

**WAC 250-65-130 Agreement with the board, teaching service obligations, and post attendance process.** The conditions described in this section apply to participants in both the conditional scholarship program and the loan repayment program, unless otherwise noted.

(1) Agreement with the board.

(a) Each participant shall enter into an agreement with the board, hereafter known as the "promissory note" or "contract," agreeing to comply with the rules, regulations, and guidelines of the conditional scholarship or loan repayment programs. The promissory note or contract establishes an obligation on the part of the student to teach in an approved education program for each year of program benefit received.

(b) The promissory note is signed by conditional scholarship participants. The note serves as the legal document verifying the participant's understanding of the opportunity to have the conditional scholarship forgiven in exchange for certificated classroom teaching service and the obligation to repay the conditional scholarship, with interest and an equalization fee, if certificated classroom teaching service is not provided.

(c) The contract is signed by loan repayment participants. The contract details the period of time it is in effect, the documentation needed to verify federal student loan indebtedness, the loan repayment benefit to be paid in exchange for certificated classroom teaching service, and the consequences of not providing said teaching service in the agreed-upon time frame.

(2) Teaching service obligations.

(a) Loan forgiveness and loan repayments are provided at the higher rate of:

(i) One full-time academic year of loan forgiveness or loan repayment will be given for the equivalent of two full-time years of certificated classroom teaching service; or

(ii) One full-time academic year of loan forgiveness or loan repayment will be given for the equivalent of one full-time year of certificated classroom teaching service in geographic or subject-matter shortage areas, as specified by the office of superintendent of public instruction.

(b) Loan forgiveness or loan repayments for certificated classroom teaching service for less than a full-time academic year shall be prorated. No forgiveness or repayment shall be granted for certificated classroom teaching service equivalent to less than forty full-time days. No forgiveness or repayment shall be granted without a board-approved teaching plan on file.

(c) If a participant's selection for the conditional scholarship and loan repayment program is predicated, in part, on providing teaching service in a teacher shortage area, the participant will be required to provide proof of such service before receiving loan forgiveness or a loan repayment.

(d) For participants receiving loan forgiveness or loan repayments for a portion of an academic year, the required certificated classroom teaching service shall be prorated. The following examples show how this works in practice.

(i) If a participant receives loan forgiveness or a loan repayment for one-third of a full-time academic year's enrollment, the required certificated classroom teaching service is two-thirds of an academic year; or one-third of an academic year, if the participant teaches in a shortage area.

(ii) If a participant receives loan forgiveness or a loan repayment for two and one-half full-time academic years' enrollment, the required certificated classroom teaching service is five full-time academic years; or two and one-half full-time academic years, if the participant teaches in a shortage area.

(e) Loan repayment examples.

(i) If a loan repayment participant receives one year of full-time benefit (with annual tuition and fees of four thousand dollars) in exchange for two full-time years of certificated classroom teaching service, half the benefit (two thousand dollars) will be paid at the end of the first full-time teaching year (with appropriate verification of service) and half the benefit will be paid at the end of the second teaching year. If the participant teaches full-time in a shortage area for a complete academic year, he or she will receive the entire full-time benefit of four thousand dollars at the end of the first full-time teaching year.

(ii) If a loan repayment participant receives two years of full-time benefit (with annual tuition and fees of three thousand dollars, for a total benefit of six thousand dollars) in exchange for four full-time years of certificated classroom teaching service, one-quarter of the benefit (one thousand five hundred dollars) will be paid at the end of the first full-time teaching year (with appropriate verification of service), one quarter of the benefit will be paid at the end of the second teaching year, and so forth. If the participant teaches full-time in a shortage area for two complete academic years, he or she will receive one year's full-time benefit (three thousand dollars) at the end of the first full-time teaching year and one year's full-time benefit at the end of the second full-time teaching year.

(3) Grace period.

All participants are eligible for a six-month grace period following the completion of their educational program. During this time, no interest accrues and no payments are required of conditional scholarship participants and no teaching service is required of loan repayment participants. The grace period begins the first day of the month after:

(i) A participant completes the program of education culminating in the residency teacher certification or additional shortage area endorsement; or

(ii) The last term in which a participant is continuously enrolled, whichever date comes first.

(4) Deferments and leaves of absence.

A deferment is a board-approved period during which no interest accrues and no principal payments are required of conditional scholarship participants. A leave of absence is a board-approved break in continuous teaching service that preserves a participant's eligibility to receive additional loan repayments. The board may approve deferments and leaves of absence that include, but are not limited to:

(a) The participant's continued enrollment in, or return to, an approved educational program on at least a half-time basis in the school of education of an institution of higher education.

(b) The participant has a temporary total disability. The participant shall provide medical verification of the disability. The deferment shall not exceed three years.

