

## **CNMI Administrative Code**

From CNMI Administrative Code

### **165-20.1**

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#### **Subchapter 165-20.1: Saipan Higher Education Financial Assistance Program Rules and Regulations**

##### **Subchapter Authority, History, and Comment**

Subchapter Authority: [10 CMC §§ 3921 - 3928.](#)

Subchapter History: Amdts Adopted 35 Com. Reg. 34583 (Nov. 28, 2013); Amdts Proposed 35 Com. Reg. 33795 (July 28, 2013); Amdts Adopted 33 Com. Reg. 31916 (Sept. 26, 2011); Amdts Proposed 33 Com. Reg. 31761 (July 22, 2011); Amdts Adopted 30 Com. Reg. 29099 (Dec. 22, 2008); Amdts Proposed 30 Com. Reg. 28737 (Sept. 25, 2008); Amdts Adopted 29 Com. Reg. 26516 (May 16, 2007); Amdts Proposed 28 Com. Reg. 26376 (Dec. 29, 2006); Amdts Adopted 28 Com. Reg. 25758 (May 19, 2006); Amdts Proposed 27 Com. Reg. 25248 (Nov. 25, 2005); Amdts Adopted 28 Com. Reg. 25622 (Apr. 17, 2006); Amdts Proposed 27 Com. Reg. 24512 (May 18, 2005); Amdts Emergency and Proposed 27 Com. Reg. 24135 (May 18, 2005) (effective for 120 days from May 3, 2005);\*\* Amdts Emergency and Proposed 26 Com. Reg. 23081\* (Nov. 30, 2004) (effective for 120 days from Nov. 24, 2004); Adopted 26 Com. Reg. 23121 (Aug. 26, 2004); Proposed 26 Com. Reg. 22797 (June 24, 2004).

\*Due to a pagination error, page numbers 22819 through 23098 repeat in the 2004 Commonwealth Registers.

\*\*As of December 2005, notices of permanent adoption for the November 2004, May 2005 and November 2005 amendments had not been published.

Commission Comment: [1 CMC § 5101](#) creates offices of the mayors within the Commonwealth government, composed of the duly-elected mayors of Saipan, Rota, Tinian and Aguiguan and the Northern Islands. The mayors are authorized to promulgate regulations on local matters as provided by law. See [1 CMC § 5106\(e\)](#).

Saipan Local Law 13-21 (effective Feb. 2, 2004), the “Saipan Higher Education Financial Assistance Act of 2003,” is codified at [10 CMC §§ 3921 - 3928](#). Saipan Local Law 14-13 (effective Oct. 29, 2004) amends certain provisions of SLL 13-21. [10 CMC § 3922](#), as amended by SLL 14-13 § 2(a), creates the Saipan Higher Education Financial Assistance Board within the Office of the Mayor of Saipan. The Board is authorized to administer the higher education financial assistance program for eligible Saipan residents and to prescribe reasonably necessary rules and regulations to carry out the intent of the act. [10 CMC § 3924\(n\)](#).

## **Part 001 - General Provisions**

### **§ 165-20.1-001 Statutory Authority**

The Saipan Higher Education Financial Assistance Act of 2003 was signed into law on February 3, 2004, as Saipan Local Law (SLL) 13-21 [[10 CMC §§ 3921 - 3928](#)], which established the Saipan Higher Education Financial Assistance for the Municipality of Saipan in the Office of the Mayor of Saipan for administrative purposes, and to be administered by the Board of Saipan Higher Education Financial Assistance, hereinafter referred to SHEFA.

History: Adopted 26 Com. Reg. 23121 (Aug. 26, 2004); Proposed 26 Com. Reg. 22797 (June 24, 2004).

### **§ 165-20.1-005 Mission of SHEFA**

The mission of the Saipan Higher Education Financial Assistance (SHEFA) under the

Municipality of Saipan, Office of the Mayor is to invest in the limited human capital resources of qualified residents of Saipan (inclusive of the Northern Islands) through a supplementary financial assistance, upon availability of funds pursuant to Saipan Local Law 13-21 [[10 CMC §§ 3921 - 3928](#)], for purposes of pursuing post-secondary education on Saipan or abroad, and in recognition of the need for educated citizenry and workforce on Saipan, with the broad expectation of SHEFA and assurance from all applicants and recipients of SHEFA financial assistance to return to Saipan upon a successful completion of a higher education with the necessary and sufficient knowledge, skill, attitude and work ethic in order to provide services on Saipan in the private sector, government, non-governmental (NGO) organization as well as not-for-profit organization.

#### **§ 165-20.1-010 Priority for Financial Assistance**

Qualified residents of the Municipality of Saipan who have been accepted or enrolled in any US accredited institution of higher education and meet all requirements as new or returning student are ranked in the order of priority to receive supplementary financial assistance as follows.

- (a) Undergraduate level in the identified priority fields of study.
- (b) Graduate level in the identified priority of fields of study.
- (c) Advanced degree level in the identified priority of fields of study.
- (d) All other residents of Saipan returning students. who qualify as new or returning students.

