

MINORITY MASTERS FELLOWS PROGRAM RULES AND REGULATIONS

RULE 1 - ORGANIZATION AND STRUCTURE

- I. The Arkansas Department of Higher Education (ADHE) shall administer the Minority Masters Fellows Program within the policies set by the State Board of Higher Education. The program will provide forgivable loans to students who have completed their baccalaureate degrees and are entering a master's program in education in a field other than administration

All formal communications shall be addressed to or signed by the Director of the ADHE or his/her designee.

- II. The final responsibility for selecting recipients shall rest with the Director of the ADHE.

RULE 2 - ELIGIBILITY CRITERIA

I. Eligibility Criteria

- A. Applicants must be African-American, Hispanic, Asian-American or Native American.

1. For guidance purposes, the terms African-American, Hispanic, Asian-American, and Native American are based on the Race/Ethnic classifications utilized by the Integrated Postsecondary Education Data System (IPEDS) as follows:
- a. African-American = Black/Non-Hispanic: a person having origins in any other black racial groups of Africa.
 - b. Hispanic = a person of Mexican, Puerto Rican, Cuban, Central or South American or other Spanish culture or origin, regardless of race.
 - c. Asian-American = Asian or Pacific Islander: a person having origins in any of the original peoples of the Far East, Southeast Asia, the Indian subcontinent, or the Pacific Islands. This area includes those from China, Japan, Korea, the Philippine Islands, Samoa, India and Vietnam.
 - d. Native American = American Indian or Alaska Native: a person having origins in any of the original peoples of North America and who maintains cultural identification through tribal affiliation or community recognition.

2. The ADHE reserves the right to request documentation of minority status.
- B. Applicants must be bona fide Arkansas residents, as defined by the ADHE, for at least six months prior to the application deadline.
- C. Applicants must be citizens of the United States or permanent resident aliens.
- D. Applicants must be enrolled in a public or independent 4-year institution located in Arkansas.
- E. Applicants must have received a baccalaureate degree. They must be admitted to an approved master's level program in education in a field other than administration at an approved Arkansas university.
- F. Priority is given to returning applicants, former recipients of the Minority Teacher Scholars Program (MTSP), and applicants who have completed their baccalaureate degree within the past two years.
- G. Applicants must have a minimum 2.75 cumulative grade point average on a 4.00 scale (or its equivalent).

II. Continuing Eligibility Requirements

For continuing eligibility, Minority Masters Fellows must maintain a 3.00 grade point average in courses funded by this program. Applicants for a continuing award must complete a new application each year.

RULE 3 - SELECTION PROCESS

- I. Students must submit an application to the ADHE. Applications will be available for download on the ADHE website. Applications may also be obtained from the ADHE upon request.
- II. Deadline for Applications

The application deadline will be established by the ADHE and published on the ADHE website and in the ADHE financial aid brochure.
- III. Review of Applications

For applications that are either incomplete or ineligible, applicants will be notified of the reason for incompleteness or ineligibility. The applicant will then have the

opportunity to provide the missing information or correct any inaccurate information.

IV. Ranking of Applicants

Priority is given to returning applicants, former recipients of the Minority Teacher Scholars Program (MTSP), and applicants who completed their baccalaureate degree within the past two years. If necessary, applications may be ranked according to a combination of components including cumulative grade point average and major grade point average.

V. Selection of Recipients

- A. The ADHE shall review ranked applicants and make recommendations for awards based on allocation of funds.
- B. The final responsibility for selecting scholarship recipients shall rest with the Director of the ADHE.

VI. Institutional Eligibility

The institution to be attended must be an Arkansas public or independent four-year institution, meet federal institutional eligibility requirements, and must be approved by the ADHE for the teacher education program chosen by the student.

RULE 4 - AWARDING OF FUNDS

I. Award Process

Recipients will be notified of their eligibility for the program and the conditions for continued eligibility. Prior to the disbursement of funds, recipients will complete promissory notes for the purpose of entering into an agreement with the ADHE. The terms of the agreement will include the general purpose, repayment and deferment procedures. The promissory note shall be signed by the recipient. Modifications to any award amounts will be confirmed through the completion of a new promissory note.

II. Disbursement of Funds

Funds will be sent to the institution after verification of enrollment. The institution disburses the funds in accordance with its policy.

Act 1180 of 1999 states that students who receive financial aid from public funds may not use those funds in a financial aid package to exceed the federally recognized cost of attendance at the institution where the student enrolls. The

institution must follow the ADHE policy in repaying public funds in the amount exceeding the total cost of attendance for any student who receives public funds in a financial aid package above the cost of attendance.

