

**TITLE 5            POST-SECONDARY EDUCATION**  
**CHAPTER 7        TUITION AND FINANCIAL AID**  
**PART 13           TEACHER LOAN-FOR-SERVICE ACT**

**5.7.13.1           ISSUING AGENCY:** State of New Mexico Higher Education Department.  
[5.7.13.1 NMAC - N, 11/15/2001, A, 8/30/2007]

**5.7.13.2           SCOPE:** Provisions of 5.7.13 NMAC apply to New Mexico residents that are selected to participate in the loan-for-service program described in this rule. Participants must be enrolled in or accepted by an undergraduate or graduate teacher preparation program at a regionally accredited post-secondary educational institution in New Mexico.  
[5.7.13.2 NMAC - N, 11/15/2001]

**5.7.13.3           STATUTORY AUTHORITY:** Section 21-22E-1 through 21-22E-10, NMSA 1978  
[5.7.13.3 NMAC - N, 11/15/2001]

**5.7.13.4           DURATION:** Permanent  
[5.7.13.4 NMAC - N, 11/15/2001]

**5.7.13.5           EFFECTIVE DATE:** November 15, 2001.  
[5.7.13.5 NMAC - N, 11/15/2001]

**5.7.13.6           OBJECTIVE AND PURPOSE:** The objective and purpose of the New Mexico Teacher Loan-for-Service Act is to proactively address New Mexico's looming teacher shortage by providing students with the financial means to complete or enhance their post-secondary teacher preparation education.  
[5.7.13.6 NMAC - N, 11/15/2001]

**5.7.13.7           DEFINITIONS:**

- A. "Department" means the New Mexico higher education department.
- B. "Committee" means the teaching professions advisory committee of the department.
- C. "Loan" means a grant of funds to defray the costs incidental to an eligible teacher preparation education, under a contract between the department and a student, requiring repayment with services or repayment of principal and interest and any fees.
- D. "Student" means a United States citizen or eligible non-citizen and resident of New Mexico who is enrolled in or accepted by an undergraduate or graduate teacher preparation program at a regionally accredited post-secondary educational institution in New Mexico.
- E. "Teacher preparation program" means a program that has been formally approved as meeting the requirements of the public education department and that leads to initial licensure or to additional licensure endorsements, including a program in a two-year post-secondary educational institution that meets the requirements for a teacher education transfer module established pursuant to Subsection C of Section 21-1B-4 NMSA 1978.
- F. "Eligible institution" means an accredited post-secondary educational institution in New Mexico offering a teacher education program which meets the requirements of the public education department.
- G. "Service" means full-time, on site practice as a certified/licensed public school teacher in a designated teacher shortage area of New Mexico.
- H. "Teacher shortage area" means one of the areas of unmet teacher demand which may be either geographic locations or specific teaching fields.
- I. "Extenuating circumstances" means circumstances not within the control of the recipient.

[5.7.13.7 NMAC - N, 11/15/2001; A, 8/30/2007]

**5.7.13.8           TEACHING PROFESSION ADVISORY COMMITTEE:** The teaching profession advisory committee is created to advise the department on matters relating to the administration of the Teaching Loan-For-Service Act.

A. The committee shall be appointed by the department pursuant to policies and procedures of the department and shall be composed of:

- (1) a representative from the state department of education;
- (2) a representative from a teacher organization;

- (3) representatives selected from local school districts;
- (4) representatives from teacher preparation programs; and
- (5) other representatives as appointed by the department.
- B. The responsibilities of the committee shall include:
  - (1) designate teaching shortage areas of the state;
  - (2) make recommendations to the department on applicants for the teacher loan-for-service program;

and

- (3) give advice or other assistance to the department as requested.

[5.7.13.8 NMAC - N, 11/15/2001; A, 8/30/2007]

**5.7.13.9 TEACHER LOANS AUTHORIZED/QUALIFICATIONS:** To be eligible for this program, a student must:

- A. be pursuing an eligible teacher preparation program, as defined in Subsection E in 5.7.13.7 NMAC, and enrolled in or accepted by an eligible public institution as defined in Subsection F in 5.7.13.7 NMAC;
- B. be enrolled at the time the loan is awarded and disbursed, for at least half-time in a program leading to initial licensure or to additional licensure endorsements at an eligible institution;
- C. be a citizen of the United States, or eligible non-citizen and a resident of New Mexico as defined in 5.7.18.9 NMAC; and
- D. declare the intent to serve as a public school teacher in a designated shortage area (either geographic or discipline specific) for at least one year.

[5.7.13.9 NMAC - N, 11/15/2001; A, 8/30/2007]

**5.7.13.10 SELECTION OF LOAN RECIPIENTS:** Selection shall be based on the following considerations and preferences:

- A. the ability, character, and qualifications of each applicant; this is to include a review of the applicant's educational transcripts, letters of recommendation, and references;
- B. the demonstrated interest of the applicant in serving in a designated shortage area of the state;
- C. the applicant's lack of resources to pay for education expenses, as determined by a standardized needs analysis system, and shall be the basis for preference among otherwise eligible students; and
- D. a designated shortage area endorsement for the applicant.