#### **§ 165-20.1-015 Funding Source & Budget Authority**

Pursuant to Saipan Local Law 13-21, section 5 on page four of the Act [[10 CMC § 3925](#)], the funding for this program is sourced from fees collected from the local license fees for poker and pachinko machines under Saipan Local Law 13-8, as continuously appropriated by SLL 13-21. Other funding sources authorized by this Act in section 5(d) on page three [[10 CMC § 3924\(d\)](#)] is to receive and accept from any individual, association or corporation, gifts, grants and donations of money for the purpose of providing higher education financial assistance to be established in a separate special account by the Secretary of Finance to implement the purposes of the Act.

#### **§ 165-20.1-020 Office of the Mayor of Saipan**

The Saipan Higher Education Financial Assistance is established by SLL 13-21 [[10 CMC §§ 3921 - 3928](#)] in the Office of the Mayor of Saipan, and vested the Mayor of Saipan with the authority to appoint members of the board therein, subject to confirmation by the Saipan and Northern Islands Legislative Delegation (SNILD). In addition, the Office of the Mayor of Saipan is required by law to provide the board with administrative, personnel and logistical support subject to the limits of resource availability.

### **§ 165-20.1-025 Saipan Higher Education Financial Assistance Board (SHEFA)**

The SHEFA board is established pursuant to SLL 13-21 [[10 CMC §§ 3921 - 3928](#)] whose members are appointed by the Mayor of Saipan subject to confirmation by the Saipan and Northern Islands Legislative Delegation. The Mayor may remove any member of the board on account of gross neglect of duty, conviction of a felony, or mental or physical incapacity. The duties and power of the board are specifically delineated in section 5 and section 8 of this Act.

## **Part 100 - SHEFA Program Requirements**

### **§ 165-20.1-101 Classification of Recipients**

SHEFA recognizes three types of degree categories, namely, undergraduate degree (associate degree and bachelor's degree); graduate degree (masters degree); and advanced degree (degree higher than a masters degree, e.g., J.D., medical doctor, PH.D., ED.D., etc.).

### **§ 165-20.1-105 Types of Financial Assistance**

(a) Grant-in-aid is a type of financial assistance available to a student from Saipan pursuing post-secondary education in U.S. accredited colleges or universities. If a grant recipient does not return to Saipan after completion of his or her studies, the grant automatically becomes a loan and the grant recipient must repay the SHEFA fund plus interest in accordance with the terms and conditions of attached promissory note/memorandum of agreement.

(b) Scholarship is a type of financial assistance that is available to a student from Saipan pursuing post-secondary education based on financial need, academic achievement and other established criteria. A second type of assistance under the scholarship program is one in which a student pursues a field of study that has been identified by SHEFA as a priority field of study† for the island of Saipan, and having met other established criteria. The priority field of study award is granted only to Junior and Senior college students. The third type of scholarship is based on academic performance at the end of every semester or quarter, called the merit incentive award. Applicants in their first term of college are not eligible to receive the merit incentive award. Students taking remedial courses or developmental courses in fulfillment of a full-time status are not eligible for the merit incentive award. The fourth type of scholarship is a career prep scholar credit voucher valued at \$200 per voucher for a maximum of two vouchers per recipient. This voucher is for use by the recipient in obtaining career guidance and counseling or in participating in career or job fairs or any other type of training in career planning and preparation. The voucher is non-cash, and will be used toward the cancellation of any loan(s) granted to the recipient by SHEFA. Scholarship recipients must work on Saipan either in the private or public sector for as long a period as the duration of the scholarship. If a scholarship recipient does not return to Saipan after completion of his or her studies, the scholarship automatically becomes a loan and the recipient must repay the SHEFA fund plus interest in accordance with the terms and conditions of the attached promissory note/memorandum of agreement.

(c)(1) Student loan is a type of financial assistance divided into three components. One is based on financial need on criteria established by the SHEFA board. Loan on demand or demand loan is the second type of loan based upon the time of submission, receipt and acceptance of application to SHEFA. The third and final type of assistance under this loan program is referred to as merit loan. A merit loan is strictly to enable a resident from Saipan enrolled in any

accredited U.S. institutions of higher education to “challenge” up to two courses on campus in order to:

(i) Accelerate degree/program completion, or

(ii) Fulfill a graduation requirement.

(2) These challenges must be taken on campus only, unless otherwise authorized and approved first in writing by SHEFA. If a loan recipient does not return to Saipan after completion of his/her studies, he/she must repay the SHEFA fund plus interest in accordance with the terms and conditions of the attached promissory note/memorandum of agreement.

(d) All recipients of any SHEFA loan pursuant to subsection (c) made available to a student from Saipan in pursuit of post-secondary education at any U.S. accredited institution of higher education shall have a legal obligation of paying back twenty-five percent of the total loan amount received and providing a minimum of three years service in either the private or public sector on Saipan on all loan amounts received while in school. However, for purposes of entering into a promissory note/memorandum of agreement with SHEFA and the recipient, the recipient will be deemed and classified as a debtor of SHEFA funds unless all conditions, requirements and stipulations of the note and SHEFA rules and regulations in this subchapter are abided to at all times during the term or life of the agreement, and after completion of his/her studies, or non-enrollment from school or termination from the institution of record.

