule filed

1640-01-32-.05 APPEAL AND EXCEPTION PROCESS.

- (1) TSAC shall use the existing TSAC Appeals Panel to consider appeals and render decisions for those candidates who appeal a decision made by the IRP and for appeals made directly to TSAC. In addition to the grounds for appeal that exist for TELS as outlined in Tenn. Comp. R. & Regs. 1640-01-19, a candidate of the Tennessee Future Teacher Scholarship may also appeal for continued debt cancellation following the return to teaching in a targeted setting after having left qualified teaching service without an approved deferment. The time between leaving and returning to qualified teaching service shall not exceed three (3) years. A decision of the TSAC Appeals Panel made on the merits of the appeal is the final administrative remedy available to the candidate.

Authority: T.C.A. §§ 49-4-204 and 49-4-701. **Administrative History:** Original rule filed

* If a roll-call vote was necessary, the vote by the Agency on these rulemaking hearing rules was as follows:

Board Member	Aye	No	Abstain	Absent	Signature (if required)
Governor Bill Lee, by Chrissy Freeland	X				
Comptroller Jason Mumpower, by Lance Iverson	X				
State Treasurer David H. Lillard, Jr., by Rachel Offutt	X				
Commissioner of Finance and Administration Jim Bryson, by Greg Turner	X				
Tennessee Board of Regents Flora Tydings, by Dr. Heidi Leming	X				
Dr. Claude Pressnell	X				
Cyrus Vatandoost	X				
Jennifer Byrd	X				
University of Tennessee President Randy Boyd, by Dr. Linda Martin	X				
Tennessee Department of Education Commissioner Lizette Reynolds, by Deborah Knoll	X				

I certify that this is an accurate and complete copy of rulemaking hearing rules, lawfully promulgated and adopted by the Tennessee Student Assistance Corporation on 09/26/2023 (mm/dd/yyyy), and is in compliance with the provisions of T.C.A. § 4-5-222.

I further certify the following:

Notice of Rulemaking Hearing filed with the Department of State on: 08/04/2023

Rulemaking Hearing(s) Conducted on: (add more dates). 09/25/2023

Date: Oct 4, 2023

Signature: 
Steven.Gentile@oct4, 2023 08:13 CDT

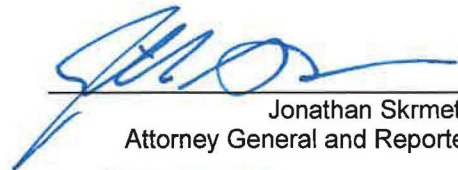
Name of Officer: Dr. Steven Gentile

Title of Officer: Interim Executive Director

Agency/Board/Commission: Tennessee Student Assistance Corporation

Rule Chapter Number(s): 1640-01-32

All rulemaking hearing 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.


Jonathan Skrmetti
Attorney General and Reporter
10/23/23
Date

Department of State Use Only

Filed with the Department of State on: 2/21/2024

Effective on: 5/21/2024


Tre Hargett
Secretary of State

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Feb 21 2024, 3:15 pm

Secretary of State
Division of Publications

Public Hearing Comments

One copy of a document that satisfies T.C.A. § 4-5-222 must accompany the filing.

Zero (0) public comments were made at the public hearing.

Regulatory Flexibility Addendum

Pursuant to T.C.A. §§ 4-5-401 through 4-5-404, prior to initiating the rule making process, all agencies shall conduct a review of whether a proposed rule or rule affects small business.

This rule is not anticipated to affect small businesses.

Impact on Local Governments

Pursuant to T.C.A. §§ 4-5-220 and 4-5-228, "On any rule and regulation proposed to be promulgated, the proposing agency shall state in a simple declarative sentence, without additional comments on the merits or the policy of the rule or regulation, whether the rule or regulation may have a projected financial impact on local governments. The statement shall describe the financial impact in terms of increase in expenditures or decrease in revenues."