[5.7.13.10 NMAC - N, 11/15/2001; A, 08/30/2007]

**5.7.13.11 RESPONSIBILITIES OF THE DEPARTMENT:**

- A. develop program guidelines;
- B. advertise the program;
- C. process applications, and present a list of eligible candidates to the committee;
- D. administer the loans, including:
  - (1) disbursing funds;
  - (2) keeping records on borrowers and processing of contracts;
  - (3) administration of and record keeping on loan repayments;
  - (4) record keeping on location and time of service of those student loan recipients who have completed their education and are providing teaching service in a designated shortage area in New Mexico;
  - (5) verification of qualification for forgiveness for service as defined in 5.7.13.13 NMAC; and
  - (6) preparing the following information for the teacher loan-for-service program:
    - (a) number of loans granted;
    - (b) names and addresses of borrowers;
    - (c) names of accredited programs attended; and
    - (d) names and locations of practice of those who have completed their education and have become public school teachers in New Mexico.

[5.7.13.11 NMAC - N, 11/15/2001; A, 8/30/2007]

**5.7.13.12 LOANS:** Loans may be made to students to defray expenses incurred in obtaining initial licensure or to additional licensure endorsements under the following conditions and limitations:

- A. The amount is dependent upon the relative need of each student, but may not exceed four thousand dollars (\$4,000) per academic year for five consecutive years (maximum of \$20,000.00). The department may set lower maximum award amounts based on the level of degree being obtained and available funding. The exact

amount of the loan for which the applicant is eligible will be determined as a result of an analysis of the financial situation of each applicant using a standard needs analysis carried out by the financial aid office of the student's institution.

B. A loan recipient enrolled in an eligible education program in an institution for less than the regular academic year, less than full-time study, or during summer sessions, may receive a pro rata share of the authorized loan amount at the discretion of the department. The total loan amount may not exceed four thousand dollars (\$4,000) in a twelve (12) month period.

C. Upon approval of the loan, a contract shall be drawn between the student and the department and signed by the student (for additional contract details see 5.7.13.14 NMAC).  
[5.7.13.12 NMAC - N, 11/15/2001; A, 8/30/2007]

**5.7.13.13 LOAN REPAYMENT AND FORGIVENESS:** All loans shall be repaid to the state together with interest or forgiven according to the following:

A. If a loan recipient of the Teacher Student Loan-for-Service Act completes his/her professional education and does not serve in a designated shortage area in a public school for a period of at least one year, the department shall assess a penalty of up to three (3) times the principal due, plus eighteen percent (18%) interest, unless the department finds acceptable extenuating circumstances for why the student cannot serve and comply with the forgiveness provisions outlined in this section.

(1) The full penalty shall apply unless the circumstances reflect that the penalty should be reduced on a prorated basis reasonably reached based upon the degree of control which the recipient has over the decision not to serve. The recipient shall have the burden of proof.

(2) If the department does not find acceptable extenuating circumstances for the student's failure to carry out his/her declared intent to serve in a designated shortage area in the state, the department shall require immediate repayment of the unpaid principal amount of the loan plus accrued interest owed the state plus the amount of any penalty assessed pursuant to this subsection.

(3) In all other cases, loans will bear interest at seven percent (7%) per year.

B. Loans made to students who fail to complete their graduate or undergraduate teaching program shall come due together with interest immediately upon termination of their education. The department, in consultation with the student, shall establish terms of repayment, alternative service, or cancellation terms.

C. The contract shall further provide that immediately upon completion or termination of the student's teaching program, all interest then accrued due shall be capitalized on all loans prior to July 1, 2005. On all loans made after July 1, 2005, provide a statement that the loan shall not accrue interest until:

(1) the department determines the loan recipient has terminated the recipient's education prior to completion;

(2) the department determines the loan recipient has failed to fulfill the recipient's obligation to serve in a designated teacher shortage area; or

(3) the department cancels a contract.

D. If the borrower, after completion of their teaching program serves in one of the designated shortage areas of the state, loan principal and interest may be forgiven according to the following formula:

(1) loan terms of one (1) academic year or less shall require one (1) year of practice in a designated shortage area; upon completion of service, one hundred percent (100%) of the principal plus accrued interest shall be forgiven;

(2) loan terms of two (2) academic years shall require one (1) year of practice in a designated shortage area for each academic year of the loan; upon completion of the first year of service, fifty percent (50%) of the principal plus accrued interest shall be forgiven; upon completion of the second year of service, the remainder of the principal plus accrued interest shall be forgiven; and

(3) for loan terms of three (3) academic years or more, forty percent (40%) of the principal plus accrued interest shall be forgiven upon completion of the first year of service in a designated shortage area, thirty percent (30%) of the principal plus accrued interest shall be forgiven upon completion of the second year of service and the remainder of the principal plus accrued interest shall be forgiven upon completion of the third year of service.