†Priority Field of Study for Saipan includes accounting; nursing; teaching/specialized special education/early childhood ed./library science/counseling/bilingual ed.; business management and administration; hospitality & information technology, anthropology/sociology for teaching; biology (science) for teaching; criminal justice leading to forensic science; lab technology; psychology other than leading to counseling; human resources development/personnel management; social worker; mathematics for teaching; engineering/architect (A&E); medical and allied fields, including psychiatry; environmental studies/conservation (e.g., natural resources, volcanology, marine biology, fish & wildlife, meteorology & archeology); criminal justice and computer graphics, including technical or specialized trades such as journalism, management information, computer programming and other fields of study sanctioned by the Board in accordance with the Administrative Procedure Act [[1 CMC §§ 9101](#) et seq.].

(e) Note: Applicant enrolled in a U.S. accredited online program are allowed to apply for SHEFA financial assistance. However, students enrolled online, regardless of their physical location, will receive the same amount as an on-island student. Block 1/Term 1 for fall term classes must start by August or September and end by December. Block 2/Term 2 for spring classes must start by January and end by June.

### **§ 165-20.1-110 Qualification Requirements**

Section 7 of SLL 13-21 [[10 CMC § 3927](#)] reads: “No person other than residents of the Municipality of Saipan as defined under section 2 of this Act shall be eligible for or receive assistance from the Saipan Higher Education Financial Assistance Fund.” A resident in section 2 is a person who is a United States citizen or a United States permanent resident, who has resided in the Municipality of Saipan for at least a year before applying for financial assistance

administered by the Board and who is attending or has been accepted for enrollment at an institution of higher education in the CNMI or outside the CNMI. Proof of resident by a parent residing in the Municipality of Saipan for the requisite period, or other acceptable evidence of residency of the applicant or recipient of SHEFA financial assistance such as the Saipan municipal identification card, CNMI driver's license, etc. must be submitted to the SHEFA office.

Note: Eligible SHEFA applicants new and ongoing are required to register to vote in the 3rd Senatorial District (Saipan/Northern Islands).

### **§ 165-20.1-115 Eligibility for SHEFA Fund Financial Assistance**

(a) All applicants must meet the requirements in [§ 165-20.1-110](#) and the following additional requirements:

- (1) Graduate from high school with a high school diploma or high school equivalent diploma, except for applicants under the Early Admission Program or 2+2 program†;
- (2) Have a cumulative high school grade point average of at least 2.5 upon graduation;
- (3) Be accepted to or enrolled on full-time status as required by SHEFA, which does not include a developmental or remedial course(s) or a course taken as non-credit course(s) in a U.S. accredited college or university. Exception to full-time enrollment status of certified disabled applicants may be granted on a case-by-case basis.
- (4) If awarded financial assistance, a recipient must sign a promissory note/memorandum of agreement providing that all financial assistance received from the SHEFA fund be subject to debt conversion and debt convertible and that future assistance be contingent on funds availability pursuant to law;
- (5) Meet all conditions for continuing assistance from SHEFA as provided in this subchapter;
- (6) Provide all required documents and documentation of eligibility as required by this subchapter, including but not limited to those specifically identified in [§ 165-20.1-125](#); and
- (7) Maintain at least the minimum grade point average as a condition and prerequisite for continuing assistance, which for undergraduate students is 2.5 cumulative GPA; for performance-based scholarship students is 3.5 term††; for graduate and advanced students eligibility is based on a Pass or No Pass grading; Institution's grading system will be accepted as long as the student is still enrolled in the program with compliance to full-time requirement; Priority field of study for Juniors and Seniors in college is 2.5 cumulative GPA; and for loan is 2.5 cumulative GPA.

†Early Admission Program and 2+2 program applies to students still in high school that are simultaneously enrolled at the Northern Marianas College as full-time college students taking college level courses.



††Term refers to fall term and spring term per academic year for applicant or recipient on semester system; fall term, winter term and spring term for applicant or recipient on quarter system; winter and spring term GPA may be combined in computing the higher of the term GPA for purposes of GPA scholarship. GPA scholarship for semester term is awarded on the fall and spring semester and fall and spring for the quarter term.

(b) Eligibility for SHEFA fund financial assistance shall be limited to the following maximum time periods:

(1) For an associate degree (AA/AS), a maximum of two academic years not including summer;

(2) For a bachelor's degree (BA/BS), a maximum of four academic years, with a provision for one additional academic year for specialized majors and/or content-area certification by the institution not including summer;

(3) For a graduate degree (MA/MS), a maximum of two academic years not including summer for a graduate degree (MA/MS);

(4) For an advanced degree, a maximum of three academic years not including summer, with a provision for up to three additional academic years for dissertation writing, dissertation defense and internship or medical degree training requirements, and up to two years for jurisprudence work or related residency, internship or related training requirements.

Note: Financial Scholarship Request (FSR) to Department of Finance must be made on or before November 15th, for fall term and on or before April 15th for spring term. Other request will be accommodated on a case-by-case basis.

#### **§ 165-20.1-120 Conditions for Continuing Assistance**

(a) Any new applicant and recipient of SHEFA financial assistance must qualify and be eligible for the assistance as provided for in [§ 165-20.1-105](#) at all times and must adhere to all other rules and regulations in this subchapter, including the provisions of the promissory note/memorandum of agreement incorporated herein as a necessary and sufficient condition to receiving and continuing to receive financial assistance from the SHEFA Board pursuant to law subject to availability of funds.

