

## Chapter HEA 13

### TEACHER EDUCATION LOAN PROGRAM

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**HEA 13.01 Purpose.** To define the various aspects of the Teacher Education Loan Program authorized by s. 39.395, Stats., as created by 1997 Wis. Act 27, as to the awarding of loans, their forgiveness, or their repayment.

**History:** CR 01-078: Cr. Register January 2002 No. 553, eff. 2-1-02.

**HEA 13.02 Definitions.** (1) "Board" means the higher educational aids board

(2) "Eligible school district" means the Wisconsin school district operating under ch. 119, Stats., First Class City School System (currently only the Milwaukee Public Schools).

(3) "Forbearance" means an extension of time for making loan payments or the acceptance of smaller payments than were previously scheduled.

(4) "Loan" means a loan made under the Teacher Education Loan Program.

(5) "MTEC" is the abbreviation for the Milwaukee Teacher Education Center; a non-stock, non-profit corporation organized under ch. 181, Stats.

**History:** CR 01-078: Cr. Register January 2002 No. 553, eff. 2-1-02.

**HEA 13.03 Borrower eligibility.** (1) The borrower shall be a resident of the United States either a citizen or an alien lawfully admitted for permanent residence by the federal immigration and naturalization service.

(2) The borrower shall be a Wisconsin resident as determined by the board using the residency standards of s. 36.27, Stats.

(3) The borrower shall be enrolled in a teacher education program at MTEC.

(4) The borrower shall not be required to show financial need.

**History:** CR 01-078: Cr. Register January 2002 No. 553, eff. 2-1-02.

**HEA 13.04 Terms of loan.** (1) Eligible borrowers shall receive a minimum award of \$250. The maximum award amount shall be set annually by the board. The exact amount of the award shall not exceed the borrower's cost of education, as determined by MTEC using recognized federal methodology, minus the need-based aid the borrower is offered. Loans for students that are need-based may be replaced in the package of aid by the Teacher Education Loan.

(2) For loans that are not forgiven and must be repaid, the interest rate shall be 5% annually on the unpaid principal balance with accrual beginning upon the initial date of repayment. Interest shall not accrue during periods of full-time enrollment; employment that qualifies for forgiveness; or during board-authorized periods of deferment from repayment.

(3) The initial date of repayment shall be determined by the board in each instance beginning no sooner than the day after the borrower withdraws or graduates from school.

**History:** CR 01-078: Cr. Register January 2002 No. 553, eff. 2-1-02.

**HEA 13.05 Application process.** (1) A borrower seeking a loan shall contact MTEC.

(2) MTEC shall determine the borrower's cost of education within the requirements set by the board. MTEC shall decide if the borrower shall receive a loan under this program.

(3) MTEC shall notify the board of the loan amount for the borrower. The board shall issue a check for the borrower's loan after the borrower's signed agreement form has been received by the board.

(4) All borrower's contact concerning forgiveness and repayment shall be with the board. After leaving MTEC the borrower shall maintain written annual contact with the board until the loan is either forgiven or repaid. The borrower shall forward all name, address, and telephone number changes to the board.

**History:** CR 01-078: Cr. Register January 2002 No. 553, eff. 2-1-02.

**HEA 13.06 Loan forgiveness.** (1) Loans shall be forgiven when the borrower is employed as a full-time teacher in the eligible school district. For every academic year of employment, 50% of the principal and accrued interest, if any, shall be forgiven, with the amount to be prorated in cases where fewer months are worked. The borrower shall be given a maximum of 3 years to work the required 2 years for full forgiveness.

(2) The maximum of 3 years allowed for forgiveness shall be extended by the board for up to a total of 3 years for approved periods of deferment, as referenced in s. HEA 13.09. In no instance shall the term of forgiveness exceed 6 years including periods of deferments authorized by the board. The executive secretary may allow additional periods of deferment in exceptional situations.

(3) Any loan principal remaining unforgiven either because the forgiveness period as defined in subs. (1) and (2) is over, or because the borrower has not been employed for forgiveness as defined in sub. (1) or has moved out of state, shall be repaid to the state of Wisconsin with interest accrued from the date on which the forgiveness period ended.

(4) Only borrowers who have completed the teacher education program at MTEC and who are licensed to teach by the Wisconsin department of public instruction shall be eligible for forgiveness.

(5) No interest shall be charged to the borrower during the forgiveness period.

**History:** CR 01-078: Cr. Register January 2002 No. 553, eff. 2-1-02.

**HEA 13.07 Terms of repayment.** (1) The borrower shall repay the loan if not employed as a full-time teacher in the eligible school district. Repayment shall be required of borrowers who are employed for periods of time but who do not complete their forgiveness within the time allowed.

(2) The minimum monthly payment shall be \$50 including principal and accrued interest. Accrued interest shall be paid first each month from the payment received. The board shall determine the monthly repayment schedule, although the borrower may request a schedule with a higher monthly payment.

(3) The borrower shall repay the loan within a maximum of 6 years not counting periods of deferment granted by the board. Interest shall not accrue during periods of deferment authorized by the board.

(4) The borrower may prepay any or all of the loan without penalty whether the borrower is in school, forgiveness, repayment, or deferment.

(5) If the borrower dies or becomes totally and permanently disabled, all obligation to make any further payment of principal and interest on the loan shall be canceled.

**History:** CR 01-078: Cr. Register January 2002 No. 553, eff. 2-1-02.

**HEA 13.08 Deferment of loan repayment for borrowers.** (1) Borrowers who return to school on a full-time basis in any course of study at an accredited institution shall be deferred from repayment by the board for the period of enrollment.

(2) Borrowers who are on active duty in the military shall be deferred from repayment by the board for the period of their active duty, not to exceed 3 years.

(3) Borrowers who enter the Peace Corps or Volunteers in Service to America shall be deferred from repayment by the board for the term of their active service, not to exceed 3 years. Employment with a similar private agency may be eligible for deferment, as determined by the executive secretary, if the agency is federally tax exempt.

(4) Borrowers who are unemployed shall be deferred from repayment by the board for up to 6 months at a time, up to a maxi-

mum of 24 months, as long as they provide proof, satisfactory to the board, that they are actively seeking employment.

(5) Borrowers who become pregnant, give birth or legally adopt a child shall be deferred from repayment by the board for up to 12 months.

(6) In order to receive a deferment, the borrower shall apply to the board. If the borrower submits written evidence that verifies eligibility for the deferment, the board shall approve of and grant the deferment.

(7) The board may grant forbearance from repayment for the benefit of the borrower. The board may grant forbearance whenever unemployment, health, other personal problems, or study that is ineligible for deferment temporarily affects the borrower's ability to make scheduled payments on the loan. Periods of forbearance may not exceed 6 months for each approved request, up to a maximum of 24 months.

**History:** CR 01-078: Cr. Register January 2002 No. 553, eff. 2-1-02.

**HEA 13.09 Applicability.** Chapter HEA 13 shall apply to all loans made since the inception of the program.

**History:** CR 01-078: Cr. Register January 2002 No. 553, eff. 2-1-02.