This rule is not anticipated to have a financial 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 Tennessee Future Teacher Scholarship is a last-dollar award for up to tuition and fees offered to junior and senior status postsecondary students enrolled in an educator preparation program (EPP). The scholarship requires repayment of the award if the recipient does not fulfill a teaching service requirement upon completion of the education degree. These new rules describe the approved EPP, general academic eligibility requirements, FAFSA application requirements, details of the promissory note, requirements for teaching in a targeted setting, award amounts, loan forgiveness details, and administrative provisions (cancellation, deferment, appeals, etc.) consistent with other TSAC financial aid programs.

- (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;

Public Acts of 2023, Chapter 381, Section 2: "For purposes of promulgating rules, this act takes effect upon becoming a law, the public welfare requiring it. For all other purposes, this act takes effect July 1, 2023, the public welfare requiring it."

T.C.A. 49-4-204: "The Tennessee student assistance corporation is authorized and directed to promulgate rules governing the making of awards of financial assistance to students that the corporation deems necessary to carry out and to make effective the purposes of parts 2, 3, and 6-9 of this chapter."

- (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;

Those affected by this rule include students enrolled in an approved Educator Preparation Program and all public and private postsecondary institutions that are eligible as defined in T.C.A. 49-4-902. No one attended, nor submitted comments for, our public rulemaking hearing; however, the University of Tennessee, Tennessee Board of Regents, Tennessee Independent Colleges and Universities Association, and Tennessee Association of Student Financial Aid Administrators are members of the TSAC Board of Directors and represent the institutions that will offer this scholarship. Each of these members attended the September 26, 2023 meeting in which these rules were presented and each voted in favor of passage and urge adoption of this rule.

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

NA

- (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;

NA

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

Peter Abernathy
Tennessee Student Assistance Corporation
615-336-9906
peter.abernathy@tn.gov

Tim Phelps
Tennessee Student Assistance Corporation
615-253-7441

tim.phelps@tn.gov

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

Lou Hanemann
Tennessee Student Assistance Corporation
615-253-8872
lou.hanemann@tn.gov

Peter Abernathy
Tennessee Student Assistance Corporation
615-336-9906
peter.abernathy@tn.gov

- (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

Lou Hanemann
Tennessee Student Assistance Corporation
312 Rosa Parks Blvd
9th Floor
Nashville, TN 37243
615-253-8872
lou.hanemann@tn.gov

Peter Abernathy
Tennessee Student Assistance Corporation
312 Rosa Parks Blvd
9th Floor
Nashville, TN 37243
615-336-9906
peter.abernathy@tn.gov

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

NA

**RULES
OF
TENNESSEE STUDENT ASSISTANCE CORPORATION**

CHAPTER 1640-01-32

**TENNESSEE FUTURE TEACHER SCHOLARSHIP
PROGRAM**

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- (3) Approved Educator Preparation Program (EPP): This term is defined in the Act.
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- (5) Default: The failure of a candidate in repayment status to make a minimum of one (1) installment payment during a period of two hundred seventy (270) consecutive calendar days.
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- (9) Full-time enrollment: The number of semester hours required for full-time enrollment in an Approved EPP as determined by the postsecondary institution attended.
- (10) Full-time teaching: A minimum of fifty percent (50%) of the candidate's weekly workload is devoted to teaching, exclusive of administrative, teaching assistance, after-school programs, counseling, or other assigned duties.
- (11) Full year of teaching service: Two (2) semesters of full-time teaching. Candidates must teach at least ninety (90) days each semester and one hundred eighty (180) calendar days for the academic year.
- (12) Gift aid: This term is defined in the Act.
- (13) Grace period: A period of up to one (1) year that begins on the date the candidate completes the Approved EPP.
- (14) IRP: Institutional Review Panel.

(Rule 1640-01-32-.01 cont.)

- (15) Part-time enrollment: The number of semester hours required for part-time enrollment in an Approved EPP as determined by the postsecondary institution attended.
- (16) Promissory note: A signed statement certifying the candidate's intent to become a teacher in a targeted setting for at least four (4) consecutive years and their obligation to repay the loan should they fail to complete the Approved EPP or fulfill the teaching requirements.
- (17) Targeted setting: This term is defined in the Act.
- (18) TELS: Tennessee Education Lottery Scholarship.
- (19) Tuition and mandatory fees: The tuition and mandatory fees required for the enrollment or attendance of a student at an eligible postsecondary institution that are charged to all students for coursework leading to completion of an approved undergraduate EPP, and do not include fees charged for TN eCampus, online courses, specific programs of study, books, or supplies even if such fees are considered necessary for enrollment.
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Authority: T.C.A. §§ 49-4-204 and 49-4-701. **Administrative History:** Original rule filed:

1640-01-32-.02 APPLICATION AND SELECTION.