(b) The Board may consider an exception to the applicable regulations and provisions in the existing promissory note/memorandum of agreement, and grant a one-time continuing financial assistance to a currently enrolled full- time undergraduate, graduate or advanced student upon signing a supplemental agreement to the existing promissory note/memorandum of agreement, thereby allowing the Board to grant a one-time deferment on the automatic default provisions based on the most current cumulative GPA.

(c) A written request by the recipient to the Board for an exception to [§ 165-20.1-115](#) and the existing promissory note/memorandum of agreement must be received by SHEFA not more than ten working days following the end of the most recent semester or quarter of the academic year in which the recipient failed to meet SHEFA's minimum cumulative GPA.

(d) A show cause hearing may be held or in the alternative a written request may be submitted to the Board along with evidence based on substantiated compelling reasons or extenuating circumstances on account of medical, health, or psychological reasons, and other credible and verifiable information provided by a first-time recipient enrolled on full-time status.

(e) Provided, however, that no course repeat or below-level course shall be considered in meeting SHEFA's full-time and cumulative GPA requirements for an undergraduate, graduate or advanced student.

(f) Furthermore, if the Board decides to approve a one- time deferral, then it shall be deemed a conditional eligibility for a period not to exceed a semester or quarter immediately thereafter, and such eligibility shall not include eligibility for the academic performance scholarship which requires a 3.5 cumulative GPA for an undergraduate, graduate or advanced student enrolled on full-time status.

#### **§ 165-20.1-125 Application Policy & Procedure; Required Documents/Deadlines**

(a) All new and continuing applicants for SHEFA financial assistance are required to submit the following documents as a condition for consideration for assistance. These are:

(1) Original and completed application form indicating whether for new or renewal.

(2) Latest sealed official transcript from high school or institution of higher education mailed directly to the SHEFA office or an unofficial copy faxed directly to the office by the school or college/university. Scholarship award(s) will be based on a student's timely submission of transcripts and class schedules and meeting the full-time credit requirements and other pertinent datelines and/or requirements.

(3) Letter of acceptance or proof of admission or enrollment.

(4) Proof of citizenship (e.g., Saipan municipal identification card, United States passport, birth certificate, or CNMI driver's license).

(5) Proof of residency on Saipan as indicated by an annual tax return or other acceptable evidence such as a Saipan municipal identification card or a CNMI driver's license.

(b) In addition, all application forms for new or continuing SHEFA assistance must be filed together with the required documents indicated herein on July 1st unless the date falls on a weekend in which case the deadline is the first Monday of the following week for the fall semester/quarter and December 1st for the spring semester/quarter annually unless the date falls on a weekend in which case the deadline is the first Monday of the following week. Failure to submit a completed application form and the requisite supporting documents to the SHEFA office on the deadline will be cause for not considering the application until the next financial assistance cycle.

#### **§ 165-20.1-130 Truth-in-lending Policy and Confidentiality**

The information provided to SHEFA for purposes of determining qualification and eligibility is



considered confidential, and will only be released upon written authorization from the applicant/recipient. All information contained in the completed application or renewal form, qualification and eligibility documents, person(s) used as reference(s), letter of acceptance, enrollment documents from institution of record, grade reports and transcripts, and other forms of supporting documents are considered true and complete to the best of the applicant/ recipient's knowledge, and the applicant further agrees to provide proof of information stated in the application or renewal form or supporting documents submitted to SHEFA. Falsification of information and any document(s) submitted by the applicant or recipient of SHEFA assistance may result in the immediate discontinuation of financial assistance and automatic suspension and/or disqualification for any future financial assistance. Therefore, every applicant for SHEFA financial assistance and every recipient of SHEFA financial assistance is required to authorize SHEFA to request and obtain any and all information necessary and sufficient from relevant agencies or institutions of higher education related to the application or renewal of application for financial assistance from SHEFA. Financial assistance from the SHEFA fund is contingent on availability of funds as provided in Saipan Local Law 13-21 [[10 CMC §§ 3921 - 3928](#)].

#### **§ 165-20.1-135 Appeal Policy & Procedure**

Any qualified and eligible applicant and recipient of SHEFA financial assistance may address and present any grievance in writing first to the SHEFA administrator with a copy directly to the SHEFA board. If the applicant or recipient of SHEFA financial assistance is not satisfied with the written official response from the SHEFA administration, then the applicant and recipient may appeal the decision of the SHEFA administration directly to the Chairperson of the SHEFA board within ten working days of issuance of a decision by the SHEFA administration. The appeal to the SHEFA board shall be in accordance with the Administrative Procedure Act, [1 CMC §§ 9101](#), et seq. To this end, all decisions made by and entered into record by the board shall be final agency decision and order on the administrative level of appeal or review process and procedure.

### **Part 200 - Miscellaneous Provisions**

#### **§ 165-20.1-201 Availability of Supplementary Financial Assistance; Effective Date**

The rules and regulations in this subchapter governing the administration of the SHEFA financial assistance shall take effect upon its publication and adoption in accordance with the administrative procedure act.

#### **§ 165-20.1-205 Promissory Note/Memorandum of Agreement Form; Repayment Term**

As a condition of receiving Saipan Higher Education Financial Assistance, the recipient of any type of financial assistance shall agree in writing to the terms and conditions of such financial assistance and to repay such financial assistance in accordance with Saipan Local Law No. 13-21 and any amendments thereto and the applicable rules and regulations. Said agreement shall be in writing and be in the form approved by the Board and incorporated herein as part of this regulation by reference.