II. Limitation of funds

- A. Students may receive up to \$1,250 per three semester credit hours enrolled with a maximum award of \$3,750 per semester. The maximum lifetime award is \$7,500.
- B. Students may receive funds until they have received the maximum award of \$7,500, or until they have completed their master's degree, or for a maximum of three years, whichever comes first.

RULE 5 - REPAYMENT OF LOAN

I. Terms of Repayment

- A. Recipients who teach full-time in an Arkansas public school or public institution of higher education for two years shall have the total loan and related interest forgiven. This shall be in addition to any teaching obligation the recipient may have to fulfill based on receipt of other ADHE forgivable loans received while pursuing an undergraduate degree in education.
- B. Recipients who do not teach full-time in an Arkansas public school or public institution of higher education, or who discontinue their studies prior to completing their program of study, shall repay the full remaining balance plus accrued interest according to an interest and repayment schedule provided by the ADHE. At this point, the recipient's award converts to a repayable loan.
- C. The repayment schedule will be set in monthly payments based on the total amount of the loan remaining at the time of entry into repayment, plus interest. Payments will be computed to ensure that repayment will be completed within a maximum of five years from the completion of study or withdrawal from school.

II. Interest on Loan

- A. Interest will accrue from the beginning of the repayment period at a maximum annual percentage rate of 10 percent on the unpaid balance. Interest will be calculated as a simple, per annum interest charge on the outstanding principal.

- B. Interest will not accrue and installments need not be paid when a deferment has been approved by the ADHE. Any recipient who desires a deferment must submit an application for deferment to the ADHE for approval.

III. Deferment of Loan

- A. At the discretion of the ADHE, scheduled loan repayments may be deferred if the ADHE determines that extraordinary circumstances prevent the recipient from making such repayments. Deferments may be granted for the following conditions:
 - 1. The recipient is engaged in a full-time course of study at an institution of higher education. This must be verified by the registrar's office.
 - 2. The recipient is seeking and unable to find employment as a teacher for a single period not to exceed twelve (12) months. The loan recipient must submit a list of schools contacted for employment. The ADHE will verify this information with the schools listed.
 - 3. The recipient is temporarily totally disabled, for a period not to exceed three (3) years, as established by sworn affidavit from a licensed physician. The ADHE reserves the right to require a second opinion by an ADHE approved physician.
 - 4. The recipient is unable to secure employment for a period not to exceed twelve (12) months by reason of the care of a spouse who is disabled, as established by the signature of a licensed physician. The ADHE reserves the right to require a second opinion by an ADHE approved physician.
 - 5. Other extraordinary circumstances which would prevent the recipient from repaying the debt within the contractual obligations of the promissory note may be considered.
- B. To qualify for any of the deferments, recipients must notify the ADHE of their claim on a Request for Deferment form which will be supplied by the ADHE upon request. The recipient must complete the Request for Deferment form and return it, along with supporting documentation, to the ADHE. The ADHE will notify the recipient of approval or disapproval of any application for a deferment.

IV. Cancellation of Loan

The ADHE will cancel a recipient's repayment obligations if it determines:

- A. On the basis of a sworn affidavit of a licensed physician that the recipient is unable to teach on a full-time basis because of an impairment that is expected to continue indefinitely or to result in death. The ADHE reserves the right to require a second opinion by an ADHE approved physician; or
- B. On the basis of a death certificate or other evidence of death conclusive under state law that the recipient has died.

V. Prepayment of Loan

There shall be no penalty for prepayment or repayment of all or any portion of the principal.

VI. Grace Period

There will exist a nine (9) month grace period following graduation before the recipient must either take employment in an Arkansas public school or public institution of higher education or begin repayment of the loan.

VII. Failure to Repay

Recipients who fail to meet their repayment obligations may have added to their total obligation any costs for collection of the debt.

RULE 6 - INSTITUTIONAL RESPONSIBILITIES

I. College/University Responsibilities

A. Institutional Verification

The institution shall provide certification to the ADHE each semester after the 11th class day, listing the names of the program recipients who are officially enrolled, the number of hours enrolled, and their grade point average. This information is reported on a verification roster.

The verification roster will be sent to the financial aid director at the beginning of each term. The signed verification roster should be returned to the ADHE by the requested date.

The verification roster is an alphabetical listing by institution of all persons receiving a Minority Masters Fellows loan for a given academic semester or trimester.

B. Deadlines for Disbursement of Funds

The deadline for disbursement of funds is no later than 10 days after written receipt of funds. Any outstanding funds not disbursed must be returned to the ADHE.

A. Refund Policy

It is the institution's responsibility to notify the ADHE of the name of any person owing a refund, the date of the withdrawal, and the refund amount.