- (1) All applications, including renewal applications, must be submitted on a TSAC-approved form prior to the published deadline each academic year.
- (2) All application and FAFSA deadlines shall be determined by the TSAC Executive Director and published on TSAC's website. The TSAC Executive Director is authorized to modify published deadlines for well-documented extraordinary causes, where necessary to protect the public interest.
- (3) Renewal applicants shall be awarded before new applicants in each academic year. All new eligible applicants shall be awarded on a first-come, first-served basis until all appropriated funds are awarded.
- (4) New applicants must submit a letter of recommendation attesting to the applicant's commitment to teaching from an official of the Approved EPP to which the applicant has been admitted.
- (5) Candidates of the Tennessee Future Teacher Scholarship are not permitted to accept, or have accepted, any other financial aid that requires teaching service following the conclusion of the Approved EPP.
- (6) Candidates must not currently be in default or owe a refund on a federal Title IV educational loan or Tennessee educational loan.
- (7) Candidates agree to inform TSAC in writing and provide supporting documentation within thirty (30) days of any change that occurs in name, address, school enrollment, obtainment of a teaching position, change in teaching assignments, or termination of teaching service.

Authority: T.C.A. §§ 49-4-204 and 49-4-701. **Administrative History:** Original rule filed

1640-01-32-.03 LOAN AMOUNT AND TERMS.

- (1) All loan amounts shall be equal to the cost of the candidate's tuition and mandatory fees less gift aid as described in the Act. All tuition waivers and discounts for which a student or parent qualifies shall first be deducted from the student's tuition and mandatory fees before

(Rule 1640-01-32-.03 cont.)

gift aid is credited. Candidates shall execute promissory notes payable to TSAC in amounts equal to the full value of the loan amount.

- (2) Loan amounts based on enrollment status will be determined in the same manner as enrollment status for the HOPE scholarship.
- (3) Cancellation
 - (a) The entire loan amount is cancelled for candidates who complete full-time teaching employment in a targeted setting for four (4) consecutive years after completion of the Approved EPP.
 - (b) Candidates who begin or end full-time teaching in a targeted setting that does not equal a full academic year, shall receive proportionate credit towards the total amount owed under the promissory note.
 - (c) A candidate's targeted setting is established at the time teaching service begins. If the targeted setting subsequently is eliminated from the list of distressed or at-risk counties or critical shortage subject areas as determined by the Department of Education, the candidate will receive full cancellation of the loan amount upon completion of the four-year teaching service period in the original targeted setting.
 - (d) A grace period of up to one (1) year will be afforded to allow the candidate an opportunity to secure employment to begin full-time employment before any outstanding loan amounts would otherwise be due. When a candidate has obtained a full-time teaching position in a targeted setting, the remaining balance of the grace period will be waived by TSAC. Exceptions to the one (1) year grace period may be requested in writing by the candidate for extraordinary circumstances.
 - (e) Candidates teaching in targeted settings that meet the requirements for the loan forgiveness must notify TSAC of such teaching status. Individuals whom TSAC has verified to be teaching in a targeted setting shall be granted a postponement on repayment. At the end of such period, cancellation credit will be applied upon receipt of the verification of such service.
 - (f) The debt shall be canceled due to the death of the candidate upon documentation deemed acceptable by TSAC.
 - (g) If a candidate 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 candidate is not considered totally and permanently disabled on the basis of a condition that existed prior to his or her application unless the candidate's condition has substantially deteriorated since he or she submitted the application. If at any time subsequent to an initial determination of disability the candidate's condition improves to the point where a total and permanent disability no longer exists, TSAC may reinstate any outstanding debt previously canceled.
- (4) Repayment
 - (a) Repayment shall begin in the first month following the end of the grace period for candidates who complete the Approved EPP but who fail to enter teaching service in a targeted setting. For candidates who fail to complete the Approved EPP repayment will begin upon demand by TSAC.
 - (b) Repayment of any remaining amount of the loan funds received may be in whole or monthly payments of at least one hundred dollars (\$100) over a period of not more

(Rule 1640-01-32-.03 cont.)

than ten (10) years from the end of the grace period or when TSAC determines that the candidate has not complied with the requirements of the Act. Payments of less than the amount required to amortize the loan within ten (10) years may be made only if the candidate documents to TSAC's satisfaction his or her inability to make payments of that amount.