THIS PROMISSORY NOTE/MEMORANDUM OF AGREEMENT made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by and between the Board of SHEFA for the Municipality of Saipan within the Office of the Mayor of Saipan and \_\_\_\_\_, and/or with his/her parent, \_\_\_\_\_, if below 18 years, hereinafter referred to as the “Debtor” at address: \_\_\_\_\_ (permanent & current postal address) residing in \_\_\_\_\_ (village) of Saipan.

WITNESSETH

WHEREAS, Saipan Local Law (SLL) 13-21 established the Saipan Higher Education Financial Assistance within the Office of the Mayor of Saipan to be governed by the Saipan Higher Education Financial Assistance Board (SHEFA);

WHEREAS, the SHEFA Board, in administering the SHEFA fund, will enter into a legally binding and enforce- able promissory note/memorandum of agreement with a qualified and eligible resident of Saipan together with a parent, if recipient of SHEFA financial assistance is below 18 years, prior to the disbursement of any SHEFA fund. In entering into a mutually binding promissory note/ memorandum of understanding, the SHEFA Board becomes the “Lender” of record for SHEFA fund and the recipient of SHEFA financial assistance together with the parent, if recipient is below 18 years, become severally and collectively the “Debtor” of any and all type and amount of SHEFA financial assistance received and acknowledged herein pursuant to [§ 165-20.1-105](#) including:

1. Grant-in-Aid,
2. Scholarship, and
3. Loan.

WHEREAS, the Saipan Higher Education Financial Assistance (SHEFA) is established as a supplementary financial assistance to eligible residents of the Municipality of Saipan, inclusive of the Northern Islands who desire to pursue post-secondary education at a U.S. accredited institution of higher learning on Saipan or abroad on the condition that a recipient of SHEFA fund shall return to Saipan pursuant to SHEFA rules and regulations for purposes of employment, and to provide services to the private or public sector or both, in recognition of the need for educated citizenry and workforce on Saipan.

NOW, THEREFORE, in consideration of SHEFA financial assistance including grant-in-aid, scholarship and loan which recipient/debtor received and acknowledged by signing this promissory note/memorandum of understanding between the Debtor and the Lender, the Debtor agrees, covenants and represents as follows:

1. The Debtor is admitted to or enrolled in \_\_\_\_\_(name of institution, a U.S. accredited post-secondary institution of higher learning) in pursuit of a degree in \_\_\_\_\_(specify type of degree or e.g., A.A., B.A., M.A., PH.D., J.D., MD. etc. and field of study).

2. The Debtor shall utilize all financial assistance for educational expenses directly related or incidental to attendance and continued attendance at an institution of record and shall enroll in at least a minimum of 12 credits for undergraduate; full-time status as defined by the institution for graduate; and full-time status as defined by the institution for advanced standing and maintain the minimum or higher grade point average (GPA) in accordance with the SHEFA Rules and Regulations.

3. The Debtor shall complete the required credits at each academic term for the financial assistance received (mark one):

i. Undergraduate Full-Time: Twelve or more credits

ii. Graduate Full-Time: As defined by the institution

iii. Advanced Full-Time: As defined by the institution

4. The Debtor shall maintain at the end of each academic term the required cumulative grade point average and term grade point average as it applies below by marking the appropriate category:

i. Undergraduate: 2.5 Cumulative GPA

Twelve or more credits

ii. Performance-Based Scholarship: 3.5 Term† GPA

Twelve or more credits for undergraduates

iii. Graduate: Pass or No Pass Grading

As defined by the Institution

iv. Advanced: Pass or No Pass Grading

As defined by the institution

v. Priority Field of Study: 2.5 Cumulative GPA

vi. Loan Applicant/Recipient: 2.5 Cumulative GPA.

†Term refers to fall term and spring term per academic year for applicant or recipient on semester system; fall term, winter term and spring term for applicant or recipient on quarter system; winter and spring term GPA may be combined in computing the higher of the term GPA for purposes of GPA scholarship. GPA scholarship for semester term is awarded on the fall and spring semester and fall and spring for quarter term.

5. The Debtor shall submit a copy of his/her official grade report/transcript promptly after the conclusion of each academic term directly from the institution of record to the SHEFA Office. The grade report submittal will determine the eligibility for continued assistance on every subsequent term. Within ninety days upon matriculation from the institution of record, the Debtor shall submit a copy of his/her college degree and proof of employment on Saipan or the Northern Islands. The Debtor also fully understands and agrees to his/her legal obligations pursuant to the explicit and implicit terms and conditions set forth in this promissory note/memorandum of agreement.

6. The Debtor understands acknowledges and accepts the maximum duration of eligibility for financial assistance from the SHEFA fund:

2 Academic Years - Associate Degree

4 Academic Years - Bachelors' Degree††

2 Academic Years - Graduate Degree

3 Academic Years - Advanced Degree†††

††maximum of five academic years for specialized majors and/or specialized certification by the institution of record.

†††maximum of three academic years not including summer, with a provision for up to three additional academic years for dissertation writing, dissertation defense, and internship requirements or medical degree training requirement, and up to two years for jurisprudence work or related residence internship or related training requirements.