(c) Other circumstances as determined by the board.

(5) Post attendance process for conditional scholarship participants.

(a) Process overview.

When a participant in the conditional scholarship program completes the teacher certification or endorsement program, he or she will provide a copy of the certificate or endorsement to the board. The participant's account moves into a six-month grace period. When the participant obtains a teaching position, he or she provides evidence to the board of that position. The participant's account will be placed in teaching status for that academic year. At the end of the academic year, the participant will provide verification to the board of the teaching service performed. The board will determine the loan forgiveness, if any, to provide in exchange for the teaching service performed and apply that forgiveness to the participant's account. The cycle of teaching position evidence, teaching service verification, and loan forgiveness repeats until the participant has provided sufficient teaching service to satisfy the obligation to the board.

(b) Failure to provide teaching service.

If the participant does not complete the intended educational program, does not obtain a teaching position before the end of the grace period, or is not in deferment status, the participant's account moves into monetary repayment status.

(c) Monetary repayment of conditional scholarships.

Should the participant in the conditional scholarship program not be eligible for loan forgiveness, the conditional scholarship principal and equalization fee must be fully repaid with interest beginning at the end of the grace period or deferment period, whichever is later, according to the following terms:

(i) The minimum monthly monetary repayment rate shall be set by the board, but shall not be less than fifty dollars per month.

(ii) The maximum period for monetary repayment shall be ten years, with payments of principal and interest accruing quarterly, commencing the first quarter following the completion of a participant's grace period or deferment period, whichever date is later.

A conditional scholarship participant making monetary repayments who obtains a qualified teaching position may earn loan forgiveness to satisfy the balance of his or her obligation. No refunds for monetary repayments are made due to teaching service performed after a payment is submitted to the board.

(d) Collection of monetary repayments of conditional scholarships.

The board is responsible for collection of monetary repayments of conditional scholarships and shall exercise due diligence in such collection, maintaining all necessary records to ensure that maximum monetary repayments are made. Collections shall be pursued using the full extent of the law, including wage garnishment if necessary.

(e) Completion of obligation.

A conditional scholarship participant's obligation to the board ceases:

(i) When the participant provides sufficient teaching service to satisfy the obligation accompanying the conditional scholarship funds received; or

(ii) When the participant repays the balance of principal, interest, and loan equalization fee through monetary repayment; or

(iii) In the event of the participant's total and permanent disability or death.

(f) Forbearance.

The board may approve an additional limited deferment of payment of principal based on special circumstances, such as a financial hardship of the participant in the conditional scholarship program. The

participant's account will be assessed interest during the period of forbearance.

(g) Interest rates.

The board shall annually determine the interest rate on conditional scholarship accounts in monetary repayment status. The annual interest rate shall generally parallel the current rate for new loans in the primary federal student loan program for undergraduate students. Interest charges begin to accrue at the conclusion of the grace period for conditional scholarship participants not in deferment who are not providing certificated classroom teaching service.

(h) Equalization fee.

Participants in the conditional scholarship program who do not enter certificated classroom teaching service by the conclusion of the grace period or other approved deferments shall incur an equalization fee of not more than three percent of the remaining unforgiven conditional scholarship balance. The board shall determine this fee annually. The equalization fee shall be added to the remaining principal balance and be repaid by the participant.

(6) Post attendance process for loan repayment participants.

(a) Process overview.

When a participant in the loan repayment program completes the teacher certification or endorsement program, he or she will provide a copy of the certificate or endorsement to the board. The participant shall provide evidence to the board at the end of each academic year that the requisite teaching service has been provided. Upon receipt of the evidence, the board shall pay the participant the agreed-upon amount for one year of full-time teaching service or a prorated amount for less than full-time teaching service. To qualify for additional loan repayments, the participant must be engaged in continuous teaching service and have a board-approved teaching plan on file.

(b) Failure to provide teaching service.

If the participant does not complete the intended educational program, or does not obtain a teaching position before the end of the grace period, or does not maintain continuous teaching service according to the approved teaching plan, or is not in an approved leave of absence, the board's agreement to provide loan repayment benefits to the participant may be voided.

(c) Direct payment option.

The board may, at its discretion, arrange to make the loan repayment directly to the holder of the loan repayment participant's federal student loan.

(d) The board's obligations to a loan repayment participant ceases:

(i) When the terms of the agreement have been fulfilled; or

(ii) When the participant fails to maintain continuous teaching service according to the board-approved teaching plan; or

(iii) When all of the participant's federal student loans have been repaid; or

(iv) In the event of the participant's total and permanent disability or death.

[Statutory Authority: RCW 28B.102.030 and 28B.80.370. WSR 04-22-058, § 250-65-130, filed 10/29/04, effective 11/29/04.]