B. Due Diligence

The institution will exercise due diligence in providing complete, accurate, and timely information as requested by the ADHE on any current or former loan recipient. In addition, the institution will exercise due diligence in complying with all the rules and regulations of the Minority Masters Fellows Program. The ADHE will periodically review the institution's records concerning this program in an effort to exercise its due diligence requirements as a steward of state funds.

RULE 7 - RECIPIENT'S RESPONSIBILITY

I. Recipient's Responsibility

It is the recipient's responsibility to notify the ADHE of any change in status within 21 days. This will include:

Change in name;

Change in residence;

Change in institution;

Change in full-time status (below nine college semester credit hours or its equivalent per semester or trimester);

Change in course of study; and/or

Change in employment.

Failure to notify the ADHE of a change in status will affect future eligibility or collection status.

RULE 8 - COLLECTION OF LOAN

I. Collection of Loan

Accounts will be retained by the ADHE in the Financial Aid Division until the individual is no longer eligible for forgiveness or deferment. At that time, the award will be converted to a repayable loan and the account will be turned over to a vendor for servicing. The ADHE will notify the recipient of this action and include a loan amortization schedule with the notification. This notification will be mailed to the recipient's last known address.

The account will remain with the vendor until repaid or 90 days delinquent. Upon determination that a loan recipient is 90 days delinquent, the recipient will receive a first letter of delinquent notification. If payment is not received within 60 days from the date of the first letter of delinquent notification, a second letter of delinquent notification will be sent to the loan recipient. If no response is received by 30 days from the date of the second letter of delinquent notification, a third and final letter will be sent to the recipient informing the recipient that the account is officially in default.

Defaulted recipients may be reported to credit reporting agencies, a state income tax set-off may be requested, and/or a civil suit may be initiated, if necessary, against the recipient for repayment of the loan.

II. Skip Tracing Mechanisms

If letters are returned as undeliverable, the Department of Finance and Administration's Motor Vehicle Division can be used to perform skip tracing activities. Motor Vehicle Division's records are updated in March and September each year. To get this information, the ADHE may send name, current address, and social security number to:

Department of Finance and Administration
Motor Vehicle Division
P. O. Box 1272
Little Rock, AR 72202
ATTENTION: Correspondence Desk

Additionally, the ADHE may use these steps to locate recipients if communications are returned as undelivered:

- A. Contact references listed on the recipient's application;
- B. Utilize telephone directory or check with directory assistance in the area of the recipient's last known address;
- C. Contact institutional offices (alumni office, admissions office, registrar's office, fraternity or sorority, and the department that the recipient majored in) at the campus where the recipient last attended;

- D. Contact creditors, such as credit card companies, credit bureaus, or GSL lender;
- E. Contact recipient's field of study professional organization, union, or licensing board;
- F. Contact post office;
- G. Contact utility companies; and,
- H. Contact Chamber of Commerce.

III. Credit Reporting Agencies

Defaulted recipients may be reported to the following credit reporting agencies:

- A. CSC Credit Reporting Services, Inc.
- B. T R W Credit Data
- C. Trans Union Credit Reporting
- D. Other credit reporting agencies as necessary

The ADHE will respond promptly to any inquiries it receives from credit reporting agencies concerning delinquent or defaulted loan recipients.

IV. State Income Tax Set-Off

By the authority of Act 345 of 1993, the ADHE is a claimant agency for the set-off of debts against state tax refunds. To access the Set-Off Section of the State Tax Administration Office, the ADHE must submit name, address, social security number, and amount of debt by December 1 to intercept taxes for the next year.

V. Litigation

The ADHE may institute a civil suit against the delinquent recipient for repayment of the loan. Small Claims Division of the District Court will be used to satisfy debts of accounts up to \$5,000.00. If over \$5,000.01 or above, the ADHE may use Circuit Court. The ADHE may choose to use Small Claims Division of the District Court and waive the difference because of the expense involved in going to Circuit Court.

If the ADHE chooses to waive the difference, it may not, at a later date, attempt to collect the difference. Forms to take the recipient to Small Claims Division of the District Court are requested by the ADHE from the recipient's county of

residence.

VI. Write-Offs

Loans may be written off as uncollectible if the ADHE shows due diligence to satisfy the collection of the debt, and documents in the recipient's file that:

- A. the cost of litigation would exceed the likely recovery if litigation were commenced; or
- B. the recipient does not have the means to satisfy a judgment on the debt, or a substantial portion thereof.

Proof of due diligence collection activities must be approved by the administrator of the Department of Finance and Administration and before Minority Masters Fellows Program accounts may be written off as uncollectible.

VII. Nonpayment Penalties

Recipients who fail to meet their repayment obligations may have added to their total obligation any costs for collection of the debt.