7. The Debtor hereby declares that he/she is not pursuing an academic program that leads to a religious studies degree, and shall not take religion courses not specifically prescribed in the Individualized Degree Plan (IDP).

8. The Debtor shall agree to return to Saipan within three months after the completion of his/her degree plan or termination of or non-enrollment from the institution of record, and provide services by working on Saipan for any employer-whether in the private or public sector or both. The Debtor further agrees to perform services in the private or public sector or both on Saipan for a period equal to the period for which the Debtor received financial assistance under [§ 165-20.1-105\(a\)\(b\)](#) from the Lender. The Debtor agrees to pay back twenty-five of the total amount of loan received under [§ 165-20.1-105\(c\)](#) and a minimum of three years service to either in the private or public sector or both on Saipan. If the recipient of SHEFA financial assistance does not return back to Saipan after completion of his/her studies, or non-enrollment from school or termination from the institution of record, he/she must repay the entire debt back on all SHEFA funds received under [§ 165-20.1-105\(a\)\(b\)\(c\)](#) with interest in accordance with this promissory note/memorandum of agreement.

9. The Debtor understands and hereby agrees that failure to comply with any part of sections 1-8 of this promissory note/memorandum of agreement and the SHEFA rules and regulations will

constitute a material breach of the promissory note/memorandum of agreement and a default, and will require the Debtor to pay the entire award received. If such a default occurs, the Debtor must repay their entire debt to the Lender with equal monthly payments within 6 years of the default. The Debtor may repay according to any of the following repayment options as shown below.

| <b>Total Debt for repayment</b> | <b>Per Month 12 months</b> | <b>Per Month 24 months</b> | <b>Per Month 36 months</b> | <b>Per Month 48 months</b> | <b>Per Month 60 months</b> | <b>Per Month 72 months</b> |
|---------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| \$1,000 - \$4,999               | \$84 - \$417               | \$42 - \$209               | \$28 - \$139               | \$121* - \$104             | \$17 - \$84                | \$14 - \$70                |
| \$5,000 - \$9,999               | \$417 - \$834              | \$209 - \$417              | \$139 - \$278              | \$104 - \$209              | \$84 - \$167               | \$70 - \$139               |
| \$10,000 - \$14,999             | \$834 - \$1,250            | \$417 - \$625              | \$278 - \$417              | \$209 - \$313              | \$167 - \$250              | \$139 - \$209              |
| \$15,000 - \$19,999             | \$1,250 - \$1,667          | \$625 - \$834              | \$417 - \$556              | \$313 - \$417              | \$250 - \$334              | \$209 - \$278              |
| \$20,000 - \$24,999             | \$1,667 - \$2,084          | \$834 - \$1,042            | \$556 - \$694              | \$417 - \$521              | \$334 - \$417              | \$278 - \$348              |
| \$25,000 - \$29,999             | \$2,084 - \$2,500          | \$1,042 - \$1,250          | \$694 - \$834              | \$521 - \$625              | \$417 - \$500              | \$348 - \$417              |
| \$30,000 - \$34,999             | \$2,500 - \$2,917          | \$1,250 - \$1,459          | \$834 - \$973              | \$625 - \$730              | \$500 - \$584              | \$417 - \$487              |
| \$35,000 - \$40,999             | \$2,917 - \$3,334          | \$1,459 - \$1,667          | \$973 - \$1,111            | \$730 - \$834              | \$584 - \$667              | \$487 - \$556              |

\* So in original; probably should be \$21.

The Debtor must inform the Lender of which repayment schedule he or she has accepted within thirty days of the default. If the Debtor does not select a repayment schedule within thirty days, the Debtor will be deemed to have selected the “Per Month 72 Months” repayment schedule listed above. The Debtor’s first monthly payment shall be due on the first of the month following the default, but at least thirty days after the default. All subsequent payments will be due on the first of each following month until the Debtor repays the entire debt to the Lender. Note: the Debtor may pay the balance in full at any time within the schedule plan.

10. If the Debtor fails to pay any monthly payment, or any part of any monthly payment (“payment default”), then the whole principal sum shall become immediately due and payable at the option of the Lender, without notice, and interest shall accrue at the rate of five percent per annum on the total amount outstanding. Interest shall accrue until Debtor fully cures the payment default by paying all past due monthly payments and all accrued interest. Payments received shall be applied first to the accrued interest and then the balance thereof to the principal.

11. Military Deferral. The time for the Debtor to comply with the requirements of section 8, above, shall be extended upon request if the Debtor enlists in the armed forces of the United States of America. Specifically, the Debtor’s obligation to comply with the requirements of

section 8 shall be deferred, upon request, until the Debtor's service in the armed forces ends. The Debtor may take advantage of this deferral for a maximum of three years after the termination or completion of his/her degree plan or non-enrollment from an institution of higher education of record. Once the Debtor's service in the armed forces ends or three years passes from the termination or completion of his/her degree plan or non-enrollment from institution of higher education of record, whichever event occurs first, the Debtor shall have to comply with the requirements of section 8. All deferrals granted under this section are not valid unless approved in writing by SHEFA. The Debtor must renew his or her deferral annually.