E. Recipients must serve a complete year of service in order to receive credit for that year. The minimum credit for a year of service shall be established by the department.

F. Subject to applicable statutory limitations, the department may extend or modify the foregoing repayment periods for good cause.

G. In the event it becomes necessary, the department may suspend loan payments using the following

forbearance provisions:

(1) If the borrower is willing, but financially unable to make payments under the repayment schedule, the borrower may request forbearance to allow for any of the following:

- (a) a short period during which no payments are made, interest would continue to accrue;
- (b) an extension of time for making payments, interest would continue to accrue; or
- (c) a period during which the borrower makes smaller payments than were originally

scheduled, interest would continue to accrue on the unpaid principal.

(2) Forbearance following completion of program, internship, or residency will not be granted for periods extending beyond six (6) months. The granting of a subsequent forbearance must be approved by the designated staff representative of the department.

(3) The borrower must submit a written request accompanied by a financial statement and a consent-waiver for authorization for current employment and address information concerning the borrower, and other information as requested.

(4) Deferral of repayment obligation may be as follows, at the determination of the department:

(a) the borrower is serving up to a maximum of three (3) years as an active duty member of the armed forces of the United States;

(b) the borrower is temporarily disabled, for a period not to exceed three (3) years, as established by sworn affidavit of a qualified physician;

(c) the borrower is seeking but unable to find full-time employment for a single period not to exceed twelve (12) months;

(d) the borrower is unable to secure employment for a period not to exceed twelve (12) months while caring for a disabled spouse;

(e) the borrower is unable to satisfy the terms of the repayment schedule while seeking but unable to find full-time employment in an eligible public school system, in a designated shortage area, for a single period not to exceed twenty-seven (27) months; or

(f) other extenuating circumstances as provided for under the American Family Leave Act.

H. Loans may be prepaid at any time, subject to the penalty provision set forth in Subsection A of this section. Payment on a loan not in repayment may be made in any amount. Payments on a matured promissory note shall be in the amounts of and be applied on the principal installments due on such note in the inverse order of the maturities of such installments, unless otherwise agreed.

I. Authorized charges and fees:

(1) Late charges: Borrower may be charged a late charge in the amount of five percent (5%) of the installment payment or five dollars (\$5.00), whichever is less, on any payment made later than ten (10) days after it is due.

(2) Attorney's fees, other charges, and costs: Borrower shall agree to pay all reasonable attorney's fees, and other costs and charges necessary for the collection of any loan amount not paid when due.

J. Borrower has the responsibility to notify the department in advance of any change of address and of any action which necessitates reconsideration of a promissory note (the failure to serve in a designated shortage area, the termination of service in a designated shortage area, or his/her ceasing to be enrolled in an eligible institution in an eligible health profession program. Borrower's failure to notify the department and to execute a promissory note on request shall cause the full amount of principal and accumulated interest to become due immediately.

[5.7.13.13 NMAC - N, 11/15/2001; A, 8/30/2007]

**5.7.13.14 CONTRACTS:** A contract shall be drawn between each student receiving a loan and the department on behalf of the state of New Mexico. The contract shall:

A. provide for the payment by the department of a specified sum as determined in 5.7.13.13 NMAC;

B. state that the borrower shall select from the list of designated shortage areas at the time he/she is ready to begin service;

C. state the conditions of repayment or forgiveness as detailed in 5.7.13.13 NMAC;

D. state that the loan shall bear interest as detailed in 5.7.13.13 NMAC;

E. state the legal responsibilities of the borrower and that delinquent loans shall be referred to the department for appropriate action, which may include referral to the office of the attorney general, if deemed necessary;

F. state that the borrower's obligations of the contract with the department shall be binding on borrower's estate;

G. state that the department may cancel any contract on thirty (30) days written notice for any reasonable and sufficient cause;

H. state that in the event the borrower fails to make any payment when due, the entire indebtedness including interest due and accrued thereon shall, at the option of the department, become immediately due and payable; and

I. state that jurisdiction and venue shall be proper in Bernalillo or Santa Fe county, New Mexico for purposes of any suit to enforce the contract.

[5.7.13.14 NMAC - N, 11/15/2001; A, 8/30/2007]

**5.7.13.15 REPORTS:** The department shall submit a report to the governor and the legislature prior to each regular legislative session. The report shall describe the activities during the previous years, including the statistics, and analysis of the progress of the Teacher Loan-For-Service Act in addressing New Mexico's teaching shortages and the needs of the citizens of the state.

[5.7.13.15 NMAC - N, 11/15/2001; A, 8/30/2007]

HISTORY OF 5.7.13 NMAC: [RESERVED]