RULE 9 - PROGRAM DEFINITIONS

The following definitions are used in the Minority Masters Fellows Program:

Approved Institution	An Arkansas public or independent college or university that is currently accredited by the North Central Association, Commission of Institutions of Higher Education, or has achieved candidacy status. The institution must not discriminate against applicants or employees on the basis of race, color, religion, sex, age, handicap, or national origin, consistent with the provisions of applicable state and federal laws.
Award Year	The award year begins on July 1 of one calendar year and ends on June 30 of the next calendar year.
Cancellation	The ADHE shall cancel a recipient's repayment obligation if it determines: On the basis of a sworn affidavit of a licensed physician, that the recipient is unable to teach on a full-time basis because of an impairment that is expected to continue indefinitely or result in death. The ADHE reserves the right to require a second

opinion by an ADHE approved physician; or on the basis of a death certificate or other evidence of death conclusive under state law that the recipient is deceased.

Default	Failure to repay the Minority Masters Fellows loan in accordance with the terms of the promissory note.
Deferment	A postponement of repayments and the accrual of interest. The ADHE shall not consider that the recipient has violated the repayment schedule if payments are not made during the recipient is in deferment status.
Due Diligence	Steps the ADHE takes to collect Minority Masters Fellows Program funds when a recipient enters repayment status. It includes: billing the recipient, sending overdue notices, conducting address searches if the recipient cannot be located, reporting the account to credit bureaus, collection, and litigation. Due diligence also includes informing the recipient of all changes in the Minority Masters Fellows Program that affect the recipient's rights and responsibilities, as well as responding to the recipient's inquiries.
Grace Period	A nine (9) month period of time following graduation, before the recipient must either take employment in an Arkansas public school or public institution of higher education or begin repayment of the loan.
Permanent Resident Alien	An individual who can provide documentation from the Immigration and Naturalization Service (INS) that he or she is in the U.S. for other than a temporary purpose with the intention of becoming a citizen or permanent resident. Valid documentation is an I-551, I-151, I-181, I-94, or passport stamped with the notation "Processed for I-551, Temporary Evidence of Lawful Admission for Permanent Residence". A completed Form G-641 can also be used to document permanent resident status.
Promissory Note	A legal document obligating the recipient to repay the loan if the recipient does not teach for two (2) full years in an area other than administration on a full-time basis in an Arkansas public school or public institution of higher education. The recipient's rights and responsibilities will be stated on the promissory note.
Satisfactory Academic Progress	Satisfactory academic progress is maintained if the recipient has a minimum 3.00 cumulative grade point average on a 4.00 scale in courses funded by this program.

- Skip Tracing** A process for locating a recipient who is in repayment status. Efforts by the ADHE may include contacting relatives, friends, references, and other individuals or entities in the recipient's file.
- Teach on a Full-time Basis** Teach the same number of hours required of teachers who have full-time contracts, as determined by the institution at which an individual is teaching, for a full academic year.
- U.S. Citizen or National** Persons born or who have become naturalized citizens of the 50 States, the District of Columbia, Puerto Rico, the Virgin Islands, Guam, the Northern Mariana Islands, and Trust Territory - Palau. The term "national" includes citizens of American Samoa or Swain's Island.

MINORITY TEACHER SCHOLARS PROGRAM RULES AND REGULATIONS

RULE 1 - ORGANIZATION & STRUCTURE

- I. The Arkansas Department of Higher Education (ADHE) shall administer the Minority Teacher Scholars Program within the policies set by the State Board of Higher Education. The purpose of the Minority Teacher Scholars Program is to provide forgivable loans to assist and encourage African-American, Hispanic, Asian-American and Native American Arkansans to enter and complete programs leading to licensure as public school teachers. The program will provide forgivable loans to students who have completed sixty semester credit hours and have been admitted to an approved teacher education program. Special efforts will be made to recruit minority males into this program, especially in the area of elementary education.

All formal communications shall be addressed to or signed by the Director of the ADHE or his/her designee.

- II. The final responsibility for selecting recipients shall rest with the Director of the ADHE.

RULE 2 - ELIGIBILITY CRITERIA

- I. Eligibility Criteria
- A. Applicants must be African-American, Hispanic, Asian-American or Native American.
1. For guidance purposes, the terms African-American, Hispanic, Asian-American, and Native-American are based on the Race/Ethnic classifications utilized by the Integrated Postsecondary Education Data System (IPEDS) as follows:
- African-American = Black/Non-Hispanic: a person having origins in any other black racial groups of Africa
 - Hispanic: a person of Mexican, Puerto Rican, Central or South American or other Spanish culture or origin, regardless of race.
 - Asian-American = Asian of Pacific Islander: a person having origins in any of the original peoples of the Far East, Southeast

Asia, the Indian subcontinent, or the Pacific Islands. This area includes those from China, Japan, Korea, the Philippine Islands, Samoa, India and Vietnam

- d. Native-American = American Indian or Alaska Native: a person having origins in any of the original peoples of North America and who maintain cultural identification through tribal affiliation or community recognition.