12. In the event of commencement of suit to enforce payment of this promissory note/memorandum of agreement, the undersigned agree(s) to pay the Lender for attorney's fees as the Court in the Commonwealth of the Northern Mariana Islands may deem reasonable.

13. The recipient of SHEFA financial assistance together with the parent, if applicant is below 18 years, fully understands and agrees that compliance with the provisions in this promissory note/memorandum of agreement and all provisions of the SHEFA rules and regulations shall constitute a condition for any and all financial assistance herein by SHEFA as hereby acknowledged and attested to by both the recipient and parent, if recipient is below 18 years. Moreover, this agreement shall authorize SHEFA to request and obtain any and all necessary information from other agencies related to the application for financial assistance, and shall further authorize the SHEFA Office to provide essential information and data such as resume, diploma, or degree name and contact mailing, or e-mail addresses to potential employer(s) on Saipan including posting such information and data on SHEFA's website or its affiliate on Saipan.

14. The parties agree that the courts of the Commonwealth of the Northern Mariana Islands (Superior Court and Supreme Court) shall have exclusive jurisdiction over any action involving this promissory note/memorandum of agreement.

This agreement shall be interpreted using the laws of the Commonwealth of the Northern Mariana Islands.

IN WITNESS WHEREOF, the recipient (Debtor) and/or parent, if recipient is below 18 years, have hereunto set his/her or their hand(s) on the date first above written.

\_\_\_\_\_

Print Recipient Name / Signature Date

\_\_\_\_\_

Print Parent Name / Signature, Date if Recipient is below 18 yrs.

NOTARY PUBLIC:

On this \_\_\_\_ day of 20\_\_\_\_, before me appeared \_\_\_\_\_ and (recipient parent, if recipient is below 18 years), who executed the agreement contained herein, and duly

acknowledged to me that he/she and parent, if recipient is below 18 years, executed the same freely and voluntarily for the uses and purposes therein mentioned.

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Notary Public (Print & Sign)

My Commission expires: \_\_\_\_\_

For SHEFA:

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Chairman, Board of SHEFA Date

### **§ 165-20.1-210 Career Counseling and Guidance & College Life Orientation**

All new applicants to the SHEFA fund must undergo a career orientation, assessment, and counseling and guidance as a condition to receiving any financial assistance at the outset. SHEFA will coordinate the career sessions with participating government agencies, including the schools on Saipan. An orientation to college life is also a prerequisite to receiving SHEFA assistance. Both the career counseling and college life orientation must be undertaken on island prior to check disbursement, unless authorized in advanced to do so in writing by SHEFA at a location or institution acceptable to SHEFA.

### **§ 165-20.1-215 Notification to SHEFA Board**

Any recipient of SHEFA financial assistance who withdraws or drops out of any class or on less-than-full-time status must immediately notify the SHEFA board in writing, as a change in status may affect future financial assistance. Failure to inform the SHEFA board may be deemed as a material breach of the SHEFA rules and regulations, and more specifically [section § 165-20.1-130](#). A change in a field of study must be immediately reported in writing to the SHEFA board with reasons for the change, especially for SHEFA recipients having a declared major in the SHEFA priority field of study and/or admitted by the institution of record into the program field of study. Under no circumstances will any applicant or recipient of SHEFA funds be authorized to satisfy any fulltime status and G.P.A. requirements of SHEFA with any remedial course, except on account of a requirement by the institution of record based on a placement test. This exception on non-acceptance of remedial courses is limited to two academic years for freshmen and sophomores only for English and math. Any recipient of performance-based scholarship assistance is not authorized to take any remedial or repeated courses at all. Use of SHEFA financial assistance is strictly for on-campus study requiring student residency.

### **§ 165-20.1-220 SHEFA Application Form; Terms**

(a) Incorporated as part of this subchapter governing the SHEFA financial assistance is the SHEFA Application Form for both new applicants and on-going applicants. No application, either new or on-going, for SHEFA financial assistance, will be received, considered or reviewed



by SHEFA unless the application is completed, signed and accompanied by all required documents in support of the application. The required documents include, but are not limited to information indicated on the application form and/or by other written directive or public announcement. Effective spring 2013, applicants and previous recipients may submit a one-time application and promissory note/memorandum of agreement. Students are responsible to provide accurate substantial/significant information regarding their current data. Falsification of information of document will be submitted to the Office of the Attorney General for legal action.

(b) The words and terms used in this subchapter shall have the meanings indicated and shall include the plural unless the context clearly indicates otherwise. The definitions herein provided shall supplement the definitions provided in Saipan Local Law 13-21.

(c) “U.S. accredited institution of higher education/learning” means an institution of higher learning which has the approval of the United States Department of Education. Such institution may be located in the United States of America, its commonwealths, possessions or territories or in foreign countries.

(d) “Institution of record” means the U.S. accredited institution of higher education/learning from which the SHEFA applicant or recipient is seeking a degree and which the SHEFA applicant or recipient has identified in the application for financial assistance and/or the promissory note and memorandum of agreement between SHEFA and the recipient of financial assistance.