- (c) 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.
- (d) If a candidate should re-enter teaching at an eligible school after commencing monetary repayment, the repayments already made will not be returned to the candidate. 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.

(5) Deferment

- (a) Repayment of principal may be deferred for a period of time in which the candidate is unable to make payments due to documented extraordinary circumstances. Documentation must be submitted to TSAC for approval and verified on a semi-annual basis. Deferment may be granted for any of the following reasons:
 - 1. The candidate is still enrolled in an accredited institution but is no longer seeking a teaching licensure or enrolled in an Approved EPP and shall not exceed three (3) years.
 - 2. A period of time in which the candidate is unable to make payments due to extraordinary financial, medical, or personal circumstances beyond the candidate's control and shall not exceed two (2) years.
 - 3. Borrowers who have begun qualified teaching service may receive a one-year deferment to secure another qualified teaching position in Tennessee.
 - 4. The candidate has been called into active military duty and shall not exceed the time of deployment.

Authority: T.C.A. §§ 49-4-204 and 49-4-701. **Administrative History:** Original rule filed:

1640-01-32-.04 COLLECTIONS.

- (1) TSAC's collection activity will begin when the candidate is no longer honoring the repayment schedule. TSAC will exercise due diligence to contact the candidate to resolve the delinquency at the last known address/contact information provided by the candidate to TSAC as provided herein at .02(7).
- (2) TSAC's due diligence requirements include:
 - (a) Providing the candidate with a signed copy of the promissory note.
 - (b) Notifying the candidate of the repayment requirements during the grace period.
 - (c) Notifying the candidate of repayment requirements during an approved period of deferment.
 - (d) Attempting to contact the candidate no less than once per month during the two hundred and seventy (270) day period in which no payments are received,

(Rule 1640-01-32-.04 cont.)

beginning with the thirtieth (30th) day of delinquency.

- (3) TSAC will consider a candidate to be delinquent if the candidate fails to make an installment payment within thirty (30) days of the due date. Upon delinquency, TSAC will attempt to contact the candidate to give notice of the delinquency and inform the candidate of the consequences of default.
- (4) TSAC will consider a candidate to be in default if the candidate fails to make a payment for a period of two hundred seventy (270) consecutive days.
- (5) Once the candidate is in default, TSAC may take one (1) or more of the following actions:
 - (a) Assign the defaulted loan(s) to a collection agency. 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 and collection costs shall not exceed an amount determined to be reasonable and affordable
 - (b) Assign the defaulted loan(s) to the Office of the Attorney General for collection.
 - (c) Make the candidate ineligible for state student aid programs.
 - (d) Report the default to one (1) or more of the credit reporting agencies.

Authority: T.C.A. §§ 49-4-204 and 49-4-701. **Administrative History:** Original rule filed

1640-01-32-.05 APPEAL AND EXCEPTION PROCESS.

- (1) TSAC shall use the existing TSAC Appeals Panel to consider appeals and render decisions for those candidates who appeal a decision made by the IRP and for appeals made directly to TSAC. In addition to the grounds for appeal that exist for TELS as outlined in Tenn. Comp. R. & Regs. 1640-01-19, a candidate of the Tennessee Future Teacher Scholarship may also appeal for continued debt cancellation following the return to teaching in a targeted setting after having left qualified teaching service without an approved deferment. The time between leaving and returning to qualified teaching service shall not exceed three (3) years. A decision of the TSAC Appeals Panel made on the merits of the appeal is the final administrative remedy available to the candidate.

Authority: T.C.A. §§ 49-4-204 and 49-4-701. **Administrative History:** Original rule filed