2. The ADHE reserves the right to request documentation of minority status.

- B. Applicants must be bona fide Arkansas residents, as defined by the ADHE, for at least six months prior to the application deadline.
- C. Applicants must be citizens of the United States or permanent resident aliens.
- D. Applicants must be enrolled full-time in a public or independent 4-year institution located in Arkansas. Full-time is defined as a minimum of twelve (12) college semester hours, or the equivalent.
- E. New applicants must have completed sixty semester credit hours and have been admitted to an approved teacher education program. Applicants for a continuing award must complete a new application and meet continuing eligibility requirements.
- F. Applicants must be admitted to an approved program resulting in an initial teacher licensure.
- G. Applicants must have a minimum 2.50 cumulative grade point average on a 4.0 scale (or its equivalent).

II. Continued Eligibility Requirements

The ADHE will renew awards for a second academic year to recipients who continue to meet the criteria set forth in Rule 2, Paragraphs I.A-G; and who complete at least 24 semester-credit hours (or the equivalent) applicable toward teacher licensure during the first academic year of the loan.

RULE 3 - SELECTION PROCESS

- I. Students must submit an application to the ADHE. Applications will be available for download on the ADHE website. Applications may also be obtained from the ADHE upon request.

II. Deadline for Applications

The application deadline will be established by the ADHE and published on the ADHE website and in the ADHE financial aid brochure.

III. Review of Applications

For applications that are either incomplete or ineligible, applicants will be notified of the reason for incompleteness or ineligibility. The applicant will then have the opportunity to provide the missing information or correct any inaccurate information.

IV. Ranking of Applicants

If necessary, applications are ranked according to a combination of components including cumulative grade point average and major grade point average. Priority is given to prior recipients.

V. Selection and Notification of Recipients

- A. The ADHE shall review ranked applicants and make recommendations for awards based on allocation of funds.
- B. The final responsibility for selecting recipients shall rest with the Director of the ADHE.

VI. Institutional Eligibility

The institution to be attended must be an Arkansas public or independent four-year institution, meets federal institutional eligibility requirements, and is approved by the ADHE for the teacher education program chosen by the student.

RULE 4 - AWARDING OF FUNDS

I. Award Process

Recipients will be notified of their eligibility for the program and the conditions for continued eligibility. Prior to the disbursement of funds, recipients will complete promissory notes for the purpose of entering into an agreement with the ADHE. The terms of the agreement will include the general purpose, repayment and deferment procedures. The promissory note shall be signed by the recipient. Modifications to any award amounts will be confirmed through the completion of a new promissory note.

II. Disbursement of Funds

The funds will be divided equally according to the number of terms at each institution: three payments for those institutions on trimesters and two payments for those institutions on semesters. Funds will be sent to the institution after verification of full-time enrollment. The institution disburses the funds in accordance with its policy.

Act 1180 of 1999 states that students who receive financial aid from public funds may not use those funds in a financial aid package to exceed the federally recognized cost of attendance at the institution where the student enrolls. The institutions must follow the ADHE policy in repaying public funds in the amount exceeding the total cost of attendance for any student who receives public funds in a financial aid package above the cost of attendance.

III. Limitation of Awards

- A. Students may receive up to \$5,000 per academic year.
- B. Students may receive funds for a maximum of four (4) semesters or six (6) trimesters or until such time as they have completed licensure requirements to teach in Arkansas, as determined by the teacher licensure official, whichever comes first.
- C. Recipients must commit to teaching in Arkansas public schools and must be enrolled as full-time students pursuing initial licensure.

RULE 5 - REPAYMENT OF LOAN

I. Terms of Repayment

- A. Recipients who teach full-time in an Arkansas public school following licensure shall have twenty (20) percent of the total loan and related interest forgiven for each full academic year employed in such capacity, up to a maximum of five (5) years, at which time the total loan and accumulated interest will be forgiven.
- B. Recipients shall have their teaching commitment reduced to three (3) years if they teach full-time in an Arkansas public school following licensure in a critical subject shortage area, as defined by the Arkansas Department of Education. The teaching commitment can be reduced to three (3) years if a recipient teaches any subject or level in the Arkansas Delta Region. Also, minority males may have their teaching obligation reduced to three years if teaching elementary education.

The ADHE will verify the recipient's employment once a year by contacting

the superintendent's office in the recipient's employment district.