(e) “Full-time status” means the registration and enrollment at the student’s institution of record from the beginning and throughout the entire academic period (i.e., semester or quarter term) for which SHEFA financial aid is provided and shall require the following:

(1) Undergraduate degree students: twelve semester or quarter credits taken concurrently throughout an entire academic term i.e., fall semester, fall quarter, spring semester or spring or winter quarter;

(2) Graduate degree and advanced degree students: Given amount of credits as defined by the institution as full-time taken concurrently throughout an entire academic term i.e., fall semester fall quarter, spring semester, or spring or winter quarter, unless the student is working on a dissertation, engaged in a mandatory internship required by the program, or engaged in other related required fieldwork or studies outside of a formal didactic setting; and

(3) Sequential class program: students enrolled in degree program in a U.S. accredited institution of higher learning that provides classes on a sequential instead of on a concurrent basis may be considered in full-time status and be eligible for financial assistance on a pro rata basis depending on the number of credit hours in which the student is enrolled at a given term (i.e., fall semester/quarter or winter/spring semester/quarter).

(4) Provided, however, that no credit shall be counted toward full-time status for a class from which the student withdraws, for a religion course (unless it is a mandatory prerequisite for a program major field of study or general education requirement) for repetition of a class (regardless whether credit has previously been counted); for audit of a class; for a class for which

the student receives a grade of incomplete; for a class for which the student receives a failing grade; or for a class unrelated to a declared field of study and not included in the student's individualized degree plan (IDP).

(5) Provided further that, in the event a student does not meet the requirement of full-time status because of withdrawal from a class or because of receiving a grade of incomplete or failing grade, the student shall immediately cure the credit deficiency the following semester by taking and completing sufficient credits to constitute full-time status plus credits sufficient to make up the credit deficiency during the previous fall or spring semester/quarter. A repeat course is in addition to a full-time status and not counted toward full-time status.

(f) "Cumulative grade point average" ("GPA") means the cumulative grade point average at the student's institution of record as determined by the student's institution of record; and, if the student has not yet attended the student's institution of record then the cumulative grade point average at the US accredited institution of higher education/learning last and most recently attended by the student as determined by that institution; and, if the student has not yet attended a US accredited institution of higher education/learning then the cumulative grade point average at the high school from which the student graduated. In other words, cumulative grade point average means the student's cumulative grade point average at the student's most recent and latest institution of learning, regardless of any grade point average previously attained in any other institute of higher learning.

(g) "Minimum grade point average" means the cumulative or term grade point average required to be attained prior to receiving Saipan higher education financial assistance and required to be attained at the end of each academic period for which Saipan higher education financial assistance has been provided. The minimum grade point average required is to meet the following:

- (1) Undergraduate students: 2.5 cumulative GPA;
- (2) Performance-based scholarship students 3.5 Term† GPA;
- (3) Graduate and advanced students: Pass or No Pass Grading;
- (4) Priority field of study students: 2.5 cumulative GPA; and
- (5) Loan students: 2.5 cumulative GPA.

†Term refers to fall term and spring term per academic year for applicant or recipient on semester system; fall term, winter term and spring term for applicant or recipient on quarter system; winter and spring term GPA may be combined in computing the higher of the term GPA for purposes of GPA scholarship. GPA scholarship for semester term is awarded on the fall and spring semester and fall and spring for quarter term.

(h) "Residence" means that place where that person has lived on account of birth, parental residence or established (i.e., not casual) physical dwelling on Saipan or the Northern Islands,

which that person makes Saipan or the Northern Islands home by credible and verifiable information or data.

(1) As a legitimate, established and bona fide resident the individual and/or parent for and on whom the individual is economically dependent for financial support and is in fact claimed by either or both parent(s) as a dependent regularly files taxes at his/her place of residence; maintains an established street and/or postal address home telephone number and a Saipan driver's license, including but not limited to maintaining affiliation with recognized and identifiable professional, religious or fraternal life or association at his/her place of residence and registered to vote and has in fact exercised the right to vote on Saipan or the Northern Islands.

(2) Moreover residency as operationally applied by SHEFA is a place where a person's presence or residence is well established beyond mere physical presence on Saipan or the Northern Islands. It is not transitory residence in nature, in fact or in deed. A person's presence or residence is not on account of a temporary absence from his/her other established or legitimate residence elsewhere in the Commonwealth or outside of the Commonwealth either on a short-term or long-term basis, or whose presence on Saipan or the Northern Islands is for other temporary purposes such as private or public employment, school, medical, or other temporary needs temporary permit or guest or any other acts or intent, where a person's presence or residence on Saipan or the Northern Islands is deemed unequivocal or raises a specter of reasonable doubt and more than a casual presence, and thus makes Saipan or the Northern Islands home.

(3) Also, the person's presence or residence on Saipan or the Northern Islands is not on account of a person for and on whom he/she is economically dependent on for financial support (i.e. more than half of his/her support from parent(s)) and/or claimed as a dependent on tax filing.

(i) "Individualized Degree Plan (I.D.P.)" means a prescribed course of study by major field of study of an institution delineating the core course requirements, electives, field work and thesis or dissertation requirements which leads to a degree within a prescribed timeframe for matriculation.

#### **§ 165-20.1-225 Welcome Home; Your Expected Return to Saipan**

Within three months of a successful completion or thirty days of termination or non-enrollment from the institution of record, whichever event occurs first, the recipient of financial assistance from the SHEFA fund is required to return to Saipan for employment and/or to provide services in the private or public sector, in recognition of the need for educated citizenry and workforce on Saipan.