- C. Recipients who do not teach full-time in an Arkansas public school following licensure or who discontinue their studies prior to completing their program of study shall, within a maximum of five (5) years from the completion of study or withdrawal from school, repay the full remaining balance, plus accrued interest according to an interest and repayment schedule provided by the ADHE. At this point, the recipient's award converts to a repayable loan.

The repayment schedule will be set in monthly payments based on the total amount of the loan remaining at the time of entry into repayment, plus interest. Payments will be computed to ensure that repayment will be completed within a maximum of five (5) years from the completion of study or withdrawal from school.

II. Interest on Loan

- A. Interest will accrue from the beginning of the repayment period at a maximum annual percentage rate of 10 percent on the unpaid balance. Interest will be calculated as a simple, per annum interest charge on the outstanding principal.
- B. Interest will not accrue and installments need not be paid when a deferment has been approved by the ADHE. Any recipient who wishes a deferment must submit an application for deferment to the ADHE for approval.

III. Deferment of Loan

- A. At the ADHE's discretion, scheduled loan repayments may be deferred if the ADHE determines that extraordinary circumstances prevent the recipient from making such repayments. Deferments may be granted for the following conditions:
 - 1. The recipient is engaged in a full-time course of study at an institution of higher education. This must be verified by the Registrar's Office.
 - 2. The recipient is seeking and unable to find employment as a teacher for a single period not to exceed twelve (12) months. The loan recipient must submit a list of schools contacted for employment. The ADHE will verify this information with the school(s) listed.
 - 3. The recipient is temporarily totally disabled, for a period not to

exceed three (3) years, as established by sworn affidavit from a licensed physician. The ADHE reserves the right to require a second opinion by an ADHE approved physician.

4. The recipient is unable to secure employment for a period not to exceed twelve (12) months by reason of the care of a spouse who is disabled, as established by the signature of a licensed physician. The ADHE reserves the right to require a second opinion by an ADHE approved physician.
5. Other extraordinary circumstances which would prevent the recipient from repaying the debt within the contractual obligations of the promissory note may be considered.

- B. To qualify for any of the deferments, recipients must notify the ADHE of their claim on a Request for Deferment form which will be supplied by the ADHE upon request. The recipient must complete the Request for Deferment form and return it, along with supporting documentation, to the ADHE. The ADHE will notify the recipient of approval or disapproval of any application for a deferment.

IV. Cancellation of Loan

The ADHE will cancel a recipient's repayment obligations if it determines:

- A. On the basis of a sworn affidavit of a licensed physician, that the recipient is unable to teach on a full-time basis because of an impairment that is expected to continue indefinitely or to result in death. The ADHE reserves the right to require a second opinion by an ADHE approved physician; or
- B. On the basis of a death certificate or other evidence of death conclusive under state law that the recipient has died.

V. Prepayment of Loan

There shall be no penalty for prepayment or repayment of all or any portion of the principal.

VI. Grace Period

There will exist a nine-month grace period following graduation before the recipient must either take employment in an Arkansas public school or begin repayment of the loan.

VII. Failure to Repay

Loan recipients who fail to meet their repayment obligations may have added to their total obligation any costs for collection of the debt.

RULE 6 - INSTITUTIONAL RESPONSIBILITIES

I. College/University Responsibilities

A. Proposal to Participate

An institution with more than one Minority Teacher Scholar enrolled in the institution's teacher education program may submit a proposal to the ADHE for up to \$5,000, which describes support services it will make available to facilitate the academic success of recipients.

The proposal should describe services and activities designed to mentor and otherwise assist recipients to become successful and effective teachers. The institution must designate a member of the teacher education faculty to manage the program. A faculty mentor, who may be the same person, must also be assigned to the recipients; this individual must agree to dedicate a portion of his or her time to work directly with these students.

The institutional plan should also propose other services and activities which, in its judgment, will further the academic success of recipients. These may include special seminars/conferences or informal opportunities for the recipients to work with each other, with practicing teachers, or with teacher education students at other institutions.

Proposed institutional plans may be up to five pages in length. Plans should specify the responsible faculty member and faculty mentor, explain how the ADHE funds will be used, and describe the source and use of institutional matching funds. The institution's matching funds may be cash or in-kind.

B. Institutional Verification

The institution shall provide certification to the ADHE each semester after the 11th class day, listing the names of the recipients who are officially enrolled as full-time students. This information is reported on a verification roster.

The verification roster will be sent to the financial aid director at the beginning of each term. The signed verification roster should be returned to the ADHE by the requested date.

The verification roster is an alphabetical listing by institution of all persons

receiving a Minority Teacher Scholars loan for a given academic semester or trimester. Students who are not enrolled full-time in the current term shall not receive funds in that term.

C. Deadlines for Disbursement of Funds

The deadline for disbursement of funds is no later than 10 days after written receipt of funds. Any outstanding funds not disbursed must be returned to the ADHE.

D. Refund Policy

It is the institution's responsibility to notify the ADHE of the name of any person owing a refund, the date of the withdrawal, and the refund amount.

E. Due Diligence

The institution will exercise due diligence in providing complete, accurate, and timely information as requested by the ADHE on any current or former loan recipient. In addition, the institution will exercise due diligence in complying with all the rules and regulations of the Minority Teacher Scholars Program. The ADHE will periodically review the institution's records concerning this program in an effort to exercise its due diligence requirements as a steward of state funds.

RULE 7 - RECIPIENT'S RESPONSIBILITY

I. Recipient's Responsibility

It is the recipient's responsibility to notify the ADHE of any change in status within 21 days. This will include:

Change in name;

Change in residence;

Change in institution;

Change in full-time status (below twelve college semester credit hours or its equivalent per semester or trimester);

Change in course of study; and/or

Change in employment.

Failure to notify the ADHE of a change in status will affect future eligibility or collection status.

RULE 8 - COLLECTION OF LOAN

I. Collection of Loan

Accounts will be retained by the ADHE in the Financial Aid Division until the individual is no longer eligible for forgiveness or deferment. At that time, the award will be converted to a repayable loan and the account will be turned over to a vendor for servicing. The ADHE will notify the recipient of this action and include a loan amortization schedule with the notification. The notification will be mailed to the recipient's last known address.

The account will remain with the vendor until repaid or 90 days delinquent. Upon determination that a loan recipient is 90 days delinquent, the recipient will receive a first letter of delinquent notification. If payment is not received within 60 days from the date of the first letter of delinquent notification, a second letter of notification will be sent to the loan recipient. If no response is received by 30 days from the date of the second letter of delinquent notification, a third and final letter will be sent to the recipient informing the recipient that the account is officially in default.

Defaulted recipients may be reported to credit reporting agencies, a state income tax set-off may be requested, and/or a civil suit may be initiated, if necessary, against the recipient for repayment of the loan.

II. Skip Tracing Mechanisms

If letters are returned as undeliverable, the Department of Finance and Administration's Motor Vehicle Division can be used to perform skip tracing activities. Motor Vehicle Division's records are updated in March and September each year. To obtain this information, the ADHE may send name, current address, and social security number to:

Department of Finance and Administration
Motor Vehicle Division
P. O. Box 1272
Little Rock, AR 72202
ATTENTION: Correspondence Desk

Additionally, the ADHE will use these steps to locate recipients if communications are returned as undelivered:

- A. Contact references listed on the recipient's application;

- B. Utilize telephone directory or check with directory assistance in the area of the recipient last known address;
- C. Contact institutional offices (alumni office, admissions office, registrar's office, fraternity or sorority, and the department that the recipient majored in) at the campus where the recipient last attended;
- D. Contact creditors, such as credit card companies, credit bureaus, or GSL lender;
- E. Contact recipient's field of study professional organization, union, or licensing board;
- F. Contact post office;
- G. Contact utility companies; and,
- H. Contact Chamber of Commerce.

III. Credit Reporting Agencies

Defaulted recipients may be reported to the following credit reporting agencies:

- A. CSC Credit Reporting Services, Inc.
- B. T R W Credit Data
- C. Trans Union Credit Reporting
- D. Other credit reporting agencies as necessary

The ADHE will respond promptly to any inquiries it receives from credit reporting agencies concerning delinquent or defaulted loan recipients.

IV. State Income Tax Set-Off

By the authority of Act 345 of 1993, the ADHE is a claimant agency for the set-off of debts against state tax refunds. To access the Set-Off Section of the State Tax Administration Office, the ADHE must submit name, address, social security number, and amount of debt by December 1 to intercept taxes for the next year.

V. Litigation

The ADHE may institute a civil suit against the delinquent recipient for repayment of the loan. Small Claims Division of the District Court will be used to satisfy debts of accounts up to \$5,000.00. If over \$5,000.01 or above, the ADHE may

use Circuit Court. The ADHE may choose to use Small Claims Division of the District Court and waive the difference because of the expense involved in going to Circuit Court.

If the ADHE chooses to waive the difference, it may not, at a later date, attempt to collect the difference. Forms to take the recipient to Small Claims Division of the District Court are requested by the ADHE from the recipient's of residence.

VI. Write-Offs

Loans may be written off as uncollectible if the ADHE shows due diligence to satisfy the collection of the debt, and documents in the recipient's file that:

- A. the cost of litigation would exceed the likely recovery if litigation were commenced; or
- B. the recipient does not have the means to satisfy a judgment on the debt, or a substantial portion thereof.

Proof of due diligence collections activities must be approved by the administrator of the Department of Finance and Administration before Minority Teacher Scholars Program accounts may be written off as uncollectible.

VII. Nonpayment Penalties

Recipients who fail to meet their repayment obligations may have added to their total obligation any costs for collection of the debt.

RULE 9 - PROGRAM DEFINITIONS

The following definitions are used in the Minority Teacher Scholars Program:

Academic Year	A measure of the academic work to be accomplished by the recipient. The academic year is defined as two semesters, two trimesters, or three quarters.
Approved Institution	An Arkansas public or independent college or university that is currently accredited by the North Central Association, Commission of Institutions of Higher Education, or has achieved candidacy status, and has a teacher education program approved by the ADHE. The institution must not discriminate against applicants, or employees on the basis of race, color, religion, sex, age, handicap, or national origin, consistent with the provisions of applicable state and federal laws.

Award Year	The award year begins on July 1 of one calendar year and ends on June 30 of the next calendar year.
Cancellation	<p>The ADHE shall cancel a recipient's repayment obligation if it determines:</p> <p>On the basis of a sworn affidavit of a licensed physician, that the recipient is unable to teach on a full-time basis because of an impairment that is expected to continue indefinitely or to result in death. The ADHE reserves the right to require a second opinion by an ADHE approved physician. The repayment obligation shall also be cancelled on the basis of a death certificate or other evidence of death conclusive under state law, that the recipient is deceased.</p>
Default	Failure to repay the Minority Teacher Scholars loan in accordance with the terms of the promissory note.
Deferment	A postponement of repayments and the accrual of interest. The ADHE shall not consider that the recipient has violated the repayment schedule if payments are not made during the time the recipient is in deferment status.
Delta Region	The following 42 counties of Arkansas are designated as being in the Delta Region: Arkansas, Ashley, Baxter, Bradley, Calhoun, Chicot, Clay, Cleveland, Craighead, Crittenden, Cross, Dallas, Desha, Drew, Fulton, Grant, Greene, Independence, Izard, Jackson, Jefferson, Lawrence, Lee, Lincoln, Lonoke, Marion, Mississippi, Monroe, Ouachita, Phillips, Poinsett, Prairie, Pulaski, Randolph, St. Francis, Searcy, Sharp, Stone, Union, Van Buren, White, and Woodruff. (Information obtained from the Delta Foundation in Mississippi.)
Due Diligence	This process refers to those steps the ADHE takes to collect Minority Teacher Scholars Program funds when a recipient enters repayment status. It includes: billing the recipient, sending overdue notices, conducting address searches if the recipient cannot be located, reporting the account to credit bureaus, collection, and litigation. Due diligence also includes informing the recipient of all changes in the Minority Teacher Scholars Program that affect the recipient's rights and responsibilities and responding promptly to the

recipient's inquiries.

Full-time Student	A student enrolled for a minimum of twelve (12) semester credit hours or the equivalent.
Grace Period	A nine-month period of time following graduation, before the recipient must either take employment in a public school in Arkansas or begin repayment of the loan.
Permanent Resident Alien	An individual who can provide documentation from the Immigration and Naturalization Service (INS) that he or she is in the U.S. for other than a temporary purpose with the intention of becoming a citizen or permanent resident. Valid documentation is an I-551, I-151, I-181, I-94, or passport stamped with the notation "Processed for I-551, Temporary Evidence of Lawful Admission for Permanent Residence". A completed Form G-641 can also be used to document permanent resident status.
Promissory Note	The promissory note is a legal document obligating the recipient to repay the loan if he or she does not teach on a full-time basis in a public school in Arkansas for five (5) full years, or three (3) full years in a specified subject or geographic area. The recipient's rights and responsibilities will be stated on the promissory note.
Satisfactory Academic Progress	Satisfactory academic progress is maintained if the recipient has a minimum 2.50 cumulative grade point average on a 4.00 scale. Recipients must also complete twenty-four (24) credit hours per academic year.
Skip Tracing	A process for locating a recipient who is in repayment status. Efforts by the ADHE may include contacting relatives, friends, references, and/or other individuals in the recipient's file.
Teach on a Full-time Basis	Teach the same number of hours required of teachers who have full-time contracts, as determined by the institution at which an individual is teaching, for a full academic year.
U.S. Citizen or National	The term "U.S. citizen" includes persons born or who have become naturalized citizens of the 50 States, the District of Columbia, Puerto Rico, the Virgin Islands, Guam, the Northern Mariana Islands, and Trust Territory

- Palau. The term "national" includes citizens of American Samoa or Swain's Island.